



2022

**FINANCIAL STATEMENTS
RELEASE
JANUARY - DECEMBER**

STABLE REVENUE AND HIGHER PROFITABILITY IN 2022 COMPARED TO 2021

Q4 2022 in brief

- Order intake decreased by 15.9% to EUR 25.6 million (Q4 2021: 30.5)
- Revenue decreased by 15.1% to EUR 31.0 million (36.5)
- Adjusted operating profit stable year-on-year at EUR 0.9 million (1.0), which is 3.0% of revenue (2.8%)
- Operating profit decreased to EUR -1.7 million (0.6), which is -5.5% of revenue (1.8%)
- Earnings per share amounted to EUR -0.32 (0.04)

Q1-Q4 2022 in brief

- Order intake decreased by 11.3% to EUR 124.7 million (Q1-Q4 2021: 140.6)
- Revenue increased by 2.0% to EUR 137.0 million (134.4)
- Adjusted operating profit increased to EUR 8.0 million (6.0), which is 5.9% of revenue (4.5%)
- Operating profit decreased to EUR 3.0 million (3.7), which is 2.2% of revenue (2.8%)
- Earnings per share amounted to EUR 0.19 (0.14)

Guidance for the full year 2023

Exel Composites expects that revenue in 2023 will be at last year's level and adjusted operating profit will increase compared to 2022.

Dividend proposal

The Board proposes to the Annual General Meeting that a dividend of EUR 0.20 (0.20) per share be paid based on the adopted financial statements for the financial year ended on 31 December 2022.

President and CEO, Jouni Heinonen

Wind power market flat but growth expected to recover in 2024

Adjusted operating profit for the fourth quarter of 2022 was on the same level than a year ago. Profitability was supported by good cost management which compensated for lower revenue. The lower revenue in the fourth quarter of 2022 compared to a year ago was impacted by lower demand in several customer industries, especially in Wind Power. Geographically, revenue was lower in all regions in the fourth quarter than in the comparison period.

Wind power market demand has temporarily been weaker but is expected to recover and turn to growth towards the end of the year 2023. The wind power market is expected to be the largest and the fastest growing market for the pultrusion industry in the next several years. Wind power industry is our important growth area. One proof point of that is the multi-year agreement to supply pultrusion products to a wind power industry customer we signed in December.

Full year 2022 revenue increased by 2% from 2021. Especially the Transportation customer industry had favorable development driven by the recovery from the Covid-19 pandemic in general. In addition, sales in the Machinery & Electrical and Telecommunications customer industries increased, compensating the decrease in other customer industries. Geographically, revenue increased in Europe and North America but declined in Asia-Pacific, especially in China, due to the Covid-19 pandemic.

Full year 2022 adjusted operating profit increased from 2021. I am pleased that the business unit in the United States improved its profitability level and had a positive full year adjusted operating profit after the challenges in 2021. In 2022, material cost level increased but we were able to transfer the cost increases to our sales prices quite well. Our material efficiency improved, especially in the United States. In the fourth quarter we saw the stabilization of material and logistics costs but the visibility into cost development in the coming quarters is still limited.

Sustainability plays an important role in Exel's business. Our purpose is to solve challenges and save resources with composites and our vision is to be the first choice for sustainable composite solutions globally. They both have a strong link to sustainability. The world needs more renewable energy, more energy-efficient buildings, and lighter vehicles, all of which require the use of composite materials. We can support our customers in this important transition.

We have continued to focus on and develop our operations. In 2022, we reorganized and consolidated operations in China to one manufacturing site. In August, Exel signed an agreement to sell the closed factory site in Nanjing in China. The sales process is almost completed and the administrative process is in the final stages.

On 4 January 2023 we announced the plans to evaluate the downsizing of the operations in the United Kingdom. The employee consultations are ongoing and decisions regarding the plans will be taken only after the local consultations have been concluded. We have production capacity in several sites in Europe. Going forward, we are confident that we can serve our customers well regardless of the decisions of the consultations.

There is some uncertainty in the short-term demand development due to the general macroeconomic environment. This is reflected in our order backlog that is lower than a year ago. In the first half of the 2023, we expect the demand to be slightly soft. However, our long-term demand outlook is positive. I am confident in our ability to be proactive and expect us to continue on the path of profitable growth in the long term.

