



2024

BUSINESS REVIEW
JANUARY – MARCH



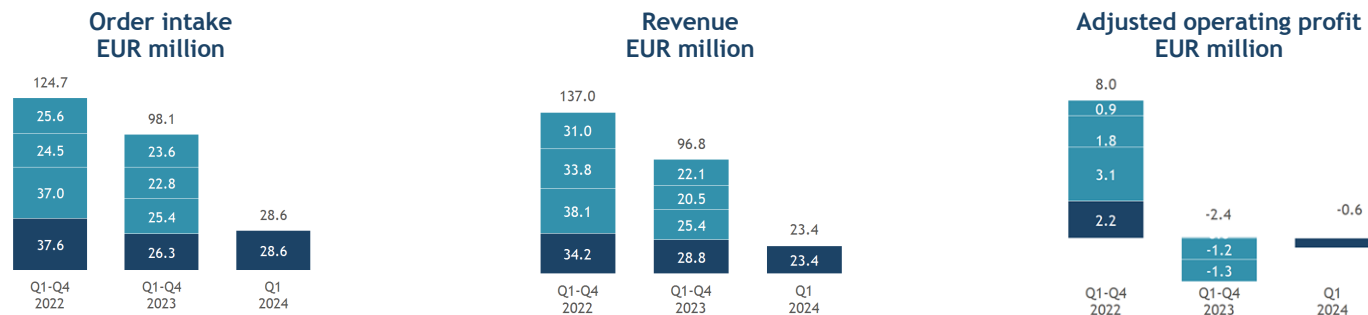
Q1 2024 ORDER INTAKE EUR 28.6 MILLION, REVENUE EUR 23.4 MILLION AND ADJUSTED OPERATING PROFIT EUR -0.6 MILLION

Q1 2024 in brief

- Order intake increased by 8.7% to EUR 28.6 million (Q1 2023: 26.3)
- Revenue decreased by 18.9% to EUR 23.4 million (28.8)
- Operating profit declined to EUR -0.6 million (-0.3), operating profit margin -2.4% (-1.0%)
- Adjusted operating profit declined to EUR -0.6 million (0.0), operating profit margin -2.4% (0.0%)
- Earnings per share amounted to EUR -0.05 (-0.18)

Guidance for the full year 2024

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



President and CEO, Paul Sohlberg

Encouraging improvements in order intake and profitability during the quarter

We opened the year with clear improvement in our market-facing activities. Our order intake for the first quarter amounted to EUR 28.6 million, which represents an increase of 21% quarter-on-quarter, and an increase of 9% compared to the same period last year. At the end of this first quarter our order backlog stood at EUR 34.9 million, showing an increase of 32% compared to a year ago. We continued to witness signs of increased customer activity in all geographies, and we continue to remain cautiously optimistic of an improving market environment this year, in line with our guidance.

Revenue in the first quarter was EUR 23.4 million (28.8). This represents an improvement of 5.8% from the fourth quarter 2023, despite being affected by the strikes in Finland this spring. The lower revenue compared to the same period last year was due to the timing of order arrivals, only part of which could be realized into revenue in this first quarter. It was pleasing to see revenue growth quarter-on-quarter and year-on-year in our North American operations following completion of the strategic factory review last year. Otherwise, Exel's revenue stayed at a lower level in all customer industries and in Europe and Asia-Pacific year-on-year.

As a result of our focus on efficiency, our adjusted operating loss more than halved to EUR 0.6 million from the fourth quarter 2023, nearing us to the break-even we achieved a year ago. Our efforts to manage our working capital and costs continued, and will continue through this year. While the relative variable cost level improved during the first quarter, we have further opportunity to improve the efficiency of our operations and the cost structure by increasing the utilization of our capacity and adjusting our cost.

New strategy getting traction with customers and within Exel

An important pillar of our new transformative strategy is to seek organic growth from the large and fast-growing applications driven by the energy transition and decarbonization. In full alignment with this target, we had the pleasure of announcing two new customer agreements in the quarter. The first one is in our Transportation customer industry where a new multi-year agreement was signed with Foton Bus and Coach company for the delivery of pultruded composite profiles for Foton's electric buses. Following intensive preparations and development work together with the customer, this agreement offers significant business potential to Exel going forward. The other new customer engagement is in our Energy customer industry where we signed a multi-year agreement through our joint venture Kineco Exel Composites India (KECI), for the supply of pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. These products will be delivered from our new factory under development in India.

