



Financial Statements Release January - December 2021

FOR FORWARD THINKERS

REVENUE INCREASED SIGNIFICANTLY, PROFITABILITY DECLINED

Q4 2021 in brief

- Order intake decreased by 8.8% to EUR 30.5 million (Q4 2020: 33.4).
- Revenue increased by 32.7% to EUR 36.5 million (27.5).
- Operating profit decreased to EUR 0.6 million (2.7), which is 1.8% of revenue (9.9).
- Adjusted operating profit decreased to EUR 1.0 million (2.7), which is 2.8% of revenue (9.9).
- Earnings per share amounted to EUR 0.04 (0.09).

Q1-Q4 2021 in brief

- Order intake increased by 21.8% to EUR 140.6 million (Q1-Q4 2020: 115.4).
- Revenue increased by 23.7% to EUR 134.4 million (108.6).
- Operating profit decreased to EUR 3.7 million (9.4), which is 2.8% of revenue (8.7).
- Adjusted operating profit decreased to EUR 6.0 million (9.7), which is 4.5% of revenue (8.9).
- Earnings per share amounted to 0.14 (0.45).

Dividend proposal

The Board proposes to the Annual General Meeting that a dividend of EUR 0.20 per share be paid based on the adopted financial statements for the financial year ended on 31 December 2021. The Board proposes that the dividend be paid in two installments.

Guidance for the full year 2022

Exel Composites expects that revenue in 2022 will be at last year's level and adjusted operating profit will increase compared to 2021.

President and CEO, Riku Kytömäki

The year 2021 was two-fold for Exel. Whereas revenue and order intake increased significantly, adjusted operating profit declined compared to the previous year.

Despite strong growth, Group profitability declined due to the poor financial performance of Exel USA in the second half of the year. The lowered profitability 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 related especially to the recruitment, learning curve and employee turnover, impacted also by the Covid-19 pandemic. Due to the poor performance, we made an impairment of EUR 1.8 million in the third quarter related to the unit's intangible assets. In the fourth quarter, the Group profitability already improved from the previous quarter, as expected, but was nevertheless below the same period in the previous year.

Revenue increased significantly in 2021 across all our customer industries apart from Transport, where revenue was flattish compared to 2020. Supported particularly by the strong growth of the conductor core application, the Buildings and Infrastructure customer industry bypassed Wind Power as our largest customer industry in 2021. The growth ratio in Defense was the highest of our customer industries, where camouflage net support poles continued to drive growth. Telecommunication applications such as antenna radomes also made a positive contribution to Group revenue after low volumes in the past few years. Geographically, revenue grew across all our key regions during the year and growth was particularly strong in Europe and North America.

32.7%

Revenue increased in Q4 2021 to
EUR 36.5 million



The Covid-19 pandemic continued to cause some uncertainty in the global business environment, but overall demand for our solutions recovered across our customer industries. Our factories operated almost without disruptions throughout the year despite pandemic related challenges in raw material availability. Material and logistics costs increased throughout 2021 and we continue to adjust our sales prices to offset the increase in costs.

During the year, we made good progress executing our growth strategy. The joint venture with Kineco Group, established in October, is an important steppingstone for us to enter the fast-growing Indian composites market. While the joint venture is still in its early phases, the collaboration has started well, and we see good growth potential and opportunities in the market. In the new manufacturing facility in Austria production started smoothly and as planned in the beginning of the year. The increased production capacity will respond to the long-term demand in Central Europe. The new state-of-art facility uses more production automation to ensure, for example, improved resin mixing accuracy. The new facility is noteworthy also from a sustainability point of view: energy efficiency, emissions, waste management as well as health and safety issues, have been widely considered already throughout the design phase. The site has an energy efficiency rating of A+.

Sustainability has an increasingly strategic role in Exel's business, and it is our vision to be the first choice for sustainable composite solutions globally. Our key contribution to sustainability is to help our customers to save resources. Properties such as lightness, energy efficiency, durability and the need for less maintenance and replacement make composites environmentally friendly. Increasing sustainability focus also increases the demand for composites. In 2021, our sustainability work concentrated on further developing the fundamentals of the Group sustainability, and this work continues in 2022.

A warm thank you to all Exel employees for the hard work and to our customers and other stakeholders for the continued cooperation and trust in the past year!

Our joint venture with Kineco Group is an important steppingstone for us to enter the fast-growing Indian composites market.

Order intake EUR million			Revenue EUR million			Adjusted operating profit EUR million		
110.7	115.4	140.6						
31.7	33.4	30.5						
27.1	24.5	24.6	103.8	108.6	134.4	7.2	2.7	6.0
23.8	22.9	43.5	26.6	27.5	36.5	1.3	2.0	1.0
28.2	34.5	42.0	23.6	26.0	33.4	1.7	2.9	0.1
			26.5	27.2	33.5	2.2	2.1	2.5
			27.1	27.8	31.0	2.0		2.5
Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2021	Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2021	Q1-Q4 2019	Q1-Q4 2020	Q1-Q4 2021

