



2023

**HALF YEAR
FINANCIAL REPORT
JANUARY - JUNE 2023**

Q2 2023 REVENUE EUR 25.4 MILLION AND ADJUSTED OPERATING PROFIT EUR 0.1 MILLION

Q2 2023 in brief

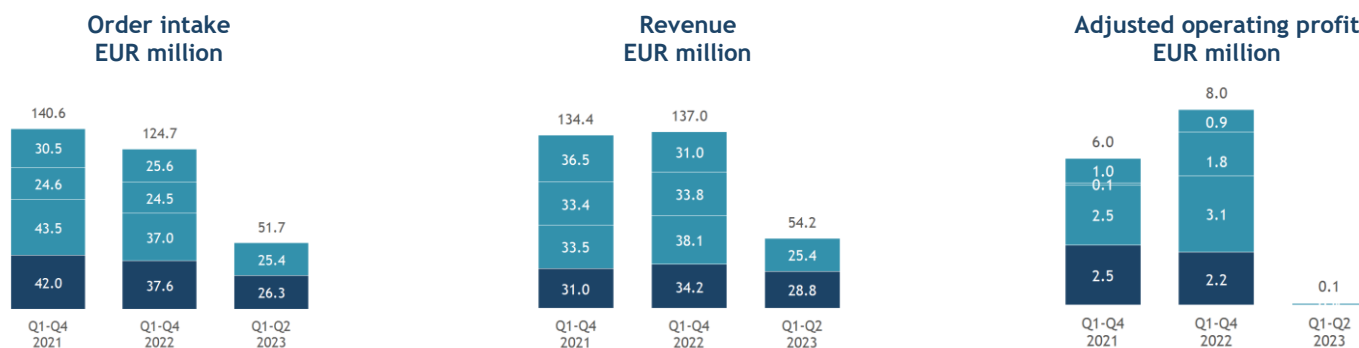
- Order intake decreased by 31.4% to EUR 25.4 million (Q2 2022: 37.0)
- Revenue decreased by 33.3% to EUR 25.4 million (38.1)
- Adjusted operating profit decreased to EUR 0.1 million (3.1) and adjusted operating profit margin to 0.3% (8.2%)
- Operating profit decreased to EUR -0.2 million (3.0) and operating profit margin to -1.0% (7.9%)
- Earnings per share amounted to EUR -0.08 (0.34)

Q1-Q2 2023 in brief

- Order intake decreased by 30.7% to EUR 51.7 million (Q1-Q2 2022: 74.6)
- Revenue decreased by 24.9% to EUR 54.2 million (72.2)
- Adjusted operating profit decreased to EUR 0.1 million (5.3) and adjusted operating profit margin to 0.1% (7.3%)
- Operating profit decreased to EUR -0.5 million (3.0) and operating profit margin to -1.0% (4.2%)
- Earnings per share amounted to EUR -0.25 (0.34)

Guidance for the full year 2023 (unchanged)

Exel Composites expects that revenue will decrease and adjusted operating profit will decrease significantly in 2023 compared to 2022.



President and CEO, Paul Sohlberg

Improvement activities continued in a challenging market environment

The market environment continued to be challenging also during the second quarter. Macroeconomic woes kept weighing on our customers' businesses in almost all geographical regions and customer industries. During the second quarter, Exel's order intake and revenue declined by 33% and 31% respectively, compared to the same period last year. Major reasons for the decline were the general slowdown of many customer markets and continued inventory reductions by customers, as well as the sustained soft demand for equipment in the wind power industry especially in the North America region.

Corrective actions yield results, positive adjusted operating profit achieved

Despite significantly lower revenue of EUR 25.4 million during the second quarter, we managed to reach break-even in the first half of 2023. The overall result was burdened by the postponement of orders for equipment for the wind power industry in North America as well as the generally lower demand levels during the first half of 2023. As communicated in our Q1 release, we have initiated several activities to improve our performance, including efforts to activate sales and contain costs. The benefits of these activities are already visible, and it is important that we further improve our overall financial performance. Due to the previously mentioned factors, our adjusted operating profit in the first half of 2023 was EUR 0.1 million (5.3) and the adjusted operating profit margin was 0.1% (7.3%).

The measures to transfer the pultrusion production from Runcorn, United Kingdom, are proceeding as planned and are expected to be finalized during 2023. We also continued efforts to sell the Runcorn production facility.

Another area of focus was managing our inventories and reducing working capital. As a result, our inventories

declined by EUR 4.1 million during the first half of 2023 compared to the end of 2022. This resulted in a positive cash flow from operating activities of EUR 2.5 million.

Active customer interaction continued across industries

While the market was not optimal in Q2, it was generally in line with our expectations. At Exel we focused on customer-facing work and on furthering our important development activities.

