



BUSINESS REVIEW January - March 2022



GROUP REVENUE INCREASED AND PROFIT TURNAROUND IN THE USA PROGRESSED WELL

Q1 2022 in brief

- Order intake decreased by 10.5% to EUR 37.6 million (Q1 2021: 42.0).
- Revenue increased by 10.3% to EUR 34.2 million (31.0).
- Operating profit declined to EUR 0.0 million (2.4), which is 0.1% of revenue (7.8). A one-time cost of EUR 2.1 million related to the factory closing in China was recorded during the quarter.
- Adjusted operating profit declined to EUR 2.2 million (2.5), which is 6.4% of revenue (7.9).
- Earnings per share amounted to EUR 0.00 (0.17).

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 has started well for Exel. Revenue increased in the first quarter of 2022 compared to the previous year, driven particularly by Equipment and Other customer industry. Buildings and Infrastructure also showed continued growth. Transportation, which has been hard hit by the pandemic, continued to recover as revenue increased clearly compared to the previous year. Geographically, revenue increased in Europe and in North America, whereas in the region Asia-Pacific revenue declined mainly due to the worsened Covid-19 situation in China and related delivery delays.

10.3%

Revenue increased in Q1 2022 to
EUR 34.2 million

Adjusted operating profit during the first quarter was considerably better than in the whole second half of last year, albeit slightly behind a strong first quarter of 2021. The profitability of the business unit in the United States no longer negatively impacted Group operating profit during the reporting period. We have been able to reduce employee turnover and improve production yield, resulting in lower production costs and better profitability of the unit. On Group level, product mix as well as increasing raw material, energy, and logistics costs had a negative impact on profitability. We continue to adjust our sales prices to offset the rapid increase in costs.

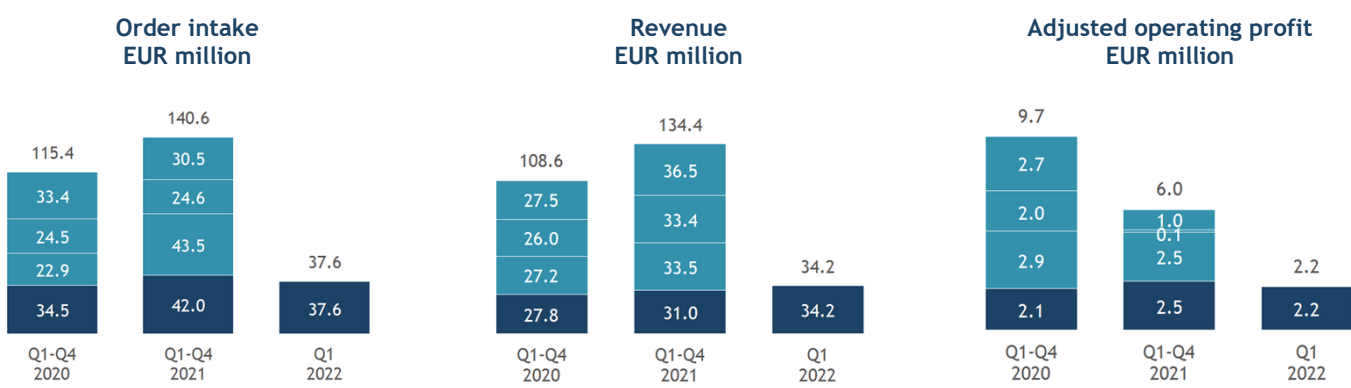
In February 2022, we announced our intention to close one of our two manufacturing facilities in China. Production at the factory to be closed has already stopped and the transfer of operations to our other manufacturing site in the Nanjing area has progressed well despite some delays due to the Covid-19 situation in China. A one-time cost of EUR 2.1 million, related to the closing of the factory, is included in the quarterly figures and considered in the adjusted operating profit. The sale of the related real estate is also progressing according to plan. In addition to annual synergies and cost savings of approximately EUR 0.7 million, the aggregated one-time impact of the closure and the sale of the facility is estimated to be positive on Group operating profit and cash flow in 2022. In October 2021, we established a joint venture in India and expanding our activities in this high growth market is progressing.