Consolidated key figures

EUR thousand	Q4 2021	Q4 2020	Change %	Q1-Q4 2021	Q1-Q4 2020	Change %
Revenue	36,493	27,508	32.7	134,365	108,595	23.7
Operating profit	649	2,732	-76.2	3,744	9,417	-60.2
% of revenue	1.8	9.9		2.8	8.7	
Adjusted operating profit 1)	1,004	2,732	-63.2	6,029	9,708	-37.9
% of revenue	2.8	9.9		4.5	8.9	
Profit before tax	713	1,507	-52.7	4,165	7,124	-41.5
% of revenue	2.0	5.5		3.1	6.6	
Profit for the period	455	1,098	-58.6	1,693	5,368	-68.5
% of revenue	1.2	4.0		1.3	4.9	
Shareholders' equity	31,182	28,880	8.0	31,182	28,880	8.0
Interest-bearing liabilities	52,988	43,140	22.8	52,988	43,140	22.8
Cash and cash equivalents	15,593	11,974	30.2	15,593	11,974	30.2
Net interest-bearing liabilities	37,395	31,167	20.0	37,395	31,167	20.0
Capital employed	84,170	72,021	16.9	84,170	72,021	16.9
Return on equity, %	5.6	15.5	-64.1	5.5	19.5	-71.7
Return on capital employed, %	3.2	15.4	-79.1	4.8	14.1	-65.8
Equity ratio, %	26.8	30.2	-11.2	26.8	30.2	-11.2
Net gearing, %	119.9	107.9	11.1	119.9	107.9	11.1
Net cash flow from operating activities	4,916	4,674	5.2	6,275	14,006	-55.2
Net cash flow from investing activities	-3,032	-3,277	-7.5	-11,877	-12,849	-7.6
Capital expenditure	3,378	3,321	1.7	9,931	13,220	-24.9
% of revenue	9.3	12.1		7.4	12.2	
Research and development costs	793	866	-8.5	3,310	2,884	14.8
% of revenue	2.2	3.1		2.5	2.7	
Order intake 2)	30,492	33,445	-8.8	140,557	115,373	21.8
Order backlog	41,578	36,544	13.8	41,578	36,544	13.8
Earnings per share, diluted and undiluted, EUR	0.04	0.09	-58.6	0.14	0.45	-68.5
Equity per share, EUR	2.58	2.44	5.83	2.58	2.44	5.82
Average share price, EUR	7.33	6.51	12.6	8.58	5.55	54.6
Average number of shares, diluted and undiluted, 1,000 shares	11,834	11,830	0.0	11,833	11,827	0.0
Employees, average	750	674	11.4	715	665	7.5
Employees, end of period	753	674	11.7	753	674	11.7

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.

Business model

Exel Composites provides forward-thinking composite solutions made with continuous manufacturing technologies to customers in a wide range of industries around the world. Our products are used in several industries from the cleaning equipment industry to power generation and transmission. Our competitive edge and core expertise lies in chemistry, materials science as well as cost-efficient manufacturing processes.

Composites are materials composed of two or more component materials that do not mix. In Exel Composites' vocabulary, composites mean fiber reinforced plastics. We predominantly use glass and carbon fibers as reinforcements of a resin, which in more technical terms is called a matrix. Different types of resins can be used as a matrix, and additives, such as colorants, UV-stabilizers, or anti-bacterial additives, can be used for additional properties. Combining different types of reinforcements and matrix materials gives the desired chemical, physical or mechanical properties to the resulting composite.

The products manufactured by Exel Composites are most often components of the customer's end-product, manufactured in high volumes. The product portfolio includes, for example, profiles, tubes, and laminates, which are almost without exception customer specific. Products are designed in close dialogue with the customer and according to their mechanical design to solve one or more specific challenges, be it achieving a lighter, stronger, or stiffer solution. This high level of customization increases customer commitment and is reflected in Exel's typically long-term customer relationships.

The main manufacturing technology utilized by Exel is pultrusion, where resin-impregnated fibers are pulled through a mold and hardened with heat. The final

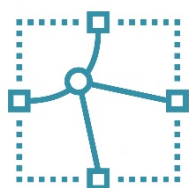
products are cut to a specified length or wound on a roll at the end of the production line. Other key methods include pullwinding, which is a combination of pultrusion and filament winding, as well as continuous lamination. Production efficiency is high in all these technologies due to continuous and high-volume production. These manufacturing technologies are applicable to diverse, straight shapes from poles and tubes to profiles with complex cavities. Exel also has further processing capabilities to supply complete composite solutions including machining and coating. Exel's strategy includes expanding into new and growing production technologies as well as into new and growing applications where composite materials can be used and where their unique characteristics are beneficial.

Climate-related risks and opportunities impact Exel Composites' business model on various levels. Exel actively aims to reduce the negative impact of its own operations on climate and the environment. The composites we produce also help reduce the environmental impact of the end-product. For us and for our customers, this is an opportunity to contribute to the mitigation of climate change.

Market environment

The composites market is fragmented. Whereas Exel Composites is not a large company, it is nevertheless a leading company in the field of pultrusion and the only pultrusion company with significant presence on all major markets: Europe, Asia, and North America. This global presence differentiates Exel from its competitors and enables head-to-head competition with global suppliers of traditional materials. According to industry associations, such as JEC, the annual volume of composites of approximately USD 80 billion is only about 1% of the huge global materials market, which is dominated by steel, plastic, and aluminum. The pultruded composites market

Exel Composites in the value chain



SUPPLY CHAIN

- Raw material producers
- Suppliers of indirect materials
- Service providers

Example

Fiber providers from which Exel buys reinforcement fibers necessary for the manufacturing process



MANUFACTURING

- Pultrusion
- Pullwinding
- Filament winding
- Continuous lamination

Further processing:

- Machining
- Painting
- Coating



CUSTOMER

- Original equipment manufacturers
- System integrators
- Distributors

Example

A machine builder that buys composite parts manufactured by Exel, installs them into a machine, which is then sold to a paper mill



END USER

- User of the final product

Example

A forestry company that produces paper or cardboard in its factory

represents less than 5% of the total composites market. Exel sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market. The global composites market grew in 2021 and the market size in volume was brought back close to the pre-pandemic level of 2019. Growth is estimated to continue at approximately 2%-5% per year in the coming years, depending on the region.