Building on Q1, we intensified our efforts to serve and engage with customers across the organization. It was pleasing to note that our customer base is stable and our net promoter score in the annual customer satisfaction survey remained at a good level. We also did a good job in managing pressures on our margins in the period. Our sales and support teams have been busy and have successfully engaged existing and new customers regarding prospective future projects, particularly in the North American and Chinese markets. From the several new business prospects, I could mention two interesting Letters of Intent signed which may offer Exel attractive growth in the future.

Update on the Wind project and the expansion of the Indian factory

We continued to work on the previously announced important development program focusing on the attractive wind power market. During the quarter, we progressed according to plan by achieving APQP4Wind member status covering all production sites that produce composites for wind power market customers and by readying us for a factory expansion in India. Together with our joint venture partner in India, we have signed a contract to build a new facility optimized for serving wind power industry customers in India, as well as globally. The new facility is expected to be ready for production during 2024.



In addition, ramp-up of production capability for wind power market at the existing production site in India has progressed. Local test runs and qualifications for carbon and glass pultrusion products for wind power customers have started well and are progressing according to plan. We continue to negotiate with several OEMs in the wind power market, for both glass and carbon fiber products. As communicated earlier our view is, in line with signals from our customers and suppliers, that demand for equipment in the wind power market will recover and turn to attractive growth in 2024 and 2025.

Outlook for 2023

We reiterate our guidance updated in May that we expect Exel Composites' revenue to decrease and adjusted operating profit to decrease significantly in 2023 compared to 2022. Looking forward, our view from earlier this year remains unchanged that demand for Exel's products and solutions is expected to improve in the second half of 2023 and later driven by opportunities for equipment in the wind power market. Short-term visibility continues to be limited, and uncertainty in short-term demand is expected to continue.

Continued progress on strategy and sustainability

Exel continues to actively support both internal and external projects to promote circularity and sustainability in the composites industry. On 5 July EuCIA, the European Composites Industry Association, where Exel is a

contributing member, together with six other notable industry associations, published a joint statement to support the work of the Joint Research Centre of the European Commission, emphasizing that composite materials are recognized as established recyclable materials in the EU.

The statement specifically refers to a cement kiln co-processing route for composites recycling, which is also the solution spearheaded by the Finnish KiMuRa project, where Exel had an important role in establishing a technically and commercially viable recycling solution for composites.

Internally, we continue our efforts to make Exel's operations more sustainable. The efforts include reducing our waste to landfill as a journey towards zero, choosing renewable energy sources for our operations, and

exploring alternative raw materials with greater environmental profiles.

In the quarter we also furthered the process to review and refresh Exel's strategy and our operating model. The review has already presented various opportunities in the external market as well as potential areas for internal improvement. We look forward to presenting our updated strategy later this year.

In the meantime, I wish you a pleasant continued late summer season.

Sincerely,

Paul Sohlberg

Consolidated key figures

EUR thousand	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	Q1-Q4 2022
Revenue	25,399	38,064	-33.3	54,202	72,214	-24.9	136,988
Operating profit	-249	3,007	-108.3	-532	3,034	-117.5	3,002
% of revenue	-1.0	7.9		-1.0	4.2		2.2
Adjusted operating profit 1)	65	3,124	-97.9	71	5,296	-98.7	8,029
% of revenue	0.3	8.2		0.1	7.3		5.9
Profit before tax	-696	4,934	-114.1	-2,172	5,451	-139.8	3,600
% of revenue	-2.7	13.0		-4.0	7.5		2.6
Profit for the period	-935	3,989	-123.5	-3,073	3,919	-178.4	2,145
% of revenue	-3.7	10.5		-5.7	5.4		1.6
Profit for the period excluding non-controlling interest	-893	4,028	-122.2	-2,983	3,988	-174.8	2,293
% of revenue	-3.5	10.6		-5.5	5.5		1.7
Shareholders' equity	24,203	32,754	-26.1	24,203	32,754	-26.1	30,385
Interest-bearing liabilities	50,036	52,387	-4.5	50,036	52,387	-4.5	48,498
Cash and cash equivalents	18,986	13,286	42.9	18,986	13,286	42.9	17,397
Net interest-bearing liabilities	31,050	39,101	-20.6	31,050	39,101	-20.6	31,101
Capital employed	74,239	85,140	-12.8	74,239	85,140	-12.8	78,883
Return on equity, %	-14.3	51.5	-127.8	-22.5	24.5	-191.8	7.0
Return on capital employed, %	-1.2	14.5	-108.0	-1.3	7.2	-117.8	3.7
Equity ratio, %	23.5	27.9	-15.8	23.5	27.9	-15.8	26.9
Net gearing, %	128.3	119.4	7.5	128.3	119.4	7.5	102.4
Net cash flow from operating activities	5,310	-477	-1213.5	2,520	-184	-1471.6	6,767
Net cash flow from investing activities	-1,118	-517	116.3	-1,597	-2,092	-23.7	2,018
Capital expenditure	1,314	632	107.8	2,075	1,914	8.4	4,592
% of revenue	5.2	1.7		3.8	2.7		3.4
Research and development costs	984	950	3.6	1,932	1,711	12.9	3,426
% of revenue	3.9	2.5		3.6	2.4		2.5
Order intake 2)	25,393	37,009	-31.4	51,725	74,615	-30.7	124,735
Order backlog	26,366	43,648	-39.6	26,366	43,648	-39.6	29,110
Earnings per share, diluted and undiluted, EUR	-0.08	0.34	-122.2	-0.25	0.34	-174.8	0.19
Equity per share, EUR	2.01	2.72	-25.91	2.01	2.72	-25.91	2.53
Average share price, EUR	3.94	6.22	-36.7	4.44	6.77	-34.4	6.30
Average number of shares, diluted and undiluted, 1,000 shares	11,854	11,854	0.0	11,854	11,846	0.1	11,850
Employees, average	673	736	-8.5	698	744	-6.2	732
Employees, end of period	646	739	-12.6	646	739	-12.6	721

