OPERATING PROFIT AND REVENUE INCREASED

Q2 2020 in brief
- Order intake decreased by 3.8% to EUR 22.9 million (Q2 2019: 23.8).
- Revenue increased by 2.9% to EUR 27.2 million (26.5).
- Adjusted operating profit increased to EUR 2.9 million (2.2), which is 10.6% of revenue (8.5).
- Operating profit increased to EUR 2.8 million (2.1), which is 10.3% of revenue (8.1).
- Earnings per share amounted to EUR 0.21 (0.14).

Q1-Q2 2020 in brief
- Order intake increased by 10.5% to EUR 57.4 million (Q1-Q2 2019: 52.0).
- Revenue increased by 2.7% to EUR 55.0 million (53.6).
- Adjusted operating profit increased to EUR 5.0 million (4.2), which is 9.0% of revenue (7.8).
- Operating profit increased to EUR 4.7 million (2.5), which is 8.5% of revenue (4.8).
- Earnings per share amounted to 0.27 (0.10).

Guidance for the full year 2020
Exel Composites withdrew its guidance on 6 May 2020 as a consequence of increased uncertainty and poor short-term predictability due to the Covid-19 pandemic. The impact of the pandemic on the company depends on the duration and severity of the crisis. The company will specify its guidance for 2020 later during the year when a more reliable estimate can be made.

President and CEO, Riku Kytömäki
In the second quarter of 2020, revenue and operating profit increased compared to last year. This outcome was supported by a record high order intake in the first quarter. I am very satisfied with this result considering the current global business environment.

In the second quarter of 2020, the Covid-19 pandemic impacted Exel Composites’ operations in Europe and the United States, while in China our factories operated normally. Our quarterly order intake, however, declined only slightly compared to the previous year. On one hand, our order intake suffered from Covid-19 related uncertainty and cautiousness among our customers. On the other hand, we recorded a sizable order (representing roughly 15% of the quarterly order intake) in the Buildings and infrastructure customer industry, to be delivered mainly in 2021. Our order backlog at the beginning of the third quarter is good.

The impact caused by the pandemic on customer demand has varied greatly depending on location and industry. Several of our customers’ factories that were closed earlier have now reopened and activity level increased towards the end of the quarter as countries have gradually lifted restrictions. Based on this it seems that the business environment is developing favorably. However, there is still a risk that the pandemic continues or expands.

Revenue in the second quarter increased slightly compared to the previous year. The increase of deliveries, especially in Wind power to the Asia-Pacific region, was offset by a volume decline in other customer industries globally, mainly attributable to the Covid-19 pandemic.

Despite the effects of the pandemic, operating profit increased in the second quarter of 2020 compared to the previous year. The improved profitability of the business unit in the USA was the main factor behind the positive development of Group operating profit.

EUR 2.8 million
Operating profit increased in Q2 2020
In June 2020, the Board of Directors reconfirmed Exel’s strategy until the end of 2022. Our main strategic focus areas as well as our long-term financial targets remain the same. Our strategic priorities for the remaining of 2020 include stabilizing the profitability of the business unit in the USA, consolidation of the organization in China, operational efficiency improvements in the European manufacturing units as well as focusing on growth initiatives. Sustainability is integrated even more closely into all Exel’s business and operations.

Considering the current global business environment, I am very satisfied with our Q2 2020 result.
## Consolidated key figures