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



Consolidated key figures

EUR thousand	Q4 2022	Q4 2021	Change %	Q1-Q4 2022	Q1-Q4 2021	Change %
Revenue	30,984	36,493	-15.1	136,988	134,365	2.0
Operating profit	-1,715	649	-364.1	3,002	3,744	-19.8
% of revenue	-5.5	1.8		2.2	2.8	
Adjusted operating profit 1)	918	1,004	-8.6	8,029	6,029	33.2
% of revenue	3.0	2.8		5.9	4.5	
Profit before tax	-5,076	713	-811.6	3,600	4,165	-13.6
% of revenue	-16.4	2.0		2.6	3.1	
Profit for the period	-3,826	418	-1015.1	2,145	1,656	29.5
% of revenue	-12.3	1.1		1.6	1.2	
Profit for the period excluding non-controlling interest	-3,781	455	-931.2	2,293	1,693	35.5
% of revenue	-12.2	1.2		1.7	1.3	
Shareholders' equity	30,385	31,182	-2.6	30,385	31,182	-2.6
Interest-bearing liabilities	48,498	52,988	-8.5	48,498	52,988	-8.5
Cash and cash equivalents	17,397	15,593	11.6	17,397	15,593	11.6
Net interest-bearing liabilities	31,101	37,395	-16.8	31,101	37,395	-16.8
Capital employed	78,883	84,170	-6.3	78,883	84,170	-6.3
Return on equity, %	-46.9	5.6	-940.6	7.0	5.5	26.3
Return on capital employed, %	-8.4	3.2	-361.3	3.7	4.8	-22.6
Equity ratio, %	26.9	26.8	0.5	26.9	26.8	0.5
Net gearing, %	102.4	119.9	-14.6	102.4	119.9	-14.6
Net cash flow from operating activities	4,361	4,916	-11.3	6,767	6,275	7.8
Net cash flow from investing activities 2)	3,968	-3,032	-230.8	2,018	-11,877	-117.0
Capital expenditure	1,150	3,378	-65.9	4,592	9,931	-53.8
% of revenue	3.7	9.3		3.4	7.4	
Research and development costs	850	793	7.2	3,426	3,310	3.5
% of revenue	2.7	2.2		2.5	2.5	
Order intake 3)	25,645	30,492	-15.9	124,735	140,557	-11.3
Order backlog	29,110	41,578	-30.0	29,110	41,578	-30.0
Earnings per share, diluted and undiluted, EUR	-0.32	0.04	-929.8	0.19	0.14	35.2
Equity per share, EUR	2.53	2.58	-2.23	2.53	2.58	-2.24
Average share price, EUR	5.37	7.33	-26.7	6.30	8.58	-26.6
Average number of shares, diluted and undiluted, 1,000 shares	11,854	11,834	0.2	11,850	11,833	0.1
Employees, average	721	750	-3.9	732	715	2.4
Employees, end of period	721	753	-4.2	721	753	-4.2

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) The payment received on the real estate sales in Nanjing has a positive effect on the Net cash flow from investing activities

3) Can include order cancellations during the quarter

Business model

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

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

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

The main manufacturing technology utilized by Exel is pultrusion, where resin-impregnated fibers are pulled through a mold and hardened with heat. The final products are cut to a specified length or wound on a roll at the end of the production line. Other key methods include pullwinding, which is a combination of pultrusion and filament winding, as well as continuous lamination. Production efficiency is high in all these technologies due to continuous and high-volume production. These manufacturing technologies are applicable to diverse, straight shapes from poles and tubes to profiles with complex geometries. Exel also has further processing capabilities to supply complete composite solutions including machining and coating.

Exel's strategy includes expanding into new and growing production technologies as well as into new and growing applications where composite materials can be used and where their unique characteristics are beneficial.

Climate-related risks and opportunities impact Exel Composites' business model on various levels. Exel actively aims to reduce the negative impact of its own operations on climate and the environment. The composites we produce also help reduce the environmental impact of the end-product. For us and for our customers, this is an opportunity to contribute to the mitigation of climate change. 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 composites market is fragmented. Whereas Exel Composites is not a large company, it is nevertheless a leading company in the field of pultrusion and the only pultrusion company with significant presence on all major markets: Europe, Asia, and North America. This global presence differentiates Exel from its competitors and enables head-to-head competition with global suppliers of traditional materials. According to industry associations the annual value of composites market of approximately USD 80 billion is only about 1% of the huge global materials market, which is dominated by steel, plastic, and aluminum. The pultruded composites market represents less than 5% of the total composites market. Global composites market is estimated to continue to grow approximately at 2-5% per year in the coming years, depending on the region, production technology and end-use application. Exel sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market. Exel expects pultrusion composite market to grow faster than the general global composites market especially due to wind power market.

Asia is the largest and the fastest-growing market area within the composites industry. China remains a focus area for us, and India is another fast-growing market in Asia. In India, local supply is considered important and thus Exel established a joint venture there in 2021. North American market is the second largest composites market globally in terms of value and growth. Growth is expected to be slower in the mature European market, which already today is smaller than North American and Asian markets.