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) Can include order cancellations during the quarter

Order intake and order backlog

Order intake for the second quarter of 2023 decreased by 31.4% to EUR 25.4 million (37.0) from the second quarter of 2022.

Order intake for the first half of 2023 decreased by 30.7% to EUR 51.7 million (74.6) from the first half of 2022.

The Group's order backlog on 30 June 2023 stood at EUR 26.4 million (43.6).

Revenue

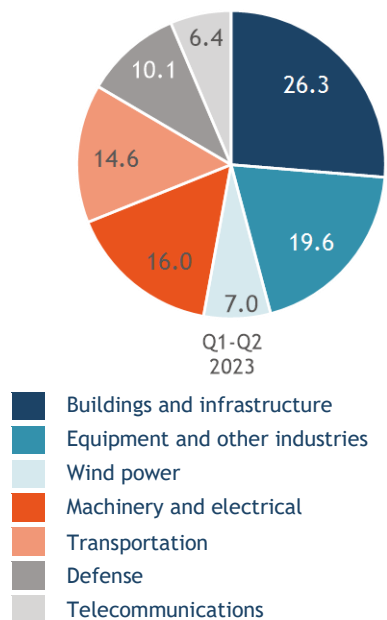
Group revenue in the second quarter of 2023 decreased by 33.3% to EUR 25.4 million (38.1) from the second quarter of 2022. Revenue decreased in all geographical regions and in most of the customer industries due to the general slowdown of the market and continued inventory reduction by customers. The decrease in revenue in Wind power and Transportation customer industries had an impact especially on the North America region.

Group revenue for the first half of 2023 decreased by 24.9% to EUR 54.2 million (72.2) compared to the first half of 2022. The decline was particularly due to Wind power customer industry, but revenue declined also for the other customer industries excluding the Defense customer industry where revenue increased.

Revenue by customer industry

	Q2	Q2	Change	Q1-Q2	Q1-Q2	Change	Q1-Q4
EUR thousand	2023	2022	%	2023	2022	%	2022
Buildings and infrastructure	6,458	8,866	-27.2	14,256	16,589	-14.1	32,456
Equipment and other industries	4,991	5,858	-14.8	10,602	13,214	-19.8	23,127
Wind power	2,295	6,476	-64.6	3,796	13,242	-71.3	26,765
Machinery and electrical	4,130	5,301	-22.1	8,695	9,570	-9.1	19,705
Transportation	3,696	7,171	-48.5	7,894	10,303	-23.4	17,380
Defense	2,570	1,582	62.4	5,494	3,644	50.8	7,524
Telecommunications	1,258	2,810	-55.2	3,466	5,652	-38.7	10,031
Total	25,399	38,064	-33.3	54,202	72,214	-24.9	136,988

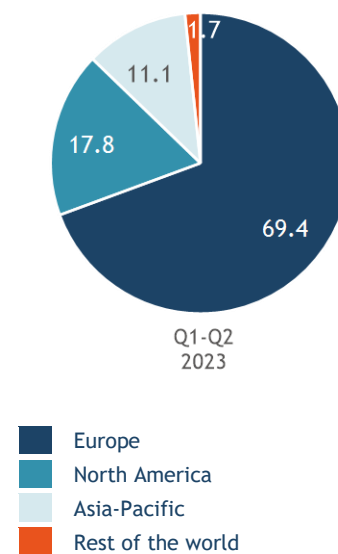
Share of revenue by customer industry, %



Revenue by region¹⁾

	Q2	Q2	Change	Q1-Q2	Q1-Q2	Change	Q1-Q4
EUR thousand	2023	2022	%	2023	2022	%	2022
Europe	17,306	20,603	-16.0	37,620	40,334	-6.7	76,651
North America	4,521	11,669	-61.3	9,637	19,867	-51.5	37,272
Asia-Pacific	2,831	4,976	-43.1	6,039	10,153	-40.5	20,930
Rest of the world	741	816	-9.2	905	1,861	-51.3	2,135
Total	25,399	38,064	-33.3	54,202	72,214	-24.9	136,988

Share of revenue by region¹⁾, %



¹⁾ Revenue by customer location

Operating profit

In the second quarter of 2023, the Group's operating profit decreased to EUR -0.2 million (3.0). Operating profit margin was -1.0% (7.9%). Adjusted operating profit was EUR 0.1 million (3.1) and adjusted operating profit margin was 0.3% (8.2%).