Geographically, Asia and specifically China are the largest and the fastest-growing markets globally. China remains a focus area for us even though recent economic and political uncertainty connected with the country has slightly reduced the market's growth rate expectations. India is another fast-growing market in Asia, where local supply is considered important and where Exel established a joint venture in 2021. The North American market is the second largest composites market globally in terms of value and growth. Growth is expected to be slower in the mature European market, which already today is smaller than Asia or North America.

Exel Composites' customers are typically original equipment manufacturers, system integrators or distributors. Our customer industries are: Buildings and Infrastructure, Equipment and Other industries, Wind Power, Machinery and Electrical, Transportation, Defense and Telecommunications. Our business portfolio that is diversified across a variety of customer industries and regions, reduces the impact of sudden fluctuations in demand within the portfolio. The factors and time span driving demand differ between customer industries as well as regions.

In 2021, the Covid-19 pandemic continued to cause uncertainty in the global business environment. While demand recovered and order intake was strong, challenges with raw material availability as well as material and logistics costs impacted Exel's business in 2021.

In the long-term, interest towards composite materials is steadily growing, supported by global megatrends such as rapid urbanization, sustainability, and longer life cycles. The main benefits of composites include lightness, energy efficiency, durability and the need for less maintenance

and replacement. For example, increased energy efficiency requirements within the transportation industry and the increased utilization of anti-corrosive materials in the construction industry drive the increased use of composites. Exel's ambition is to leverage on these trends and mitigate the negative impacts of climate change by offering its customers sustainable composite products that respond to this demand.

Order intake and order backlog

Order intake for the fourth quarter of 2021 amounted to EUR 30.5 million (33.4) and decreased by 8.8% in comparison to the previous year.

Order intake for the financial year 2021 was EUR 140.6 million (115.4), which is an increase of 21.8% compared to the previous year. The Group's order backlog on 31 December 2021 increased to EUR 41.6 million (36.5).

Revenue

Group revenue in the fourth quarter of 2021 amounted to EUR 36.5 million (27.5), which is an increase of 32.7% in comparison to the previous year.

Group revenue for the financial year 2021 amounted to EUR 134.4 million (108.6) and increased by 23.7% compared to the previous year. Revenue was impacted by effects of delivery volumes by 6.9%, sales mix by 16.9%, exchange rates by -0.2% and acquisitions by 0.2%.

Revenue increased significantly in 2021 across all our customer industries apart from Transport, where revenue was flattish compared to 2020. Supported particularly by the strong growth of the conductor core application, the Buildings and Infrastructure customer industry bypassed Wind Power as our largest customer industry in 2021. The growth ratio in Defense was the highest of our customer industries, where camouflage net support poles continued to drive growth. Telecommunication applications such as antenna radomes also made a positive contribution to Group revenue after low volumes in the past few years. Geographically, revenue grew across all our key regions during the year and growth was particularly strong in Europe and North America.

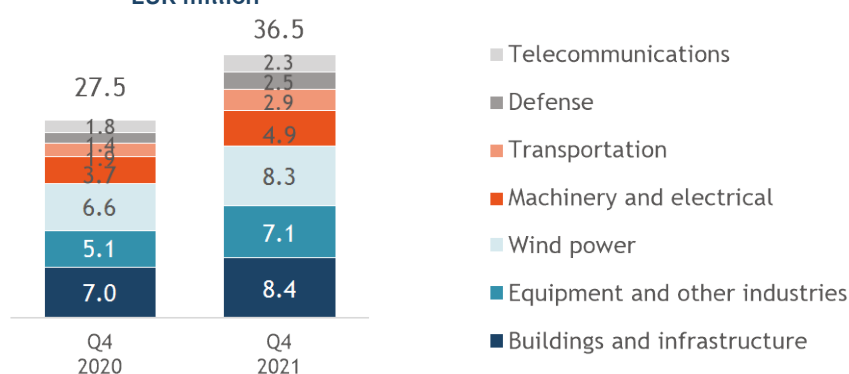
Revenue by customer industry

	Q4 2021	Q4 2020	Change %	Q1-Q4 2021	Q1-Q4 2020	Change %
EUR thousand						
Buildings and infrastructure	8,409	7,047	19.3	32,946	23,451	40.5
Equipment and other industries	7,126	5,079	40.3	23,350	19,493	19.8
Wind power	8,309	6,582	26.2	32,066	28,079	14.2
Machinery and electrical	4,944	3,700	33.6	17,612	15,522	13.5
Transportation	2,888	1,857	55.5	10,224	10,224	0.0
Defense	2,469	1,406	75.7	8,688	5,338	62.7
Telecommunications	2,348	1,837	27.9	9,480	6,488	46.1
Total	36,493	27,508	32.7	134,365	108,595	23.7

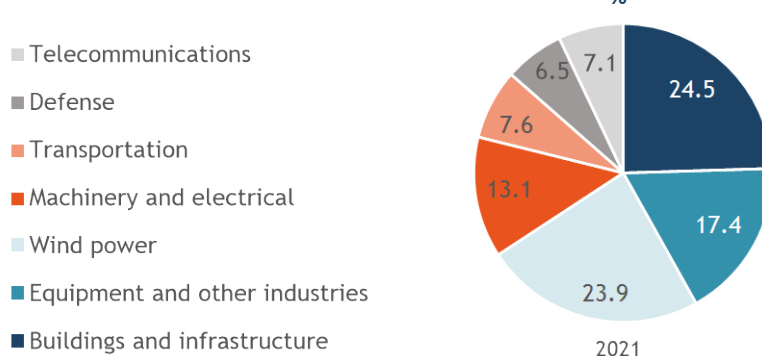
Revenue by region¹⁾

	Q4 2021	Q4 2020	Change %	Q1-Q4 2021	Q1-Q4 2020	Change %
EUR thousand						
Europe	19,182	17,031	12.6	73,413	62,757	17.0
North America	10,242	3,328	207.7	32,440	18,022	80.0
Asia-Pacific	6,238	6,438	-3.1	25,413	24,022	5.8
Rest of the world	831	711	16.9	3,099	3,795	-18.3
Total	36,493	27,508	32.7	134,365	108,595	23.7

