



2023

**FINANCIAL STATEMENTS
RELEASE**

JANUARY – DECEMBER

2023 REVENUE EUR 96.8 MILLION AND ADJUSTED OPERATING PROFIT EUR -2.4 MILLION

Q4 2023 in brief

- Order intake decreased by 8.0% to EUR 23.6 million (Q4 2022: 25.6)
- Revenue decreased by 28.8% to EUR 22.1 million (31.0)
- Adjusted operating profit decreased to EUR -1.3 million (0.9) and adjusted operating profit margin to -5.9% (3.0%)
- Operating profit decreased to EUR -3.7 million (-1.7) and operating profit margin to -16.7% (-5.5%)
- Earnings per share was EUR -0.47 (-0.32)

Q1-Q4 2023 in brief

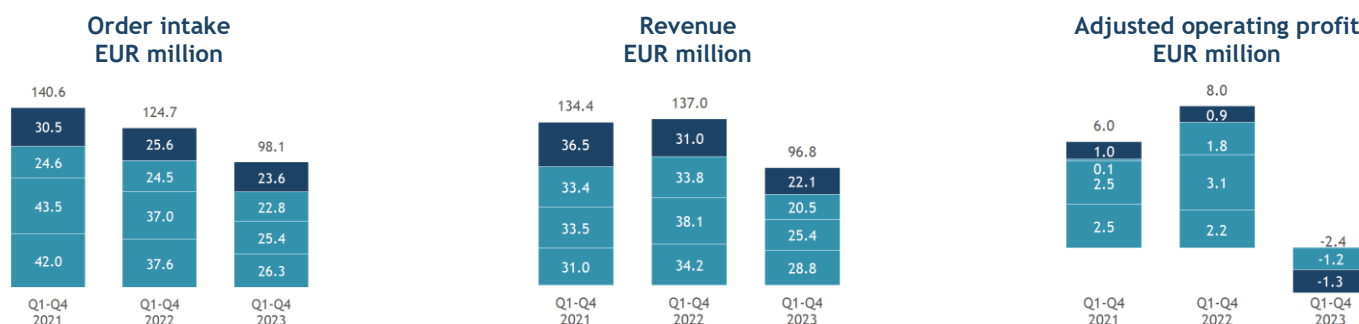
- Order intake decreased by 21.3% to EUR 98.1 million (Q1-Q4 2022: 124.7)
- Revenue decreased by 29.3% to EUR 96.8 million (137.0)
- Adjusted operating profit decreased to EUR -2.4 million (8.0) and adjusted operating profit margin to -2.5% (5.9%)
- Operating profit decreased to EUR -4.9 million (3.0) and operating profit margin to -5.0% (2.2%)
- Earnings per share was EUR -0.77 (0.19)

Guidance for the full year 2024

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023.

Dividend proposal

The Board proposes to the Annual General Meeting that no dividend be paid for 2023 (EUR 0.20 per share for 2022) based on the adopted financial statements for the financial year ended on 31 December 2023.



President and CEO, Paul Sohlberg

Challenging market environment continued to weigh on our profitability despite counteractions

The fourth quarter of 2023 progressed in line with our expectations. Revenue was 22.1 million (31.0), which represents an increase of 7.5% from the previous quarter, and order intake amounted to 23.6 million (25.6), an increase of 3.3% million compared to Q3. As we had expected, customers in our main markets continued careful management of inventories and new orders. It was pleasing to see that Transportation, one of our identified growth areas, had a strong quarter.

As a result of the continued low revenue our adjusted operating profit was EUR -1.3 million for the quarter (0.9). We continued decisive actions to manage our working capital, and costs, and as a result we achieved a quarterly cash flow of EUR 0.8 million from operating activities.

Our revenue in 2023 decreased from 2022. This was impacted by the challenging overall market environment, customer destocking of inventories accumulated due to Covid-19 pandemic and supply chain disruption, as well as the temporary demand decrease and postponement of business in the wind power equipment market. Exel's revenue decreased in all main geographies and customer industries, except in the Defense industry.

For these reasons the adjusted operating profit for the year decreased to -2.4 million (8.0). During the year we took multiple successful actions to activate sales and contain costs, but these were not sufficient to offset the decline in revenue. In 2023 costs were lower than in 2022 mainly due to EUR 4.8 million lower personnel costs and EUR 1.4 million savings in operational fixed costs. Our organization did well in securing cash flow from operations, which was positive EUR 4.4 million (6.8) in 2023, and a favorable result in an otherwise challenging year.

Strategy implementation continued and prepared us for the future

Exel launched a new transformative strategy in October 2023 setting us on the course of organic growth and solid profitability. We launched new Group targets including updated long-term financial targets and began immediately implementing our new strategy. In the first days of 2024 we announced adoption of a new operating model simplifying our structure into two global business units. We will align resources fully within these businesses: Engineered Solutions Business Unit concentrating on tailored solutions in multiple industries, and Industrial Solutions Business Unit concentrating on selected applications with significant growth potential. Mr Juha Honkanen and Ms Kathy Wang were promoted from within Exel to take the lead of the new business units, respectively.

We have a clear vision of Exel's future footprint, and we are working to align with it. In 2023 we completed the downsizing of the pultrusion operations in Runcorn, UK and put the facility up for sale and completed the sale of the real estate related to closed manufacturing facility in Nanjing, China. In addition, we completed the first of our three strategic factory reviews by refocusing our US operations. In January 2024 we announced the second strategic factory review concerning Belgium. Our strategic wind program and factory construction in India, announced in July 2023, are progressing according to plan.