In the first half of 2023, operating profit decreased to EUR -0.5 million (3.0). Operating profit margin was -1.0% (4.2%). Adjusted operating profit decreased to EUR 0.1 million (5.3) and adjusted operating profit margin was 0.1% (7.3%). Actions, such as efforts to activate sales and contain costs, impacted positively on adjusted operating profit.

Lower adjusted operating profit was due to lower revenue. In the first half of 2023 costs were lower compared to the first half of 2022 mainly due to lower personnel costs and saving actions in operations to improve performance.

Adjusted operating profit

EUR thousand	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Operating profit	-249	3,007	-532	3,034	3,002
Restructuring costs	284	-4	-400	1,174	1,066
Impairment losses and reversals	7	4	937	959	754
Costs related to planned or realized business acquisition and disposal	0	0	0	5	5
Expenses related to legal proceedings and other claims	23	117	66	124	3,201
Adjusted operating profit	65	3,124	71	5,296	8,029

Financial position

Net cash flow from operating activities for the first half of 2023 was EUR 2.5 million (-0.2). Cash flow from operating activities has improved due to active working capital management. The capital expenditure on fixed assets amounted to EUR 2.1 million (1.9). Net cash flow from investing activities amounted to EUR -1.6 million (-2.1) and net cash flow before financing activities amounted to EUR 0.9 million (-2.3). At the end of the reporting period, the Group's liquid assets stood at EUR 19.0 million (13.3). Total depreciation, amortization and impairment of non-current assets during the year amounted to EUR 3.5 million (3.5).

On 30 June 2023, the Group's consolidated total assets were EUR 103.7 million (118.7). Interest-bearing liabilities, including lease liabilities, amounted to EUR 50.0 million (52.4). Net interest-bearing liabilities were EUR 31.0 million (39.1). Current interest-bearing

liabilities totaling EUR 37.2 million. EUR 30.5 million of current interest-bearing liabilities were commercial papers.

Items affecting comparability in the first half of 2023 amounted to a total of EUR 0.6 million (2.3), which were mainly the restructuring costs related to the downsizing of the operations in the United Kingdom partly offset by the sale of the real estate related to closed manufacturing facility located in Nanjing, China.

The Group's net financial income/expenses in the first half of 2023 were EUR -1.6 million (2.4). The change in net financial income/expenses is mainly due to the foreign exchange rate impact on intercompany loans. Profit before taxes was EUR -2.2 million (5.5) and profit after taxes EUR -3.1 million (3.9).

On 30 June 2023, equity was EUR 24.2 million (32.8) and equity ratio 23.5% (27.9%). Net gearing ratio was 128.3% (119.4%). Fully diluted total earnings per share were EUR -0.25 (0.34). Return on capital employed was -1.3% (7.2%). Return on equity was -22.5% (24.5%).

A dividend of EUR 0.20 per share (0.20), totaling EUR 2.4 (2.4) million calculated for the outstanding number of shares, will be paid to the shareholders on 15 September 2023 for the financial year 2022.

Research and development

Research and development costs in the first half of 2023 totaled EUR 1.9 million (1.7), representing 3.6% (2.4%) of revenue.

Business development and strategy implementation

Exel Composites' strategy is based on scalable applications and chosen growth initiatives particularly in the wind power, buildings and infrastructure and transportation industries, expanding our global footprint and technology offering, and on improving operational efficiency.

Exel Composites is currently reviewing the company's strategy and its operating model.

The measures to downsize the operations in Runcorn, United Kingdom are proceeding as planned and are expected to be finalized during 2023.

Exel Composites has a major on-going development program focusing on the attractive wind power market, the Wind program, which is progressing as planned. Negotiations with several large OEMs in the wind power market are currently ongoing. All Exel's production sites producing composites for the wind power market customers have achieved APQP4Wind member company status. The ramp-up of production capability at the production site in India has progressed. Local test runs and qualifications for carbon and glass pultrusion products for wind power customers have started well. Additionally, Exel Composites and its joint venture partner in India have decided to expand manufacturing operations in India. The parties have signed a contract to build a new facility optimized for serving wind power industry customers in India, as well as globally. The new facility is expected to be ready for production during 2024.

