



Financial Statements Release
January-December
2020

FOR FORWARD THINKERS

STRONG ORDER INTAKE IN Q4 2020, 2021 STARTS WITH HIGH ORDER BACKLOG

Q4 2020 in brief

- Order intake increased by 5.7% to EUR 33.4 million (Q4 2019: 31.7).
- Revenue increased by 3.5% to EUR 27.5 million (26.6).
- Adjusted operating profit increased to EUR 2.7 million (1.3), which is 9.9% of revenue (4.9).
- Operating profit increased to EUR 2.7 million (1.1), which is 9.9% of revenue (4.1).
- Earnings per share amounted to EUR 0.09 (0.03).

Q1-Q4 2020 in brief

- Order intake increased by 4.2% to EUR 115.4 million (Q1-Q4 2019: 110.7).
- Revenue increased by 4.6% to EUR 108.6 million (103.8).
- Adjusted operating profit increased to EUR 9.7 million (7.2), which is 8.9% of revenue (6.9).
- Operating profit increased to EUR 9.4 million (5.1), which is 8.7% of revenue (4.9).
- Earnings per share amounted to 0.45 (0.20).

Dividend proposal

The Board of Directors proposes that a dividend of EUR 0.20 (0.18) per share be paid for the financial year 2020.

Guidance for the full year 2021

Exel Composites expects revenue and adjusted operating profit in 2021 to increase compared to 2020.

President and CEO, Riku Kytömäki

The year 2020 ended strongly for Exel Composites. The adjusted operating profit as well as revenue increased compared to 2019. In addition, our order intake improved, resulting in a strong order backlog driven by an improved underlying demand at the end of 2020. Operating cash flow in 2020 increased compared to the previous year.

Overall, Exel has so far mitigated the impacts of the Covid-19 pandemic well. The health and safety of our employees, customers and business partners is a priority for Exel Composites. For the most part, operations at our factories were close to normal throughout the year within the limits of the implemented safety measures. Many of our manufacturing units are located far from densely populated areas, which has reduced the impact of the pandemic on the company. Due to preventive and mitigating actions, we have not suffered from significant shortfalls in staffing or materials due to the pandemic. I am particularly happy to see that our strategy based on diversified customer industries and regions has supported us in these difficult times and reduced the impact of the sudden drop of demand that happened with some of our clients.

In the fourth quarter of 2020, revenue increased driven by Buildings and Infrastructure as well as Defense customer industries. In the full year 2020, the volume increase in Defense and Wind Power made a significant positive contribution to Group revenue. I am very satisfied with these results as they reflect the successful execution of our strategy. Wind Power is one of our strategic focus areas and continues to grow as our largest customer industry. Other strategic focus areas grew too: Camouflage net support poles in the Defense customer industry as well as conductor core applications in the Infrastructure industry are good examples of how extensive R&D over several years yields results. The conductor core application is the outcome of determined long-term product development and a technological break-through that can

EUR 36.5 million

Order backlog on
31 December 2020



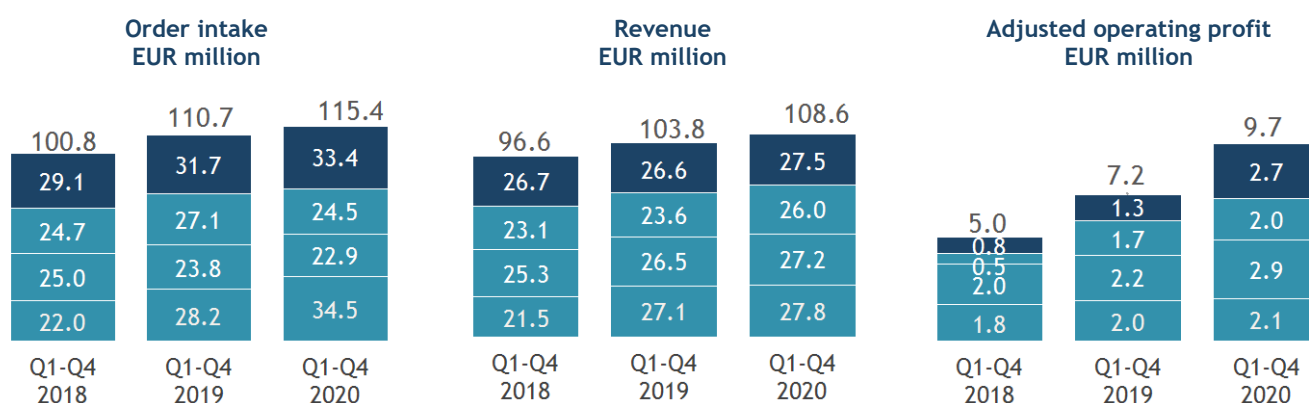
increase power transmission capacity. The camouflage net support poles, on the other hand, are an example of how we have been able to leverage our global footprint and cross-selling within the Group. These customer industries have remained more or less resilient during the Covid-19 pandemic. Transportation, on the other hand, has clearly been negatively impacted by the pandemic and revenue in the customer industry declined in the fourth quarter as well as in 2020.

Geographically, revenue increased in the regions Asia-Pacific and Europe in the fourth quarter. In 2020, Asia-Pacific showed strong growth, while revenue in Europe increased slightly. In the region North America, revenue declined across nearly all customer industries in the fourth quarter mainly due to the Covid-19 pandemic.