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Change %</th>
<th>Q1-Q2 2020</th>
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<th>Change %</th>
<th>Q1-Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>27,239</td>
<td>26,482</td>
<td>2.9</td>
<td>55,044</td>
<td>53,572</td>
<td>2.7</td>
<td>103,784</td>
</tr>
<tr>
<td>% of revenue</td>
<td>10.3</td>
<td>8.1</td>
<td></td>
<td>8.5</td>
<td>4.8</td>
<td></td>
<td>4.9</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>2,792</td>
<td>2,144</td>
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<td>% of revenue</td>
<td>10.6</td>
<td>8.5</td>
<td></td>
<td>9.0</td>
<td>7.8</td>
<td></td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Adjusted operating profit 1)</strong></td>
<td>2,882</td>
<td>2,239</td>
<td>28.8</td>
<td>4,955</td>
<td>4,196</td>
<td>18.1</td>
<td>7,160</td>
</tr>
<tr>
<td>% of revenue</td>
<td>10.8</td>
<td>7.3</td>
<td></td>
<td>7.8</td>
<td>4.0</td>
<td></td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>2,953</td>
<td>1,938</td>
<td>52.4</td>
<td>4,268</td>
<td>2,120</td>
<td>101.3</td>
<td>3,885</td>
</tr>
<tr>
<td>% of revenue</td>
<td>10.8</td>
<td>6.2</td>
<td></td>
<td>5.8</td>
<td>2.2</td>
<td></td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>2,529</td>
<td>1,649</td>
<td>53.4</td>
<td>3,198</td>
<td>1,186</td>
<td>169.7</td>
<td>2,397</td>
</tr>
<tr>
<td>% of revenue</td>
<td>9.3</td>
<td>6.2</td>
<td></td>
<td>5.8</td>
<td>2.2</td>
<td></td>
<td>2.3</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>26,770</td>
<td>25,006</td>
<td>7.1</td>
<td>26,770</td>
<td>25,006</td>
<td>7.1</td>
<td>26,302</td>
</tr>
<tr>
<td><strong>Interest-bearing liabilities</strong></td>
<td>42,196</td>
<td>36,655</td>
<td>15.1</td>
<td>42,196</td>
<td>36,655</td>
<td>15.1</td>
<td>37,163</td>
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<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>12,758</td>
<td>5,876</td>
<td>117.1</td>
<td>12,758</td>
<td>5,876</td>
<td>117.1</td>
<td>6,930</td>
</tr>
<tr>
<td><strong>Net interest-bearing liabilities</strong></td>
<td>29,438</td>
<td>30,779</td>
<td>-4.4</td>
<td>29,438</td>
<td>30,779</td>
<td>-4.4</td>
<td>30,234</td>
</tr>
<tr>
<td><strong>Capital employed</strong></td>
<td>68,966</td>
<td>61,661</td>
<td>11.8</td>
<td>68,966</td>
<td>61,661</td>
<td>11.8</td>
<td>63,466</td>
</tr>
<tr>
<td><strong>Return on equity, %</strong></td>
<td>39.5</td>
<td>26.9</td>
<td>46.8</td>
<td>24.1</td>
<td>9.3</td>
<td>158.1</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>Return on capital employed, %</strong></td>
<td>17.1</td>
<td>14.1</td>
<td>20.9</td>
<td>14.2</td>
<td>8.7</td>
<td>63.4</td>
<td>8.6</td>
</tr>
<tr>
<td><strong>Equity ratio, %</strong></td>
<td>28.3</td>
<td>30.2</td>
<td>-6.1</td>
<td>28.3</td>
<td>30.2</td>
<td>-6.1</td>
<td>30.9</td>
</tr>
<tr>
<td><strong>Net gearing, %</strong></td>
<td>110.0</td>
<td>123.1</td>
<td>-10.7</td>
<td>110.0</td>
<td>123.1</td>
<td>-10.7</td>
<td>114.9</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>5,227</td>
<td>2,860</td>
<td>82.7</td>
<td>8,188</td>
<td>3,802</td>
<td>115.4</td>
<td>9,030</td>
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<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td>-3,251</td>
<td>-1,252</td>
<td>159.7</td>
<td>-4,827</td>
<td>-2,318</td>
<td>108.3</td>
<td>-6,087</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>3,346</td>
<td>1,333</td>
<td>150.9</td>
<td>4,922</td>
<td>2,431</td>
<td>102.5</td>
<td>6,262</td>
</tr>
<tr>
<td>% of revenue</td>
<td>12.3</td>
<td>5.0</td>
<td></td>
<td>8.9</td>
<td>4.5</td>
<td></td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Research and development costs</strong></td>
<td>698</td>
<td>736</td>
<td>-5.1</td>
<td>1,448</td>
<td>1,508</td>
<td>-4.0</td>
<td>2,851</td>
</tr>
<tr>
<td>% of revenue</td>
<td>2.6</td>
<td>2.8</td>
<td></td>
<td>2.6</td>
<td>2.8</td>
<td></td>
<td>2.7</td>
</tr>
<tr>
<td><strong>Order intake</strong></td>
<td>22,908</td>
<td>23,821</td>
<td>-3.8</td>
<td>57,428</td>
<td>51,977</td>
<td>10.5</td>
<td>110,693</td>
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<tr>
<td><strong>Order backlog</strong></td>
<td>32,595</td>
<td>21,977</td>
<td>48.3</td>
<td>32,595</td>
<td>21,977</td>
<td>48.3</td>
<td>30,391</td>
</tr>
<tr>
<td><strong>Earnings per share, diluted and undiluted, EUR</strong></td>
<td>0.21</td>
<td>0.14</td>
<td>53.3</td>
<td>0.27</td>
<td>0.10</td>
<td>169.4</td>
<td>0.20</td>
</tr>
<tr>
<td><strong>Equity per share, EUR</strong></td>
<td>2.26</td>
<td>2.12</td>
<td>7.00</td>
<td>2.26</td>
<td>2.12</td>
<td>6.96</td>
<td>2.23</td>
</tr>
<tr>
<td><strong>Average share price, EUR</strong></td>
<td>5.17</td>
<td>4.16</td>
<td>24.3</td>
<td>5.17</td>
<td>4.16</td>
<td>24.3</td>
<td>4.54</td>
</tr>
<tr>
<td><strong>Average number of shares, diluted and undiluted, 1,000 shares</strong></td>
<td>11,830</td>
<td>11,820</td>
<td>0.1</td>
<td>11,826</td>
<td>11,820</td>
<td>0.0</td>
<td>11,820</td>
</tr>
<tr>
<td><strong>Employees, average</strong></td>
<td>662</td>
<td>652</td>
<td>1.5</td>
<td>662</td>
<td>654</td>
<td>-1.3</td>
<td>660</td>
</tr>
<tr>
<td><strong>Employees, end of period</strong></td>
<td>661</td>
<td>654</td>
<td>1.1</td>
<td>661</td>
<td>654</td>
<td>1.1</td>
<td>648</td>
</tr>
</tbody>
</table>

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.
Order intake and order backlog

Order intake for the second quarter of 2020 amounted to EUR 22.9 million (23.8) and decreased by 3.8% in comparison to the previous year.

Order intake for the first half of 2020 was EUR 57.4 million (52.0), which is an increase of 10.5% compared to the previous year. The Group’s order backlog on 30 June 2020 increased to EUR 32.6 million (22.0).

Revenue

Group revenue in the second quarter of 2020 amounted to EUR 27.2 million (26.5), which is an increase of 2.9% in comparison to the previous year.

Group revenue for the first half of 2020 amounted to EUR 55.0 million (53.6) and increased by 2.7% compared to the previous year. Revenue was impacted by effects of delivery volumes by -0.1%, sales mix by 2.4% and exchange rates by 0.5%.

The increase of deliveries, especially in Wind power to the Asia-Pacific region, was offset by a volume decline in other customer industries globally, mainly attributable to the Covid-19 pandemic.