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 impact of sudden fluctuations in demand within the portfolio. Demand drivers differ between customer industries as well as regions. Wind Power is expected to be the fastest-growing and largest customer industry for us given its size and favorable demand outlook. 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 mid-term outlook for wind energy market and pultrusion products within that market.

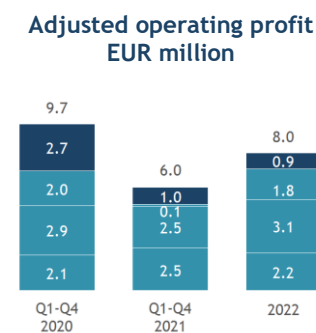
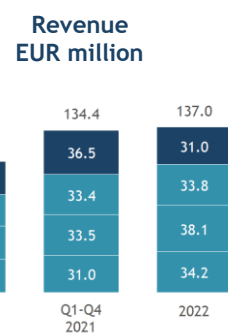
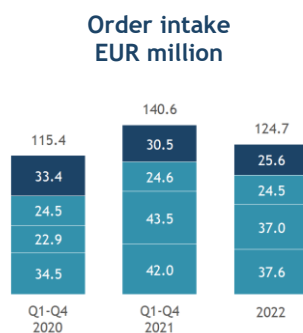
In 2022, the Russian war in Ukraine, cost inflation, challenges in raw material availability and continued Covid-19 pandemic caused uncertainty in the global business environment.

In the long-term, interest towards composite materials is steadily growing, supported by global megatrends such as sustainability, longer life cycles and rapid 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's ambition is to leverage on these trends and mitigate the negative impacts of climate change by offering its customers sustainable composite products that respond to this demand.

Order intake and order backlog

Order intake for the fourth quarter of 2022 amounted to EUR 25.6 million (30.5) and decreased by 15.9% in comparison to the previous year.

Order intake for 2022 was EUR 124.7 million (140.6), which is a decrease of 11.3% compared to the previous year.



The Group's order backlog on 31 December 2022 decreased to EUR 29.1 million (41.6).

Revenue

Group revenue in the fourth quarter of 2022 amounted to EUR 31.0 million (36.5), which is a decrease of 15.1% compared to the fourth quarter of 2021. The revenue growth in Transportation, Telecommunications, and Machinery & Electrical customer industries were more than offset by the decrease in other customer industries.

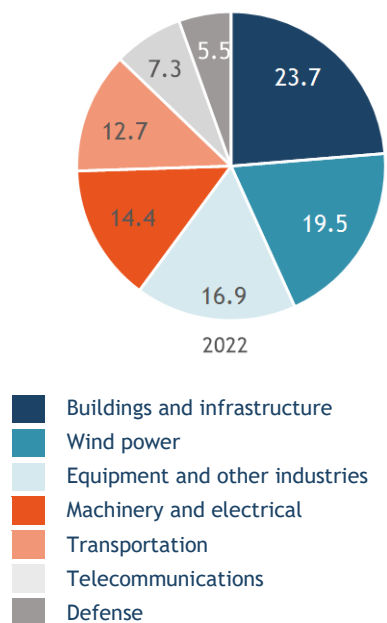
Group revenue for 2022 amounted to EUR 137.0 million (134.4) and increased by 2.0% compared to the previous year.

Revenue in 2022 increased particularly in the Transportation customer industry driven by a general recovery from Covid-19 pandemic. In Machinery & Electrical and Telecommunications customer industries revenue increased compared to the previous year. Revenue in Equipment & Other Industries and Buildings & Infrastructure were flattish and declined in Wind Power and Defense compared to the previous year.

Revenue by customer industry

	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
EUR thousand	2022	2021	%	2022	2021	%
Buildings and infrastructure	8,059	8,409	-4.2	32,456	32,946	-1.5
Equipment and other industries	4,347	7,126	-39.0	23,127	23,350	-1.0
Wind power	5,492	8,309	-33.9	26,765	32,066	-16.5
Machinery and electrical	5,183	4,944	4.8	19,705	17,612	11.9
Transportation	3,334	2,888	15.4	17,380	10,224	70.0
Defense	1,926	2,469	-22.0	7,524	8,688	-13.4
Telecommunications	2,645	2,348	12.6	10,031	9,480	5.8
Total	30,984	36,493	-15.1	136,988	134,365	2.0