Russia's attack on Ukraine is creating an appalling humanitarian crisis, and our thoughts are with the people in Ukraine. For Exel Composites, the direct impact of the war is currently, however, limited. We do not have any customers in Russia, Belarus, or Ukraine. From our supply chain perspective, we have only one supplier with a factory in the affected areas (Russia). These purchases have been redirected to the supplier's other factories elsewhere. So far, the Russian attack on Ukraine has not impacted raw material availability, but possible raw material price and energy increases naturally also impact Exel. In addition to the impacts of the war in Ukraine, the development of the Covid-19 pandemic in China may have a big impact on our local operations.

From a long-term business development perspective, this geopolitical situation speeds up the green transition and forces many companies to reconsider their global supply chains. With our product offering and global production footprint we can help resolving these challenges.



Adjusted operating profit during the quarter was considerably better than in the whole second half of last year, albeit slightly behind a strong first quarter of 2021.



Consolidated key figures

EUR thousand	Q1 2022	Q1 2021	Change %	Q1-Q4 2021
Revenue	34,150	30,954	10.3	134,365
Operating profit	27	2,423	-98.9	3,744
% of revenue	0.1	7.8		2.8
Adjusted operating profit 1)	2,173	2,460	-11.7	6,029
% of revenue	6.4	7.9		4.5
Profit before tax	517	2,933	-82.4	4,165
% of revenue	1.5	9.5		3.1
Profit for the period	-40	1,961	-102.1	1,693
% of revenue	-0.1	6.3		1.3
Shareholders' equity	29,261	29,646	-1.3	31,182
Interest-bearing liabilities	52,564	42,819	22.8	52,988
Cash and cash equivalents	14,362	8,673	65.6	15,593
Net interest-bearing liabilities	38,202	34,146	11.9	37,395
Capital employed	81,825	72,465	12.9	84,170
Return on equity, %	-0.9	26.8	-103.4	5.5
Return on capital employed, %	0.1	13.5	-99.0	4.8
Equity ratio, %	24.7	29.4	-15.9	26.8
Net gearing, %	130.6	115.2	13.4	119.9
Net cash flow from operating activities	293	1,412	-79.2	6,275
Net cash flow from investing activities	-1,575	-2,208	-28.7	-11,877
Capital expenditure	1,282	2,215	-42.1	9,931
% of revenue	3.8	7.2		7.4
Research and development costs	761	930	-18.1	3,310
% of revenue	2.2	3.0		2.5
Order intake 2)	37,606	42,027	-10.5	140,557
Order backlog	44,884	47,382	-5.3	41,578
Earnings per share, diluted and undiluted, EUR	0.00	0.17	-102.1	0.14
Equity per share, EUR	2.42	2.51	-3.32	2.58
Average share price, EUR	7.03	8.38	-16.1	8.58
Average number of shares, diluted and undiluted, 1,000 shares	11,838	11,830	0.1	11,833
Employees, average	752	691	8.9	715
Employees, end of period	730	704	3.7	753