Revenue by customer industry

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Change</th>
<th>Q1-Q2 2020</th>
<th>Q1-Q2 2019</th>
<th>Change</th>
<th>Q1-Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and infrastructure</td>
<td>5,282</td>
<td>5,887</td>
<td>-10.3</td>
<td>11,497</td>
<td>11,880</td>
<td>-3.2</td>
<td>23,502</td>
</tr>
<tr>
<td>Equipment and other industries</td>
<td>4,031</td>
<td>5,230</td>
<td>-22.9</td>
<td>10,142</td>
<td>10,683</td>
<td>-5.1</td>
<td>18,644</td>
</tr>
<tr>
<td>Wind power</td>
<td>7,867</td>
<td>5,184</td>
<td>51.8</td>
<td>13,693</td>
<td>10,951</td>
<td>25.0</td>
<td>23,620</td>
</tr>
<tr>
<td>Machinery and electrical</td>
<td>4,790</td>
<td>4,070</td>
<td>17.7</td>
<td>8,569</td>
<td>7,676</td>
<td>11.6</td>
<td>14,384</td>
</tr>
<tr>
<td>Transportation</td>
<td>2,796</td>
<td>3,170</td>
<td>-11.18</td>
<td>6,172</td>
<td>6,858</td>
<td>-10.0</td>
<td>13,127</td>
</tr>
<tr>
<td>Defense</td>
<td>768</td>
<td>394</td>
<td>94.8</td>
<td>2,019</td>
<td>769</td>
<td>162.6</td>
<td>2,292</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1,706</td>
<td>2,546</td>
<td>-33.0</td>
<td>2,951</td>
<td>4,755</td>
<td>-37.9</td>
<td>8,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,239</strong></td>
<td><strong>26,482</strong></td>
<td><strong>2.9</strong></td>
<td><strong>55,044</strong></td>
<td><strong>53,572</strong></td>
<td><strong>2.7</strong></td>
<td><strong>103,784</strong></td>
</tr>
</tbody>
</table>

Revenue by region

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Change</th>
<th>Q1-Q2 2020</th>
<th>Q1-Q2 2019</th>
<th>Change</th>
<th>Q1-Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>15,534</td>
<td>16,413</td>
<td>-5.4</td>
<td>32,404</td>
<td>32,858</td>
<td>-1.4</td>
<td>62,076</td>
</tr>
<tr>
<td>North America</td>
<td>4,391</td>
<td>5,253</td>
<td>-16.4</td>
<td>10,210</td>
<td>12,016</td>
<td>-15.0</td>
<td>22,407</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>6,636</td>
<td>4,478</td>
<td>48.2</td>
<td>10,818</td>
<td>8,171</td>
<td>32.4</td>
<td>17,600</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>678</td>
<td>338</td>
<td>100.9</td>
<td>1,612</td>
<td>526</td>
<td>206.4</td>
<td>1,701</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,239</strong></td>
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</tbody>
</table>

Exel Composites presents revenue distribution according to seven customer industries since Q1 2020

- Buildings and infrastructure: Window and door profiles, facades, structural composites, cable management, utility power, transmission, rail solutions, bridges
- Equipment and other industries: Cleaning and maintenance tools, tool handles, tripods, sporting goods, oil and gas, agriculture
- Wind power: Strengthening and stiffeners for wind turbine blades, access and support structures, insulators
- Machinery and electrical: Conduit rods, robotics, electrically insulating solutions, textile machine solutions, paper machine solutions, hand power tools
- Transportation: Profiles and applications for buses, trucks and trailers, trains and trams, automotive, aerospace and marine
- Defense: Camouflage support poles, nonmagnetic tool handles, casings
- Telecommunications: Antenna radomes, masts

EXEL COMPOSITES
Half Year Financial Report Q1-Q2 2020
Operating profit
The Group’s operating profit amounted to EUR 2.8 million (2.1) in the second quarter of 2020 and was 10.3% (8.1) of revenue. Adjusted operating profit* was EUR 2.9 million (2.2) and 10.6% (8.5) of revenue.

Operating profit in the first half of 2020 increased to EUR 4.7 million (2.5), 8.5% (4.8) of revenue. Adjusted operating profit* was EUR 5.0 million (4.2), 9.0% (7.8) of revenue. The improved profitability of the business unit in the USA was the main factor behind the positive development of Group operating profit.

Items affecting comparability amounted to a total of EUR 0.3 (1.6) million.

The Group’s net financial expenses in the first half of 2020 were EUR -0.4 million (-0.4). Profit before taxes was EUR 4.3 million (2.1) and profit after taxes EUR 3.2 million (1.2).

Adjusted operating profit*

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Q1-Q2 2020</th>
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<td>2,144</td>
<td>4,662</td>
<td>2,549</td>
<td>5,087</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>-82</td>
<td>-3,428</td>
<td>-1,258</td>
<td>-1,259</td>
<td></td>
</tr>
<tr>
<td>Impairment losses and reversals</td>
<td>-1,026</td>
<td>-1,258</td>
<td>-1,259</td>
<td>-1,259</td>
<td></td>
</tr>
<tr>
<td>Costs related to planned or realized business acquisition and disposal</td>
<td>90</td>
<td>177</td>
<td>293</td>
<td>390</td>
<td>814</td>
</tr>
<tr>
<td>Sale of intangible and tangible assets</td>
<td>-906</td>
<td>-3,186</td>
<td>-3,186</td>
<td>-3,186</td>
<td></td>
</tr>
<tr>
<td>Expenses related to changes in legislation or legal proceedings</td>
<td>-1,026</td>
<td>-1,258</td>
<td>-1,259</td>
<td>-1,259</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>2,882</td>
<td>2,239</td>
<td>4,955</td>
<td>4,196</td>
<td>7,160</td>
</tr>
</tbody>
</table>

* Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals.
**Financial position**

Net cash flow from operating activities for the first half of 2020 was EUR 8.2 million (3.8). The capital expenditure on fixed assets amounted to EUR 4.9 million (2.4). Net cash flow from investing activities amounted to EUR -4.8 million (-2.3) and net cash flow before financing activities amounted to EUR 3.4 million (1.5). EUR 2.7 million of the investments were related to the construction of the new manufacturing facility in Austria. At the end of the review period, the Group’s liquid assets stood at EUR 12.8 million (5.9). Total depreciation, amortization and impairment of non-current assets during the review period amounted to EUR 3.0 million (2.7).

The Group’s consolidated total assets at the end of the first half of 2020 were EUR 95.6 million (83.1). Interest-bearing liabilities, including lease liabilities, amounted to EUR 42.2 million (36.7). Net interest-bearing liabilities were EUR 29.4 million (30.8). Current interest-bearing liabilities totaled EUR 34.9 million.

Equity at the end of first half of 2020 was EUR 26.8 million (25.0) and equity ratio 28.2% (30.2). Net gearing ratio was 110.0% (123.1). Fully diluted total earnings per share were 0.27 (0.10). Return on capital employed was 14.2% (8.7). Return on equity was 24.1% (9.3).

