

# REMUNERATION REPORT 2023

This remuneration report is prepared in accordance with the Finnish Corporate Governance Code effective as of January 2020 (available at [www.cgfinland.fi](http://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](http://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 2023. No deviations to the remuneration policy were made. The Remuneration Report 2023 will be presented to Exel Composites' Annual General Meeting 2024 for an advisory vote.

The Remuneration Report 2022 presented to the Annual General Meeting 2023 was adopted through advisory voting.

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.

## Development of Group remuneration

EUR thousand	2023	2022	2021	2020	2019
Remuneration of the Board of Directors	238	247	180	173	175
Remuneration of the President and CEO 1)	263	328	471	438	324
Remuneration of the company's employees on average 2)	51	53	49	46	46
Revenue	96,815	136,988	134,365	108,595	103,784
Adjusted operating profit	-2,446	8,029	6,029	9,708	7,160
Total shareholder return, % 3)	-50.4	-30.7	12.2	19.1	69.2

1) Paul Sohlberg, President and CEO since 20 March 2023. Jouni Heinonen, Interim President and CEO 1 October 2022-19 March 2023. Riku Kytömäki, President and CEO until 30 September 2022.

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

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

## Remuneration of the Board of Directors in 2023

The AGM held in 2023 confirmed the following compensation for Board members for the year 2023:

- **Chairman:** Annual remuneration of EUR 45,000 (previous year EUR 45,000) and additionally EUR 1,500 (1,500) for attendance at each Board and committee meeting and for each similar all-day Board assignment.
- **Board member:** Annual remuneration of EUR 21,000 (21,000) and additionally EUR 1,000 (1,000) for attendance at each Board and committee meeting and for each similar all-day Board assignment.
- For each committee meeting, the meeting fee for the committee chairman is EUR 1,500.

Travel expenses and other out-of-pocket expenses arising from the Board work will be compensated in accordance with the Company’s established practice and travel rules.

According to a decision of the AGM held in 2023, 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, for any reason, of any member of the Board of Directors terminate before the next Annual General Meeting, the member of the Board of Directors shall return to the Company the remuneration or equivalent amount in cash for the period corresponding to the term of office following the termination of membership.

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
	2023	2023	2023	2023	2023	2022
Jouni Heinonen 1) Chairman (since 10 May 2023, member since 25 March 2022)	16 / 16	45	19	6	69	33
Petri Helsky Member (since 17 March 2016)	16 / 16	21	16	10	47	40
Helena Nordman-Knutson Member (since 4 April 2017)	16 / 16	21	16	1	38	34
Jouko Peussa Member (since 17 March 2016)	16 / 16	21	16	0	37	33
Kirsi Sormunen Member (since 20 March 2020)	16 / 16	21	16	1	38	33
Reima Kerttula Chairman (until 10 May 2023)	5 / 5	0	8	1	9	74
<b>Total</b>		<b>129</b>	<b>90</b>	<b>19</b>	<b>238</b>	<b>247</b>

1) Board meeting fee was not paid to Jouni Heinonen throughout the time he held the Interim President and CEO position (1 October 2022 to 19 March 2023).

## Remuneration of the President and CEO and Group Management Team in 2023

EUR thousand	Paul Sohlberg President and CEO (since 30 March 2023)		Jouni Heinonen Interim President and CEO (1.10.2022- 19.3.2023)		Riku Kytömäki President and CEO (until 30 September 2022)		Group Management Team	
	2023	2022	2023	2022	2023	2022	2023	2022
Fixed annual base salary	198	-	38	36	-	292	796	977
Fringe benefits	10	-	0	0	-	0	12	11
Short-term incentives	Based on 2023 performance (estimate, to be paid in 2024)	Based on 2022 performance (paid in 2023)	Based on 2023 performance (estimate, to be paid in 2024)	Based on 2022 performance (paid in 2023)	Based on 2023 performance (estimate, to be paid in 2024)	Based on 2022 performance (paid in 2023)	Based on 2023 performance (estimate, to be paid in 2024)	Based on 2022 performance (paid in 2023)
total	18	-	0	0	-	0	55	107
% of annual base salary	9	-	0	0	-	0	7	11
% of maximum level	18	-	0	0	-	0	17	27
Long-term incentives	Based on 2021-2023 performance (estimate, to be paid in 2024)	Based on 2020-2022 performance (paid in 2023)	Based on 2021-2023 performance (estimate, to be paid in 2024)	Based on 2020-2022 performance (paid in 2023)	Based on 2021-2023 performance (estimate, to be paid in 2024)	Based on 2020-2022 performance (paid in 2023)	Based on 2021-2023 performance (estimate, to be paid in 2024)	Based on 2020-2022 performance (paid in 2023)
total	0	-	0	0	-	0	0	0
% of annual base salary	0	-	0	0	-	0	0	0
% of maximum level	0	-	0	0	-	0	0	0
<b>Total</b>	<b>226</b>	<b>-</b>	<b>38</b>	<b>36</b>	<b>-</b>	<b>292</b>	<b>863</b>	<b>1,095</b>

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](http://www.exelcomposites.com).

## Variable remuneration

### Earning opportunity and performance measures for short-term incentives

	Weight, %	Achievement, % of maximum level
<b>Based on 2023 performance (estimate, to be paid in 2024)</b>		
Adjusted operating profit, EUR million	80	30
Gross margin, EUR million	20	61
<b>Based on 2022 performance (paid in 2023)</b>		
Adjusted operating profit, EUR million	80	30
Gross margin, EUR million	20	61

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, %	Achievement, % of maximum level
<b>Based on 2021-2023 performance (estimate, to be paid in 2024)</b>		
Adjusted operating profit, EUR million	75	0
Total shareholder return, %	25	0
<b>Based on 2020-2022 performance (paid in 2023)</b>		
Adjusted operating profit, EUR million	75	0
Total shareholder return, %	25	0

Maximum earning opportunity is 200% of annual base salary.

Exel Composites' short-term incentive program covers all employees. President and CEO, Exel Leadership Team and office employees alike are entitled to a short-term incentive in addition to their fixed salary. The performance measures of the short-term incentive 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 short-term incentives are mainly based on factory profitability and production related performance measures.

The Group has long-term incentive programs for President and CEO, Exel Leadership 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 2023 the Group had three share-based long-term incentive programs and one program had the planned pay out date during 2023:

**The 2020 plan**, the earning period of which ended in 2022, was based on a share-based long-term incentive program 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 was based on cumulative adjusted operating profit (EBIT) and 25% on total shareholder return of the company's share (TSR). The maximum number of shares that could have been paid under this individual plan was 125,000 shares, of which President and CEO's share is 32,000 shares. The plan resulted in no payable reward.

**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. It is estimated (to be confirmed in March 2024) that there is no payout. 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 2022 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 2023 plan** is part of a share-based long-term incentive program for the earning period 2023-2025 and is targeted at approximately 20 executives. The President and CEO and the Group Management Team are included in the target group of the 2023 incentive program. The performance target to the plan is the relative total shareholder return (TSR) of the Exel Composites' share where the TSR of Exel's share will be compared to the TSR of all shares listed on Nasdaq Helsinki. The potential share reward is payable in the spring 2026. The maximum number of shares to be paid under this individual plan is 140,000 shares. The fair value at measurement date is EUR 3.95 / share.

The profit and loss of 2023 includes EUR 6 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.