Despite the impacts of the pandemic on many fronts, adjusted operating profit increased by 36% in 2020 compared to 2019. In the fourth quarter, adjusted operating profit more than doubled compared to the same period in the previous year. The strong improvement reflects the impact from the cost savings program completed in 2019, an overall favorable sales mix and operational efficiency improvements implemented during the year across the Group. We were also able to leverage our position as a growing global buyer in a materials market weakened by the pandemic.

2020 will remain in history as an exceptional year in many ways. The pandemic continues to cast a shadow over the global business environment also in 2021 although vaccination programs are expected to relieve the situation. Despite the pandemic, we start 2021 in a good position supported by a high order backlog. I warmly thank our employees for a job well done, and our customers and other stakeholders for outstanding cooperation. Stay healthy and safe, and let's make 2021 an even better year!

Adjusted operating more than doubled in Q4 2020 compared to the same period in the previous year.



Consolidated key figures

EUR thousand	Q4 2020	Q4 2019	Change %	Q1-Q4 2020	Q1-Q4 2019	Change %
Revenue	27,508	26,585	3.5	108,595	103,784	4.6
Operating profit	2,732	1,085	151.9	9,417	5,087	85.1
% of revenue	9.9	4.1		8.7	4.9	
Adjusted operating profit 1)	2,732	1,300	110.1	9,708	7,160	35.6
% of revenue	9.9	4.9		8.9	6.9	
Profit before tax	1,507	277	444.2	7,124	3,885	83.4
% of revenue	5.5	1.0		6.6	3.7	
Profit for the period	1,098	364	201.8	5,368	2,397	124.0
% of revenue	4.0	1.4		4.9	2.3	
Shareholders' equity	28,880	26,302	9.8	28,880	26,302	9.8
Interest-bearing liabilities	43,140	37,163	16.1	43,140	37,163	16.1
Cash and cash equivalents	11,974	6,930	72.8	11,974	6,930	72.8
Net interest-bearing liabilities	31,167	30,234	3.1	31,167	30,234	3.1
Capital employed	72,021	63,466	13.5	72,021	63,466	13.5
Return on equity, %	15.5	5.6	179.3	19.5	9.2	111.4
Return on capital employed, %	15.4	6.9	125.1	14.1	8.6	64.5
Equity ratio, %	30.2	30.9	-2.4	30.2	30.9	-2.4
Net gearing, %	107.9	114.9	-6.1	107.9	114.9	-6.1
Net cash flow from operating activities	4,674	3,455	35.3	14,006	9,030	55.1
Net cash flow from investing activities	-3,277	-1,839	78.2	-12,849	-6,087	111.1
Capital expenditure	3,321	1,417	134.3	13,220	6,262	111.1
% of revenue	12.1	5.3		12.2	6.0	
Research and development costs	866	699	23.9	2,884	2,851	1.2
% of revenue	3.1	2.6		2.7	2.7	
Order intake	33,445	31,650	5.7	115,373	110,693	4.2
Order backlog	36,544	30,391	20.2	36,544	30,391	20.2
Earnings per share, diluted and undiluted, EUR	0.09	0.03	201.6	0.45	0.20	123.8
Equity per share, EUR	2.44	2.23	9.71	2.44	2.23	9.73
Average share price, EUR	5.55	4.54	22.2	5.55	4.54	22.2
Average number of shares, diluted and undiluted, 1,000 shares	11,830	11,820	0.1	11,828	11,820	0.1
Employees, average	674	656	2.7	665	659	0.9
Employees, end of period	674	648	4.0	674	648	4.0

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.

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 several industries from cleaning equipment to power generation and transmission.

Composites are materials composed by two or more component materials that do not mix. In Exel Composites' vocabulary, composites mean fiber reinforced plastics. We use predominantly glass and carbon fibers as reinforcements of a resin, which in more technical terms is called a matrix. Different types of plastics 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.

Exel's manufacturing, R&D and sales network covers all main markets i.e. Europe, Asia and North America. We use our over 60 years of expertise to help customers reduce weight, improve performance and decrease the total lifetime costs of the end product. Exel wants to be the first choice for sustainable composite solutions globally.

Our customers are typically original equipment manufacturers, system integrators or distributors. There are seven main customer industries: Buildings and Infrastructure, Equipment and Other industries, Wind Power, Machinery and Electrical, Transportation, Defense and Telecommunications.

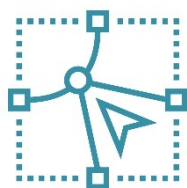
The products produced by Exel are most often components of the customer's end product. The product portfolio includes for example profiles, tubes and

laminates, which are almost without exception customer tailored. Products are designed in close dialogue with the customer to solve one or more specific challenges, be it achieving a lighter, stronger or stiffer solution. This high level of tailoring increases customer commitment and is reflected in Exel's typically long-term customer relationships.

Exel Composites' core expertise lies in chemistry, materials science as well as cost-efficient and repeatable manufacturing processes. 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. In all these technologies production is continuous and high in volume in proportion to used manhours. These manufacturing technologies are applicable to any shapes from poles and tubes to profiles with complex shapes and cavities. 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.