The dividend for the financial year 2019, totaling EUR 2.1 (2.1) million, calculated for the outstanding number of shares, was paid on 31 March 2020. Dividend per share for the financial year 2019 was EUR 0.18 (0.18).

**Business development and strategy implementation**

In June 2020, the Board of Directors conducted its annual strategy review and reconfirmed Exel’s strategy until the end of 2022. Our main strategic focus areas as well as our long-term financial targets remain the same.

The strategic priorities for 2020 include stabilizing the profitability of the business unit in the United States, consolidation of the organization in China, operational efficiency improvements in the European manufacturing units and focusing on growth initiatives. Sustainability is integrated even more closely into all Exel’s business and operations.

Exel Composites’ initiatives focusing on high growth customer industries, such as Wind power, Transportation, and Buildings and Infrastructure, continued in the first half of the year.

The construction of the new manufacturing facility in Austria continues. Construction was interrupted shortly in April-May due to the Covid-19 pandemic. The new facility is expected to be completed as planned by the end of 2020. The total cost of the project is estimated to be approximately EUR 7 million.

**Impacts of the Covid-19 pandemic**

**Operations**

In the second quarter of 2020, the Covid-19 pandemic impacted Exel Composites’ operations in Europe and the United States, while in China our factories operated normally. The business unit in Great Britain ran with reduced capacity in April and May. However, the financial impact of this was not significant. The business unit in the United States produced in April and May products only for businesses categorized as essential by authorities, for example components for wind power. However, most of the order backlog in the United States was categorized as products for essential business and was therefore produced normally.

Raw material supply and logistics continued to operate close to normal despite the pandemic during the second quarter. Minor challenges in specific raw material categories or personal protection equipment supplies have been solved through consolidated Group purchases and finding alternative suppliers or technical solutions.

**Financial standing**

During the second quarter, the impacts of the pandemic on customer demand has varied greatly depending on location and industry. Order intake in the second quarter suffered from Covid-19 related uncertainty and cautiousness among our customers. However, the order intake declined only slightly compared to the previous year, supported by a sizable order in the Buildings and infrastructure customer industry to be delivered mainly in 2021. We received a few customer requests to postpone deliveries of current orders, typically by two to four weeks from the originally planned delivery time, which impacts timings of revenues and profits. However, similarly to quarter one, we did not experience any significant cancellations of orders in the second quarter of 2020. Several of our customers’ factories that were closed earlier have now reopened and activity level increased towards the end of the quarter as countries have gradually lifted restrictions.

The Group’s liquidity and cash situation are currently good and the Covid-19 pandemic has had limited impact, if any, on Group liquidity. In April 2020, the Group agreed to continue the EUR 10 million committed overdraft facility, expiring in June 2020, by two years. The new overdraft facility expires in June 2022. The Group also agreed upon on a new EUR 7 million long-term loan in April 2020 to secure financing of the construction of a new manufacturing facility in Austria. With other existing committed credit limits, these new agreements secure financing of all foreseen investments in 2020 and provide for a comfortable liquidity buffer for any unforeseen negative events.
Based on the company’s assessment, the Covid-19 pandemic does not change the results of the impairment testing and sensitivity analysis conducted for the financial statements of 2019. The main risk identified was related to the expected profitability turnaround of the business unit in the United States. In the first half of 2020, both order intake and profitability of the business unit in the USA have developed above estimates despite the Covid-19 pandemic.

During the second quarter of 2020, Exel Composites received some Covid-19 related financial assistance under local governmental schemes in Great Britain, China and Australia. The amount of these was however not material from a Group perspective.

Our response in relation to the Covid-19 pandemic

The health and safety of our employees, customers and business partners is a priority for Exel Composites. In order to ensure safety and business continuity during the Covid-19 pandemic, the Group Management Team and local management continue to hold regular online meetings to review the latest developments, actions and best practices in all functions and countries of operation. All units have implemented Group level safety and hygiene instructions in accordance with the instructions of local health authorities. Our manufacturing units continue to report zero confirmed Covid-19 cases. Most of our European manufacturing units are in more remote locations where the occurrence of the Covid-19 has been reduced compared to larger urban areas. International travelling is limited and online meetings continue to be preferred when possible. Outsider visits to sites are reduced to minimum. Continuous internal communication at Group level as well as locally on Covid-19 related concerns has been emphasized and implemented through a variety of channels.

Close and continuous interaction is maintained with customers, suppliers and business partners in order to ensure timely reaction to new developments. Given the continued uncertainty related to the Covid-19 pandemic, close monitoring of the situation is a priority for us.

Research and development

Research and development costs for the first half of 2020 totaled EUR 1.4 million (1.5), representing 2.6% (2.8) of revenue.

Sustainability and corporate responsibility

Exel is committed to responsible and sustainable operations through its corporate values: customer focused, integrity, One Exel, caring and innovative. Sustainability is an important part of Exel Composites’ business, products and solutions.

Exel Composites’ material sustainability topics are the following:

- **Environmental responsibility**: Responsible products, responsible operations
- **Social responsibility**: Responsible employer, health and safety, diversity and nondiscrimination, human rights in own operations and supply chain
- **Corporate Governance**: Corporate responsibility governance and compliance, anti-corruption and bribery

Exel Composites continued working on these subjects during the review period. The Covid-19 pandemic impacted the activities and operations considerably especially from the health and safety perspective.

In the second quarter of 2020, we started a circular economy initiative in the Group. The target is to significantly reduce landfilled waste through recycling and reuse within the next few years.

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

Organization and personnel

On 30 June 2020, Exel Composites employed 661 (654) people, of whom 225 (226) in Finland and 436 (428) in other countries. The average number of employees during the review period was 662 (671).

Role change in the Group Management Team

In June 2020, Kari Loukola, previously SVP, Exel Composites Americas and President DSC, was appointed SVP, Business Unit Belgium Manager as of August 2020. He continues to be a member of the Group Management Team. His responsibility will be improving the profitability of the Belgian business unit to a sustainable level according to Exel’s strategy.