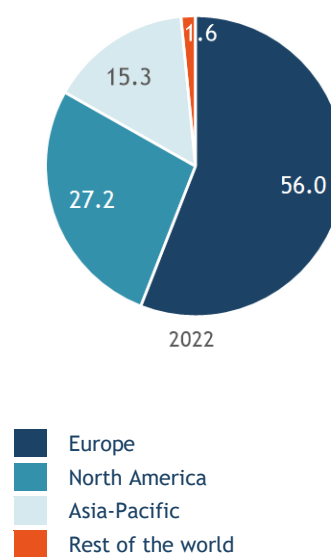
Share of revenue by customer industry %



Revenue by region¹⁾

	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
EUR thousand	2022	2021	%	2022	2021	%
Europe	18,261	19,181	-4.8	76,651	73,413	4.4
North America	7,642	10,242	-25.4	37,272	32,440	14.9
Asia-Pacific	5,043	6,238	-19.2	20,930	25,413	-17.6
Rest of the world	38	831	-95.4	2,135	3,099	-31.1
Total	30,984	36,493	-15.1	136,988	134,365	2.0

Share of revenue by region¹⁾%



¹⁾ Revenue by customer location

Operating profit

The Group's operating profit amounted to EUR -1.7 million (0.6) in the fourth quarter of 2022 and was -5.5% (1.8%) of revenue. Adjusted operating profit was EUR 0.9 million (1.0) and 3.0% (2.8%) of revenue.

Operating profit in 2022 decreased to EUR 3.0 million (3.7), 2.2% (2.8%) of revenue. Adjusted operating profit increased to EUR 8.0 million (6.0), and was 5.9% (4.5%) of revenue.

Higher adjusted operating profit was supported by the improved performance of the business unit in the United States compared to the previous year. On a Group level,

Adjusted operating profit

EUR thousand	Q4 2022	Q4 2021	Q1-Q4 2022	Q1-Q4 2021
Operating profit	-1,715	649	3,002	3,744
Restructuring costs	-114		1,066	0
Impairment losses and reversals	-199	43	754	1,797
Costs related to planned or realized business acquisition and disposal	0	157	5	332
Expenses related to legal proceedings and other claims	2,945	155	3,201	155
Adjusted operating profit	918	1,004	8,029	6,029

Financial position

Net cash flow from operating activities for 2022 was EUR 6.8 million (6.3). The capital expenditure on fixed assets amounted to EUR 4.6 million (9.9). Net cash flow from investing activities amounted to EUR 2.0 million (-10.5) and net cash flow before financing activities amounted to EUR 8.8 million (-4.2). At the end of the reporting period, the Group's liquid assets stood at EUR 17.4 million (15.6). Total depreciation, amortization and impairment of non-current assets during the year amounted to EUR 7.1 million (8.2).

On 31 December 2022, the Group's consolidated total assets were EUR 113.1 million (117.7). Interest-bearing liabilities, including lease liabilities, amounted to EUR 48.5 million (53.0). Net interest-bearing liabilities were EUR 31.1 million (37.4). Current interest-bearing liabilities totaled EUR 35.0 million. EUR 28.5 million of current interest-bearing liabilities were commercial papers. To secure the payment of commercial papers and for other short-term financing needs the company renewed long-term credit facilities for EUR 40.0 million in the second quarter of 2022. The new facilities have a tenor of three years, and they are valid until 1 July 2025.

material cost level increased in 2022. However, we have been able to mitigate the negative net impacts by adjusting our sales prices accordingly.

Items affecting comparability during the reporting period amounted to a total of EUR 5.0 million (2.3), which were mainly related to the consolidation of our two manufacturing facilities in China and the compensation agreement made with one of our wind power customers.

The Group's net financial income/expenses in 2022 were EUR 0.6 million (0.4). Profit before taxes was EUR 3.6 million (4.2) and profit after taxes EUR 2.1 million (1.7).

On 31 December 2022, equity was EUR 30.4 million (31.2) and equity ratio 26.9% (26.8%). Net gearing ratio was 102.4% (119.9%). Fully diluted total earnings per share were EUR 0.19 (0.14). Return on capital employed was 3.7% (4.8%). Return on equity was 7.0% (5.5%).

The company paid total dividends of EUR 2.4 million (2.4) in 2022 for the financial year of 2021 calculated for the outstanding number of shares. Dividend per share for the financial year 2021 was EUR 0.20 (0.20), which was 139.8% of net income and thus in line with the dividend policy.

Research and development

Research and development costs in 2022 totaled EUR 3.4 million (3.3), representing 2.5% (2.5%) of revenue.

Business development and strategy implementation

In June 2022, the Board of Directors conducted its annual strategy review and reconfirmed Exel Composites' strategy. The main strategic focus areas as well as the company's long-term financial targets and dividend policy remained unchanged. Exel's long-term financial

targets include revenue growth exceeding twice the market growth, adjusted operating profit margin exceeding 10%, return on capital employed exceeding 20%, and net gearing at approximately 80% or below.