Safety, sustainability and quality are important pillars of our strategy. We intensified our focus on safety, and we are pleased by having reached the lowest lost time incident rate of 6.0 (10.8) in Exel's history, on our way to Zero Harm. During the year we achieved quality certificates for APQP4Wind in India and China and are readying us for automotive IATF 16949 certification. We continue to adopt solar and sustainable energy sources in



our operations and furthering circularity by waste recycling and management.

Outlook for 2024

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023. Our opening backlog for 2024 is higher than it was a year ago. However, the visibility to market development is still limited, and considering the overall economic sentiment we expect demand to be somewhat soft in the first half of 2024 while Exel will continue to have free production capacity. We at Exel have a clear execution plan. We look forward to 2024 with confidence.

Exel Composites' ambition is to distribute a minimum of 40% of net income in dividends when permitted by the financial structure and growth opportunities. Based on this dividend policy, the Board suggests that no dividend to be paid for 2023.

I would like to thank all Exel employees for their hard work and dedication as well as our customers and other stakeholders for the continued cooperation and trust.

Sincerely,

Paul Sohlberg

President and CEO

Consolidated key figures

EUR thousand	Q4 2023	Q4 2022	Change %	Q1-Q4 2023	Q1-Q4 2022	Change %
Revenue	22,074	30,984	-28.8	96,815	136,988	-29.3
Operating profit	-3,676	-1,715	-114.4	-4,863	3,002	-262.0
% of revenue	-16.7	-5.5		-5.0	2.2	
Adjusted operating profit 1)	-1,311	918	-242.8	-2,446	8,029	-130.5
% of revenue	-5.9	3.0		-2.5	5.9	
EBITDA	-177	54	-425.7	3,832	10,123	-62.1
Adjusted EBITDA 1)	-2	2,686	-100.1	4,059	15,149	-73.2
Profit before tax	-5,661	-5,076	-11.5	-8,254	3,600	-329.3
Profit for the period	-5,597	-3,826	-46.3	-9,309	2,145	-534.0
Profit for the period excluding non-controlling interest	-5,566	-3,781	-47.2	-9,130	2,293	-498.1
% of revenue	-25.2	-12.2		-9.4	1.7	
Shareholders' equity	17,687	30,385	-41.8	17,687	30,385	-41.8
Interest-bearing liabilities	43,790	48,498	-9.7	43,790	48,498	-9.7
Cash and cash equivalents	10,952	17,397	-37.0	10,952	17,397	-37.0
Net interest-bearing liabilities	32,838	31,101	5.6	32,838	31,101	5.6
Net debt to adjusted EBITDA 2)	8.1	2.1	294.6	8.1	2.1	294.6
Capital employed	61,477	78,883	-22.1	61,477	78,883	-22.1
Return on equity, %	-108.5	-46.9	-131.4	-38.7	7.0	-655.8
Return on capital employed, %	-21.4	-8.4	-153.8	-6.8	3.7	-280.9
Equity ratio, %	20.9	26.9	-22.2	20.9	26.9	-22.2
Net gearing, %	185.7	102.4	81.4	185.7	102.4	81.4
Net cash flow from operating activities	753	4,361	-82.7	4,445	6,767	-34.3
Net cash flow from investing activities	-865	3,968	-121.8	-3,076	2,018	-252.4
Capital expenditure	815	1,150	-29.2	3,523	4,592	-23.3
% of revenue	3.7	3.7		3.6	3.4	
Research and development costs	966	850	13.7	3,711	3,426	8.3
% of revenue	4.4	2.7		3.8	2.5	
Order intake	23,583	25,645	-8.0	98,142	124,735	-21.3
Order backlog	29,765	29,110	2.2	29,765	29,110	2.2
Earnings per share, diluted and undiluted, EUR	-0.47	-0.32	-47.2	-0.77	0.19	-498.1
Equity per share, EUR	1.47	2.53	-41.76	1.47	2.53	-41.76
Average share price, EUR	2.65	5.37	-50.7	3.60	6.30	-42.9
Average number of shares, diluted and undiluted, 1,000 shares	11,854	11,854	0.0	11,854	11,849	0.0
Employees, average	631	721	-12.4	667	732	-8.9
Employees, end of period	623	721	-13.6	623	721	-13.6

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) Last 12 months' adjusted EBITDA

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 applications in several industries from wind power and transportation to building and infrastructure. Our competitive edge and core expertise lies in chemistry, materials science, pultrusion knowledge as well as cost-efficient manufacturing processes.

Composites are materials made of two or more component materials that are reinforcing. In Exel Composites' products this being fiber reinforced composites. We predominantly use glass and carbon fibers as reinforcements of resin, which in more technical terms is called a matrix. Different types of resins can be used as a matrix, and additives, like 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 typically components of a customer's end-product. The product portfolio includes, for example, profiles, tubes, and laminates. Products are designed in close collaboration with the customers to achieve a lighter, stronger, or stiffer solution.

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, before undergoing further processing such as machining, surface treatments or painting. 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 geometries. Exel also has further processing capabilities to supply complete composite solutions including machining and coating.

Climate-related risks and opportunities impact Exel Composites' business model on various levels. Exel Composites 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. 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 the negative impact of our environmental footprint.