Incentive programs

In February 2020, Exel Composites announced the continuation of a share-based long-term incentive program for the top management of the company. The 2020 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 2020 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 30 June 2020, 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 review period.

During the review period, Exel Composites held a total of 67,150 of its own shares which are part of the share-based long-term incentive program for the top management.

On 30 June 2020, the share price closed at EUR 4.77. During the review period, the average share price was EUR 5.17, the highest share price EUR 6.76 and the lowest share price EUR 3.40.

A total of 2,757,007 shares were traded at Nasdaq Helsinki Ltd., which represents 23.3% of the average number of shares. On 30 June 2020 Exel Composites’ market capitalization was EUR 56.4 million (50.0).

Exel Composites had a total of 5,951 (4,253) shareholders on 30 June 2020.

During the review period Exel Composites received no 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.

**Major near-term risks and uncertainties**

Exel Composites’ most significant near-term business risk relates to the fact that a significant portion of revenue is generated from certain key clients and market segments, the negative development of which would deteriorate the company’s profitability. Specifically, the revenue generated from sales to the Group’s largest client, operating in the wind power industry, has increased rapidly. This has significantly increased the dependency on this business and the related downside risk. Furthermore, a rapid increase of raw material prices could in the short term negatively impact the company’s profitability, even if in the longer term it would improve the competitiveness of composite materials.

The impact of the Covid-19 pandemic on the company depends on the duration and severity of the crisis, and currently reliable estimates cannot be made. In the second quarter of 2020, we saw increased cautiousness among customers, which was reflected in an overall lower order intake. The situation remains dependent, among other things, on the risk of a possible second wave of the pandemic materializing.

The company has made significant investments in the recent years, the most notable ones being the acquisitions of Nanjing Jianhui in China and Diversified Structural Composites, DSC, in the USA. The future estimates made at the time of these investments and acquisitions may not materialize as planned, which may trigger a need to adjust the values of the purchased assets in the company’s balance sheet.

The risk management and risks related to the operation of Exel Composites are described in more detail at the company’s website www.exelcomposites.com.

**Other events during the reporting period**

**Decisions of the AGM 2020**

The Annual General Meeting, AGM, of Exel Composites Plc was held on 20 March 2020 in Helsinki, Finland. Due to the restriction of public gatherings related to the Covid-19 pandemic, the majority of the shareholders participated in the meeting through a representative and a proxy. The resolutions of the AGM were published as a stock exchange release on 20 March 2020 and are available on the corporate website at www.exelcomposites.com.

Vantaa, 21 July 2020

Exel Composites Plc
Board of Directors

**For further information, please contact:**

Mr. Riku Kytömäki, President and CEO
tel. +358 50 511 8288
riku.kytomaki@exelcomposites.com

Mr. Mikko Kettunen, CFO
tel. +358 50 347 7462
mikko.kettunen@exelcomposites.com
NOTES TO THE HALF-YEAR FINANCIAL REPORT
1 January – 30 June 2020

Accounting principles
This Half-year Financial Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied as in the previous financial statements.

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

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

This half-year financial report is unaudited.
## CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Change %</th>
<th>Q1-Q2 2020</th>
<th>Q1-Q2 2019</th>
<th>Change %</th>
<th>Q1-Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>27,239</td>
<td>26,482</td>
<td>2.9</td>
<td>55,044</td>
<td>53,572</td>
<td>2.7</td>
<td>103,784</td>
</tr>
<tr>
<td>Materials and services</td>
<td>-10,890</td>
<td>-9,752</td>
<td>11.7</td>
<td>-21,825</td>
<td>-20,739</td>
<td>5.2</td>
<td>-41,398</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>-7,590</td>
<td>-8,059</td>
<td>-5.8</td>
<td>-15,692</td>
<td>-16,739</td>
<td>-6.3</td>
<td>-31,110</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>-1,133</td>
<td>-1,069</td>
<td>6.0</td>
<td>-2,268</td>
<td>-2,146</td>
<td>5.7</td>
<td>-4,302</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>-379</td>
<td>-304</td>
<td>24.4</td>
<td>-739</td>
<td>-581</td>
<td>27.2</td>
<td>-1,314</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-4,805</td>
<td>-5,616</td>
<td>-14.4</td>
<td>-10,595</td>
<td>-11,649</td>
<td>-9.0</td>
<td>-22,265</td>
</tr>
<tr>
<td>Adjustment to lease expenses on capitalized contracts</td>
<td>355</td>
<td>310</td>
<td>14.5</td>
<td>710</td>
<td>597</td>
<td>18.9</td>
<td>1,306</td>
</tr>
<tr>
<td>Other operating income</td>
<td>-5</td>
<td>152</td>
<td>-103.0</td>
<td>27</td>
<td>234</td>
<td>-88.7</td>
<td>387</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>2,792</td>
<td>2,144</td>
<td>30.2</td>
<td>4,662</td>
<td>2,549</td>
<td>82.9</td>
<td>5,087</td>
</tr>
<tr>
<td>Net financial items</td>
<td>185</td>
<td>-179</td>
<td>-203.2</td>
<td>-343</td>
<td>-377</td>
<td>-8.9</td>
<td>-1,092</td>
</tr>
<tr>
<td>Financial expenses on capitalized lease contracts</td>
<td>-25</td>
<td>-27</td>
<td>-7.3</td>
<td>-51</td>
<td>-52</td>
<td>-2.6</td>
<td>-110</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>2,953</td>
<td>1,938</td>
<td>52.4</td>
<td>4,268</td>
<td>2,120</td>
<td>101.3</td>
<td>3,885</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-424</td>
<td>-289</td>
<td>46.7</td>
<td>-1,070</td>
<td>-934</td>
<td>14.5</td>
<td>-1,488</td>
</tr>
<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>2,529</td>
<td>1,649</td>
<td>53.4</td>
<td>3,198</td>
<td>1,186</td>
<td>169.7</td>
<td>2,397</td>
</tr>
</tbody>
</table>