Exel Composites' global supply chain sources its raw materials from multiple sources from various countries and continents. The main raw material categories are fiber reinforcements and matrix systems. Fiber reinforcements typically are carbon fiber and fiberglass but also other fibers, such as polyester, aramid or natural fibers can be used. Matrix systems include for example polyester, epoxy and vinyl ester resins.

Exel Composites in the value chain



SUPPLY CHAIN

- Raw material producers
- Suppliers of indirect materials
- Service providers

Example

A provider of fiberglass from which Exel buys reinforcement fibers necessary for the manufacturing process



MANUFACTURING

- Pultrusion
- Pullwinding
- Filament winding
- Continuous lamination

Further processing:

- Machining
- Painting
- Coating



CUSTOMER

- Original equipment manufacturers
- System integrators
- Distributors

Example

A machine builder that buys composite parts manufactured by Exel, installs them into a machine, which is then sold to a paper mill



END USER

- User of the final product

Example

A forestry company that produces paper or cardboard in its factory

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 Exel, this is an opportunity to contribute to the mitigation of climate change and global warming.

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, such as JEC and Lucintel, the 82 billion-dollar annual volume of composites is only 1% of the huge global materials market, which is dominated by steel, plastic and aluminum. Furthermore, pultruded composites market represents less than 5% of the total composites market. Exel Composites sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market. The average annual growth rate estimated for the global composites market is, according to customer industry, region and source, between approximately 2%-5% in volume in the coming years.

Exel's business portfolio is diversified across a variety of customer industries and regions, which reduces the impact of sudden fluctuations within the portfolio. The factors and time span driving demand differ between customer industries as well as regions. This was demonstrated particularly during the Covid-19 pandemic, the impacts of which Exel has mitigated relatively well so far.

Exel Composites' strategy is to focus on high growth industries, such as Wind Power, Transportation as well as Buildings and Infrastructure. The Transportation industry is a large user of composites, although hard hit in 2020 by the Covid-19 pandemic especially in Europe. Buildings and Infrastructure applications also present many opportunities for pultruded composites. On the other hand, the Wind Power industry shows the strongest growth and was less impacted by the pandemic in 2020 due to the longer-term nature of wind power investments.

Geographically, Asia and China are the largest and the fastest-growing markets globally. Although China alone continues to represent a major growth market, recent economic and political uncertainty connected with the country have slightly reduced the market's growth rate expectations. The 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 behind Asia and North America in size.

In the short-term, the Covid-19 pandemic has caused uncertainty in the global business environment and cautiousness among customers. This impacted the demand and deliveries during 2020, although underlying demand across all customer industries improved towards the end of the year. Exel Composites estimates that during 2020, the company's market position within the global pultrusion market has improved. Exel's revenue increased particularly in the Wind Power customer industry.

In the long-term, interest towards composite materials is steadily growing, supported by global megatrends such as rapid urbanization, sustainability, and longer life cycles. The main benefits of composites include lightness, energy efficiency, durability and the need for less maintenance and replacement. For example, increased energy efficiency requirements within the transportation industry and the increased utilization of anti-corrosive materials in the construction industry drive 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 2020 amounted to EUR 33.4 million (31.7) and increased by 5.7% in comparison to the previous year.

Order intake for the financial year 2020 was EUR 115.4 million (110.7), which is an increase of 4.2% compared to the previous year. The Group's order backlog on 31 December 2020 increased to EUR 36.5 million (30.4).

Revenue

Group revenue in the fourth quarter of 2020 amounted to EUR 27.5 million (26.6), which is an increase of 3.5% in comparison to the previous year.

Group revenue for the financial year 2020 amounted to EUR 108.6 million (103.8) and increased by 4.6% compared to the previous year. Revenue was impacted by effects of delivery volumes by 3.7%, sales mix by 1.9% and exchange rates by -1.0%.

Defense and Wind Power made a significant positive contribution to the Group revenue increase. In the Transportation customer industry revenue declined mainly due to the pandemic. Geographically, revenue increased in the regions Asia-Pacific and Europe. In the region North America, revenue declined across nearly all customer industries mainly due to the Covid-19 pandemic.

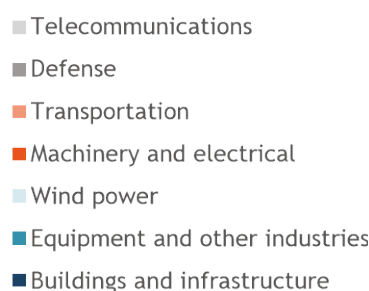
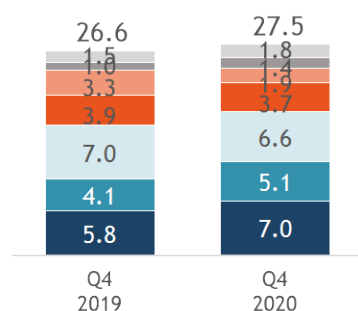
Revenue by customer industry

	Q4 2020	Q4 2019	Change %	Q1-Q4 2020	Q1-Q4 2019	Change %
EUR thousand						
Buildings and infrastructure	7,047	5,779	21.9	23,451	23,502	-0.2
Equipment and other industries	5,079	4,146	22.5	19,493	18,644	4.6
Wind power	6,582	6,998	-5.9	28,079	23,620	18.9
Machinery and electrical	3,700	3,921	-5.6	15,522	14,384	7.9
Transportation	1,859	3,259	-42.9	10,226	13,127	-22.1
Defense	1,406	993	41.6	5,338	2,292	132.9
Telecommunications	1,834	1,489	23.2	6,485	8,215	-21.1
Total	27,508	26,585	3.5	108,595	103,784	4.6