We continued to decisively progress the implementation of our new transformative strategy also within Exel. During the first quarter, we started the second strategic factory review, this time concerning our Belgium operations. We also put in place the new operating model geared around our two new business units, the Engineered Solutions BU and Industrial Solutions BU and changed our organization structure to be in full alignment. This was also reflected in our Group leadership team.

In line with our strategy and following extensive analysis and preparations, we have announced today that Exel will be proposing to its shareholders a rights issue of Exel shares. We are convinced this is the right accelerator for our future growth and transformation. We are pleased to do it in a way that offers every Exel shareholder equal opportunity to participate.



Outlook for 2024

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023. Our order backlog for 2024 is higher than it was a year ago. While the order intake early this year was at a higher level than before, the visibility to continued favorable market development is still limited. Considering the overall economic sentiment, we continue to expect

demand to be somewhat soft in the first half of 2024 while Exel will continue to have free production capacity.

The progress made during this first quarter is pleasing, albeit not yet satisfactory. We will continue working hard according to our strategic plan. The proposed rights issue is an important accelerator of our strategy, and we hope that all of our shareholders will continue to support our journey.

Sincerely,

Paul Sohlberg
President and CEO

Consolidated key figures

EUR thousand	Q1 2024	Q1 2023	Change %	Q1-Q4 2023
Revenue	23,365	28,803	-18.9	96,815
Operating profit	-555	-283	-96.0	-4,863
% of revenue	-2.4	-1.0		-5.0
Adjusted operating profit ¹⁾	-555	6	-9788.5	-2,446
% of revenue	-2.4	0.0		-2.5
EBITDA	905	1,479	-38.8	3,832
Adjusted EBITDA ¹⁾	905	1,768	-48.8	4,059
Profit before tax	-607	-1,475	58.8	-8,254
Profit for the period	-598	-2,138	72.0	-9,309
Profit for the period excluding non-controlling interest	-539	-2,090	74.2	-9,130
% of revenue	-2.3	-7.3		-9.4
Shareholders' equity	16,725	28,029	-40.3	17,687
Interest-bearing liabilities	46,148	49,255	-6.3	43,790
Cash and cash equivalents	10,207	14,746	-30.8	10,952
Net interest-bearing liabilities	35,941	34,509	4.1	32,838
Net debt to adjusted EBITDA ²⁾	11.2	2.7	314.8	8.1
Capital employed	62,873	77,284	-18.6	61,477
Return on equity, %	-13.9	-29.3	52.5	-38.7
Return on capital employed, %	-3.4	-1.4	-141.0	-6.8
Equity ratio, %	19.4	26.4	-26.4	20.9
Net gearing, %	214.9	123.1	74.5	185.7
Net cash flow from operating activities	-2,611	-2,790	-6.4	4,445
Net cash flow from investing activities	-432	-479	-9.8	-3,076
Capital expenditure	441	761	-42.1	3,523
% of revenue	1.9	2.6		3.6
Research and development costs	1,077	948	13.6	3,711
% of revenue	4.6	3.3		3.8
Order intake	28,615	26,331	8.7	98,142
Order backlog	34,893	26,488	31.7	29,765
Earnings per share, diluted and undiluted, EUR	-0.05	-0.18	74.2	-0.77
Equity per share, EUR	1.39	2.33	-40.20	1.47
Average share price, EUR	2.34	5.08	-53.9	3.60
Average number of shares, diluted and undiluted, 1,000 shares	11,854	11,854	0.0	11,854
Employees, average	623	723	-13.8	667
Employees, end of period	626	728	-14.0	623

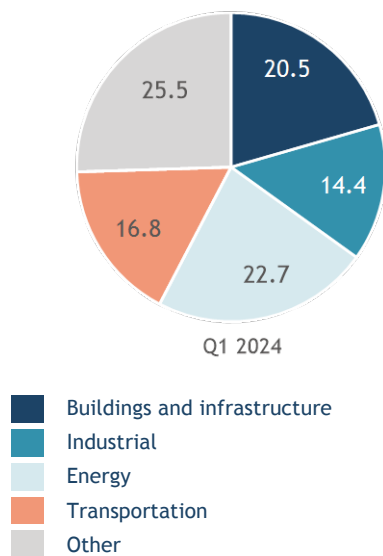
¹⁾ Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals

²⁾ Last 12 months' adjusted EBITDA

Revenue by customer industry

	Q1 2024	Q1 2023	Change %	Q1-Q4 2023
EUR thousand				
Buildings and infrastructure	4,801	5,654	-15.1	18,539
Industrial	3,357	5,490	-38.9	15,358
Energy	5,315	6,226	-14.6	22,108
Transportation	3,937	4,356	-9.6	16,268
Other	5,955	7,077	-15.9	24,541
Total	23,365	28,803	-18.9	96,815

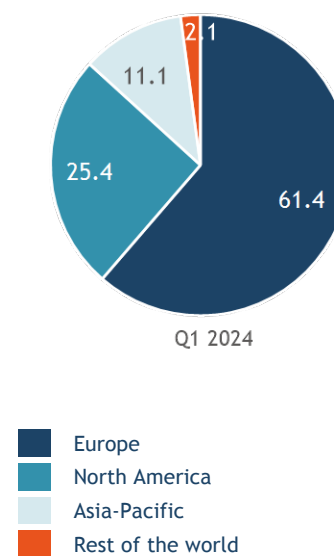
Share of revenue by customer industry, %



Revenue by region¹⁾

	Q1 2024	Q1 2023	Change %	Q1-Q4 2023
EUR thousand				
Europe	14,337	20,315	-29.4	64,372
North America	5,927	5,116	15.8	18,343
Asia-Pacific	2,602	3,207	-18.9	11,638
Rest of the world	499	165	203.0	2,461
Total	23,365	28,803	-18.9	96,815

Share of revenue by region¹⁾, %



¹⁾ Revenue by customer location

Operating profit

In the first quarter of 2024, the Group's operating profit decreased to EUR -0.6 million (-0.3). Operating profit margin was -2.4% (-1.0%). Adjusted operating profit was EUR -0.6 million (0.0) and adjusted operating profit margin was -2.4% (0.0%).

Financial position

Net cash flow from operating activities for January-March 2024 was EUR -2.6 million (-2.8). Net cash flow from investing activities was EUR -0.4 million (-0.5) and net cash flow before financing activities was EUR -3.0 million (-3.3).

Governance and AGM 2024

Exel Composites Plc's Annual General Meeting was held on 26 March 2024 in Helsinki, Finland. The AGM adopted the financial statements and consolidated financial statements, approved the Remuneration Report 2023 for the Company's governing bodies, and discharged the members of the Board of Directors and the company's Presidents and CEOs in 2023 from liability for the financial year 2023.

The AGM decided according to the proposal of the Board of Directors that no dividend be paid based on the adopted financial statements for the financial year ended 31 December 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 Timo Eerola as the Authorized Public Accountant (APA) having the principal authority, was elected as auditor of the Company.

The AGM accepted the amendment of the Articles of Association to allow for remote participation in a General Meeting (hybrid meeting) or, if the Board of Directors so decides, to hold a General Meeting as a remote meeting without a physical meeting place. In a remote meeting, shareholders may exercise their full decision-making rights, including the right to ask questions and vote, by means of telecommunication and technical aid. The amendments do not preclude arranging General Meetings as traditional in-person meetings.

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 2025.

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 2025. The authorization cancels previous unused authorizations to issue shares or special entitlement of shares.

The Group has established an Audit and Risk Committee and a People and Remuneration Committee. Helena Nordman-Knutson, Kirsi Sormunen, and Jouni Heinonen are members of the Audit and Risk Committee. Petri Helsky, Jouko Peussa, and Jouni Heinonen form the People and Remuneration Committee.

Changes in Exel leadership team

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 Sjödah, Senior Vice President, Technology and Sustainability

Johanna Tuomisto, Senior Vice President, People and Culture

Events during the reporting period

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

Events after the reporting period

Exel Composites Plc is planning a rights offering to raise gross proceeds of up to approximately EUR 23 million to support its strategy execution and strengthen its capital structure. The Company has also agreed on a new financing agreement of EUR 52.4 million with to refinance its existing bank loans, which is conditional on the successful completion of the Offering.

Notice is given to the shareholders of Exel Composites Plc to the Extraordinary General Meeting of Shareholders to be held on Friday 17 May 2024 at 10:00 EEST at Scandic Marina Congress Center at the address Katajanokanlaituri 6, Helsinki, Finland.

The Board of Directors of Exel Composites Plc has decided on the continuation of the share-based long-term incentive program for the leadership of Exel Composites.

Vantaa, 25 April 2024

Exel Composites Plc
Board of Directors

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

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. **www.exelcomposites.com**.