Exel Composites' strategy is based on scalable applications, chosen growth initiatives (e.g. wind power industry), expanding our global footprint and technology offering, and on improving operational efficiency. One of the targets in the strategy work in the past years has been to further integrate sustainability in all Exel Composites' business and operations. The purpose of our business is to solve challenges and save resources with composites. The work on sustainability as part of Exel's strategy continued during the year.

Exel Composites continued to focus on and develop its operations during the year. The factory in Nanjing, China was closed and the site sold after reorganization and consolidation of the Chinese operations to one manufacturing site. The sales process is almost completed and the administrative process is in the final stages.

Integration of the Kinenco Exel Composites India joint venture, established in 2021, to Exel Composites' operational model proceeded according to plan in 2022.

Other strategic priorities during the year included operational efficiency and profitability improvements in the Group manufacturing units and focusing on growth initiatives.

Impacts of the Covid-19 pandemic

In the fourth quarter of 2022, all our factories operated normally and following most of the previous safety measures implemented to prevent the spread of the Covid-19 pandemic. In China, restrictions created challenges on logistics and commuting in 2022.

The health and safety of our employees, customers and business partners are a priority for Exel Composites. We continue to monitor the situation closely and maintain a continuous interaction and dialogue with our customers, suppliers, and business partners to ensure timely reaction.

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

Impacts of the war in Ukraine

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

The Russia's war in Ukraine and the resulting sanctions are expected to affect global supply chains. Exel currently has no purchases from the affected areas. So far, the war in Ukraine

has not impacted raw material availability but raw material and energy price increases naturally also impact Exel.

Sustainability and corporate responsibility

Exel Composites is committed to responsible and sustainable operations through our corporate values and 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 the negative impact of our environmental footprint.

Exel Composites' material sustainability focus areas are the following:

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

In 2022, 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. Exel created a process to calculate greenhouse gas emissions from own production and initiated a process to set reduction targets.

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 2022, 37.8% was taxonomy-eligible and 21.0% was also taxonomy-aligned. The taxonomy-eligible activities were related to the manufacture of renewable energy technologies (applications for Wind Power), manufacture of low carbon technologies for transport (structural profiles for electric trains and trams), the manufacture of energy efficiency equipment for buildings (composite window and door profiles) and manufacture of other low carbon technologies (conductor cores for electrical industry and structural profiles for aerospace applications). The manufacture of renewable energy technologies (applications for Wind Power) and the manufacture of energy efficiency equipment for buildings (composite window and door profiles) 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 Financial Report 2022 to be published on 9 March 2023.

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

Major near-term risks and uncertainties

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

The Russian war in Ukraine and the resulting sanctions are expected to affect global supply chains. Even though the direct impact of the war is currently limited on Exel Composites, raw material and energy price increases naturally also impact Exel.

The risk management and risks related to the operation of Exel Composites are described in detail in the Corporate Governance Statement for 2022 and at the company's website www.exelcomposites.com.

Governance and AGM 2022

The Annual General Meeting, AGM, of Exel Composites held on 25 March 2022 approved the Board of Directors' proposal to distribute a dividend of EUR 0.20 per share for the financial year 2021 in two installments. The first installment of EUR 0.10 per share was paid on 15 September 2022. The second installment of EUR 0.10 per share was paid on 15 December 2022.

The AGM confirmed the number of members of the Board of Directors to be six. The AGM re-elected Petri Helsky, Reima Kerttula, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen as members of the Board of Directors. Jouni Heinonen was elected as a new member of the Board of Directors. Furthermore, the AGM re-elected Reima Kerttula as Chairman of the Board of Directors.

Ernst & Young, Authorized Public Accountants, with Johanna Winqvist-Ilkka, APA, as principal auditor, were elected to serve as company auditor in the AGM in 2022.

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 maximum amount to be acquired is 600,000 shares in total. The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 June 2023.

The AGM authorized the Board of Directors to decide the issuance of shares and special rights entitling to shares. The maximum amount of the shares to be issued is 1,189,684 new shares, which corresponds to approximately 10.0 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 Annual General Meeting, however no longer than until 30 June 2023.

In 2022, the Nomination Board comprised persons nominated by the four largest shareholders as of 30 September 2022: Malin Björkmo (Handelsbanken Fonder), Kalle Saariaho (OP Fund Management Company), Markus Lindqvist (Aktia Mikro Markka), Caroline Sjösten (Swedbank Robur Fonder) and Reima Kerttula, 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 to be held on 10 May 2023 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 elected Chairman of the Board of Directors. Reima Kerttula has informed that he is not available for re-election to the Board of Directors. The Shareholders' Nomination Board proposes that the annual remuneration for the Board members remain unchanged.

At the end of 2022, the Group Management Team of Exel Composites consisted of the following persons: Interim President and CEO Jouni Heinonen, CFO Mikko Rummukainen, SVP Human Resources Tiina Bies, SVP Operations Callum Gough, SVP Business Unit Manager, Belgium Kari Loukola, SVP R&D and Technology Kim Sjö Dahl and SVP Sales and Marketing Olli Tevå.