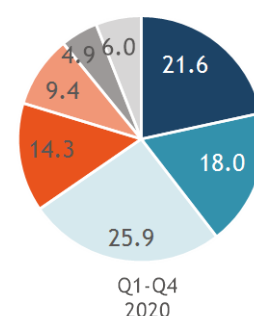
Revenue by region*

	Q4 2020	Q4 2019	Change %	Q1-Q4 2020	Q1-Q4 2019	Change %
EUR thousand						
Europe	17,031	14,727	15.6	62,757	62,076	1.1
North America	3,328	6,071	-45.2	18,022	22,407	-19.6
Asia-Pacific	6,438	5,178	24.3	24,022	17,600	36.5
Rest of the world	711	609	16.7	3,795	1,701	123.0
Total	27,508	26,585	3.5	108,595	103,784	4.6

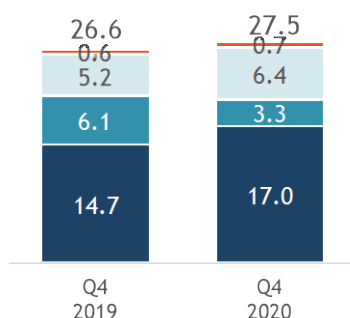
Revenue by customer industry
EUR million



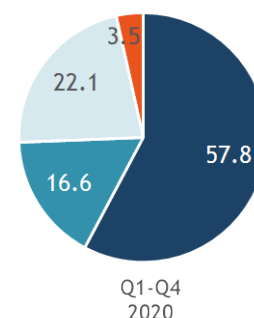
Share of revenue by customer industry
%



Revenue by region*
EUR million



Share of revenue by region*
%



* Revenue by customer location, not by the location of the manufacturing Exel Composites business unit.

Operating profit

The Group's operating profit amounted to EUR 2.7 million (1.1) in the fourth quarter of 2020 and was 9.9% (4.1) of revenue. Adjusted operating profit* was EUR 2.7 million (1.3) and 9.9% (4.9) of revenue.

Operating profit in the financial year 2020 increased to EUR 9.4 million (5.1), 8.7% (4.9) of revenue. Adjusted operating profit* was EUR 9.7 million (7.2), 8.9% (6.9) of revenue. The profit impact of the cost savings program

completed in 2019, an overall favorable sales mix and operational efficiency improvements across the Group were the main factors behind the improvement.

Items affecting comparability amounted to a total of EUR 0.3 (2.1) million.

The Group's net financial expenses in 2020 were EUR -2.3 million (-1.2). Profit before taxes was EUR 7.1 million (3.9) and profit after taxes EUR 5.4 million (2.4).

Adjusted operating profit*

EUR thousand	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Operating profit	2,732	1,085	9,417	5,087
Restructuring costs		0		1,259
Impairment losses and reversals				
Costs related to planned or realized business acquisition and disposal	0	216	291	814
Sale of intangible and tangible assets				
Expenses related to changes in legislation or legal proceedings				
Adjusted operating profit	2,732	1,300	9,708	7,160

* 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 financial year 2020 was EUR 14.0 million (9.0). The capital expenditure on fixed assets amounted to EUR 13.2 million (6.3). Net cash flow from investing activities amounted to EUR -12.8 million (-6.1) and net cash flow before financing activities amounted to EUR 1.2 million (2.9). EUR 7.5 million of the investments were related to the construction of the new manufacturing facility in Austria. At the end of the financial year, the Group's liquid assets stood at EUR 12.0 million (6.9). Total depreciation, amortization and impairment of non-current assets during the financial year amounted to EUR 5.9 million (5.6).

The Group's consolidated total assets at the end of the financial year 2020 were EUR 96.8 million (85.4). Interest-bearing liabilities, including lease liabilities, amounted to EUR 43.1 million (37.2). Net interest-bearing liabilities were EUR 31.2 million (30.2). Current interest-bearing liabilities totaled EUR 30.3 million. EUR 21.5 million of current interest-bearing liabilities were commercial papers. To secure the payment of commercial papers, the company had at the end of the financial year unused, non-current (over 12 months) revolving credit facilities for EUR 26.7 million.

Equity at the end of the financial year 2020 was EUR 28.9 million (26.3) and equity ratio 30.2% (30.9). Net gearing ratio was 107.9% (114.9). Fully diluted total earnings per

share were EUR 0.45 (0.20). Return on capital employed was 14.1% (8.6). Return on equity was 19.5% (9.2).

Exel Composites acquired 70% of Nanjing Jianhui Composite Materials in October 2016 and the acquisition was completed in April 2017. The acquisition agreement included a call and put option under which Exel Composites was expected to acquire the remaining 30% earliest three years after the closing. In December 2020, Exel Composites was notified that the seller will exercise the put option effective 1 January 2021, leading to the payment of the remaining 30% stake during the first quarter of 2021. The estimated remaining purchase price, which includes a variable component depending, among other things, on the profit development of the business, is approximately EUR 3.6 million. The total acquisition price of the company thus amounts to EUR 8.8 million. The entire remaining purchase price is booked as a liability in the Group balance sheet and the payment will therefore have no impact on the Group income statement.