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

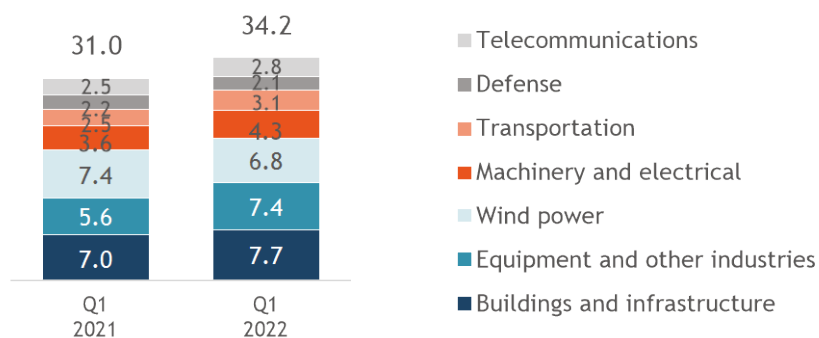
Revenue by customer industry

EUR thousand	Q1 2022	Q1 2021	Change %	Q1-Q4 2021
Buildings and infrastructure	7,723	7,027	9.9	32,946
Equipment and other industries	7,356	5,646	30.3	23,350
Wind power	6,767	7,380	-8.3	32,066
Machinery and electrical	4,268	3,639	17.3	17,612
Transportation	3,133	2,481	26.3	10,224
Defense	2,062	2,244	-8.1	8,688
Telecommunications	2,842	2,538	12.0	9,480
Total	34,150	30,954	10.3	134,365

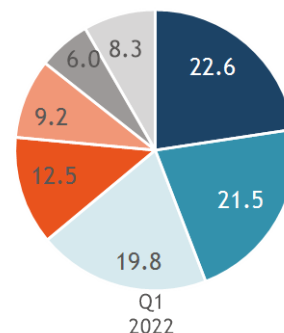
Revenue by region¹⁾

EUR thousand	Q1 2022	Q1 2021	Change %	Q1-Q4 2021
Europe	19,731	17,444	13.1	73,413
North America	8,198	5,611	46.1	32,440
Asia-Pacific	5,178	6,654	-22.2	25,413
Rest of the world	1,044	1,245	-16.1	3,099
Total	34,150	30,954	10.3	134,365

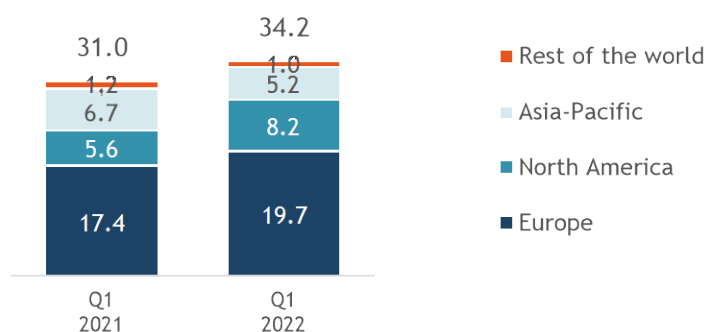
Revenue by customer industry
EUR million



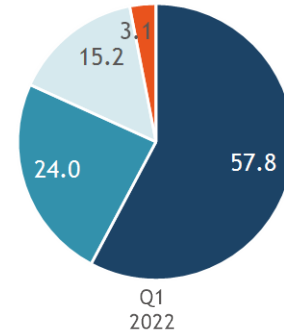
Share of revenue by customer industry
%



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 first quarter of 2022, all our factories operated normally and following most of the previous safety measures implemented to prevent the spread of the Covid-19 pandemic. Towards the end of the first quarter of 2022, some new restrictions came into force in China, for example, related to logistics and commuting. We expect that sudden and unpredictable changes in the restrictions may continue.

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. 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

The uncertainty related to the Covid-19 pandemic among most of our customer industries continued to ease in the first quarter of 2022. 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.

Exel Composites received no Covid-19 related financial assistance under any local governmental schemes during the first quarter of 2022.

Impacts of the war in Ukraine

For Exel Composites, the direct impact of the Russian attack on Ukraine is currently limited. Exel has no business operations in the affected areas and no customers in Russia, Belarus, or Ukraine. Some of our customers outside the affected areas in turn have customers in areas affected by the war, which consequently may have an indirect impact also on the demand for our products.

The Russian attack on Ukraine and the resulting sanctions is expected to affect global supply chains. From our supply chain perspective, we have only one supplier with a factory in the affected areas (Russia). These purchases have been redirected to the supplier's other factories elsewhere. So far, the Russian attack on Ukraine has not impacted raw material availability, but possible raw material price and energy increases naturally also impact Exel.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the Q1 2022 Business Review on 29 April 2022 at 12:30 EET. Participation has required registration in advance.

Vantaa, 29 April 2022

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 750 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.