Organization and personnel

On 31 December 2022, Exel Composites employed 721 (753) people, of whom 277 (268) in Finland and 444 (485) in other countries. The average number of employees during the reporting period was 732 (715).

Changes in the Group Management Team

On 9 and 12 May 2022, Exel Composites announced that CFO Mikko Kettunen and President and CEO Riku Kytömäki will leave the company to assume new positions outside Exel.

On 18 May 2022, Mikko Rummukainen was appointed as CFO as of 1 August 2022. Previously he held the position of SVP, Business Development.

Jouni Heinonen, a member of the Board of Directors, was appointed as interim President and CEO as of 1 October 2022.

On 25 October 2022, Exel Composites announced that Paul Sohlberg has been appointed as President and CEO. He will start on 20 March 2023. Jouni Heinonen will continue as Interim President and CEO until Paul Sohlberg assumes his new position.

On 26 October 2022, Exel Composites announced that SVP, Human Resources Tiina Bies will leave the company. She left the company on 31 December 2022.

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

Share and shareholders

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

On 31 December 2022, 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 2022, the share price closed at EUR 5.42. During the review period, the average share price was EUR 6.30, the highest share price EUR 8.20 and the lowest share price EUR 5.02.

A total of 3,103,680 shares were traded at Nasdaq Helsinki Ltd., which represents 26.2% of the average number of shares. On 31 December 2022, Exel Composites' market capitalization was EUR 64.2 million (95.9). Total shareholder return (TSR) in 2022 was -30.7% (12.2).

Exel Composites had a total of 7,766 (7,106) shareholders on 31 December 2022.

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

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

Events after the reporting period

On 4 January 2023, Exel Composites announced the plans to evaluate the downsizing of its operations in the United Kingdom. Exel has initiated employee consultations concerning 48 employees. The potential downsizing would be estimated to result in approximately EUR 1.6 million annual cost savings, with customer base continuing to be served by the downsized UK or other Exel factories. Exel Composites will potentially record a one-time cash cost of approximately EUR 3.0 million and a one-time non-cash asset write-down of approximately EUR 1.1 million in the first quarter of 2023 as items affecting comparability.

On 17 February 2023, Exel Composites announced that Paul Sohlberg will start as President and CEO on 20 March 2023.

On 17 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 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 of the company's share (TSR) where TSR of Exel's share will be compared to the TSR of all shares listed on Nasdaq Helsinki.

Guidance for the full year 2023

Exel Composites expects that revenue in 2023 will be at last year's level and adjusted operating profit will increase compared to 2022.

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 2022, Exel Composites Plc's distributable funds totaled EUR 25.9 million, of which profit for the financial year accounted for EUR 15.1 million.

The Board proposes to the Annual General Meeting that a dividend of EUR 0.20 per share be paid based on the adopted financial statements for the financial year ended on 31 December 2022.

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.

The Board of Directors has decided to propose the record date for dividends to be 8 September 2023. If the Annual General Meeting approves the Board's proposal, it is estimated that the dividend will be paid on 15 September 2023.

Financial reporting and Annual General Meeting 2023

Exel Composites publishes the following financial reports in 2023:

- Financial Statements Release 2022: 17 February 2023

- Business Review January-March: 2 May 2023
- Half-year Financial Report January-June: 18 August 2023
- Business Review January-September: 3 November 2023

The Annual Financial Report, Corporate Governance Statement and Remuneration Report for 2022 will be available on 9 March 2023 on the company's website at www.exelcomposites.com.

The Annual General Meeting will be held on 10 May 2023. The meeting will be convened by the company's Board of Directors at a later date.