The Covid-19 pandemic has had limited impact on Group liquidity and cash situation. At the end of 2020, the Group had committed credit limits to secure financing of all foreseen investments, which provide for an adequate liquidity buffer also in 2021.

During the year, Exel Composites received Covid-19 related financial assistance under local governmental schemes in Great Britain, Austria, China and Australia. In 2020, these grants amounted to EUR 0.8 million.

The company paid total dividends of EUR 2.1 million (2.1) in 2020 for the financial year of 2019 calculated for the outstanding number of shares. Dividend per share for the financial year 2019 was EUR 0.18 (0.18), which was 88.8% of net income and thus in line with the dividend policy.

Research and development

Research and development costs for 2020 totaled EUR 2.9 million (2.9), representing 2.7% (2.7) of revenue.

Business development and strategy implementation

In June 2020, the Board of Directors conducted its annual strategy review and reconfirmed Exel's strategy to 2022. The main strategic focus areas as well as the company's long-term financial targets and dividend policy remained unchanged. Exel Composites' 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 approximately at 80% or below.

Exel also updated its vision and purpose statements during the year. Our purpose is to solve challenges and help customers save resources. Our vision is to be the first choice for sustainable composite solutions globally.

Exel Composites' strategy is based on scalable applications, chosen growth initiatives, expanding our

global footprint and technology offering and on improving operational efficiency.

The strategic priorities for 2020 included 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 was integrated even more closely into all Exel's business and operations. In 2020, we introduced the Circular Economy initiative, through which we commit to significantly improve the Group's environmental footprint within the next few years.

Exel Composites' growth initiatives focus on Wind power, Transportation, and Buildings and Infrastructure customer industries, which all continued in 2020. These industries are large markets where growth is driven by material replacement and technology change. Wind power has grown in the past couple of years into Exel's largest customer industry and in 2020 represented approximately a fourth of Group revenue. The offering for Buildings and Infrastructure, which is the second largest customer industry, was expanded in 2020 with new products introduced for the large conductor core market, among others.

Strengthening our existing key customers portfolio and multiplying successful applications present globally scalable opportunities. For example, revenue in the Defense customer industry grew significantly in 2020 due to the volume increase of camouflage net support poles.

Exel Composites strategy



The construction of the new manufacturing facility in Austria was completed according to plan and was move-in ready in the beginning of 2021. The total cost of the project amounted to EUR 8.5 million, including the plot acquired in 2019 (EUR 1.0 million). According to our growth strategy, the significant new capacity will respond in the long-term to increasing demand in Central Europe and strengthens Exel's position in this market area. It also enables leveraging the Austrian unit's strong R&D capabilities and university cooperation.

The actions to improve profitability in the business unit in the United States progressed as planned despite the short-term impacts of the Covid-19 pandemic. Operational efficiency improvements were initiated also in the business unit in Belgium in order to improve the unit's profitability and offset the negative impacts of the Covid-19 pandemic.

Impacts of the Covid-19 pandemic

Operations

In the fourth quarter of 2020, and despite the continued uncertainty caused by the Covid-19 pandemic, the impact on Exel Composites' operations was limited. All our factories operated close to normal within the limits of the implemented safety measures.

Raw material supply and logistics operated normally in the fourth quarter of the year.

Financial standing

Order intake in the fourth quarter suffered from Covid-19 related uncertainty and cautiousness among our customers. A few customers requested to postpone deliveries of current orders, which impacts timings of revenues and profits. Underlying demand across all customer industries improved, however, towards the end of the year.

The Group's liquidity and cash situation are good, and the Covid-19 pandemic has had limited impact, if any, on Group liquidity. The Group had existing committed credit limits to secure financing of all investments in 2020 and they provide for an adequate liquidity buffer also in 2021.

Exel conducted the impairment testing according to the normal schedule in the fourth quarter of 2020. The testing did not result in a change of valuation in goodwill and intangible assets.

During the fourth quarter, Exel Composites received Covid-19 related financial assistance under local governmental schemes in Great Britain, Austria, China and Australia. In 2020, these grants amounted to EUR 0.8million.

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 continued with tightened Group and business unit level safety and hygiene instructions in accordance with the instructions of local health authorities. Travelling is limited and remote work as well as 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.

Major near-term risks and uncertainties

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

In the short-term, the Covid-19 pandemic has caused uncertainty in the global business environment and cautiousness among customers. This has impacted demand and deliveries during the year. Underlying demand across all customer industries has, however, improved towards the end of 2020. The situation remains dependent, among other things, on the development of the pandemic and the speed and impact of vaccinations across the world.

The company has made significant investments in the recent years, the latest one being the acquisition 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 detail in the Corporate

Governance Statement for 2020 and at the company's website www.exelcomposites.com.

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 discloses a statement on non-financial information as part of the Board of Directors' Report of the Annual Financial Report 2020 to be published on 2 March 2021.

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

Governance and AGM 2020

The Annual General Meeting, AGM, of Exel Composites Plc held on 20 March 2020 approved the Board of Directors' proposal to distribute a dividend of EUR 0.18 per share for the financial year 2019. The dividend was paid on 31 March 2020.

The AGM authorized the Board of Directors to repurchase the Company's own shares by using unrestricted equity. The maximum amount to be acquired is 600,000 shares. The authorization is valid until 30 June 2021.

