

REMUNERATION REPORT 2021

This remuneration report is prepared in accordance with the Finnish Corporate Governance Code effective as of January 2020 (available at www.cgfinland.fi) and within the limits of Exel Composites' remuneration policy presented to the Annual General Meeting on 20 March 2020. The remuneration policy is available at the company's website at www.exelcomposites.com.

Introduction

The remuneration of the company's Board of Directors as well as President and CEO has followed Exel Composites' remuneration policy during the financial year 2021. No deviations to the remuneration policy were made.

In the advisory voting held in the AGM 2021, 87% of the votes were given in favor of and 13% against approving the

Remuneration Report 2020. The result of the vote has been taken into consideration in the Remuneration Report 2021, among other things, by disclosing the earning opportunity, performance measures and target levels for the short- and long-term incentives as well as the actual achievement level of vested plans.

Development of Group remuneration

EUR thousand	2021	2020	2019	2018	2017
Remuneration of the Board of Directors	180	173	175	164	169
Remuneration of the President and CEO	471	438	324	390	363
Remuneration of the company's employees on average 1) 2)	49	46	46	47	45
Revenue 2)	134,365	108,595	103,784	96,608	86,255
Adjusted operating profit 2)	6,029	9,708	7,160	5,018	6,319
Total shareholder return, % 3)	12.2	19.1	69.2	-36.1	33.5

1) Personnel expenses divided by the number of employees on average.

2) Exel Composites acquired Diversified Structural Composites in North America in April 2018 and Nanjing Jianhui in China in April 2017. The joint venture Kineco Exel Composites India was established in October 2021.

3) 1 January - 31 December, dividends re-invested.

In accordance with the remuneration principles described in Exel Composites' remuneration policy, the company's remuneration schemes aim to increase the long-term commitment of the Board, the President and CEO, as well as the Group Management Team. They also aim to promote the interests of the company and its

shareholders as well as to motivate and reward in the achievement of strategic targets.

The remuneration of the Board of Directors was increased in 2020 and in 2017 to reflect a competitive market level.

Remuneration of the Board of Directors in 2021

The AGM held in 2021 confirmed the following compensation for Board members for the year 2021:

- **Chairman:** Annual remuneration of EUR 43,000 (previous year EUR 43,000) and additionally EUR 1,500 (1,500) for attendance at Board and committee meetings and other similar all-day Board assignments.
- **Board member:** Annual remuneration of EUR 20,000 (20,000) and additionally EUR 1,000 (1,000) for attendance at Board and committee meetings and other similar all-day Board assignments.
- For committee meetings, the meeting fee for the committee chairman shall be EUR 1,500.

Travel expenses and other out-of-pocket expenses due to Board work shall be compensated in accordance with the Company's established practice and travel rules.

According to a decision of the AGM held in 2021, 60% of the yearly remuneration was paid in cash and 40% in Exel Composites Plc shares, which were acquired directly for and on behalf of the members of the Board of Directors from the stock exchange market in amounts corresponding to EUR 17,200 for the Chairman and EUR 8,000 for each of the other members. Should the term of any member of the Board of Directors come to an end for whatever reason before the next Annual General Meeting, such member of the Board of Directors will have to return to the Company the remuneration or equivalent amount in cash already received but not yet earned at that point in time.

EUR thousand	Board meetings (attendance/total) 2021	Annual fixed fees 2021	Meeting fees 2021	Other fees 2021	Total fees 2021	Total fees 2020
Reima Kerttula Chairman (as of 17 March 2016, member until 17 March 2016)	10 / 10	43	15	0	58	57
Petri Helsky Member (as of 17 March 2016)	10 / 10	20	10	1	31	29
Helena Nordman-Knutson Member (as of 4 April 2017)	10 / 10	20	10	0	30	29
Jouko Peussa Member (as of 17 March 2016)	10 / 10	20	10	0	30	29
Kirsi Sormunen Member (as of 20 March 2020)	10 / 10	20	10	1	31	28
Maija Strandberg Member (until 20 March 2020)	0 / 0	0	0	0	0	1
Total		123	55	2	180	173

Exel Composites has no such incentive program by which the Company rewards the Board members with shares or

option rights. The Board members are neither entitled to a short-term performance-based bonus.

Remuneration of the President and CEO and Group Management Team in 2021

EUR thousand	President and CEO Riku Kytömäki		Group Management Team	
	2021	2020	2021	2020
Fixed annual base salary	325	316	959	926
Fringe benefits	0	0	11	11
Short-term incentives	Based on 2021 performance (estimate, to be paid in 2022)	Based on 2020 performance (paid in 2021)	Based on 2021 performance (estimate, to be paid in 2022)	Based on 2020 performance (paid in 2021)
total	44	98	108	243
% of annual base salary	13	31	11	26
% of maximum level	27	62	28	66
Long-term incentives	Based on 2019-2021 performance (estimate, to be paid in 2022)	Based on 2018-2020 performance (paid in 2021)	Based on 2019-2021 performance (estimate, to be paid in 2022)	Based on 2018-2020 performance (paid in 2021)
total	101	24	170	41
% of annual base salary	31	7	18	4
% of maximum level	25	8	25	9
Total	471	438	1,248	1,221

The share ownerships of the President and CEO and the other Group Management Team members are presented on Exel Composites' website at www.exelcomposites.com.

