



STRONG REVENUE, CLEAR DECLINE IN PROFITABILITY

Q3 2021 in brief

- Order intake increased by 0.2% to EUR 24.6 million (Q3 2020: 24.5).
- Revenue increased by 28.2% to EUR 33.4 million (26.0).
- Operating profit decreased to EUR -1.7 million (2.0), which is -5.1% of revenue (7.8).
- Adjusted operating profit decreased to EUR 0.1 million (2.0), which is 0.3% of revenue (7.8).
- Earnings per share amounted to EUR -0.19 (0.09).

Q1-Q3 2021 in brief

- Order intake increased by 34.3% to EUR 110.1 million (Q1-Q3 2020: 81.9).
- Revenue increased by 20.7% to EUR 97.9 million (81.1).
- Operating profit decreased to EUR 3.1 million (6.7), which is 3.2% of revenue (8.2).
- Adjusted operating profit decreased to EUR 5.0 million (7.0), which is 5.1% of revenue (8.6).
- Earnings per share amounted to 0.10 (0.36).

Guidance for the full year 2021

Exel Composites repeats its guidance and expects revenue in 2021 to increase significantly compared to 2020 and adjusted operating profit to decrease compared to 2020. Due to the poor performance in the business unit in the United States, Exel Composites now gives further detail on the guidance and expects revenue in 2021 to amount to EUR 125-135 million and adjusted operating profit to EUR 5.8-7.0 million.

President and CEO, Riku Kytömäki

In the third quarter of 2021, our revenue continued to develop strongly. At the same time, Group profitability declined substantially in comparison to the previous year. Net order intake was at a good level in the quarter and in line with the previous year, even if impacted by cancelled orders that were conditional for delivery in 2021.

28.2%

Revenue increased in Q3 2021 to
EUR 33.4 million

The lowered profitability in the third quarter was due to the ramp-up of a specific carbon fiber Wind Power product, produced in high volumes in our factory in the United States. Challenges relate especially to the recruitment, learning curve and employee turnover in the region, impacted also by the Covid-19 pandemic. Corrective actions are ongoing, and we expect the situation to start to improve already in the fourth quarter.

The financial performance of Exel USA triggered the need to perform goodwill impairment testing. The test resulted in an impairment in the intangible assets of EUR 1.8 million, which explains the difference between the operating profit and the adjusted operating profit of the Group.

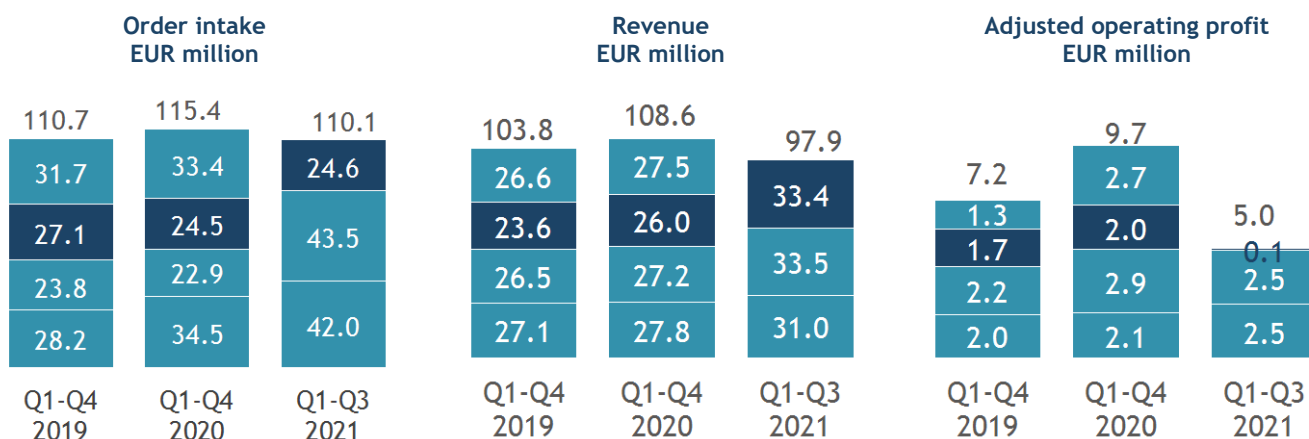
The poor profitability of the business unit in the United States hides the profitable business growth and good performance elsewhere in the Group. Revenue increase in the third quarter was strong practically across all customer industries. Growth was driven particularly by the carbon fiber conductor core applications in the Buildings and Infrastructure customer industry, which is equaling up in size to Wind Power. Also applications in the Machinery and electrical, Telecom, Equipment and other industries as well as Defense customer industries supported good, profitable revenue growth in the quarter. Even Transportation, where revenue decreased slightly compared to the previous year, is recovering from the negative impacts of the Covid-19 pandemic.

