

## Eagle Filters Group Q3 2023 Summary: Strong order backlog supports revenue growth

25.10.2023 09:00:00 EEST | Eagle Filters Group Oyj | Company Announcement

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Company announcement  
25.10.2023, 09:00 (EET)

*Please note that this report is not a fully comprehensive report of all events, nor is it in any way a financial performance report. It is only a summary of the main events that have affected our business during the quarter and before the date of this report where separately indicated below. In the quarterly report we only comment highlights during the period. To get a comprehensive overview of the company's businesses one should review additional documents such as the latest annual and semi-annual reports. These documents are available at [www.eaglefilters.com](http://www.eaglefilters.com).*

*Eagle Filters Group does not report consolidated accounts as Eagle Filters Group and its subsidiaries are regarded as a minor group in accordance with Finnish Accounting Act chapter 1§ 6 a. In the report, Eagle Filters Group refers to the parent company and Eagle Filters refers to Eagle Filters Group's 100% owned subsidiary Eagle Filters Oy. The figures in this Q3 Summary are not audited.*

### Highlights of the period

- Eagle Filters Q3 revenue was EUR 0.8 (1.0) million (24 % decrease from Q3 2022). Revenue recognition varies between quarters partly independent of production volumes.
- Eagle Filters Q1-Q3 revenue was EUR 4.1 (2.6) million (57% growth from Q1-Q3 2022).
- Eagle Filters order backlog at the end of Q3 was EUR 4.0 million. The order backlog includes orders that have already been manufactured but have not been shipped out.
- Eagle Filters' business was affected by delayed arrival of key materials.
- Eagle Filters EBITDA for the full quarter was negative due to lower than targeted volumes.
- Eagle Filters Group carried out a directed share issue, totaling EUR 1.0 million.
- After the reporting period, Eagle Filters Group's 100% owned subsidiary Lumeron Oy acquired an industrial property of approximately 23 000 square meters in Kotka. The property has multiple tenants, including Eagle Filters. The acquisition of the property supports the growing business and expansion needs for Eagle Filters along with improved cash flow and profitability.

### Business update

During these uncertain market environments, the underlying demand for Eagle Filters products continued to grow. Eagle progressed in sales with large energy utility customers in various regions.

Revenue declined from Q3 2022, mainly due to delays in inbound materials and also by timing of customer shipments. January-September revenue grew 57% compared to last year, reflecting improvements in the production output volumes. The strong order backlog of EUR 4.0 million supports revenue growth for the full fiscal year 2023.

New product innovation and development is a core competence of Eagle Filters and during the quarter Eagle Filters progressed with initial marketing of its highly energy efficient filter material product. Initial marketing confirms strong interest in the new material product.

Revenue was limited in the Health and Safety business. Potential revenue in this business area is highly dependent on possible orders for FFP2/FFP3 respirators from the National Emergency Supply Agency (Huoltovarmuuskeskus), which has selected Eagle Filters as one of two domestic suppliers of respirators.

Eagle Filters continues to work towards profitability through increasing volumes and improving cost efficiency. Eagle Filters Group continued to further reduce its operating costs and Q3 operating costs decreased by 9% compared to Q3 2022. To support the working capital needs and liquidity, Eagle Filters Group may raise additional funding during 2023.

### Risks and uncertainties

Eagle Filters Group is associated with a number of risks and uncertainties, including but not limited to the following, that can affect the level of sales and profits as well as operations or financing.

Russia's war against Ukraine and the subsequent global geopolitical instability combined with high inflation, supply chain challenges, and European energy market problems have caused various supply and demand-related risks as well as increased uncertainty and financial instability.

Especially the global disruption in the availability of raw materials/components and their price development can cause fast changes in the company's operating environment. The company monitors the development of the situation and actively strives to ensure the availability of materials/components required for product deliveries but challenges in raw material/component availability, or price increases, can have a detrimental effect on company's production and deliveries as well as on profitability of the company.

The spread of the coronavirus around the world is still ongoing and may affect the development of Eagle Filter Group's business. It is difficult to estimate the duration of the pandemic and its effects on business and financial results.

Strategic risks refer to uncertainty that is primarily, but not entirely limited, related to changes in the operating environment and the ability to utilize or anticipate these changes. These changes may relate, for example, to the general economic situation, customer consumption behavior, competition, politics and legislation/regulatory or technological developments. When assessing strategic risks and opportunities, the goal is to find the business opportunities that are available to achieve the set goals with manageable risks, while avoiding those that present unreasonably high risks.

Operational risks refer to circumstances or events that can prevent or hinder the achievement of objectives or cause harm to people, property, business, information, or the environment. Operational risks include risks related to, but not limited to manufacturing, management & personnel, suppliers & subcontractors, products, contracts, commodities, litigation, authoritative or administrative proceedings and financial sanctions.

Financial risks are those related to Eagle Filters Group's financial position. These include, but are not limited to e.g., availability and cost of finance, inflation, NWC and liquidity, credit losses and foreign exchange rate fluctuations.

Non-economic impacts are also considered when assessing risks. Reputation risk arises if Eagle Filter Group's operations conflict with the expectations of various stakeholders, such as customers, suppliers, regulators, shareholders, financiers, or other societal stakeholders. Responsible practices are key to preventing reputational risks. Reputation risks are also managed through timely and adequate communication.

In addition, Eagle Filters Group's Venture Holdings are associated with a number of risks and uncertainties. These risks are described in the latest financial statements which is available at the Company's website [www.eaglefiltersgroup.com](http://www.eaglefiltersgroup.com).

**For more information:**

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**About Eagle Filters Group Oyj**

*Eagle Filters Group is a material science company that aims to enable a green and healthy environment.*

*Eagle provides high performance filtration solutions that cut CO2 emissions and increase profitability of the energy industry. Eagle's technology improves performance and energy efficiency while cutting costs. The technology is being used by some of the world's largest energy utilities.*

*The company group is listed on First North Growth Market Finland under the ticker EAGLE.*

[www.eaglefiltersgroup.com](http://www.eaglefiltersgroup.com)

**Attachments**

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