Sustainability and corporate responsibility

Exel Composites is committed to responsible and sustainable operations, guided by our corporate values and the Code of Conduct. Exel's purpose is to solve challenges and save resources with composites. Exel provides sustainable composite solutions that help our customers save resources and mitigate climate change. Composites' properties, such as lightness and durability, enable 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 our environmental footprint.

Exel Composites' 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 the first half of 2023, Exel Composites continued its sustainability efforts to further integrate sustainability in all operations and business. For example, during the first half of

the year, several actions have been taken related to using renewable energy, waste management and circularity. This includes continued actions to reduce the amount of composite waste taken to landfills. In addition, the company has launched new initiatives to explore recycling opportunities.

Near-term risks and uncertainties

Exel Composites' most significant near-term business risks are related to the customer portfolio, where a notable portion of revenue comes from certain key customers, and the development of general market demand. Uncertainties remain in the global economy. Factors such as the prolonged war in Ukraine, an inflationary market environment, and the consequent increase in interest rates may affect the demand for Exel Composites' products.

The risk management and risks related to the operation of Exel Composites have been described in detail in the Corporate Governance Statement for 2022.

Decisions by the Annual General Meeting

Exel Composites Plc's Annual General Meeting was held on 10 May 2023 in Helsinki, Finland. The AGM adopted the financial statements and consolidated financial statements, approved the Remuneration Report 2022 for the Company's governing bodies, and discharged the members of the Board of Directors and the company's Presidents and CEOs in 2022 from liability for the financial year 2022.

The AGM approved the Board of Directors' proposal to distribute a dividend of EUR 0.20 per share for the financial year 2022. The dividend will be paid to shareholders registered in the Company's shareholder register maintained by Euroclear Finland Ltd. on the record date for dividend payment, 6 September 2023. The dividend will be paid on 15 September 2023.

According to the proposal by the Shareholders' Nomination Board, the AGM decided that the Board of Directors would consist of five (5) members. The AGM re-elected Jouni Heinonen, Petri Helsky, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen as members of the Board of Directors. The AGM elected Jouni Heinonen as Chairman of the Board of Directors.

The AGM confirmed the annual remuneration for the Board members as follows: for the Chairman of the Board of Directors EUR 45,000 (previous year EUR 45,000) and for each other Board member EUR 21,000 (21,000). Additionally, a remuneration to be paid for the Chairman of the Board of Directors of EUR 1,500 (1,500) for attendance at each Board and committee meeting and for each similar all-day Board assignment and for each other Board member EUR 1,000 (1,000) for attendance at each Board and committee meeting and for each similar all-day Board assignment. Additionally, for each committee meeting, the meeting fee for the committee chairman is EUR 1,500 (1,500). Travel expenses and other out-of-pocket expenses arising from the Board work will be compensated in accordance with the Company's established practice and travel rules. Out of the yearly remuneration 60% would be paid in cash and 40% in Company's shares.

Ernst & Young with Johanna Winqvist-Ilkka as the Authorized Public Accountant (APA) having the principal authority, was re-elected as auditor of the Company.

The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares by using unrestricted equity in accordance with the proposal of the Board of Directors. The total maximum amount of shares to be acquired is 600,000. The authorization is effective until the end of the next AGM, however, no longer than until 30 June 2024.

The AGM authorized the Board of Directors to decide the issuance of shares and special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The maximum amount of the new shares to be issued is 2,379,000, which corresponds to approximately 20.0 per cent of all shares of the company, and/or a maximum of 600,000 Company's own shares. The authorization is effective until the end of the next AGM, however no longer than until 30 June 2024.

Organization and personnel

On 30 June 2023, Exel Composites employed 646 (739) people, of whom 260 (279) in Finland and 386 (460) in other countries. The average number of employees during the reporting period was 698 (744).

Incentive programs

Exel Composites' short-term incentive program covers all employees. President and CEO, the Group Management Team and office employees alike are entitled to a performance-based annual bonus in addition to their fixed salary. The performance measures of the annual bonus plan are tied to the achievement of annually established goals emphasizing growth and profitability as well as possible individual targets. Production employees are also eligible for short-term incentive compensation. Their annual bonus is mainly based on factory profitability and production related performance measures.

The Group has long-term incentive programs for President and CEO, the Group Management Team and selected key employees of the company. The aim of the programs is to align the objectives of the shareholders and the executives, to increase the value of the company, to commit the executives to the company and to offer the executives a competitive reward program. The Board of Directors decides on the program and the performance measures annually.

In February 2023, Exel Composites announced the continuation of a share-based long-term incentive program for the top management of the company. The 2023 performance-based plan is a part of the share-based long-term incentive program published on 4 May 2017. The performance target applied to the plan that commenced at the beginning of 2023 is the relative total shareholder return (TSR) of Exel Composites' share where the TSR of Exel's share will be compared to the TSR of all shares listed on Nasdaq Helsinki.