In implementing our growth strategy, a recent milestone is the joint venture with Kineco Group in India, announced after the reporting period in mid-October. We are very excited about this strategic investment, as it provides Exel with direct presence in the fast-growing Indian composites market. Kineco Group's long and established position in the Indian composites industry allows us to expand into India with a 'flying start'. The investment fits our strategy and growth initiatives very well, and clearly strengthens our competitive position. We are very much looking forward to joining forces with the committed local team and boosting our future presence in India.

Our primary focus now is on improving operational efficiency and profitability, especially in the manufacturing unit in the United States. High revenue and order intake together with the business prospects stemming from our global presence, including from now on also the Indian market, provide a good foundation for the future.



The joint venture with Kineco Group provides Exel with direct presence in the fast-growing Indian composites market.



Consolidated key figures

EUR thousand	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	Q1-Q4 2020
Revenue	33,394	26,043	28.2	97,872	81,087	20.7	108,595
Operating profit	-1,691	2,023	-183.6	3,095	6,685	-53.7	9,417
% of revenue	-5.1	7.8		3.2	8.2		8.7
Adjusted operating profit 1)	108	2,022	-94.7	5,025	6,976	-28.0	9,708
% of revenue	0.3	7.8		5.1	8.6		8.9
Profit before tax	-1,378	1,348	-202.2	3,452	5,616	-38.5	7,124
% of revenue	-4.1	5.2		3.5	6.9		6.6
Profit for the period	-2,209	1,072	-306.1	1,238	4,270	-71.0	5,368
% of revenue	-6.6	4.1		1.3	5.3		4.9
Shareholders' equity	28,779	27,652	4.1	28,779	27,652	4.1	28,880
Interest-bearing liabilities	51,007	43,713	16.7	51,007	43,713	16.7	43,140
Cash and cash equivalents	9,532	11,156	-14.6	9,532	11,156	-14.6	11,974
Net interest-bearing liabilities	41,475	32,557	27.4	41,475	32,557	27.4	31,167
Capital employed	79,786	71,365	11.8	79,786	71,365	11.8	72,021
Return on equity, %	-29.4	15.8	-286.8	5.7	21.1	-72.9	19.5
Return on capital employed, %	-8.5	11.8	-172.2	5.5	13.4	-59.3	14.1
Equity ratio, %	27.4	29.1	-6.0	27.4	29.1	-6.0	30.2
Net gearing, %	144.1	117.7	22.4	144.1	117.7	22.4	107.9
Net cash flow from operating activities	731	1,143	-36.1	1,358	9,332	-85.4	14,006
Net cash flow from investing activities	-1,574	-4,745	-66.8	-8,845	-9,572	-7.6	-12,849
Capital expenditure	1,695	4,420	-61.7	6,548	9,622	-31.9	13,220
% of revenue	5.1	17.0		6.7	11.9		12.2
Research and development costs	741	570	30.0	2,518	2,018	24.7	2,884
% of revenue	2.2	2.2		2.6	2.5		2.7
Order intake 2)	24,551	24,500	0.2	110,065	81,928	34.3	115,373
Order backlog	47,880	30,710	55.9	47,880	30,710	55.9	36,544
Earnings per share, diluted and undiluted, EUR	-0.19	0.09	-306.0	0.10	0.36	-71.0	0.45
Equity per share, EUR	2.43	2.34	4.04	2.43	2.34	4.03	2.44
Average share price, EUR	9.16	5.36	70.9	9.16	5.36	70.9	5.55
Average number of shares, diluted and undiluted, 1,000 shares	11,834	11,830	0.0	11,832	11,827	0.0	11,828
Employees, average	719	662	8.6	703	662	6.2	665
Employees, end of period	722	656	10.1	722	656	10.1	674

1) Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals.