Market environment

The pultruded composites market is fragmented. Exel Composites is 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. Global presence differentiates Exel from its competitors and enables head-to-head competition with global suppliers of traditional materials. According to industry associations, the annual value of composites market of approximately EUR 85 billion is only about 1% of the huge global materials market, which is dominated by steel, plastic, and aluminum. The pultruded composites market represents less than 5% of the total composites market. The global composites market is estimated to grow at an annual average rate of approximately 7% in the coming years. Growth rate varies by region, production technology and end-use application. Exel Composites sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market.

North America is the largest composites market, followed by Asia and Europe. North America and Europe are more mature markets with steady growth prospects, while Asia, especially China and India grow faster.

Exel Composites' customers are typically original equipment manufacturers, system integrators or distributors. Our customer industries are Buildings and Infrastructure, Wind Power, Equipment and Other industries, Machinery and Electrical, Transportation, Telecommunications and Defense. Our business portfolio is diversified across a variety of customer industries and regions, reducing the impact of sudden fluctuations in demand within the portfolio. Demand drivers differ between customer industries as well as regions. In the short to mid-term wind power is expected to be the fastest growing and largest customer industry for us given its size and favorable demand outlook. The global wind power market has enjoyed, and is expected to continue to enjoy, tailwind from energy transition given its vital role in accelerating the global energy transition to reach 2050 net zero targets. Net zero targets coupled with growing energy security concerns create a positive outlook for wind energy market and pultrusion products within that market.

In 2023, global economic uncertainty driven by the Russian war in Ukraine, cost inflation, and the overall slowdown of the market caused uncertainty in Exel Composites' business environment.

In the long-term, interest towards composite materials is steadily growing, supported by global megatrends such as sustainability, energy transition, longer life cycles and urbanization. The main benefits of composites include lightness, energy efficiency, durability, and the need for less maintenance. 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 Composites' 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 2023 decreased by 8.0% to EUR 23.6 million (25.6) from the fourth quarter of 2022.

Order intake for 2023 decreased by 21.3% to EUR 98.1 million (124.7) from 2022.

Order backlog on 31 December 2023 was at EUR 29.8 million (29.1).

Revenue

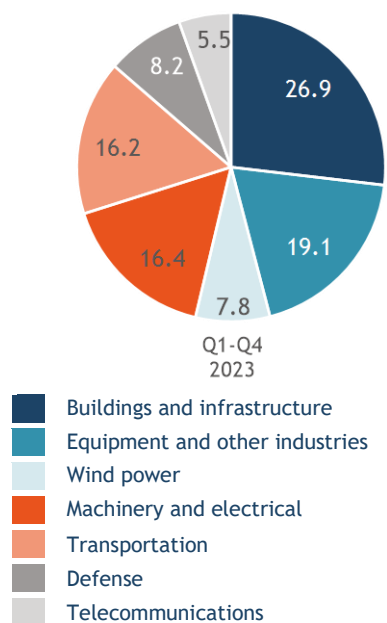
Revenue in the fourth quarter of 2023 decreased by 28.8% to EUR 22.1 million (31.0) from the fourth quarter of 2022. The revenue decrease was mainly due to the challenging overall market environment. Revenue increased in Transportation customer industry but decreased in the other customer industries due to the continued general slowdown of the market. Revenue decreased in most of the geographical regions. The decrease in revenue in Wind power customer industry had an impact especially on the North America region and the decrease in revenue in Building & Infrastructure in Europe. The decrease in revenue in Telecommunication had an impact on all regions.

Revenue for 2023 decreased by 29.3% to EUR 96.8 million (137.0) compared to 2022. The revenue decreased mainly due to the challenging overall market environment, customer destocking of inventories and the temporary demand decrease and postponement of business in the wind power equipment market. In addition to the decline particularly in the Wind power customer industry, revenue declined also for the other customer industries excluding the Defense customer industry where revenue increased.

Revenue by customer industry

EUR thousand	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
	2023	2022	%	2023	2022	%
Buildings and infrastructure	6,075	8,059	-24.6	26,003	32,456	-19.9
Equipment and other industries	3,888	4,347	-10.6	18,469	23,127	-20.1
Wind power	1,670	5,492	-69.6	7,535	26,765	-71.8
Machinery and electrical	3,774	5,183	-27.2	15,887	19,705	-19.4
Transportation	4,677	3,334	40.3	15,712	17,380	-9.6
Defense	1,016	1,926	-47.3	7,895	7,524	4.9
Telecommunications	974	2,645	-63.2	5,314	10,031	-47.0
Total	22,074	30,984	-28.8	96,815	136,988	-29.3

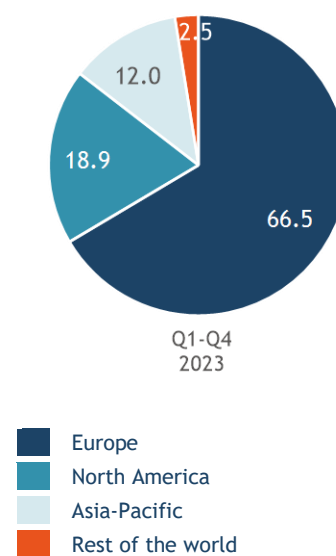
Share of revenue by customer industry, %



Revenue by region¹⁾

EUR thousand	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
	2023	2022	%	2023	2022	%
Europe	13,780	18,261	-24.5	64,372	76,651	-16.0
North America	4,425	7,642	-42.1	18,343	37,272	-50.8
Asia-Pacific	3,061	5,043	-39.3	11,638	20,930	-44.4
Rest of the world	807	38	2,026.8	2,461	2,135	15.3
Total	22,074	30,984	-28.8	96,815	136,988	-29.3

Share of revenue by region¹⁾, %



¹⁾ Revenue by customer location

Operating profit

In the fourth quarter of 2023, the Group's operating profit decreased to EUR -3.7 million (-1.7). Operating profit margin was -16.7% (-5.5%). Adjusted operating profit was EUR -1.3 million (0.9) and adjusted operating profit margin was -5.9% (3.0%).