Other comprehensive income to be reclassified to profit or loss in subsequent periods:
- Exchange differences on translating foreign operations: -190 -760 75.0 -627 32 -2073.3 529
- Income tax relating to components of other comprehensive income: 0 0 0.0 0 0 0.0 -40

Items that will not be classified to profit or loss:
- Defined benefit plan actuarial gains (+)/loss (-), net tax: 0 0 0.0 0 0 0.0 -40

Other comprehensive income, net of tax: -190 -760 75.0 -627 32 -2073.3 489

Total comprehensive income: 2,339 889 163.1 2,572 1,218 1.1 2,886

**Profit/loss attributable to:**
- Equity holders of the parent company: 2,529 1,649 53.4 3,198 1,186 169.7 2,397

Comprehensive income attributable to:
- Equity holders of the parent company: 2,339 889 163.1 2,572 1,218 111.2 2,886

**Earnings per share, diluted and undiluted, EUR**
- 0.21 0.14 0.27 0.10 0.20
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>30 June 2020</th>
<th>30 June 2019</th>
<th>Change</th>
<th>31 December 2019</th>
</tr>
</thead>
</table>

## ASSETS

### Non-current assets
- **Goodwill**
  - 2020: 12,863 EUR thousand
  - 2019: 12,789 EUR thousand
  - Change: 74 EUR thousand
  - 2019: 12,972 EUR thousand

- **Other intangible assets**
  - 2020: 3,903 EUR thousand
  - 2019: 3,792 EUR thousand
  - Change: 111 EUR thousand
  - 2019: 4,313 EUR thousand

- **Tangible assets**
  - 2020: 20,964 EUR thousand
  - 2019: 17,062 EUR thousand
  - Change: 3,901 EUR thousand
  - 2019: 18,107 EUR thousand

- **Right-of-use assets 1)**
  - 2020: 4,225 EUR thousand
  - 2019: 4,654 EUR thousand
  - Change: -429 EUR thousand
  - 2019: 4,693 EUR thousand

- **Deferred tax assets**
  - 2020: 1,311 EUR thousand
  - 2019: 1,093 EUR thousand
  - Change: 219 EUR thousand
  - 2019: 1,379 EUR thousand

- **Other non-current assets**
  - 2020: 48 EUR thousand
  - 2019: 96 EUR thousand
  - Change: -48 EUR thousand
  - 2019: 104 EUR thousand

### Non-current assets total
- 2020: 43,315 EUR thousand
- 2019: 39,487 EUR thousand
- Change: 3,828 EUR thousand
- 2019: 41,567 EUR thousand

### Current assets
- **Inventories**
  - 2020: 17,202 EUR thousand
  - 2019: 15,982 EUR thousand
  - Change: 1,220 EUR thousand
  - 2019: 16,878 EUR thousand

- **Trade and other receivables**
  - 2020: 22,372 EUR thousand
  - 2019: 21,741 EUR thousand
  - Change: 631 EUR thousand
  - 2019: 19,978 EUR thousand

- **Cash at bank and in hand**
  - 2020: 12,758 EUR thousand
  - 2019: 5,876 EUR thousand
  - Change: 6,883 EUR thousand
  - 2019: 6,930 EUR thousand

### Total current assets
- 2020: 52,332 EUR thousand
- 2019: 43,598 EUR thousand
- Change: 8,734 EUR thousand
- 2019: 43,785 EUR thousand

### Total assets
- 2020: 95,646 EUR thousand
- 2019: 83,085 EUR thousand
- Change: 12,561 EUR thousand
- 2019: 85,352 EUR thousand

## EQUITY AND LIABILITIES

### Shareholders’ equity
- **Share capital**
  - 2020: 2,141 EUR thousand
  - 2019: 2,141 EUR thousand
  - Change: 0 EUR thousand
  - 2019: 2,141 EUR thousand

- **Other reserves**
  - 2020: 129 EUR thousand
  - 2019: 140 EUR thousand
  - Change: -11 EUR thousand
  - 2019: 129 EUR thousand

- **Invested unrestricted equity fund**
  - 2020: 2,539 EUR thousand
  - 2019: 2,539 EUR thousand
  - Change: 0 EUR thousand
  - 2019: 2,539 EUR thousand

- **Translation differences**
  - 2020: 1,889 EUR thousand
  - 2019: 2,256 EUR thousand
  - Change: -367 EUR thousand
  - 2019: 2,516 EUR thousand

- **Retained earnings**
  - 2020: 16,872 EUR thousand
  - 2019: 16,744 EUR thousand
  - Change: 129 EUR thousand
  - 2019: 16,580 EUR thousand

- **Profit for the period**
  - 2020: 3,198 EUR thousand
  - 2019: 1,186 EUR thousand
  - Change: 2,012 EUR thousand
  - 2019: 2,397 EUR thousand

### Total equity attributable to holders of the parent company
- 2020: 26,770 EUR thousand
- 2019: 25,006 EUR thousand
- Change: 1,763 EUR thousand
- 2019: 26,302 EUR thousand

### Total equity
- 2020: 26,770 EUR thousand
- 2019: 25,006 EUR thousand
- Change: 1,763 EUR thousand
- 2019: 26,302 EUR thousand

### Non-current liabilities
- **Interest-bearing liabilities**
  - 2020: 4,205 EUR thousand
  - 2019: 10,099 EUR thousand
  - Change: -5,894 EUR thousand
  - 2019: 11,255 EUR thousand

- **Non-current lease liabilities**
  - 2020: 3,102 EUR thousand
  - 2019: 3,456 EUR thousand
  - Change: -354 EUR thousand
  - 2019: 3,549 EUR thousand

- **Interest-free liabilities**
  - 2020: 550 EUR thousand
  - 2019: 497 EUR thousand
  - Change: 53 EUR thousand
  - 2019: 553 EUR thousand

- **Deferred tax liabilities**
  - 2020: 325 EUR thousand
  - 2019: 168 EUR thousand
  - Change: 157 EUR thousand
  - 2019: 287 EUR thousand

### Total non-current liabilities
- 2020: 8,182 EUR thousand
- 2019: 14,220 EUR thousand
- Change: -6,039 EUR thousand
- 2019: 15,643 EUR thousand