2) Includes order cancellations during the quarter.

Revenue

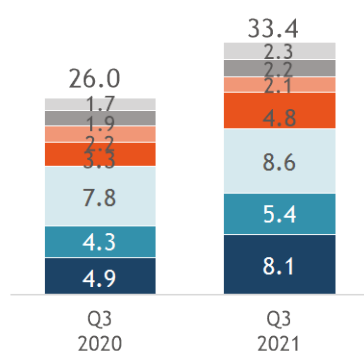
Revenue by customer industry

	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
EUR thousand	2021	2020	%	2021	2020	%	2020
Buildings and infrastructure	8,054	4,907	64.2	24,537	16,404	49.6	23,451
Equipment and other industries	5,366	4,272	25.6	16,224	14,414	12.6	19,493
Wind power	8,592	7,804	10.1	23,757	21,497	10.5	28,079
Machinery and electrical	4,752	3,252	46.1	12,668	11,821	7.2	15,522
Transportation	2,127	2,195	-3.1	7,336	8,367	-12.3	10,226
Defense	2,189	1,914	14.4	6,218	3,933	58.1	5,338
Telecommunications	2,314	1,700	36.1	7,132	4,651	53.3	6,485
Total	33,394	26,043	28.2	97,872	81,087	20.7	108,595

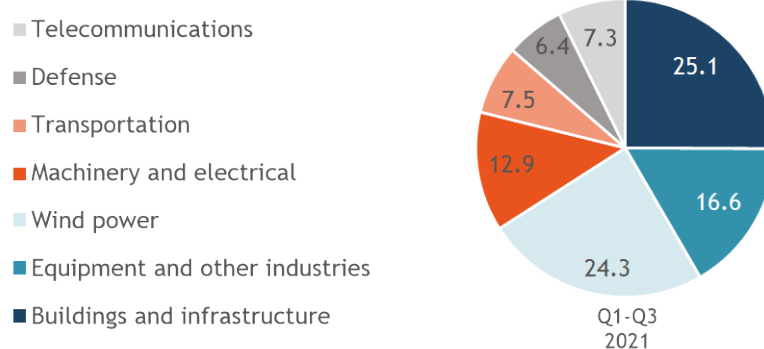
Revenue by region¹⁾

	Q3	Q3	Change	Q1-Q3	Q1-Q3	Change	Q1-Q4
EUR thousand	2021	2020	%	2021	2020	%	2020
Europe	17,214	13,322	29.2	54,231	45,726	18.6	62,757
North America	9,353	4,483	108.6	22,198	14,694	51.1	18,022
Asia-Pacific	6,121	6,766	-9.5	19,175	17,584	9.0	24,022
Rest of the world	706	1,472	-52.0	2,267	3,084	-26.5	3,795
Total	33,394	26,043	28.2	97,872	81,087	20.7	108,595

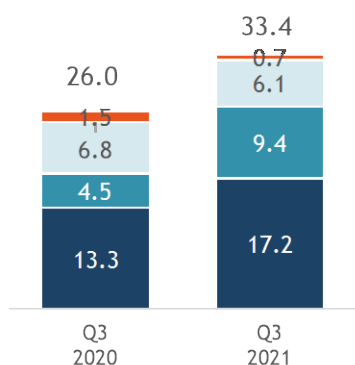
Revenue by customer industry
EUR million