Operating profit for 2023 decreased to EUR -4.9 million (3.0). Operating profit margin was -5.0% (2.2%). Adjusted operating profit decreased to EUR -2.4 million (8.0) and adjusted operating profit margin was -2.5% (5.9%).

For the full year the lower revenue decreased the adjusted operating profit. This was partially offset by lower costs in 2023 compared to 2022 mainly due to lower personnel costs and savings actions in operations to improve performance.

Adjusted operating profit

EUR thousand	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Operating profit	-3,676	-1,715	-4,863	3,002
Restructuring costs	2,311	-114	2,234	1,066
Impairment losses and reversals	0	-199	0	754
Costs related to planned or realized business acquisition and disposal	0	0	0	5
Expenses related to legal proceedings and other claims	54	2,945	183	3,201
Adjusted operating profit	-1,311	918	-2,446	8,029

Financial position

Net cash flow from operating activities for 2023 was EUR 4.4 million (6.8). The capital expenditure on fixed assets was EUR 3.5 million (4.6). Net cash flow from investing activities was EUR -3.1 million (2.0) and net cash flow before financing activities was EUR 1.4 million (8.8). At the end of the reporting period, the Group's liquid assets stood at EUR 11.0 million (17.4). Total depreciation, amortization and impairment of non-current assets during the year amounted to EUR 8.7 million (7.1).

On 31 December 2023, the Group's consolidated total assets were EUR 85.0 million (113.1). Interest-bearing liabilities, including lease liabilities, were EUR 43.8 million (48.5). Net interest-bearing liabilities were EUR 32.8 million (31.1). Current interest-bearing liabilities totaled EUR 39.4. EUR 25.0 million of current interest-bearing liabilities were commercial papers. On 31 December 2023, the company had EUR 36.0 million unused revolving credit facilities to fully secure the payment of commercial papers.

Items affecting comparability in 2023 amounted to a total of EUR 2.4 million (5.0). The main items were the restructuring costs related to the downsizing of the operations in the United Kingdom and write-down of fixed assets and inventories due to refocusing the operations in the United States partly offset by the sale of the real estate related to closed manufacturing facility located in Nanjing, China.

Net financial income/expenses in 2023 were EUR -3.4 million (0.6). The change in net financial income/expenses is mainly due to an increase in interest rates and foreign exchange rate impact on intercompany loans. Profit before taxes was EUR -8.3 million (3.6) and profit after taxes EUR -9.3 million (2.1).

In 2023, Exel Composites' profitability weakened due to lower revenue impacted by general market demand causing indebtedness relative to adjusted EBITDA to rise. Subsequently, the Company has secured agreements with its lenders to adjust its covenants. Based on the assessed cash flow forecasts of the business and given the expected temporary nature of profitability decline, Exel expects to remain within its covenants.

Exel Composites is currently engaged in negotiations with its lenders on extending loans that enable Exel to meet its current liabilities as they fall due for a period of several years from the date of approval of the financial statements for the financial year 2023.

On 31 December 2023, equity was EUR 17.7 million (30.4) and equity ratio 20.9% (26.9%). Net gearing ratio was 185.7% (102.4%). Fully diluted total earnings per share were EUR -0.77 (0.19). Return on capital employed was -6.8% (3.7%). Return on equity was -38.7% (7.0%).

The company paid total dividends of EUR 2.4 million (2.4) in 2023 for the financial year of 2022 calculated for the outstanding number of shares. Dividend per share for the financial year 2022 was EUR 0.20 (0.20), which was 110.5% of net income.

Research and development

Research and development costs in 2023 totaled EUR 3.7 million (3.4), representing 3.8% (2.5%) of revenue.

Exel Composites' strategy

• Organic growth

Capturing growth from large and fast-growing energy transition and decarbonization applications driven by sustainability.

• Customer value

Focus on increasing value to customers through responsiveness, product platforms and composites design solutions in selected segments.

• Profitability

New operating model with two business units, larger factories with clear roles and efficiency improvements throughout to deliver solid profitability.

• High ambition

Skills and capabilities enabling Exel to achieve over EUR 200 million annual revenue and double digit adjusted operating profit margin within the next five years.

Business development and strategy implementation

In October 2023, Exel Composites announced a new transformative strategy to capture profitable growth with composite solutions driven by sustainability needs. Exel's aim is to become a more integrated designer and manufacturer of pultruded composite solutions for volume and customer-specific applications. To accelerate this transformation Exel announced a new operating model in January 2024. Exel organized its operations into two dedicated customer-centric business units: Engineered Solutions Business Unit concentrating on tailored solutions in multiple industries and Industrial Solutions Business Unit concentrating on selected applications with significant growth potential. The factory footprint will be organized to support the needs of the new business units.