Share and shareholders

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

On 30 June 2023, 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 reporting period.

During the reporting period, Exel Composites held a total of 42,899 of its own shares which are part of the share-based long-term incentive program for the top management.

On 30 June 2023, the share price closed at EUR 3.64. During the reporting period, the average share price was EUR 4.44, the highest share price EUR 5.70 and the lowest share price EUR 3.47.

A total of 2,150,302 shares were traded at Nasdaq Helsinki Ltd., which represents 18.1% of the average number of shares. On 30 June 2023, Exel Composites' market capitalization was EUR 43.1 million (70.6).

Exel Composites had a total of 8,300 (7,494) shareholders on 30 June 2023.

On 7 June 2023 Exel Composites announced that the shareholding of Handelsbanken Fonder AB in Exel Composites has decreased to 4.85%.

Events after the reporting period

There were no significant events after the reporting period.

Vantaa, 18 August 2023

Exel Composites Plc
Board of Directors

NOTES TO THE HALF YEAR FINANCIAL REPORT

1 January - 30 June 2023

Accounting principles

This Half Year Financial Report has 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.

This Half Year Financial Report is unaudited.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

EUR thousand	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	Q1-Q4 2022
Revenue	25,399	38,064	-33.3	54,202	72,214	-24.9	136,988
Materials and services	-10,366	-16,784	-38.2	-23,260	-31,657	-26.5	-59,325
Employee benefit expenses	-8,247	-9,995	-17.5	-18,906	-20,361	-7.1	-39,023
Depreciation and impairment	-1,402	-1,455	-3.7	-2,851	-2,895	-1.5	-5,865
Depreciation of right-of-use assets	-322	-312	3.2	-635	-620	2.3	-1,256
Other operating expenses	-5,780	-6,895	-16.2	-13,656	-14,436	-5.4	-30,790
Adjustment to lease expenses on capitalized contracts	348	326	6.7	685	649	5.5	1,316
Other operating income	121	57	111.5	3,889	140	2684.4	957
Operating profit	-249	3,007	-108.3	-532	3,034	-117.5	3,002
Net financial items	-437	1,941	-122.5	-1,619	2,446	-166.2	650
Financial expenses on capitalized lease contracts	-10	-13	-24.7	-20	-28	-27.2	-52
Profit before tax	-696	4,934	-114.1	-2,172	5,451	-139.8	3,600
Income taxes	-239	-945	-74.7	-901	-1,532	-41.2	-1,455
Profit/loss for the period	-935	3,989	-123.5	-3,073	3,919	-178.4	2,145
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translating foreign operations	-551	-428	28.6	-704	-38	1752.4	-715
Items that will not be classified to profit or loss:							
Defined benefit plan actuarial gains(+)/ loss (-), net tax	0	0	0.0	0	0	0.0	146
Other comprehensive income, net of tax	-551	-428	28.6	-704	-38	1752.4	-568
Total comprehensive income	-1,486	3,561	-141.7	-3,777	3,881	-197.3	1,577

	Q2	Q2	Change	Q1-Q2	Q1-Q2	Change	Q1-Q4
EUR thousand	2023	2022	%	2023	2022	%	2022
Profit/loss attributable to:							
Owners of the parent company	-893	4,028	-122.2	-2,983	3,988	-174.8	2,293
Non-controlling interests	-43	-39		-90	-69		-148
Comprehensive income attributable to:							
Owners of the parent company	-1,444	3,586	-140.3	-3,681	3,935	-193.6	1,743
Non-controlling interests	-42	-25		-95	-54		-166
Earnings per share, diluted and undiluted, EUR	-0.08	0.34	-122.1	-0.25	0.34	-174.7	0.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30 June 2023	30 June 2022	Change	31 December 2022
ASSETS				
Non-current assets				
Goodwill	12,604	13,419	-814	13,015
Other intangible assets	1,862	2,564	-702	2,160
Tangible assets	27,903	30,382	-2,479	28,643
Right-of-use assets 1)	1,999	2,666	-666	2,213
Deferred tax assets	1,102	1,984	-881	1,807
Other non-current assets	48	48	0	48
Non-current assets total	45,519	51,062	-5,543	47,886
Current assets				
Held for sale assets	0	0	0	1,070
Inventories	19,333	24,708	-5,375	23,426
Trade and other receivables	19,901	29,611	-9,710	23,279
Cash at bank and in hand	18,986	13,286	5,700	17,397
Total current assets	58,220	67,605	-9,385	65,172
Total assets	103,739	118,667	-14,928	113,058