Vantaa, 17 February 2023

Exel Composites Plc
Board of Directors

NOTES TO THE FINANCIAL STATEMENTS RELEASE

1 January - 31 December 2022

Accounting principles

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

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

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

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

EUR thousand	Q4 2022	Q4 2021	Change %	Q1-Q4 2022	Q1-Q4 2021	Change %
Revenue	30,984	36,493	-15.1	136,988	134,365	2.0
Materials and services	-13,019	-17,976	-27.6	-59,325	-63,515	-6.6
Employee benefit expenses	-9,783	-9,272	5.5	-39,023	-35,241	10.7
Depreciation and impairment	-1,454	-1,393	4.4	-5,865	-7,055	-16.9
Depreciation of right-of-use assets	-315	-308	2.2	-1,256	-1,147	9.5
Other operating expenses	-9,029	-7,328	23.2	-30,790	-25,099	22.7
Adjustment to lease expenses on capitalized contracts	328	322	1.8	1,316	1,218	8.0
Other operating income	574	112	412.4	957	217	340.3
Operating profit	-1,715	649	-364.1	3,002	3,744	-19.8
Net financial items	-3,350	80	-4296.9	650	487	33.4
Financial expenses on capitalized lease contracts	-11	-16	-27.4	-52	-66	-21.4
Profit before tax	-5,076	713	-811.6	3,600	4,165	-13.6
Income taxes	1,250	-295	-523.4	-1,455	-2,509	-42.0
Profit/loss for the period	-3,826	418	-1015.1	2,145	1,656	29.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	-121	1,008	-112.0	-715	2,074	-134.5
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/ loss (-), net tax	146	40	266.5	146	40	266.5
Other comprehensive income, net of tax	26	1,048	-97.6	-568	2,114	-126.9
Total comprehensive income	-3,801	1,466	-359.3	1,577	3,770	-58.2

	Q4	Q4	Change	Q1-Q4	Q1-Q4	Change
EUR thousand	2022	2021	%	2022	2021	%
Profit/loss attributable to:						
Owners of the parent company	-3,781	455	-931.2	2,293	1,693	35.5
Non-controlling interests	-46	0		-148	0	
Comprehensive income attributable to:						
Owners of the parent company	-3,704	1,492	-348.3	1,743	3,796	-54.1
Non-controlling interests	-97	0		-166	0	
Earnings per share, diluted and undiluted, EUR	-0.32	0.04	-930.0	0.19	0.14	35.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 December 2022	31 December 2021	Change
ASSETS			
Non-current assets			
Goodwill	13,015	12,809	206
Other intangible assets	2,160	2,813	-652
Tangible assets	28,643	31,148	-2,505
Right-of-use assets 1)	2,213	3,161	-948
Deferred tax assets	1,807	1,891	-84
Other non-current assets	48	48	0
Non-current assets total	47,886	51,869	-3,983
Current assets			
Held for sale assets	1,070	0	1,070
Inventories	23,426	23,944	-518
Trade and other receivables	23,279	26,292	-3,013
Cash at bank and in hand	17,397	15,593	1,804
Total current assets	65,172	65,829	-657
Total assets	113,058	117,698	-4,640

EUR thousand	31 December 2022	31 December 2021	Change
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other restricted equity	1,080	129	951
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	3,218	3,914	-697
Retained earnings	18,671	20,157	-1,486
Profit for the period	2,293	1,693	600
Equity attributable to holders of the parent company	29,944	30,574	-630
Non-controlling interests	441	608	-167
Total equity	30,385	31,182	-797
Non-current liabilities			
Interest-bearing liabilities	12,400	13,430	-1,030
Non-current lease liabilities	1,136	2,140	-1,004
Interest-free liabilities	1,244	1,018	226
Deferred tax liabilities	584	545	40
Total non-current liabilities	15,364	17,133	-1,769
Current liabilities			
Interest-bearing liabilities	33,691	36,200	-2,509
Current lease liabilities	1,271	1,218	53
Trade and other non-current liabilities	26,231	31,966	-5,735
Current liabilities related to Held for sale assets	6,116	0	6,116
Total current liabilities	67,309	69,383	-2,074
Total equity and liabilities	113,058	117,698	-4,639

1) Buildings EUR 2,174 thousand, Machinery and equipment (incl.vehicles) EUR 39 thousand

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q1-Q4 2022	Q1-Q4 2021	Change
Cash flow from operating activities			
Profit for the period	2,145	1,656	489
Adjustments 1)	8,732	10,292	-1,559
Change in working capital	-1,188	-2,533	1,344
Cash flow generated by operations	9,689	9,415	274
Interest paid	-571	-439	-132
Interest received	-28	33	-61
Other financial items	121	-685	807
Income taxes paid	-2,444	-2,049	-395
Net cash flow from operating activities	6,767	6,275	493
Cash flow from investing activities			
Acquisition of subsidiaries	0	-2,431	2,431
Purchases of non-current assets	-4,535	-8,254	3,719
Proceeds from sale of non-current assets	6,554	217	6,337
Net cash flow from investing activities	2,018	-10,468	12,487

EUR thousand	Q1-Q4 2022	Q1-Q4 2021	Change
Cash flow before financing activities	8,785	-4,194	12,979
Cash flow from financing activities			
Proceeds from long-term borrowings	0	4,000	-4,000
Instalments of long-term borrowings	0	0	0
Change in short-term loans	-3,176	6,331	-9,507
Instalments of lease liabilities	-1,264	-1,152	-112
Treasury shares	0	0	0
Dividends paid	-2,371	-2,367	-4
Net cash flow from financing activities	-6,811	6,812	-13,622
Change in liquid funds	1,975	2,619	-644
Liquid funds in the beginning of period	15,593	11,974	3,619
Exchange rate fluctuations on liquid funds	-170	1,002	-1,172
Liquid funds at the end of period	17,397	15,593	1,804

