

REMUNERATION REPORT 2022

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 2022. No deviations to the remuneration policy were made.

In the advisory voting held in the AGM 2022, 100% of the votes were given in favor of approving the Remuneration Report 2021.

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 2022 and in 2020 to reflect a competitive market level.

Development of Group remuneration

EUR thousand	2022	2021	2020	2019	2018
Remuneration of the Board of Directors	247	180	173	175	164
Remuneration of the President and CEO 1)	328	471	438	324	390
Remuneration of the company's employees on average 2) 3)	53	49	46	46	47
Revenue 3)	136,988	134,365	108,595	103,784	96,608
Adjusted operating profit 3)	8,029	6,029	9,708	7,160	5,018
Total shareholder return, % 4)	31	12.2	19.1	69.2	-36.1

1) Riku Kytömäki, President and CEO until 30 September 2022. Jouni Heinonen, Interim President and CEO since 1 October 2022.

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

3) 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.

4) 1 January - 31 December, dividends re-invested.

Remuneration of the Board of Directors in 2022

The AGM held in 2022 confirmed the following compensation for Board members for the year 2022:

- **Chairman:** Annual remuneration of EUR 45,000 (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 21,000 (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 2022, 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 18,000 for the Chairman and EUR 8,400 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.

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.

EUR thousand	Board meetings (attendance/total)	Annual fixed fees	Meeting fees	Other fees	Total fees	Total fees
	2022	2022	2022	2022	2022	2021
Reima Kerttula Chairman (since 17 March 2016, member until 17 March 2016)	12 / 12	45	18	11	74	58
Jouni Heinonen 1) Member (since 25 March 2022)	11 / 11	21	7	5	33	0
Petri Helsky Member (since 17 March 2016)	12 / 12	21	12	7	40	31
Helena Nordman-Knutson Member (since 4 April 2017)	12 / 12	21	12	1	34	30
Jouko Peussa Member (since 17 March 2016)	12 / 12	21	12	0	33	30
Kirsi Sormunen Member (since 20 March 2020)	12 / 12	21	12	0	33	31
Total		150	73	23.5	246.5	180

1) Board meeting fee has not been paid to Jouni Heinonen since he started as Interim President and CEO on 1 October 2022

Remuneration of the President and CEO and Group Management Team in 2022

EUR thousand	Riku Kytömäki President and CEO (until 30 September 2022)		Jouni Heinonen Interim President and CEO (since 1 October 2022)		Group Management Team	
	2022	2021	2022	2021	2022	2021
Fixed annual base salary	292	325	36	-	977	959
Fringe benefits	0	0	0	-	11	11
Short-term incentives	Based on 2022 performance (estimate, to be paid in 2023)	Based on 2021 performance (paid in 2022)	Based on 2022 performance (estimate, to be paid in 2023)	Based on 2021 performance (paid in 2022)	Based on 2022 performance (estimate, to be paid in 2023)	Based on 2021 performance (paid in 2022)
total	0	41	0	-	125	102
% of annual base salary	0	13	0	-	13	11
% of maximum level	0	25	0	-	32	27
Long-term incentives	Based on 2020-2022 performance (estimate, to be paid in 2023)	Based on 2019-2021 performance (paid in 2022)	Based on 2020-2022 performance (estimate, to be paid in 2023)	Based on 2019-2021 performance (paid in 2022)	Based on 2020-2022 performance (estimate, to be paid in 2023)	Based on 2019-2021 performance (paid in 2022)
total	0	79	0	-	0	132
% of annual base salary	0	24	0	-	0	14
% of maximum level	0	27	0	-	0	29
Total	292	445	36	-	1,113	1,204

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

Earning opportunity and performance measures for short-term incentives

	Weight, %	Minimum level	Target level	Maximum level 1)	Achievement, % of maximum level
Based on 2022 performance (estimate, to be paid in 2023)					
Adjusted operating profit, EUR million	80	7.0	10.0	13.0	30
Gross margin, EUR million	20	40.0	44.4	48.9	61
Earning opportunity, % of maximum		15%	60%	100%	
Based on 2021 performance (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, % of maximum		15%	60%	100%	

Earning opportunity and performance measures for long-term incentives

	Weight, %	Minimum level	Target level	Maximum level	Achievement, % of maximum level
Based on 2020-2022 performance (estimate, to be paid in 2023)					
Adjusted operating profit, EUR million	75	28	30	32	0
Total shareholder return, %	25	15	50	85	0
Earning opportunity, % of target shares		25%	100%	200%	
Based on 2019-2021 performance (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, % of target shares		25%	100%	200%	

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.

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

The Group has long-term incentive programs for President and CEO, the Group Management Team and selected key employees of the company. The aim of the programs is to align the objectives of the shareholders and the executives, to increase the value of the company, to commit the executives to the company and to offer the executives a competitive reward program. The Board of Directors decides on the program and the performance measures annually.

On 31 December 2022 the Group had three share-based long-term incentive programs and one program was paid out during 2022:

The 2020 plan is part of a share-based long-term incentive program for the earning period 2020-2022 and was targeted at approximately 20 executives. The President and CEO and the Group Management Team were included in the target group of the 2020 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 2023. The maximum number of shares to be paid under this individual plan is 125,000 shares, of which President and CEO's share is 32,000 shares. The estimated payout (to be confirmed in March 2023) is 0 shares in total. The fair value at measurement date is EUR 5.52 / share.

The 2021 plan is part of a share-based long-term incentive program for the earning period 2021-2023 and is targeted at approximately 20 executives. The President and CEO and the Group Management Team are included in the target group of the 2021 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 2024. The maximum number of shares to be paid under this individual plan is 100,000 shares, of which President and CEO's share is 25,600 shares. The estimated payout (to be confirmed in March 2024) is 0 shares in total. The fair value at measurement date is EUR 7.78 / share.

The 2022 plan is part of a share-based long-term incentive program for the earning period 2022-2024 and is targeted at approximately 20 executives. The President and CEO and the

Group Management Team are included in the target group of the 2021 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 2025. The maximum number of shares to be paid under this individual plan is 100,000 shares, of which President and CEO's share is 25,600 shares. The fair value at measurement date is EUR 6.68 / share.

The 2019 program, the earning period of which ended in 2021, was based on a long-term monetary incentive program and was targeted at 20 executives for the earning period 2019-2021. The President and CEO and the members of the Group Management Team were included in the target group of the 2019 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 2022 was 196,000 shares, of which President and CEO's share was 50,000 shares. In 2022, a total reward of 46,750 shares (20,438 paid in shares and 26,312 in cash) was paid out under the 2019 plan to 20 executives. The President and CEO's share of the reward was 12,500 shares (6,250 in shares and equivalent of 6,250 shares in cash). The share rewards were paid in March 2022. The shares were acquired at an average price of EUR 6,2864 per share on 11 March 2022.

The profit and loss of 2022 includes EUR 284 thousand of costs related to these incentive programs. In each program the fair value of a share at the measurement date is the closing price of the share on the date the Board decided on the program, adjusted with the estimated dividends to be paid during the program.

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 2020, 2021 and 2022 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.