Exel Composites set new long-term Group targets to support the new strategy. Exel Composites' long-term financial targets are:

- Annual revenue exceeding EUR 200 million by 2028
- Double digit adjusted operating profit margin by 2028
- Net debt to adjusted EBITDA less than three times by 2028

To further emphasize the importance of sustainability in Exel Composites' business and operations, the company also established sustainability targets as part of Group targets.

Sustainability targets relate to safety, environmental responsibility, and employee engagement. Sustainability targets are:

- Zero Harm: no lost time injuries (LTI)
- Environmental responsibility consists of the following three targets:
 - Zero landfill by 2028
 - 100% of research having positive sustainability impact
 - Greenhouse Gas emissions (scope 1 and scope 2) reduction according to UN established targets
- Employee engagement: Employee NPS score year-on-year improvements from base year of 2024

Exel Composites continued to focus on and develop its operations during the year. Operations in Runcorn, United Kingdom were downsized. Pultrusion production was shut down during the year and transferred to other production units.

Exel Composites started an important development program focusing on the attractive wind power market. Together with its partner in joint venture Kinenco Exel Composites India, Exel Composites decided to expand manufacturing operations in India and started to construct a new production facility. The new facility will be optimized for serving wind power industry customers in India and globally and is expected to be ready for production in 2024.

As part of the process to reassess the factory footprint, Exel announced in October 2023 that it is planning to start a strategic review in three factories to define their role and necessity in the new operating model. During the last quarter of 2023, Exel Composites completed the strategic review for the first factory. Exel decided to refocus its operations and factory in the United States to manufacturing of tailored pullwinding tubes and customized pultruded composite profiles for the North American markets. In January 2024, Exel Composites announced that it has decided to start a strategic review of its operations in Belgium.

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 2023, Exel's sustainability work focused on further developing the fundamentals of the Group sustainability program. A dedicated sustainability team, representing different areas of the organization, coordinated Group sustainability matters in general. To emphasize the importance of sustainability in the new strategy, the responsibility of sustainability function was elevated to the leadership level in early 2024.

In autumn 2023 Exel started to carry out the first sustainability double materiality assessment process to identify material impacts as well as financial risks and opportunities. The process follows the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The process has continued in early 2024 and results will be available in 2024. Exel will publish its first CSRD report in FY2024 according to schedule.

Exel complements its non-financial reporting by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to the extent possible.

In alignment with the EU Taxonomy Regulation, Exel Composites analyzed the share of taxonomy-eligible economic activities and taxonomy-aligned economic activities contributing to climate mitigation and climate adaptation. Out of Exel's revenue in 2023, 28.1% was taxonomy-eligible of which 23.9% was also taxonomy-aligned. The taxonomy-eligible activities in revenue were related to the manufacture of renewable energy technologies (applications for wind power), the manufacture of energy efficiency equipment for buildings (composite window and door profiles), the manufacture of aircraft (structural profiles for aerospace applications), the manufacture of rail rolling stock constituents (structural profiles for electric trains and trams), the manufacture of automotive and mobility components constituents (structural profiles for electric busses) and the manufacture of other low carbon technologies (composite applications for electric trolling motors). All the other above listed categories except the manufacture of other low carbon technologies were also taxonomy-aligned activities.

Exel Composites discloses a statement on non-financial information as part of the Board of Directors' Report of the Annual Report 2023 to be published on 5 March 2024.

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

Near-term risks and uncertainties

Exel Composites' most significant near-term business risks are related to the development of general market demand, and preferences and strategies of its largest customers. Uncertainties remain in the global economy. Factors such as the prolonged or intensified unrests or wars and increased geopolitical uncertainty, market environment impacted by inflation, and the consequences to interest rates may affect the demand for Exel Composites' products.

The risk management and risks related to the operation of Exel Composites are described in detail in the Corporate Governance Statement for 2023 and at the company's website www.exelcomposites.com.

Governance and AGM 2023

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 was 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.

In 2023, the Nomination Board comprised persons nominated by the four largest shareholders as of 30 September 2023: Kalle Saariaho (OP Fund Management Company), Markus Lindqvist (Aktia Mikro Markka), Esko Torsti (Ilmarinen Mutual Pension Insurance Company), Petteri Vaarnanen (Sp-Fund Management Company) and Jouni Heinonen, Chairman of the Board of Directors, Exel Composites Plc, 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.

The Shareholders' Nomination Board proposes to the AGM 2024 that the Company's Board of Directors shall have five (5) members. The Shareholders' Nomination Board proposes that Jouni Heinonen, Petri Helsky, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen of the current members of the Board of Directors will be re-elected as members of the Board of Directors and that Jouni Heinonen will be re-elected as Chairman of the Board of Directors. The Shareholders' Nomination Board proposes that the annual remuneration for the Board members remain unchanged.

Organization and personnel

On 31 December 2023, Exel Composites employed 623 (721) people, of whom 254 (279) in Finland and 369 (442) in other countries. The average number of employees during the reporting period was 667 (732).

Changes in Exel leadership team

Paul Sohlberg started as President and CEO on 20 March 2023.

Johanna Tuomisto, Senior Vice President, People and Culture, was appointed as a member of the Group Management Team as of 1 September 2023.