1) Depreciations and amortization EUR 7,121 thousand, tax on income from operations EUR 1,455 thousand, other financial income and expenses EUR -598 thousand, other adjustments EUR 754 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
2021							
Balance at the beginning of the reporting period	2,141	129	2,539	1,851	22,220	0	28,881
Comprehensive result				2,064	1,693	-26	3,730
Defined benefit plan actuarial gains (+) / loss (-), net of tax					40		40
Other items					-32	634	602
Dividend					-2,360		-2,360
Treasury shares					26		26
Share-based payments reserve					-26		-26
Correction to previously issued financial statements 1)					289		289
Balance at the end of the reporting period	2,141	129	2,539	3,914	21,850	608	31,182
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

1) Corrections related to taxation of previous years

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	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	30,984	33,789	38,064	34,150	36,493	33,394	33,524	30,954
Materials and services	-13,019	-14,648	-16,784	-14,873	-17,976	-17,895	-14,664	-12,981
Employee benefit expenses	-9,783	-8,879	-9,995	-10,366	-9,272	-7,792	-9,459	-8,717
Depreciation and impairment	-1,769	-1,837	-1,767	-1,748	-1,701	-3,346	-1,575	-1,579
Operating expenses	-8,701	-6,986	-6,568	-7,219	-7,006	-6,097	-5,513	-5,264
Other operating income	574	244	57	83	112	45	49	12
Operating profit	-1,715	1,683	3,007	27	649	-1,691	2,363	2,423
Net financial items	-3,361	1,542	1,927	490	64	313	-465	509
Profit before taxes	-5,076	3,225	4,934	517	713	-1,378	1,897	2,933
Income taxes	1,250	-1,173	-945	-587	-295	-830	-412	-971
Profit/loss for the period	-3,826	2,052	3,989	-70	418	-2,209	1,485	1,961
Earnings per share, diluted and undiluted, EUR	-0.32	0.18	0.34	0.00	0.04	-0.19	0.13	0.17
Average number of shares, diluted and undiluted 1,000 shares	11,854	11,854	11,854	11,838	11,834	11,834	11,834	11,830
Average number of personnel	721	720	736	752	750	719	700	691

Revenue by customer industry by quarter

	2022	2022	2022	2022	2021	2021	2021	2021
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Buildings and infrastructure	8,059	7,808	8,866	7,723	8,409	8,054	9,456	6,995
Equipment and other industries	4,347	5,567	5,858	7,356	7,126	5,366	5,212	5,646
Wind power	5,492	8,031	6,476	6,767	8,309	8,592	7,785	7,380
Machinery and electrical	5,183	4,952	5,301	4,268	4,944	4,752	4,277	3,671
Transportation	3,334	3,743	7,171	3,133	2,888	2,127	2,728	2,483
Defense	1,926	1,954	1,582	2,062	2,469	2,189	1,785	2,244
Telecommunications	2,645	1,734	2,810	2,842	2,348	2,314	2,280	2,536
Total	30,984	33,789	38,064	34,150	36,493	33,394	33,524	30,954

Revenue by region by quarter

	2022	2022	2022	2022	2021	2021	2021	2021
EUR thousand	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Europe	18,261	18,056	20,603	19,731	19,182	17,214	19,574	17,444
North America	7,642	9,763	11,669	8,198	10,242	9,353	7,234	5,611
Asia-Pacific	5,043	5,734	4,976	5,178	6,238	6,121	6,401	6,654
Rest of the world	38	236	816	1,044	831	706	316	1,245
Total	30,984	33,789	38,064	34,150	36,493	33,394	33,524	30,954

COMMITMENTS AND CONTINGENCIES

EUR thousand	31 December 2022	31 December 2021
Operating leases		
Not later than one year	34	11
1 - 5 years	14	8
Other liabilities and commitments		
Bank and Corporate guarantees	3	64



At Exel Composites, we use over 60 years' experience to solve challenges and help customers save resources. Our forward-thinking composite solutions made with continuous manufacturing technologies serve customers in a wide range of industries around the world. You can find our products used in applications from wind power and transportation to building and infrastructure.

Our collaborative approach and global footprint set us apart from our competition. We use our expertise to help customers reduce weight, improve performance and energy efficiency and decrease total lifetime costs. We want to be the first choice for sustainable composite solutions globally.

Headquartered in Finland, Exel Composites employs approximately 700 forward-thinking professionals around the world and is listed on Nasdaq Helsinki. To find out more about our offering and company please visit www.exelcomposites.com.