The AGM elected Petri Helsky, Reima Kerttula, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen as members of the Board of Directors. The AGM re-elected Reima Kerttula as Chairman of the Board of Directors.

In 2020 the Nomination Board comprised persons nominated by the four largest shareholders as of 30 September 2020 as well as the Chairman of the Board of Directors acting as expert member: Malin Björkmo (Handelsbanken Fonder), Kalle Saariaho (OP Fund Management Company), Olli Viitikko (Sijoitusrahasto Taaleritehdas Mikko Markka), Caroline Sjösten (Swedbank Robur Fonder) and Reima Kerttula, Chairman of the Board of Directors, as expert member. The AGM of Exel Composites has elected a permanent Shareholders' Nomination Board, which purpose is to prepare proposals concerning the Board members and their remuneration for the General Meeting.

Ernst & Young, Authorized Public Accountants, with Johanna Winqvist-Ilkka, APA, as principal auditor, were elected to serve as company auditor in the AGM in 2020.

At the end of 2020, the Group Management Team of Exel Composites consisted of the following persons: President and CEO Riku Kytömäki, CFO Mikko Kettunen, SVP Operations Callum Gough, SVP Human Resources Tiina Bies, SVP Business Unit Manager, Belgium Kari Loukola, SVP Business Development Mikko Rummukainen, SVP R&D and Technology Kim Sjödaahl and SVP Sales and Marketing Olli Tevå.

Organization and personnel

On 31 December 2020, Exel Composites employed 674 (648) people, of whom 233 (229) in Finland and 441 (419) in other countries. The average number of employees during the financial year was 665 (659).

Incentive programs

Exel Composites' short-term incentive program covers all employees. Office employees receive a monthly salary and an annual bonus tied to the achievement of annually established goals emphasizing growth and profitability. Production employees are also eligible for incentive compensation. Their annual bonus is mainly based on factory profitability and production related performance indicators.

The Group has long-term incentive programs for the President and CEO and the Group Management Team and selected key employees of the company. The aim of the programs is to combine the objectives of the shareholders and the executives in order 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 makes the decision on the program annually.

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).

More information on remuneration and Exel Composites' Remuneration Policy is available at www.exelcomposites.com.

Share and shareholders

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

On 31 December 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 financial year.

During the financial year, 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 31 December 2020, the share price closed at EUR 7.38. During the review period, the average share price was EUR 5.55, the highest share price EUR 7.38 and the lowest share price EUR 3.40.

A total of 4,820,621 shares were traded at Nasdaq Helsinki Ltd., which represents 40.8% of the average number of shares. On 31 December 2020 Exel Composites' market capitalization was EUR 87.3 million (76.6). Total shareholder return (TSR) in 2020 was 19.1% (69.2).

Exel Composites had a total of 6,349 (5,506) shareholders on 31 December 2020.

During the financial year 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.

Events after the reporting period

Exel Composites continues the long-term incentive program for top management

In February 2021, the Board of Directors of Exel Composites decided on the continuation of the share-based long-term incentive program for the top management of Exel Composites. The 2021 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 commencing at the beginning of 2021 are adjusted operating profit (EBIT) and the total shareholder return of the company's share (TSR).

Payment of the remaining purchase price related to the acquisition of Nanjing Jianhui

In December 2020, Exel Composites was notified that the seller will exercise their put option effective 1 January 2021, leading to the payment of the remaining 30% stake during the first quarter of 2021. The estimated remaining purchase price, which includes a variable component depending, among other things, on the profit development of the business, is approximately EUR 3.6 million. The total acquisition price of the company thus amounts to EUR 8.8 million. The entire remaining purchase price is booked as a liability in Group balance sheet and the payment will therefore have no impact on the Group income statement.

Guidance for the full year 2021

Exel Composites expects revenue and adjusted operating profit in 2021 to increase compared to 2020.

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 2020, Exel Composites Plc's distributable funds totaled EUR 12.9 million, of which profit for the financial year accounted for EUR 3.5 million.

The Board has decided to propose to the Annual General Meeting that a dividend of EUR 0.20 (0.18) per share be paid for the financial year 2020, which is 44.1% of net income.

As a basis for its proposal, the Board of Directors has made an assessment of the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements. The Board considers the proposed dividend well-balanced given the prospects, the capital requirements and the risks of the Group's business activities.

The Board of Directors has decided to propose the record date for dividends to be 25 March 2021. If the Annual General Meeting approves the Board's proposal, it is estimated that the dividend will be paid on 1 April 2021.

Financial reporting and Annual General Meeting 2021

Exel Composites publishes the following financial reports in 2021:

- Financial Statements Release 2020: 18 February 2021
- Business Review January-March: 30 April 2021
- Half-year Financial Report January-June: 20 July 2021
- Business Review January-September: 4 November 2021

The Annual Financial Report, Corporate Governance Statement and Remuneration Report for 2020 will be available on 2 March 2021 at the company's website www.exelcomposites.com.

The Annual General Meeting will be held on 23 March 2021 at 09:00 EET in Exel Composites' premises at Mäkituvantie 5, 01510 Vantaa, Finland. Shareholders of the company may participate in the meeting and exercise their shareholders' rights only through a proxy representative designated by the company as well as by posing counterproposals and questions in advance. Proxy representatives must see to the voting in advance on behalf of shareholders.