### Current liabilities
- **Interest-bearing liabilities**
  - 2020: 33,571 EUR thousand
  - 2019: 21,867 EUR thousand
  - Change: 11,704 EUR thousand
  - 2019: 21,098 EUR thousand

- **Current lease liabilities**
  - 2020: 1,318 EUR thousand
  - 2019: 1,233 EUR thousand
  - Change: 85 EUR thousand
  - 2019: 1,262 EUR thousand

- **Trade and other non-current liabilities**
  - 2020: 25,806 EUR thousand
  - 2019: 20,759 EUR thousand
  - Change: 5,046 EUR thousand
  - 2019: 20,546 EUR thousand

### Total current liabilities
- 2020: 60,695 EUR thousand
- 2019: 43,859 EUR thousand
- Change: 16,836 EUR thousand
- 2019: 43,407 EUR thousand

### Total equity and liabilities
- 2020: 95,646 EUR thousand
- 2019: 83,085 EUR thousand
- Change: 12,561 EUR thousand
- 2019: 85,352 EUR thousand

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1) Buildings EUR 4,020 thousand, Machinery and equipment (incl. vehicles) EUR 205 thousand.

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**EXEL COMPOSITES**
Half Year Financial Report Q1-Q2 2020
### CONSOLIDATED STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>Q1-Q2 2020</th>
<th>Q1-Q2 2019</th>
<th>Change</th>
<th>Q1-Q4 2019</th>
</tr>
</thead>
</table>

#### Cash flow from operating activities
- **Profit for the period**: 3,198 | 1,186 | 2,012 | 2,397  
- **Adjustments 1)**: 4,527 | 4,311 | 216 | 8,411  
- **Change in working capital**: 1,279 | 88 | 1,192 | 1,902  
- **Cash flow generated by operations**: 9,005 | 5,584 | 3,420 | 12,711  
- **Interest paid**: -339 | -506 | 167 | -737  
- **Interest received**: 37 | 2 | 34 | 4  
- **Other financial items**: -30 | 32 | -62 | -586  
- **Income taxes paid**: -484 | -1,310 | 827 | -2,362  
- **Net cash flow from operating activities**: 8,188 | 3,802 | 4,386 | 9,030  

#### Cash flow from investing activities
- **Acquisition of subsidiaries**: 0 | 0 | 0 | 0  
- **Purchases of non-current assets**: -4,922 | -2,454 | -2,467 | -6,147  
- **Proceeds from sale of non-current assets**: 95 | 137 | 42 | 60  
- **Net cash flow from investing activities**: -4,827 | -2,318 | -2,509 | -6,087  

#### Cash flow before financing activities
- **Cash flow before financing activities**: 3,361 | 1,484 | 1,877 | 2,943  

#### Cash flow from financing activities
- **Share issue**: 0 | 0 | 0 | 0  
- **Proceeds from long-term borrowings**: 0 | 4,671 | -4,671 | 1,000  
- **Instalments of long-term borrowings**: 0 | 0 | 0 | 0  
- **Change in short-term loans**: 5,389 | -2,400 | 7,789 | 1,511  
- **Instalments of lease liabilities**: -660 | -545 | -114 | -1,196  
- **Treasury shares**: 0 | 0 | 0 | 0  
- **Dividends paid**: -2,129 | -2,128 | -2 | -2,216  
- **Net cash flow from financing activities**: 2,600 | -402 | 3,002 | -901  

#### Change in liquid funds
- **Change in liquid funds**: 5,961 | 1,082 | 4,879 | 2,042  
- **Liquid funds in the beginning of period**: 6,930 | 4,801 | 2,129 | 4,801  
- **Exchange rate fluctuations on liquid funds**: -132 | -7 | -125 | 87  
- **Liquid funds through business acquisitions**: 0 | 0 | 0 | 0  
- **Liquid funds at the end of period**: 12,758 | 5,876 | 6,883 | 6,930  

---

1) Depreciations and amortization EUR 3,007 thousand, Tax on income from operations EUR 1,070 thousand, Other financial income and expenses EUR 399 thousand, Other adjustments EUR 51 thousand.
## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

<table>
<thead>
<tr>
<th>EUR thousands</th>
<th>Share capital</th>
<th>Invested unrestricted equity fund</th>
<th>Translation differences</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>2,141</td>
<td>2,668</td>
<td>1,987</td>
<td>18,986</td>
<td>25,782</td>
</tr>
<tr>
<td>Comprehensive result</td>
<td>35</td>
<td>1,186</td>
<td>1,221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit plan actuarial gains (+) / loss (-), net of tax</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>11</td>
<td>-15</td>
<td>-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>-2,128</td>
<td>-2,128</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments reserve</td>
<td>89</td>
<td>89</td>
<td>89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correction to previously issued financial statements 1)</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>2,141</td>
<td>2,679</td>
<td>2,022</td>
<td>18,164</td>
<td>25,006</td>
</tr>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>2,141</td>
<td>2,668</td>
<td>2,516</td>
<td>18,977</td>
<td>26,302</td>
</tr>
<tr>
<td>Comprehensive result</td>
<td>-627</td>
<td>3,198</td>
<td>2,572</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit plan actuarial gains (+) / loss (-), net of tax</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>-12</td>
<td>-12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>-2,129</td>
<td>-2,129</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payments reserve</td>
<td>-31</td>
<td>-31</td>
<td>-31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correction to previously issued financial statements</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the period</td>
<td>2,141</td>
<td>2,668</td>
<td>1,889</td>
<td>20,071</td>
<td>26,770</td>
</tr>
</tbody>
</table>