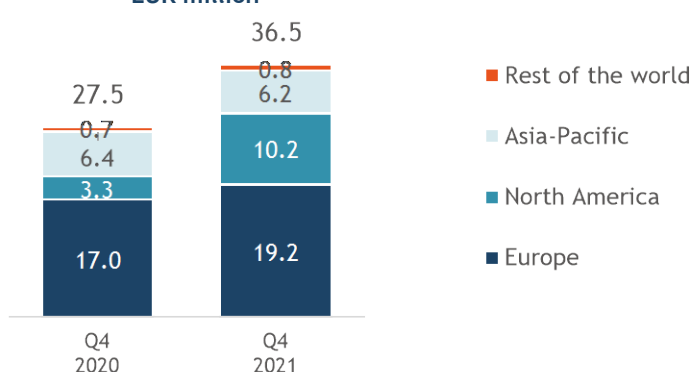
Revenue by customer industry
EUR million



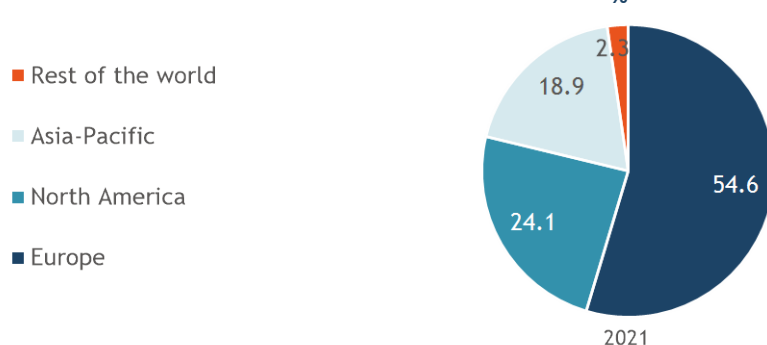
Share of revenue by customer industry
%



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.

Operating profit

The Group's operating profit amounted to EUR 0.6 million (2.7) in the fourth quarter of 2021 and was 1.8% (9.9) of revenue. Adjusted operating profit was EUR 1.0 million (2.7) and 2.8% (9.9) of revenue.

Operating profit in 2021 decreased to EUR 3.7 million (9.4), 2.8% (8.7) of revenue. Adjusted operating profit was EUR 6.0 million (9.7), 4.5% (8.9) of revenue. Group profitability declined due to the poor financial performance of Exel USA in the second half of the year. The lowered profitability 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 related especially to the recruitment, learning curve and employee turnover, impacted also by the Covid-19 pandemic.

Items affecting comparability amounted to a total of EUR 2.3 million (0.3). During 2021, Exel Composites received no Covid-19 related financial assistance under any local governmental schemes, whereas in 2020 approximately EUR 0.8 million were received.

The Group's net financial income/expenses in 2021 were EUR 0.4 million (-2.3). Profit before taxes was EUR 4.2 million (7.1) and profit after taxes EUR 1.7 million (5.4).

Adjusted operating profit

	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
EUR thousand				
Operating profit	649	2,732	3,744	9,417
Restructuring costs				
Impairment losses and reversals	43		1,797	
Costs related to planned or realized business acquisition and disposal	157	0	332	291
Sale of intangible and tangible assets				
Expenses related to changes in legislation or legal proceedings	155		155	
Adjusted operating profit	1,004	2,732	6,029	9,708

Financial position

Net cash flow from operating activities for the financial of 2021 was EUR 6.3 million (14.0). The capital expenditure on fixed assets amounted to EUR 9.9 million (13.2). Net cash flow from investing activities amounted to EUR -11.9 million (-12.8) and net cash flow before financing activities amounted to EUR -5.6 million (1.2). At the end of the reporting period, the Group's liquid assets stood at EUR 15.6 million (12.0). Total depreciation, amortization and impairment of non-current assets during the financial year amounted to EUR 8.2 million (5.9).

On 31 December 2021, the Group's consolidated total assets were EUR 117.7 million (96.8). Interest-bearing liabilities, including lease liabilities, amounted to EUR 53.0 million (43.1). Net interest-bearing liabilities were EUR 37.4 million (31.2). Current interest-bearing liabilities totaled EUR 37.4 million. EUR 35.5 million of current interest-bearing liabilities were commercial papers. To secure the payment of commercial papers, on 31 December 2021 the company had unused, non-current (over 12 months) revolving credit facilities for EUR 40.0 million.

On 31 December 2021, equity was EUR 31.2 million (28.9) and equity ratio 26.8% (30.2). Net gearing ratio was 119.9% (107.9). Fully diluted total earnings per share were EUR 0.14 (0.45). Return on capital employed was 4.8% (14.1). Return on equity was 5.5% (19.5).

On 1 April 2021, Exel Composites paid the final payment related to the acquisition of Nanjing Jianhui Composite Materials in 2017, totaling EUR 3.8 million. The total acquisition price of the company thus amounted to EUR 8.8 million. The acquisition price paid matched rather accurately the original estimate published in October 2016, even though the variable component of the total acquisition price was reagreed with the seller in 2018 to be higher. The increase was of the same magnitude as the reduction of the purchase price due to a decline in working capital between the October 2016 estimate and the April 2017 actual at closing of the transaction.