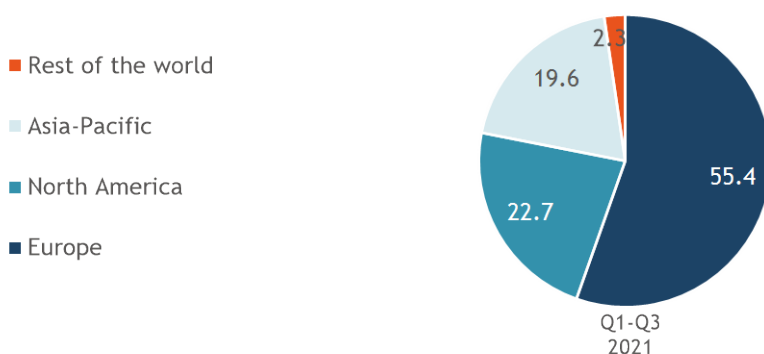
Share of revenue by customer industry
%



Revenue by region¹⁾
EUR million



Share of revenue by region¹⁾
%



¹⁾ Revenue by customer location, not by the location of the manufacturing Exel Composites business unit.

Impacts of the Covid-19 pandemic

Operations

In the third quarter of 2021, all our factories operated normally and following most of the previous safety measures implemented to prevent the spread of the Covid-19 pandemic.

Despite the continued challenges with global logistics and availability in many raw material categories, operations continued almost normally.

Financial standing

The uncertainty related to the Covid-19 pandemic among most of our customer industries continued to ease in the third quarter of 2021. Order intake continued at a good level in the quarter.

The Group's liquidity and cash situation are good, and the Covid-19 pandemic has had limited impact on Group liquidity.

During the third quarter of 2021, Exel Composites received no Covid-19 related financial assistance under any local governmental schemes, whereas in the same period last year approximately EUR 0.4 million were received.

Our response in relation to the Covid-19 pandemic

The health and safety of our employees, customers and business partners is a priority for Exel Composites. All units have continued with tightened Group and business unit level safety and hygiene instructions in accordance with the instructions of local health authorities. As restrictions are being lifted in different parts of the world, travelling within our sites and to customer meetings is starting to slowly pick up. Remote work and online meetings continue nevertheless to be preferred. Outsider visits to sites are still reduced to minimum. Internal communication on Covid-19 related concerns has continued in various channels.

We continue to monitor the situation closely and maintain a continuous interaction and dialogue with our customers, suppliers, and business partners to ensure timely reaction.

Events after the reporting period

Exel Composites and Kineco Group announce a joint venture in India

Exel Composites has signed an agreement to establish a joint venture to develop the Indian pultrusion market together with India's leading composites company, Kineco Group. In the transaction, Kineco Group will sell the assets of its pultrusion business into a new company, Kineco Exel Composites India, in which Exel Composites will subscribe to a 55% ownership in a directed share issue. Kineco Group will remain a shareholder with a 45% shareholding. The joint venture will continue to operate from the existing manufacturing facility located in Goa. The investment is strategically important to Exel as it provides direct access to the fast-growing Indian composites market.

The parties have agreed that the size of the investment will not be disclosed. The transaction is expected to be completed in the fourth quarter of 2021.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the Q1-Q3 2021 Business Review on 4 November 2021 at 12:30 EET. Participation has required registration in advance.

Vantaa, 4 November 2021

Exel Composites Plc
Board of Directors

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At Exel Composites, we use over 60 years' experience to solve challenges and help customers save resources. Our forward-thinking composite solutions made with continuous manufacturing technologies serve customers in a wide range of industries around the world. You can find our products used in applications from wind power and transportation to building and infrastructure.

Our collaborative approach and global footprint set us apart from our competition. We use our expertise to help customers reduce weight, improve performance and energy efficiency and decrease total lifetime costs. We want to be the first choice for sustainable composite solutions globally.

Headquartered in Finland, Exel Composites employs approximately 700 forward-thinking professionals around the world and is listed on Nasdaq Helsinki. To find out more about our offering and company please visit www.exelcomposites.com.