EUR thousand	30 June 2023	30 June 2022	Change	31 December 2022
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	2,141	2,141	0	2,141
Other restricted equity	1,080	129	951	1,080
Invested unrestricted equity fund	2,539	2,539	0	2,539
Translation differences	2,519	3,862	-1,343	3,218
Retained earnings	18,560	19,541	-980	18,671
Profit for the period	-2,983	3,988	-6,971	2,293
Equity attributable to holders of the parent company	23,857	32,200	-8,343	29,944
Non-controlling interests	346	554	-208	441
Total equity	24,203	32,754	-8,551	30,385
Non-current liabilities				
Interest-bearing liabilities	12,050	12,750	-700	12,400
Non-current lease liabilities	797	1,604	-807	1,136
Interest-free liabilities	1,320	1,388	-69	1,244
Deferred tax liabilities	665	557	108	584
Total non-current liabilities	14,832	16,299	-1,467	15,364
Current liabilities				
Interest-bearing liabilities	35,828	36,764	-935	33,691
Current lease liabilities	1,360	1,269	91	1,271
Trade and other non-current liabilities	27,515	31,582	-4,067	26,231
Current liabilities related to Held for sale assets	0	0	0	6,116
Total current liabilities	64,704	69,615	-4,911	67,309
Total equity and liabilities	103,739	118,667	-14,928	113,058

1) Buildings EUR 1,900 thousand, Machinery and equipment (incl.vehicles) EUR 99 thousand

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q1-Q2 2023	Q1-Q2 2022	Change	Q1-Q4 2022
Cash flow from operating activities				
Profit for the period	-3,073	3,919	-6,992	2,145
Adjustments 1)	2,814	3,231	-417	8,732
Change in working capital	4,006	-6,313	10,319	-1,188
Cash flow from operating activities before financial items and taxes	3,747	837	2,910	9,689
Interest paid	-747	-231	-516	-571
Interest received	8	29	-21	-28
Other financial items	-93	-256	163	121
Income taxes paid	-394	-563	169	-2,444
Net cash flow from operating activities	2,520	-184	2,704	6,767
Cash flow from investing activities				
Acquisition of subsidiaries	0	0	0	0
Purchases of non-current assets	-2,075	-2,164	89	-4,535
Proceeds from sale of non-current assets	478	72	407	6,554
Net cash flow from investing activities	-1,597	-2,092	495	2,018
Cash flow before financing activities	923	-2,276	3,199	8,785

EUR thousand	Q1-Q2 2023	Q1-Q2 2022	Change	Q1-Q4 2022
Cash flow from financing activities				
Proceeds from long-term borrowings	0	0	0	0
Instalments of long-term borrowings	0	-350	350	0
Change in short-term loans	1,793	558	1,235	-3,176
Instalments of lease liabilities	-664	-621	-44	-1,264
Treasury shares	0	0	0	0
Dividends paid	0	0	0	-2,371
Net cash flow from financing activities	1,129	-413	1,542	-6,811
Change in liquid funds	2,052	-2,689	4,741	1,975
Liquid funds in the beginning of period	17,397	15,593	1,804	15,593
Exchange rate fluctuations on liquid funds	-464	382	-845	-170
Liquid funds at the end of period	18,986	13,286	5,700	17,397

1) Adjustments include depreciations and amortization, tax on income from operations, other financial income and expenses and other adjustments. In Q1-Q2 2023 depreciations and amortization were EUR 3,486 thousand, tax on income from operations EUR 901 thousand, other financial income and expenses EUR -1,554 thousand and other adjustments EUR -19 thousand.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousands	Share capital	Other restricted equity	Invested unrestricted equity fund	Translation differences	Retained earnings	Non-controlling interests	Total
2022							
Balance at the beginning of the reporting period	2,141	129	2,539	3,914	21,850	608	31,182
Comprehensive result				-53	3,988	-54	3,881
Defined benefit plan actuarial gains (+) / loss (-), net of tax					0		0
Other items					-47		-47
Dividend					-2,371		-2,371
Treasury shares 1)					139		139
Share-based payments reserve					-31		-31
Correction to previously issued financial statements					0		0
Balance at the end of the reporting period	2,141	129	2,539	3,862	23,529	554	32,754
2023							
Balance at the beginning of the reporting period	2,141	1,080	2,539	3,218	20,965	441	30,385
Comprehensive result				-699	-2,983	-95	-3,777
Defined benefit plan actuarial gains (+) / loss (-), net of tax					0		0
Other items					-20		-20
Dividend					-2,371		-2,371
Treasury shares 1)					0		0
Share-based payments reserve					-14		-14
Correction to previously issued financial statements					0		0
Balance at the end of the reporting period	2,141	1,080	2,539	2,519	15,578	346	24,203

1) Group's treasury shares are administrated by EAM EXL1V Holding Oy and shares are transferred in accordance to the long-term incentive plan