The company paid total dividends of EUR 2.4 million (2.1) in 2021 for the financial year of 2020 calculated for the outstanding number of shares. Dividend per share for the financial year 2020 was EUR 0.20 (0.18), which was 44.1% of net income and thus in line with the dividend policy.

Research and development

Research and development costs in 2021 totaled EUR 3.3 million (2.9), representing 2.5% (2.7) of revenue.

Business development and strategy implementation

In June 2021, the Board of Directors conducted its annual strategy review and reconfirmed Exel Composites' strategy. The main strategic focus areas as well as the company's long-term financial targets and dividend policy remained unchanged. Exel long-term financial targets include revenue growth exceeding twice the market growth, adjusted operating profit margin exceeding 10%, return on capital employed exceeding 20%, and net gearing at approximately 80% or below.

Exel Composites' strategy is based on scalable applications, chosen growth initiatives, expanding our global footprint and technology offering, and on improving operational efficiency.

An important milestone in the implementation of our growth strategy in 2021, was the establishment of the joint venture with Kinenco Group in India, which was announced in October. Exel Composites has a 55%

ownership in the new company, Kinenco Exel Composites India, which operates from an existing pultrusion 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 transaction was completed in October 2021.

Production in the new manufacturing facility in Austria started smoothly and as planned in the beginning of 2021. The additional production capacity from the new facility will, in line with our growth strategy, respond in the long-term to increasing demand in Central Europe and strengthen Exel's position in this market area. It also enables leveraging the Austrian unit's strong R&D capabilities and university cooperation.

Other strategic priorities during the year included operational efficiency and profitability improvements in the Group manufacturing units and focusing on growth initiatives. The strategic role of sustainability was further emphasized as a part of Exel's business and operations.

Exel Composites' strategy



Impacts of the Covid-19 pandemic in 2021

Operations

In 2021, all our factories operated close to normal 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.

The health and safety of our employees, customers and business partners are a priority for Exel Composites. All units continued with tightened Group and business unit level safety and hygiene instructions in accordance with the instructions of local health authorities. Remote work and online meetings were preferred and outsider visits to sites were reduced to minimum. Internal communication on Covid-19 related concerns 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.

Financial standing

Despite some uncertainty among our customers, underlying demand across all customer industries improved during the financial year compared to the previous year.

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

Exel conducted an impairment testing in the second half of 2021. The testing resulted in an impairment in the intangible assets of EUR 1.8 million related to the business unit in the United States.

During 2021, Exel Composites received no Covid-19 related financial assistance under any local governmental schemes, whereas in 2020 approximately EUR 0.8 million were received.

Major near-term risks and uncertainties

Exel Composites' most significant near-term business risk is related to customer concentration, where a notable portion of revenue comes from certain key customers.

In the short-term, the Covid-19 pandemic has continued to cause uncertainty in the global business environment. While demand has recovered in most of our customer industries, challenges experienced in 2021 related to raw material availability, material and logistics costs, as well

as recruitment in specific regions, may extend and impair our competitiveness and profitability.

The company has made significant investments in the recent years. The future estimates made at the time of these investments and acquisitions may not materialize as planned, which may trigger a need to adjust the values of the purchased assets in the company's balance sheet.

The risk management and risks related to the operation of Exel Composites are described in detail in the Corporate Governance Statement for 2021 and at the company's website www.exelcomposites.com.

Sustainability and corporate responsibility

Exel Composites is committed to responsible and sustainable operations through our corporate values and Code of Conduct. Our role in sustainability is that of an enabler as we provide sustainable composite solutions that help our customers save resources and mitigate climate change. Composites' properties, such as lightness and durability, provide for longer life cycles and improved performance of the end-product, thus lowering the negative impacts on the environment. In addition, we aim to make a positive impact through our social responsibility and to reduce the negative impact of our environmental footprint.

Exel Composites' material sustainability focus areas are the following:

- **Enabling solutions:** Responsible products and composites at end-of-life
- **Social handprint:** Health and safety, responsible employer, responsible business
- **Environmental footprint:** Energy efficiency and reduced emissions, circular economy and waste management, water consumption, responsible supply chain

In 2021, Exel's sustainability work focused on developing the fundamentals of the Group sustainability program. A dedicated sustainability team, representing different areas of the organization, was established for this purpose and to coordinate Group sustainability matters in general.

The sustainability concerns of external stakeholders were analyzed during the year and Exel's main sustainability focus areas were renamed and regrouped. Exel also decided to complement its non-financial reporting by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to the extent possible. Also, the key United Nations Sustainable Development Goals (SDGs) where Exel can best contribute through its business were selected. These are:

- Goal 8 Decent work and economic growth
- Goal 9 Industry, innovation, and infrastructure
- Goal 12 Responsible consumption and production
- Goal 13 Climate action

In alignment with the EU Taxonomy Regulation, which came into force in 2021, Exel Composites initially

analyzed the share of taxonomy-eligible economic activities contributing to climate mitigation and climate adaptation. Out of Exel's revenue in 2021, 32.6% was taxonomy-eligible. The taxonomy-eligible activities were mainly related to the manufacture of renewable energy technologies (applications for Wind Power) and the manufacture of energy efficiency equipment for buildings (composite window and door profiles).

Exel Composites discloses a statement on non-financial information as part of the Board of Directors' Report of the Annual Financial Report 2021 to be published on 4 March 2022.

Information on sustainability and corporate responsibility is available on the corporate website at www.exelcomposites.com.

Governance and AGM 2021

The Annual General Meeting, AGM, of Exel Composites held on 23 March 2021 approved the Board of Directors' proposal to distribute a dividend of EUR 0.20 per share for the financial year 2020. The dividend was paid on 31 March 2021.