Incentive programs

Exel Composites' short-term incentive program covers all employees. President and CEO, Exel Leadership Team and office employees alike are entitled to a short-term incentive in addition to their fixed salary. The performance measures of the short-term incentive 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 short-term incentives are mainly based on factory profitability and production related performance measures.

The Group has long-term incentive programs for President and CEO, Exel Leadership 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 31 December 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 financial year.

During the financial year, 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 31 December 2023, the share price closed at EUR 2.54. During the review period, the average share price was EUR 3.60, the highest share price EUR 5.70 and the lowest share price EUR 2.42.

A total of 5,373,123 shares were traded at Nasdaq Helsinki Ltd., which represents 45.3% of the average number of shares. On 31 December 2023, Exel Composites' market capitalization was EUR 30.1 million (64.2). Total shareholder return (TSR) in 2023 was -50.4% (-30.7%).

Exel Composites had a total of 8,442 (7,766) shareholders on 31 December 2023.

During 2023 Exel Composites received one flagging notification in accordance with the Finnish Securities Market Act regarding changes in shareholdings. On 7 June 2023 Exel Composites announced that the shareholding of Handelsbanken Fonder AB in Exel Composites has decreased to 4.85%.

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

Events during the reporting period

On 2 October 2023, Exel Composites announced transformative strategy to capture profitability growth. Exel's aim is to become a more integrated designer and manufacturer of pultruded composite solutions for volume and customer-specific applications.

On 19 October 2023, Exel Composites announced that it has completed the strategic review for its factory in the United States. Exel has decided to refocus its operations and factory in the United States to manufacturing of tailored pullwinding tubes and customized pultruded composite profiles for the North American markets. Reorganization of the operations in the United States is expected to result in annual cost savings of approximately EUR 3.0 million. Exel recorded EUR 4.3 million asset write-down as an item affecting comparability in the fourth quarter 2023 result.

On 13 November 2023, Exel Composites announced its updated long-term targets.

Events after the reporting period

On 15 January 2024, Exel Composites announced changes to Exel's leadership team. As of 23 January 2024, members of the Exel leadership team are:

Paul Sohlberg, President and CEO
Mikko Rummukainen, CFO
Juha Honkanen, Executive Vice President, Engineered Solutions Business Unit
Kathy Wang, Executive Vice President, Industrial Solutions Business Unit
Kim Sjödaahl, Senior Vice President, Technology and Sustainability
Johanna Tuomisto, Senior Vice President, People and Culture

On 15 January 2024, Exel Composites announced it has decided to start a strategic review of its operations in Belgium.

Guidance for the full year 2024

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023.

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 2023, Exel Composites Plc's distributable funds totaled EUR 19.4 million, of which profit for the financial year accounted for EUR -4.2 million.

The Board proposes to the Annual General Meeting that no dividend be paid based on the adopted financial statements for the financial year ended on 31 December 2023.

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 2024

Exel Composites publishes the following financial reports in 2024:

- Financial Statements Release 2023: 16 February 2024
- Business Review January-March: 25 April 2024
- Half-year Financial Report January-June: 15 August 2024
- Business Review January-September: 31 October 2024

The Annual Report, Corporate Governance Statement and Remuneration Report for 2023 will be available on 5 March 2024 on the company's website at www.exelcomposites.com.

The Annual General Meeting will be held on 26 March 2024 at 10:00 EEST at Scandic Marina Congress Center at the address Katajanokanlaituri 6, Helsinki, Finland.

Vantaa, 16 February 2024

Exel Composites Plc
Board of Directors

NOTES TO THE FINANCIAL STATEMENTS RELEASE

1 January - 31 December 2023

Accounting principles

This unaudited Financial Statements Release is prepared in accordance with IAS 34, Interim Financial Reporting and the same accounting policies have been applied as in the previous annual 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 2023	Q4 2022	Change %	Q1-Q4 2023	Q1-Q4 2022	Change %
Revenue	22,074	30,984	-28.8	96,815	136,988	-29.3
Materials and services	-9,412	-13,019	-27.7	-40,320	-59,325	-32.0
Employee benefit expenses	-8,061	-9,783	-17.6	-34,251	-39,023	-12.2
Depreciation and impairment	-3,185	-1,454	119.0	-7,433	-5,865	26.7
Depreciation of right-of-use assets	-314	-315	-0.3	-1,262	-1,256	0.5
Other operating expenses	-6,120	-9,029	-32.2	-24,684	-30,790	-19.8
Adjustment to lease expenses on capitalized contracts	344	328	4.8	1,370	1,316	4.1
Other operating income	999	574	74.1	4,902	957	412.3
Operating profit	-3,676	-1,715	114.4	-4,863	3,002	-262.0
Net financial items	-1,978	-3,350	-41.0	-3,353	650	-615.9
Financial expenses on capitalized lease contracts	-8	-11	-28.9	-38	-52	-26.9
Profit before tax	-5,661	-5,076	11.5	-8,254	3,600	-329.3
Income taxes	65	1,250	-94.8	-1,055	-1,455	-27.5
Profit/loss for the period	-5,597	-3,826	-46.3	-9,309	2,145	-534.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	-371	-121	-207.7	-1,092	-715	-52.9
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/ loss (-), net tax	-30	146	-120.7	-30	146	-120.7
Other comprehensive income, net of tax	-402	26	-1671.8	-1,123	-568	-97.5
Total comprehensive income	-5,998	-3,801	-57.8	-10,432	1,577	-761.7