After the Annual General Meeting, on 23 March 2021 at 10:30 EET, Exel Composites will hold an online event for shareholders, where the resolutions made at the General Meeting and the review by the President and CEO will be presented. Instructions to register to this event are presented in the notice to Exel Composites' Annual

General Meeting under Section C item 5 and at the company's website www.exelcomposites.com.

Financial results briefing

Exel Composites will hold a financial results briefing regarding the Financial Statements Release January-December 2020 on Thursday 18 February 2021 at 12:30 EET. Participation requires registration in advance.

Vantaa, 18 February 2021

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 FINANCIAL STATEMENTS RELEASE

1 January - 31 December 2020

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.

The financial statements are audited and the auditor's report for the financial statements has been issued.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

EUR thousand	Q4 2020	Q4 2019	Change %	Q1-Q4 2020	Q1-Q4 2019	Change %
Revenue	27,508	26,585	3.5	108,595	103,784	4.6
Materials and services	-10,251	-10,645	-3.7	-42,775	-41,398	3.3
Employee benefit expenses	-8,395	-7,462	12.5	-30,807	-31,110	-1.0
Depreciation and impairment	-1,119	-1,089	2.7	-4,503	-4,302	4.7
Depreciation of right-of-use assets	-277	-394	-29.7	-1,352	-1,314	2.9
Other operating expenses	-5,159	-6,397	-19.4	-21,429	-22,265	-3.8
Adjustment to lease expenses on capitalized contracts	326	382	-14.7	1,367	1,306	4.7
Other operating income	99	105	-5.8	320	387	-17.3
Operating profit	2,732	1,085	151.9	9,417	5,087	85.1
Net financial items	-1,205	-777	55.2	-2,201	-1,092	101.5
Financial expenses on capitalized lease contracts	-19	-31	-38.0	-92	-110	-16.4
Profit before tax	1,507	277	444.2	7,124	3,885	83.4
Income taxes	-409	87	-570.7	-1,755	-1,488	18.0
Profit/loss for the period	1,098	364	201.8	5,368	2,397	124.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translating foreign operations	164	190	-13.9	-665	529	-225.7
Income tax relating to components of other comprehensive income						
Items that will not be classified to profit or loss:						
Defined benefit plan actuarial gains(+)/ loss (-), net tax	-34	-40	14.9	-34	-40	14.9
Other comprehensive income, net of tax	129	150	-13.6	-699	489	-243.1
Total comprehensive income	1,228	514	139.0	4,669	2,886	61.8
Profit/loss attributable to:						
Equity holders of the parent company	1,098	364	201.8	5,368	2,397	124.0
Comprehensive income attributable to:						
Equity holders of the parent company	1,228	514	139.0	4,669	2,886	61.8
Earnings per share, diluted and undiluted, EUR	0.09	0.03		0.45	0.20	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31 December 2020	31 December 2019	Change
ASSETS			
Non-current assets			
Goodwill	12,597	12,972	-375
Other intangible assets	3,948	4,313	-365
Tangible assets	26,193	18,107	8,086
Right-of-use assets 1)	3,234	4,693	-1,459
Deferred tax assets	1,737	1,379	358
Other non-current assets	48	104	-55
Non-current assets total	47,758	41,567	6,190
Current assets			
Inventories	16,182	16,878	-695
Trade and other receivables	20,887	19,978	909
Cash at bank and in hand	11,974	6,930	5,044
Total current assets	49,043	43,785	5,258
Total assets	96,800	85,352	11,448
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2,141	2,141	0
Other reserves	129	129	0
Invested unrestricted equity fund	2,539	2,539	0
Translation differences	1,851	2,516	-665
Retained earnings	16,851	16,580	271
Profit for the period	5,368	2,397	2,971
Equity attributable to holders of the parent company	28,880	26,302	2,578
Total equity	28,880	26,302	2,578
Non-current liabilities			
Interest-bearing liabilities	10,551	11,255	-704
Non-current lease liabilities	2,332	3,549	-1,217
Interest-free liabilities	573	553	20
Deferred tax liabilities	361	287	74
Total non-current liabilities	13,817	15,643	-1,827
Current liabilities			
Interest-bearing liabilities	29,169	21,098	8,072
Current lease liabilities	1,089	1,262	-174
Trade and other non-current liabilities	23,846	21,046	2,799
Total current liabilities	54,104	43,407	10,697
Total equity and liabilities	96,800	85,352	11,448

1) Buildings EUR 3,084 thousand, Machinery and equipment (incl.vehicles) EUR 150 thousand.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Q1-Q4 2020	Q1-Q4 2019	Change
Cash flow from operating activities			
Profit for the period	5,368	2,397	2,971
Adjustments 1)	10,131	8,411	1,720
Change in working capital	1,659	1,902	-244
Cash flow generated by operations	17,158	12,711	4,448
Interest paid	-625	-737	112
Interest received	108	4	104
Other financial items	-1,368	-586	-782
Income taxes paid	-1,266	-2,362	1,095
Net cash flow from operating activities	14,006	9,030	4,976
Cash flow from investing activities			
Acquisition of subsidiaries	0	0	0
Purchases of non-current assets	-13,081	-6,147	-6,934
Proceeds from sale of non-current assets	232	60	171
Net cash flow from investing activities	-12,849	-6,087	-6,762
Cash flow before financing activities	1,157	2,943	-1,786
Cash flow from financing activities			
Share issue	0	0	0
Proceeds from long-term borrowings	7,000	1,000	6,000
Instalments of long-term borrowings	0	0	0
Change in short-term loans	706	1,511	-805
Instalments of lease liabilities	-1,275	-1,196	-79
Treasury shares	0	0	0
Dividends paid	-2,129	-2,216	87
Net cash flow from financing activities	4,302	-901	5,203
Change in liquid funds	5,459	2,042	3,417
Liquid funds in the beginning of period	6,930	4,801	2,129
Exchange rate fluctuations on liquid funds	-415	87	-502
Liquid funds through business acquisitions	0	0	0
Liquid funds at the end of period	11,974	6,930	5,044