The AGM authorized the Board of Directors to repurchase the Company's own shares by using unrestricted equity. The maximum amount to be acquired is 600,000 shares. The authorization is valid until 30 June 2022.

The AGM re-elected Petri Helsky, Reima Kerttula, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen as members of the Board of Directors. Furthermore, the AGM re-elected Reima Kerttula as Chairman of the Board of Directors.

Ernst & Young, Authorized Public Accountants, with Johanna Winqvist-Ilkka, APA, as principal auditor, were elected to serve as company auditor in the AGM in 2021.

In 2021, the Nomination Board comprised persons nominated by the four largest shareholders as of 30 September 2021: Kalle Saariaho (OP Fund Management Company), Malin Björkmo (Handelsbanken Fonder), Caroline Sjösten (Swedbank Robur Fonder), Petteri Vaarnanen (Sp-Fund Management Company) and Reima Kerttula, Chairman of the Board of Directors, as an expert member. The AGM of Exel Composites has elected a permanent Shareholders' Nomination Board, the purpose of which is to prepare proposals concerning the Board members and their remuneration for the General Meeting.

At the end of 2021, the Group Management Team of Exel Composites consisted of the following persons: President and CEO Riku Kytömäki, CFO Mikko Kettunen, SVP Operations Callum Gough, SVP Human Resources Tiina Bies, SVP Business Unit Manager, Belgium Kari Loukola, SVP Business Development Mikko Rummukainen, SVP R&D and Technology Kim Sjö Dahl and SVP Sales and Marketing Olli Tevä.

Organization and personnel

On 31 December 2021, Exel Composites employed 753 (674) people, of whom 268 (233) in Finland and 485 (441) in other countries. The average number of employees during the financial year was 715 (665).

Remuneration

In February 2021, Exel Composites announced the continuation of a share-based long-term incentive program for the top management of the company. The 2021 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017. Similarly to the previous programs within this plan, the performance targets applied to the plan that commenced at the beginning of 2021 are adjusted operating profit (EBIT) and the total shareholder return of the company's share (TSR).

More information on remuneration and Exel Composites' Remuneration Policy is available at www.exelcomposites.com.

Share and shareholders

Exel Composites' share is listed on Nasdaq Helsinki Ltd in the Industrials sector.

On 31 December 2021, Exel Composites' share capital was EUR 2.1 million and the number of shares was 11,896,843. There were no changes in the share capital during the financial year.

During the financial year, Exel Composites held a total of 63,337 of its own shares which are part of the share-based long-term incentive program for the top management.

On 31 December 2021, the share price closed at EUR 8.10. During the review period, the average share price was EUR 8.58, the highest share price EUR 11.60 and the lowest share price EUR 6.58.

A total of 3,356,992 shares were traded at Nasdaq Helsinki Ltd., which represents 28.4% of the average number of shares. On 31 December 2021, Exel Composites' market capitalization was EUR 95.9 million (87.3). Total shareholder return (TSR) in 2021 was 12.2% (19.1).

Exel Composites had a total of 7,106 (6,349) shareholders on 31 December 2021.

During the reporting period Exel Composites received one flagging notification in accordance with the Finnish Securities Market Act regarding changes in shareholdings.

Information on the company's shareholders is available on the corporate website at www.exelcomposites.com.

Events after the reporting period

Exel Composites continues the long-term incentive program for top management

In February 2022, Exel Composites announced the continuation of a share-based long-term incentive program for the top management of the company. The 2022 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017. Similarly to the previous programs within this plan, the performance targets applied to the plan that commenced at the beginning of 2022 are adjusted operating profit (EBIT) and the total shareholder return of the company's share (TSR).

Guidance for the full year 2022

Exel Composites expects that revenue in 2022 will be at last year's level and adjusted operating profit will increase compared to 2021.

Board proposal for dividend distribution

According to Exel Composites' financial targets and dividend policy, the company's ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities.

At the end of the financial year 2021, Exel Composites Plc's distributable funds totaled EUR 13.3 million, of which profit for the financial year accounted for EUR 5.9 million.

The Board proposes to the Annual General Meeting that a dividend of EUR 0.20 per share be paid based on the adopted financial statements for the financial year ended on 31 December 2021. The Board proposes that the dividend be paid in two installments.

The first installment of EUR 0.10 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the installment's record date 8 September 2022. The Board proposes that the dividend installment pay date be 15 September 2022.

The second installment of EUR 0.10 per share is to be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the installment's record date 8 December 2022. The Board proposes that the dividend installment pay date be 15 December 2022.

The Board proposes it be authorized to decide, if necessary, on new dividend payment record dates and pay dates for the two installments, if the rules and statutes of the Finnish book-entry system change or otherwise so require.

As a basis for its proposal, the Board of Directors has assessed the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements.

Financial reporting and Annual General Meeting 2022

Exel Composites publishes the following financial reports in 2022:

- Financial Statements Release 2021: 15 February 2022
- Business Review January-March: 29 April 2022
- Half-year Financial Report January-June: 20 July 2022
- Business Review January-September: 3 November 2022

The Annual Financial Report, Corporate Governance Statement and Remuneration Report for 2021 will be available on 4 March 2022 at the company's website www.exelcomposites.com.

The Annual General Meeting will be held on 25 March 2022 at 9:30 EET in Exel Composites' premises at Mäkituvantie 5, 01510 Vantaa, Finland. Shareholders of the company may participate in the meeting and exercise their shareholders' rights only through a proxy representative and by submitting counterproposals and questions in advance. Proxy representatives must see to the voting in advance on behalf of shareholders.