	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
EUR thousand	2023	2022	%	2023	2022	%
Profit/loss attributable to:						
Owners of the parent company	-5,566	-3,781	-47.2	-9,130	2,293	-498.1
Non-controlling interests	-31	-46	32.6	-179	-148	-20.9
Comprehensive income attributable to:						
Owners of the parent company	-5,956	-3,704	-60.8	-10,240	1,743	-687.5
Non-controlling interests	-42	-97	56.7	-192	-166	-15.7
Earnings per share, diluted and undiluted, EUR	-0.47	-0.32	-47.2	-0.77	0.19	-497.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 December 2023	31 December 2022	Change
ASSETS			
Non-current assets			
Goodwill	12,585	13,015	-429
Other intangible assets	1,671	2,160	-490
Tangible assets	23,332	28,643	-5,310
Right-of-use assets 1)	1,367	2,213	-846
Deferred tax assets	643	1,807	-1,164
Other non-current assets	48	48	0
Non-current assets total	39,646	47,886	-8,240
Current assets			
Held for sale assets	545	1,070	-525
Inventories	16,867	23,426	-6,559
Trade and other receivables	17,019	23,279	-6,260
Cash at bank and in hand	10,952	17,397	-6,446
Total current assets	45,383	65,172	-19,789
Total assets	85,028	113,058	-28,030

EUR thousand	31 December 2023	31 December 2022	Change
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other restricted equity	1,080	1,080	0
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	2,138	3,218	-1,080
Retained earnings	18,669	18,671	-3
Profit for the period	-9,130	2,293	-11,423
Equity attributable to holders of the parent company	17,438	29,944	-12,506
Non-controlling interests	249	441	-192
Total equity	17,687	30,385	-12,698
Non-current liabilities			
Interest-bearing liabilities	4,200	12,400	-8,200
Non-current lease liabilities	221	1,136	-915
Interest-free liabilities	1,300	1,244	56
Deferred tax liabilities	311	584	-273
Total non-current liabilities	6,032	15,364	-9,332
Current liabilities			
Interest-bearing liabilities	38,105	33,691	4,413
Current lease liabilities	1,264	1,271	-7
Trade and other non-current liabilities	21,940	26,231	-4,291
Current liabilities related to Held for sale assets	0	6,116	-6,116
Total current liabilities	61,309	67,309	-6,001
Total equity and liabilities	85,028	113,058	-28,030

1) Buildings EUR 1,298 thousand, Machinery and equipment (incl.vehicles) EUR 69 thousand

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q1-Q4 2023	Q1-Q4 2022	Change
Cash flow from operating activities			
Profit for the period	-9,309	2,145	-11,454
Adjustments 1)	9,539	8,732	807
Change in working capital	6,416	-1,188	7,604
Cash flow from operating activities before financial items and taxes	6,646	9,689	-3,043
Interest paid	-1,746	-571	-1,175
Interest received	-1	-28	27
Other financial items	-702	121	-823
Income taxes paid	247	-2,444	2,691
Net cash flow from operating activities	4,445	6,767	-2,322
Cash flow from investing activities			
Acquisition of subsidiaries	0	0	0
Purchases of non-current assets	-3,523	-4,535	1,013
Proceeds from sale of non-current assets	447	6,554	-6,107
Net cash flow from investing activities	-3,076	2,018	-5,094
Cash flow before financing activities	1,369	8,785	-7,417

EUR thousand	Q1-Q4 2023	Q1-Q4 2022	Change
Cash flow from financing activities			
Proceeds from long-term borrowings	0	0	0
Instalments of long-term borrowings	0	0	0
Change in short-term loans	-3,754	-3,176	-578
Instalments of lease liabilities	-1,332	-1,264	-68
Treasury shares	0	0	0
Dividends paid	-2,371	-2,371	0
Net cash flow from financing activities	-7,457	-6,811	-646
Change in liquid funds	-6,088	1,975	-8,062
Liquid funds in the beginning of period	17,397	15,593	1,804
Exchange rate fluctuations on liquid funds	-358	-170	-187
Liquid funds at the end of period	10,952	17,397	-6,446

1) Adjustments include depreciations and amortization, profit/loss on sales of tangible and intangible assets, tax on income from operations, other financial income and expenses and other adjustments. In 2023 depreciations and amortization were EUR 8,695 thousand, profit on sales of tangible assets EUR -3,929 thousand, tax on income from operations EUR 1,055 thousand, other financial income and expenses EUR 3,391 thousand and other adjustments EUR 328 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				-697	2,293	-166	1,430
Defined benefit plan actuarial gains (+) / loss (-), net of tax					146		146
Other items 3)		951			-951		0
Dividend					-2,371		-2,371
Treasury shares 2)					139		139
Share-based payments reserve					123		123
Correction to previously issued financial statements 1)					-265		-265
Balance at the end of the reporting period	2,141	1,080	2,539	3,218	20,965	441	30,385
2023							
Balance at the beginning of the reporting period	2,141	1,080	2,539	3,218	20,965	441	30,385
Comprehensive result				-1,080	-9,130	-192	-10,401
Defined benefit plan actuarial gains (+) / loss (-), net of tax					-30		-30
Other items					0		0
Dividend					-2,371		-2,371
Treasury shares 2)					0		0
Share-based payments reserve					6		6
Correction to previously issued financial statements 1)					99		99
Balance at the end of the reporting period	2,141	1,080	2,539	2,138	9,539	249	17,687