Variable remuneration

Exel Composites' short-term incentive program covers all employees. The President and CEO, the Group Management Team and office employees alike are entitled to a performance-based annual bonus in addition to their fixed salary. The performance measures of the annual bonus plan are tied to the achievement of annually established goals emphasizing growth and profitability as well as possible individual targets. Production employees are also eligible for short-term incentive compensation. Their annual bonus is mainly based on factory profitability and production related performance measures.

The Group has long-term incentive programs for the President and CEO, 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, to increase the value of the company, to commit the executives to the company and to offer the executives a competitive reward program. The Board of Directors decides on the program and the performance measures annually.

Earning opportunity and performance measures for short-term incentives

	Weight, %	Minimum level	Target level	Maximum level 1)	Achievement, % of maximum level
Based on 2021 performance (estimate, to be paid in 2022)					
Adjusted operating profit, EUR million	60	8.8	10.0	11.9	0
Gross margin, EUR million	20	38.2	40.7	44.4	35
Revenue, EUR million	20	108.2	116.8	128.9	100
Earning opportunity		15% of maximum	60% of maximum	100% of maximum	
Based on 2020 performance (paid in 2021)					
Adjusted operating profit, EUR million	80	7.2	9.4	11.9	65
Gross margin, EUR million	20	36.2	39.5	42.4	61
Earning opportunity		15% of maximum	60% of maximum	100% of maximum	

1) Maximum earning opportunity is 50% of annual base salary for the President and CEO and 40% of annual base salary for the rest of the Group Management Team.

Earning opportunity and performance measures for long-term incentives

	Weight, %	Minimum level	Target level	Maximum level	Achievement, % of maximum level
Based on 2019-2021 performance (estimate, to be paid in 2022)					
Adjusted operating profit, EUR million	75	25.2	28.5	31.8	0
Total shareholder return, %	25	15	50	85	100
Earning opportunity		25% of target shares	100% of target shares	200% of target shares	
Based on 2018-2020 performance (paid in 2021)					
Adjusted operating profit, EUR million	75	24.0	27.0	30.0	0
Total shareholder return, %	25	15	50	85	33
Earning opportunity		25% of target shares	100% of target shares	200% of target shares	

On 31 December 2021 the Group had three share-based long-term incentive programs:

The 2019 plan is part of a share-based long-term incentive program for the earning period 2019-2021 and was targeted at approximately 20 executives. The President and CEO and the Group Management Team were included in the target group of the 2019 incentive program. 75% of the potential share-based performance reward is based on cumulative adjusted operating profit (EBIT) and 25% on total shareholder return of the company's share (TSR). The potential share reward is payable in 2022. The maximum number of shares to be paid under this individual plan is 196,000 shares, of which President and CEO's share is 50,000 shares. The estimated payout (to be confirmed in March 2022) is 49,000 shares in total.

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The 2018 program, the earning period of which ended in 2020, was based on a long-term monetary incentive program and was targeted at 17 executives for the earning period 2018-2020. The President and CEO and the members of the Group Management Team were included in the target group of the 2018 incentive program. 75% of the potential share-based performance reward was based on cumulative operating profit (EBIT) and 25% on total shareholder return of the company's share (TSR). The maximum number of shares to be paid under this individual plan in 2021 was 122,000 shares, of which President and CEO's share was 33,973 shares. In 2021, a total reward of 10,287 shares (3,813 paid in shares and 6,474 in cash) was paid out under the 2018 plan to 17

executives. The President and CEO's share of the reward was 2,780 shares (1,390 in shares and 1,390 in cash). The share rewards were paid in March 2021. The shares were acquired at an average price of EUR 8,51 per share on 18 March 2021.

The profit and loss of 2021 includes EUR 50 thousand of costs related to these incentive programs.

The administration of the share-based incentive plan and the acquisition of shares are conducted through an arrangement made with Evli Awards Management Oy (EAM) as per the decision of the Board of Directors on 12 June 2017 and according to the stipulations of the Companies Act for financing the purchase of own shares (the Finnish Companies Act, Chapter 13, Section 10, Subsection 2) relating to incentive plans. As a part of this arrangement EAM founded EAM EXL1V Holding Oy (Holding company) which acquires the shares with Exel's funding and according to the agreement. These shares will be delivered to the employees according to Exel's share plan terms and conditions. The Holding company is owned by the EAM in legal terms, but according to the agreement Exel has control over the company and acts as the principal, whereas EAM is an agent through the Holding company. This control arising from contractual terms means, that the Holding company is consolidated into the Group's IFRS financial statements as a structured entity.

No reward will be paid to an executive based on the 2019, 2020 and 2021 programs, if his or her employment or service with the company ends before the reward payment unless the executive is leaving the company due to retirement or unless the Board decides otherwise. The programs also include a one-year lock-up period, and the restriction on leaving the Company is extended to the end of the lock-up.