After the Annual General Meeting, on 25 March 2022 at 10:00 EET, Exel Composites will hold an online event for shareholders, where the resolutions made at the General Meeting and the review by the President and CEO will be presented. Instructions to register to this event are presented in the notice to Exel Composites' Annual General Meeting under Section C item 5 and at the company's website www.exelcomposites.com.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the Q1-Q4 2021 Financial Statements Review on 15 February 2022 at 12:30 EET. Participation has required registration in advance.

Vantaa, 15 February 2022

Exel Composites Plc
Board of Directors

For further information, please contact:

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NOTES TO THE FINANCIAL STATEMENTS RELEASE

1 January - 31 December 2021

Accounting principles

This Financial Statements Release is based on Financial Statements that have been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied as in the previous financial statements.

Preparation of financial statements in accordance with the IFRS standards requires Exel Composites' management to make estimates and assumptions that have an effect on the amount of assets and liabilities on the balance sheet at the closing date as well as the amounts of income and expenses for the financial period. In addition, the management must exercise its judgment regarding the application of accounting policies. Since the estimates and assumptions are based on the views at the date of the financial statements, they include risks and uncertainties. The actual results may differ from the estimates and assumptions.

The amounts presented in the income statement and balance sheet are Group figures. The amounts presented in the release are rounded, so the sum of individual figures may differ from the sum reported.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

EUR thousand	Q4 2021	Q4 2020	Change %	Q1-Q4 2021	Q1-Q4 2020	Change %
Revenue	36,493	27,508	32.7	134,365	108,595	23.7
Materials and services	-17,976	-10,251	75.3	-63,515	-42,775	48.5
Employee benefit expenses	-9,272	-8,395	10.5	-35,241	-30,807	14.4
Depreciation and impairment	-1,393	-1,119	24.6	-7,055	-4,503	56.7
Depreciation of right-of-use assets	-308	-277	11.3	-1,147	-1,352	-15.1
Other operating expenses	-7,328	-5,159	42.0	-25,099	-21,429	17.1
Adjustment to lease expenses on capitalized contracts	322	326	-1.1	1,218	1,367	-10.9
Other operating income	112	99	13.4	217	320	-32.0
Operating profit	649	2,732	-76.2	3,744	9,417	-60.2
Net financial items	80	-1,205	-106.6	487	-2,201	-122.1
Financial expenses on capitalized lease contracts	-16	-19	-18.4	-66	-92	-28.3
Profit before tax	713	1,507	-52.7	4,165	7,124	-41.5
Income taxes	-295	-409	-27.8	-2,509	-1,755	42.9
Profit/loss for the period	418	1,098	-61.9	1,656	5,368	-69.1
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	1,008	164	-515.8	2,074	-665	412.0
Income tax relating to components of other comprehensive income						
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/ loss (-), net tax	40	-34	216.5	40	-34	216.5
Other comprehensive income, net of tax	1,048	129	-709.8	2,114	-699	402.4
Total comprehensive income	1,466	1,228	19.4	3,770	4,669	-19.3
Profit/loss attributable to:						
Owners of the parent company	455	1,098	-58.6	1,693	5,368	-68.5
Non-controlling interests	-37	0		-37	0	
Comprehensive income attributable to:						
Owners of the parent company	1,492	1,228	21.5	3,796	4,669	-18.7
Non-controlling interests	-26	0		-26	0	
Earnings per share, diluted and undiluted, EUR	0.04	0.09	-58.6	0.14	0.45	-68.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 December 2021	31 December 2020	Change
ASSETS			
Non-current assets			
Goodwill	12,809	12,597	212
Other intangible assets	2,813	3,948	-1,135
Tangible assets	31,148	26,193	4,954
Right-of-use assets 1)	3,161	3,234	-73
Deferred tax assets	1,891	1,737	154
Other non-current assets	48	48	0
Non-current assets total	51,869	47,758	4,112
Current assets			
Inventories	23,944	16,182	7,762
Trade and other receivables	26,292	20,887	5,405
Cash at bank and in hand	15,593	11,974	3,619
Total current assets	65,829	49,043	16,786
Total assets	117,698	96,800	20,898
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other reserves	129	129	0
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	3,914	1,851	2,064
Retained earnings	20,157	16,851	3,306
Profit for the period	1,693	5,368	-3,675
Equity attributable to holders of the parent company	30,574	28,880	1,694
Non-controlling interests	608	0	608
Total equity	31,182	28,880	2,302
Non-current liabilities			
Interest-bearing liabilities	13,430	10,551	2,880
Non-current lease liabilities	2,140	2,332	-192
Interest-free liabilities	1,018	573	445
Deferred tax liabilities	545	361	184
Total non-current liabilities	17,133	13,817	3,317
Current liabilities			
Interest-bearing liabilities	36,200	29,169	7,031
Current lease liabilities	1,218	1,089	129
Trade and other non-current liabilities	31,966	23,846	8,120
Total current liabilities	69,383	54,104	15,280
Total equity and liabilities	117,698	96,800	20,898