1) Corrections related to taxation and other expenses of previous years, and postings related to treasury shares

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

3) Increase of subsidiary's share capital by transfer from its retained earnings

QUARTERLY KEY FIGURES

EUR thousand	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenue	22,074	20,538	25,399	28,803	30,984	33,789	38,064	34,150
Materials and services	-9,412	-7,648	-10,366	-12,894	-13,019	-14,648	-16,784	-14,873
Employee benefit expenses	-8,061	-7,284	-8,247	-10,659	-9,783	-8,879	-9,995	-10,366
Depreciation and impairment	-3,499	-1,711	-1,724	-1,762	-1,769	-1,837	-1,767	-1,748
Operating expenses	-5,776	-4,566	-5,432	-7,540	-8,701	-6,986	-6,568	-7,219
Other operating income	999	15	121	3,768	574	244	57	83
Operating profit	-3,676	-655	-249	-283	-1,715	1,683	3,007	27
Net financial items	-1,986	234	-447	-1,192	-3,361	1,542	1,927	490
Profit before taxes	-5,661	-421	-696	-1,475	-5,076	3,225	4,934	517
Income taxes	65	-218	-239	-662	1,250	-1,173	-945	-587
Profit/loss for the period	-5,597	-639	-935	-2,138	-3,826	2,052	3,989	-70
Earnings per share, diluted and undiluted, EUR	-0.47	-0.05	-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	11,854	11,854	11,838
Average number of personnel	631	642	673	723	721	720	736	752

Revenue by customer industry by quarter

	2023	2023	2023	2023	2022	2022	2022	2022
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Buildings and infrastructure	6,075	5,671	6,458	7,797	8,059	7,808	8,866	7,723
Equipment and other industries	3,888	3,972	4,991	5,611	4,347	5,567	5,858	7,356
Wind power	1,670	2,129	2,295	1,501	5,492	8,031	6,476	6,767
Machinery and electrical	3,774	3,432	4,130	4,566	5,183	4,952	5,301	4,268
Transportation	4,677	3,138	3,696	4,197	3,334	3,743	7,171	3,133
Defense	1,016	1,379	2,570	2,924	1,926	1,954	1,582	2,062
Telecommunications	974	818	1,258	2,207	2,645	1,734	2,810	2,842
Total	22,074	20,539	25,399	28,803	30,984	33,789	38,064	34,150

Revenue by region by quarter

	2023	2023	2023	2023	2022	2022	2022	2022
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe	13,780	12,961	17,306	20,315	18,261	18,056	20,603	19,731
North America	4,425	4,270	4,521	5,116	7,642	9,763	11,669	8,198
Asia-Pacific	3,061	2,545	2,831	3,207	5,043	5,734	4,976	5,178
Rest of the world	807	763	741	165	38	236	816	1,044
Total	22,074	20,539	25,399	28,803	30,984	33,789	38,064	34,150

COMMITMENTS AND CONTINGENCIES

EUR thousand	31 December 2023	31 December 2022
Operating leases		
Not later than one year	81	34
1 - 5 years	107	14
Other liabilities and commitments		
Bank and Corporate guarantees	3	3

Legal proceedings

Exel Composites' Belgian subsidiary was the defendant in a dispute, whose legal proceedings in the Dutch court took place during the autumn of 2023. The main point of the dispute was the disagreement between Exel Composites and the customer as to whether the products delivered to the customer have met the agreed criteria. The court dismissed the customer's claims in full. The decision is not yet legally binding.

CALCULATION OF KEY FIGURES

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.)

Adjusted EBITDA

operating profit + depreciations, amortization and impairments - material items affecting comparability (restructuring costs, costs related to planned or realized business acquisitions or disposals, etc.)

Net debt to adjusted EBITDA

total interest-bearing debt - cash and equivalents
share price at year end

adjusted EBITDA

Return on equity, %

net income + provisions x 100

equity + minority interest + voluntary provisions

Return on capital employed, %

profit before provisions and income taxes + interest and other financial x 100

total assets less non-interest-bearing liabilities (average)

Equity ratio, %

equity + minority interest + voluntary provisions x 100

total assets less advances received

Net gearing, %

net interest-bearing liabilities (= interest-bearing liabilities less liquid assets) x 100

equity

Earnings per share (EPS), EUR

profit before provisions and income taxes less income taxes +/- minority

average adjusted number of shares in the financial period

Equity per share, EUR

equity + voluntary provisions

adjusted number of shares on closing date

Dividend per share, EUR

dividend for the financial period

adjusted number of shares on closing date

Payout ratio, %

dividend per share x 100

earnings per share (EPS)

Effective yield of shares, %

dividend per share x 100 x 100

adjusted average share price at year end

Price/earnings (P/E), %

adjusted average share price at year end x 100

earnings per share

Price to book ratio, (P/B)

total number of shares on closing date excluding treasury shares x
share price at year end

equity without non-controlling interests



Exel Composites is one of the largest manufacturers of composite profiles and tubes made with pultrusion and pullwinding technologies and a pultrusion technology forerunner in the global composite market. 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 in diverse industrial sectors such as wind power, transportation and building and infrastructure.

Our R&D expertise, collaborative approach and global footprint set us apart from our competition. Our composite solutions help customers save resources, reduce products' 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 over 600 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.