QUARTERLY KEY FIGURES

EUR thousand	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenue	25,399	28,803	30,984	33,789	38,064	34,150
Materials and services	-10,366	-12,894	-13,019	-14,648	-16,784	-14,873
Employee benefit expenses	-8,247	-10,659	-9,783	-8,879	-9,995	-10,366
Depreciation and impairment	-1,724	-1,762	-1,769	-1,837	-1,767	-1,748
Operating expenses	-5,432	-7,540	-8,701	-6,986	-6,568	-7,219
Other operating income	121	3,768	574	244	57	83
Operating profit	-249	-283	-1,715	1,683	3,007	27
Net financial items	-447	-1,192	-3,361	1,542	1,927	490
Profit before taxes	-696	-1,475	-5,076	3,225	4,934	517
Income taxes	-239	-662	1,250	-1,173	-945	-587
Profit/loss for the period	-935	-2,138	-3,826	2,052	3,989	-70
Earnings per share, diluted and undiluted, EUR	-0.08	-0.18	-0.32	0.18	0.34	0.00
Average number of shares, diluted and undiluted 1,000 shares	11,854	11,854	11,854	11,854	11,854	11,838
Average number of personnel	673	723	721	720	736	752

Revenue by customer industry by quarter

	2023	2023	2022	2022	2022	2022
EUR thousand	Q2	Q1	Q4	Q3	Q2	Q1
Buildings and infrastructure	6,458	7,797	8,059	7,808	8,866	7,723
Equipment and other industries	4,991	5,611	4,347	5,567	5,858	7,356
Wind power	2,295	1,501	5,492	8,031	6,476	6,767
Machinery and electrical	4,130	4,566	5,183	4,952	5,301	4,268
Transportation	3,696	4,197	3,334	3,743	7,171	3,133
Defense	2,570	2,924	1,926	1,954	1,582	2,062
Telecommunications	1,258	2,207	2,645	1,734	2,810	2,842
Total	25,399	28,803	30,984	33,789	38,064	34,150

Revenue by region by quarter

	2023	2023	2022	2022	2022	2022
EUR thousand	Q2	Q1	Q4	Q3	Q2	Q1
Europe	17,306	20,315	18,261	18,056	20,603	19,731
North America	4,521	5,116	7,642	9,763	11,669	8,198
Asia-Pacific	2,831	3,207	5,043	5,734	4,976	5,178
Rest of the world	741	165	38	236	816	1,044
Total	25,399	28,803	30,984	33,789	38,064	34,150

COMMITMENTS AND CONTINGENCIES

EUR thousand	30 June 2023	30 June 2022
Operating leases		
Not later than one year	29	11
1 - 5 years	7	6
Other liabilities and commitments		
Bank and Corporate guarantees	3	454

Legal proceedings

Exel Composites' Belgian subsidiary is the defendant in a dispute, whose legal proceedings in the Dutch court are expected to begin in the second half of 2023. The main point of the dispute is the disagreement between Exel Composites and the customer as to whether the products delivered to the customer have met the agreed criteria.

Memorandum of understanding

Exel Composites' Indian subsidiary has signed a contract to construct a manufacturing facility which the Indian subsidiary will lease upon completion. It is scheduled to be completed during 2024.

CALCULATION OF KEY FIGURES

Return on equity, %

$$\frac{\text{net income + provisions}}{\text{equity + minority interest + voluntary provisions}} \times 100$$

Return on capital employed, %

$$\frac{\text{profit before provisions and income taxes + interest and other financial}}{\text{total assets less non-interest-bearing liabilities (average)}} \times 100$$

Equity ratio, %

$$\frac{\text{equity + minority interest + voluntary provisions}}{\text{total assets less advances received}} \times 100$$

Net gearing, %

$$\frac{\text{net interest-bearing liabilities (= interest-bearing liabilities less liquid assets)}}{\text{equity}} \times 100$$

Earnings per share (EPS), EUR

$$\frac{\text{profit before provisions and income taxes less income taxes +/- minority}}{\text{average adjusted number of shares in the financial period}}$$

Equity per share, EUR

$$\frac{\text{equity + voluntary provisions}}{\text{adjusted number of shares on closing date}}$$

Dividend per share, EUR

$$\frac{\text{dividend for the financial period}}{\text{adjusted number of shares on closing date}}$$

Payout ratio, %

$$\frac{\text{dividend per share}}{\text{earnings per share (EPS)}} \times 100$$

Effective yield of shares, %

$$\frac{\text{dividend per share} \times 100}{\text{adjusted average share price at year end}} \times 100$$

Price/earnings (P/E), %

$$\frac{\text{adjusted average share price at year end}}{\text{earnings per share}} \times 100$$

Price to book ratio, (P/B)

$$\frac{\text{total number of shares on closing date excluding treasury shares} \times \text{share price at year end}}{\text{equity without non-controlling interests}}$$

Adjusted operating profit

Operating profit - material items affecting comparability (restructuring costs, impairment losses and reversals, costs related to planned or realized business acquisitions or disposals, etc.)



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 650 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.