1) Buildings EUR 3,065 thousand, Machinery and equipment (incl.vehicles) EUR 96 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q1-Q4 2021	Q1-Q4 2020	Change
Cash flow from operating activities			
Profit for the period	1,656	5,368	-3,712
Adjustments 1)	10,292	10,131	160
Change in working capital	-2,533	1,659	-4,191
Cash flow generated by operations	9,415	17,158	-7,743
Interest paid	-439	-625	186
Interest received	33	108	-75
Other financial items	-685	-1,368	683
Income taxes paid	-2,049	-1,266	-783
Net cash flow from operating activities	6,275	14,006	-7,732
Cash flow from investing activities			
Acquisition of subsidiaries 2)	-2,431	0	-2,431
Purchases of non-current assets	-8,254	-13,081	4,827
Proceeds from sale of non-current assets	217	232	-15
Net cash flow from investing activities	-10,468	-12,849	2,381
Cash flow before financing activities	-4,194	1,157	-5,351
Cash flow from financing activities			
Share issue	0	0	0
Proceeds from long-term borrowings	4,000	7,000	-3,000
Instalments of long-term borrowings	0	0	0
Change in short-term loans	6,331	706	5,625
Instalments of lease liabilities	-1,152	-1,275	122
Treasury shares	0	0	0
Dividends paid	-2,367	-2,129	-237
Net cash flow from financing activities	6,812	4,302	2,510
Change in liquid funds	2,619	5,459	-2,840
Liquid funds in the beginning of period	11,974	6,930	5,044
Exchange rate fluctuations on liquid funds	1,002	-415	1,416
Liquid funds at the end of period	15,593	11,974	3,619

1) Depreciations and amortization EUR 8,202 thousand, tax on income from operations EUR 2,509 thousand, other financial income and expenses EUR -421 thousand, other adjustments EUR 2 thousand.

2) EUR 1,267 thousand of the final payment related to the acquisition of Nanjing Jianhui Composite Materials was accrued as cost and its effect on cash flow is therefore in Net cash flow from operating activities. EUR 2,534 thousand, which was posted as acquisition of shares, is reported in the Net cash flow from investing activities.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousands	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Non- controlling interests	Total
2020						
Balance at the beginning of the reporting period	2,141	2,668	2,516	18,977	0	26,302
Comprehensive result			-665	5,368		4,703
Defined benefit plan actuarial gains (+) / loss (-), net of tax				-34		-34
Other items				16		16
Dividend				-2,133		-2,133
Treasury shares				67		67
Share-based payments reserve				-42		-42
Balance at the end of the reporting period	2,141	2,668	1,851	22,220	0	28,880
2021						
Balance at the beginning of the reporting period	2,141	2,668	1,851	22,220	0	28,880
Comprehensive result			2,064	1,693	-26	3,730
Defined benefit plan actuarial gains (+) / loss (-), net of tax				40		40
Other items				-32	634	602
Dividend				-2,360		-2,360
Treasury shares				26		26
Share-based payments reserve				-26		-26
Correction to previously issued financial statements				289		289
Balance at the end of the reporting period	2,141	2,668	3,914	21,850	608	31,182

QUARTERLY KEY FIGURES

	2021	2021	2021	2021	2020	2020	2020	2020
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	36,493	33,394	33,524	30,954	27,508	26,043	27,239	27,805
Materials and services	-17,976	-17,895	-14,664	-12,981	-10,251	-10,699	-10,890	-10,934
Employee benefit expenses	-9,272	-7,792	-9,459	-8,717	-8,395	-6,720	-7,590	-8,103
Depreciation and impairment	-1,701	-3,346	-1,575	-1,579	-1,395	-1,452	-1,512	-1,495
Operating expenses	-7,006	-6,097	-5,513	-5,264	-4,834	-5,343	-4,451	-5,434
Other operating income	112	45	49	12	99	194	-5	31
Operating profit	649	-1,691	2,363	2,423	2,732	2,023	2,792	1,870
Net financial items	64	313	-465	509	-1,225	-675	160	-554
Profit before taxes	713	-1,378	1,897	2,933	1,507	1,348	2,953	1,316
Income taxes	-295	-830	-412	-971	-409	-277	-424	-646
Profit/loss for the period	418	-2,209	1,485	1,961	1,098	1,072	2,529	670
Earnings per share, diluted and undiluted, EUR	0.04	-0.19	0.13	0.17	0.09	0.09	0.21	0.06
Average number of shares, diluted and undiluted 1,000 shares	11,834	11,834	11,834	11,830	11,828	11,827	11,826	11,821
Average number of personnel	750	719	700	691	674	662	662	662

Revenue by customer industry by quarter

	2021	2021	2021	2021	2020	2020	2020	2020
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Buildings and infrastructure	8,409	8,054	8,684	6,995	7,047	4,907	5,282	6,216
Equipment and other industries	7,126	5,366	5,212	5,646	5,079	4,272	4,031	6,111
Wind power	8,309	8,592	7,785	7,380	6,582	7,804	7,867	5,826
Machinery and electrical	4,944	4,752	5,050	3,671	3,700	3,252	4,790	3,780
Transportation	2,888	2,127	2,728	2,483	1,859	2,195	2,796	3,376
Defense	2,469	2,189	1,785	2,244	1,406	1,914	768	1,251
Telecommunications	2,348	2,314	2,280	2,536	1,834	1,700	1,706	1,245
Total	36,493	33,394	33,524	30,954	27,508	26,043	27,239	27,805

Revenue by region by quarter

	2021	2021	2021	2021	2020	2020	2020	2020
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe	19,182	17,214	19,574	17,444	17,031	13,322	15,534	16,870
North America	10,242	9,353	7,234	5,611	3,328	4,483	4,391	5,820
Asia-Pacific	6,238	6,121	6,401	6,654	6,438	6,766	6,636	4,182
Rest of the world	831	706	316	1,245	711	1,472	678	933
Total	36,493	33,394	33,524	30,954	27,508	26,043	27,239	27,805

COMMITMENTS AND CONTINGENCIES

EUR thousand	31 December 2021	31 December 2020
Commitments on own behalf		
Mortgages	0	0
Floating charges	0	0
Operating leases		
Not later than one year	11	22
1 - 5 years	8	0
Other liabilities	64	253

DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	31 December 2021	31 December 2020
Interest rate swaps	0	2,852



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.