1) Depreciations and amortization EUR 6,021 thousand, Tax on income from operations EUR 1,755 thousand, Other financial income and expenses EUR 2,287 thousand, Other adjustments EUR 68 thousand.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR thousands	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
2019					
Balance at the beginning of the period	2,141	2,668	1,987	18,986	25,782
Comprehensive result			529	2,397	2,926
Defined benefit plan actuarial gains (+) / loss (-), net of tax				-40	-40
Other items				0	0
Dividend				-2,131	-2,131
Treasury shares					0
Share-based payments reserve				66	66
Correction to previously issued financial statements 1)				-301	-301
Balance at the end of the period	2,141	2,668	2,516	18,977	26,302
2020					
Balance at the beginning of the period	2,141	2,668	2,516	18,977	26,302
Comprehensive result			-665	5,368	4,703
Defined benefit plan actuarial gains (+) / loss (-), net of tax				-34	-34
Other items				16	16
Dividend				-2,133	-2,133
Treasury shares				67	67
Share-based payments reserve				-42	-42
Correction to previously issued financial statements				0	0
Balance at the end of the period	2,141	2,668	1,851	22,220	28,880

1) Corrections related to inventory valuations of previous years.

QUARTERLY KEY FIGURES

EUR thousand	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenue	27,508	26,043	27,239	27,805	26,585	23,627	26,482	27,090
Materials and services	-10,251	-10,699	-10,890	-10,934	-10,645	-10,013	-9,752	-10,988
Employee benefit expenses	-8,395	-6,720	-7,590	-8,103	-7,462	-6,909	-8,059	-8,680
Depreciation and impairment	-1,395	-1,452	-1,512	-1,495	-1,483	-1,407	-1,373	-1,354
Operating expenses	-4,834	-5,343	-4,451	-5,434	-6,016	-3,892	-5,306	-5,746
Other operating income	99	194	-5	31	105	47	152	82
Operating profit	2,732	2,023	2,792	1,870	1,085	1,454	2,144	405
Net financial items	-1,225	-675	160	-554	-808	34	-206	-223
Profit before taxes	1,507	1,348	2,953	1,316	277	1,488	1,938	182
Income taxes	-409	-277	-424	-646	87	-640	-289	-645
Profit/loss for the period	1,098	1,072	2,529	670	364	847	1,649	-463
Earnings per share, diluted and undiluted, EUR	0.09	0.09	0.21	0.06	0.03	0.07	0.14	-0.04
Average number of shares, diluted and undiluted 1,000 shares	11,828	11,827	11,826	11,821	11,820	11,820	11,820	11,820
Average number of personnel	674	662	662	662	656	641	652	689

Revenue by customer industry by quarter

EUR thousand	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Buildings and infrastructure	7,047	4,907	5,282	6,216	5,779	5,831	5,887	5,993
Equipment and other industries	5,079	4,272	4,031	6,111	4,146	3,813	5,230	5,453
Wind power	6,582	7,804	7,867	5,826	6,998	5,676	5,184	5,767
Machinery and electrical	3,700	3,252	4,790	3,780	3,921	2,786	4,070	3,606
Transportation	1,859	2,195	2,796	3,376	3,259	3,012	3,170	3,688
Defense	1,406	1,914	768	1,251	993	529	394	375
Telecommunications	1,834	1,700	1,706	1,245	1,489	1,979	2,546	2,209
Total	27,508	26,043	27,239	27,805	26,585	23,627	26,482	27,090

Revenue by region by quarter

EUR thousand	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Europe	17,031	13,322	15,534	16,870	14,727	14,491	16,413	16,445
North America	3,328	4,483	4,391	5,820	6,071	4,242	5,253	6,763
Asia-Pacific	6,438	6,766	6,636	4,182	5,178	4,252	4,478	3,693
Rest of the world	711	1,472	678	933	609	642	338	188
Total	27,508	26,043	27,239	27,805	26,585	23,627	26,482	27,090

COMMITMENTS AND CONTINGENCIES

EUR thousand	31 December 2020	31 December 2019
Commitments on own behalf		
Mortgages	0	0
Floating charges	0	0
Operating leases		
Not later than one year	22	32
1 - 5 years	0	0
Other liabilities	253	6

DERIVATIVE FINANCIAL INSTRUMENTS NOMINAL VALUE

EUR thousands	31 December 2020	31 December 2019
Interest rate swaps	2,852	6,231



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

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

Headquartered in Finland, Exel Composites employs approximately 650 forward-thinking professionals around the world and is listed on Nasdaq Helsinki. To find out more about our offering and company please visit www.exelcomposites.com.