1) Corrections related to inventory valuations of previous years.
**QUARTERLY KEY FIGURES**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>27,239</td>
<td>27,805</td>
<td>26,585</td>
<td>23,627</td>
<td>26,482</td>
<td>27,090</td>
</tr>
<tr>
<td>Materials and services</td>
<td>-10,890</td>
<td>-10,934</td>
<td>-10,645</td>
<td>-10,013</td>
<td>-9,752</td>
<td>-10,988</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>-7,590</td>
<td>-8,103</td>
<td>-7,462</td>
<td>-6,909</td>
<td>-8,059</td>
<td>-8,680</td>
</tr>
<tr>
<td>Depreciation and impairment</td>
<td>-1,512</td>
<td>-1,495</td>
<td>-1,483</td>
<td>-1,407</td>
<td>-1,373</td>
<td>-1,354</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-4,451</td>
<td>-5,434</td>
<td>-6,016</td>
<td>-3,892</td>
<td>-5,306</td>
<td>-5,746</td>
</tr>
<tr>
<td>Other operating income</td>
<td>-5</td>
<td>31</td>
<td>105</td>
<td>47</td>
<td>152</td>
<td>82</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>2,792</td>
<td>1,870</td>
<td>1,085</td>
<td>1,454</td>
<td>2,144</td>
<td>405</td>
</tr>
<tr>
<td>Net financial items</td>
<td>160</td>
<td>-554</td>
<td>-808</td>
<td>34</td>
<td>-206</td>
<td>-223</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>2,953</td>
<td>1,316</td>
<td>277</td>
<td>1,488</td>
<td>1,938</td>
<td>182</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-424</td>
<td>-646</td>
<td>-87</td>
<td>-640</td>
<td>-289</td>
<td>-645</td>
</tr>
<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>2,529</td>
<td>670</td>
<td>364</td>
<td>847</td>
<td>1,649</td>
<td>-463</td>
</tr>
<tr>
<td>Earnings per share, diluted and undiluted, EUR</td>
<td>0.21</td>
<td>0.06</td>
<td>0.03</td>
<td>0.07</td>
<td>0.14</td>
<td>-0.04</td>
</tr>
<tr>
<td>Average number of shares, diluted and undiluted 1,000 shares</td>
<td>11,826</td>
<td>11,821</td>
<td>11,820</td>
<td>11,820</td>
<td>11,820</td>
<td>11,820</td>
</tr>
<tr>
<td>Average number of personnel</td>
<td>662</td>
<td>662</td>
<td>656</td>
<td>641</td>
<td>652</td>
<td>689</td>
</tr>
</tbody>
</table>

**Revenue by customer industry by quarter**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and infrastructure</td>
<td>5,282</td>
<td>6,216</td>
<td>5,779</td>
<td>5,831</td>
<td>5,887</td>
<td>5,993</td>
</tr>
<tr>
<td>Equipment and other industries</td>
<td>4,031</td>
<td>6,111</td>
<td>4,146</td>
<td>3,813</td>
<td>5,230</td>
<td>5,453</td>
</tr>
<tr>
<td>Wind power</td>
<td>7,867</td>
<td>5,826</td>
<td>6,998</td>
<td>5,676</td>
<td>5,184</td>
<td>5,767</td>
</tr>
<tr>
<td>Machinery and electrical</td>
<td>4,790</td>
<td>3,780</td>
<td>3,921</td>
<td>2,786</td>
<td>4,070</td>
<td>3,606</td>
</tr>
<tr>
<td>Transportation</td>
<td>2,796</td>
<td>3,376</td>
<td>3,259</td>
<td>3,012</td>
<td>3,170</td>
<td>3,688</td>
</tr>
<tr>
<td>Defense</td>
<td>768</td>
<td>1,251</td>
<td>993</td>
<td>529</td>
<td>394</td>
<td>375</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1,706</td>
<td>1,245</td>
<td>1,489</td>
<td>1,979</td>
<td>2,546</td>
<td>2,209</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,239</td>
<td>27,805</td>
<td>26,585</td>
<td>23,627</td>
<td>26,482</td>
<td>27,090</td>
</tr>
</tbody>
</table>

**Revenue by region by quarter**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>15,534</td>
<td>16,870</td>
<td>14,727</td>
<td>14,491</td>
<td>16,413</td>
<td>16,445</td>
</tr>
<tr>
<td>North America</td>
<td>4,391</td>
<td>5,820</td>
<td>6,071</td>
<td>4,242</td>
<td>5,253</td>
<td>6,763</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>6,636</td>
<td>4,182</td>
<td>5,178</td>
<td>4,252</td>
<td>4,478</td>
<td>3,693</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>678</td>
<td>933</td>
<td>609</td>
<td>642</td>
<td>338</td>
<td>188</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>27,239</td>
<td>27,805</td>
<td>26,585</td>
<td>23,627</td>
<td>26,482</td>
<td>27,090</td>
</tr>
</tbody>
</table>
## COMMITMENTS AND CONTINGENCIES

<table>
<thead>
<tr>
<th>EUR thousand</th>
<th>30 June 2020</th>
<th>30 June 2019</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments on own behalf</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Mortgages</td>
<td>0</td>
<td>2,783</td>
<td>0</td>
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<tr>
<td>Floating charges</td>
<td>0</td>
<td>12,500</td>
<td>0</td>
</tr>
<tr>
<td>Operating leases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>5</td>
<td>102</td>
<td>32</td>
</tr>
<tr>
<td>1 - 5 years</td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>253</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

During 2019, the Group entered into a frame agreement with its primary banks. Based on the frame agreement the banks gave up all outstanding mortgages and floating charges.

## DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

<table>
<thead>
<tr>
<th>EUR thousands</th>
<th>30 June 2020</th>
<th>30 June 2019</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swaps</td>
<td>6,251</td>
<td>6,455</td>
<td>6,231</td>
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</table>
Exel Composites in brief

Exel Composites, a global technology company headquartered in Finland, is the world’s largest manufacturer of pultruded and pull-wound composite products. Our global manufacturing, R&D, and sales footprint serves customers across a broad range of industries and applications. With 60 years of composites experience and engineering expertise, we work closely with our customers to design and manufacture high quality composite products using carbon fiber, fiberglass, and other high-performance materials. Our composites help reduce weight, improve performance, and decrease total life cycle costs, all while helping increase energy efficiencies and supporting environmental sustainability.

Exel Composites employs approximately 650 innovative and customer-focused employees around the world and is listed on the Nasdaq Helsinki exchange. To find out more about our offering and company please visit www.exelcomposites.com.