



EXEL COMPOSITES PLC
Rights Offering
A maximum of 94,831,552 Offer Shares
EUR 0.23 per Offer Share

Exel Composites Plc (**"Exel Composites Plc"**, the **"Issuer"** or the **"Company"**) offers its shareholders up to 94,831,552 new shares (the **"Offer Shares"**) for subscription in a rights issue primarily on the basis of shareholders' pre-emptive subscription right in the same proportion as they already hold shares (the **"Existing Shares"** and together with the Offer Shares, the **"Shares"**) in the Company and secondarily by other shareholders and by other parties (the **"Offering"**). The subscription price is EUR 0.23 per Offer Share (the **"Subscription Price"**). This offering circular (the **"Offering Circular"**) has been prepared in connection with the Offering. The Company aims to use the proceeds received from the Offering for the strengthening of the balance sheet via debt repayments and the financing of working capital needs, the execution of the strategic factory network optimisation plan and investments to support the Company's growth.

The record date of the Offering is 21 May 2024 (the **"Record Date"**). Shareholders who are registered on the shareholders register maintained by Euroclear Finland Ltd (**"Euroclear Finland"**) on the Record Date shall receive one subscription right (the **"Subscription Right"**) for each Existing Share held by the shareholder in the form of a book-entry entitling the holder to subscribe with one (1) Subscription Right for eight (8) Offer Shares at the Subscription Price (**"Primary Subscription Right"**). No fractional Offer Shares will be issued, and no individual Subscription Right may be used only in part. The Subscription Rights will be registered on the shareholders' book entry accounts on 22 May 2024 in the book entry system maintained by Euroclear Finland. If the Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, both holders of Subscription Rights and investors who do not hold Subscription Rights have the right to subscribe for such Offer Shares (the **"Secondary Subscription Right"**). Offer Shares potentially remaining unsubscribed under the Primary Subscription Right and Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors. See *"Terms and conditions of the Offering"*.

Aktia Fund Management Company Ltd, on behalf of funds managed by it, and Veritas Pension Insurance Company Ltd., which (either themselves or through their controlled funds) together own approximately 8.18 per cent of all Shares in the Company, have subject to certain customary conditions on 24 April 2024 irrevocably undertaken to subscribe for Offer Shares in full on the basis of the Subscription Rights allocated to them (the **"Subscription Undertakings"**). See *"Plan of distribution in the Offering – Subscription Undertakings"*.

The Subscription Rights are freely transferable and subject to trading on the official list of Nasdaq Helsinki Ltd (**"Helsinki Stock Exchange"**) between 24 May 2024 and 3 June 2024 under the symbol EXL1VU0124 and ISIN code FI4000571138 (provided that Helsinki Stock Exchange accepts the Company's listing application). The subscription period of the Offer Shares will commence on 24 May 2024 at 9:30 a.m. (Finnish time) and expire on 7 June 2024 at 4:30 p.m. (Finnish time) (the **"Subscription Period"**), unless the Subscription Period is extended. Unused Subscription Rights will lapse worthless upon the end of the Subscription Period.

The Offer Shares will be recorded on investors' book-entry accounts as interim shares corresponding to the Offer Shares (the **"Interim Shares"**) after subscriptions having been made and paid for. The ISIN code of the Interim Shares is FI4000571146 and the trading symbol on Helsinki Stock Exchange is EXL1VN0124. The Interim Shares will be freely transferable, and trading in the Interim Shares on the official list of Helsinki Stock Exchange as a separate series is expected to commence on 27 May 2024, provided that Helsinki Stock Exchange accepts the Company's listing application. The Interim Shares will be combined with the Existing Shares (ISIN code: FI0009007306; trading symbol on Helsinki Stock Exchange: EXL1V) after the Offer Shares have been registered with the Finnish Trade Register. The combination will take place on or about 14 June 2024, and the trading in the Offer Shares on the official List of Helsinki Stock Exchange will commence on or about 17 June 2024, provided that Helsinki Stock Exchange accepts the Company's listing application.

The Offering consists of (i) a public offering in Finland and (ii) private placements in certain countries outside the United States in accordance with Regulation S of the United States Securities Act of 1933 (as amended, the **"United States Securities Act"**) and applicable securities legislation. The Subscription Rights and the Offer Shares have not been registered, and they will not be registered, under the U.S. Securities Act or under the securities laws of any state of the United States, and they may not be offered or sold, directly or indirectly, in or into the United States. The Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to deliver the Subscription Rights or make any offering of the Offer Shares. The Subscription Rights or the Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries. See *"Important Information"*.

An investment in the Subscription Rights and/or Offer Shares involves risks. Prospective investors should read this entire Offering Circular and, in particular, *"Risk factors,"* when considering an investment in the Subscription Rights and/or Offer Shares.

Joint Global Coordinators

Danske Bank A/S, Finland Branch

Nordea Bank Abp



Nordea

IMPORTANT INFORMATION

This Offering Circular has been prepared in accordance with the following regulations: the Finnish Securities Markets Act (746/2012, as amended) (the **"Finnish Securities Markets Act"**), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the **"Prospectus Regulation"**), Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (as amended) (annexes 3 and 12), and Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to prospectus and notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 (as amended). This Offering Circular has been drawn up as a simplified prospectus as referred to in Article 14 of the Prospectus Regulation. This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. The Finnish Financial Supervisory Authority (the **"FIN-FSA"**) has approved the Finnish-language prospectus (the **"Finnish Prospectus"**); however, it is not responsible for the accuracy of the information presented therein or herein. The register number of the FIN-FSA's approval decision is FIVA/2024/862. The Finnish Prospectus has been prepared in Finnish and this Offering Circular is an unofficial translation of the Finnish Prospectus. The FIN-FSA has not approved this English translation. In the event of any discrepancies between the language versions, the Finnish Prospectus shall prevail. The restrictions concerning the distribution of the Finnish Prospectus and this Offering Circular differ from each other. **This Offering Circular shall be valid until the Offer Shares have been admitted to public trading at Helsinki Stock Exchange.** If a significant new factor, material mistake or material inaccuracy relating to the information included into this Offering Circular arises, the obligation to supplement the Offering Circular under the Prospectus Regulation will end when the Offering Circular expires.

In this Offering Circular **"Exel Composites"**, the **"Group"** and the **"Company"** refer to Exel Composites Plc and its subsidiaries on a combined basis, unless the context clearly requires that the expression refers to Exel Composites Plc alone, a certain subsidiary or business unit or some of these on a combined basis. **"Subsidiaries"** refers to the Company's subsidiaries together, unless the context requires that the expression refers only to a certain subsidiary or business unit or some of these on a combined basis. However, references to shares in the Company (the **"Shares"**), share capital or the Company's management are references to Exel Composites Plc's issued shares, share capital and management. Exel Composites Plc is a public limited company incorporated under the laws of Finland and to which the Finnish Limited Liability Companies Act (624/2006, as amended) (the **"Finnish Companies Act"**) is applicable.

No person is or has been authorised to give any information or to make any representation regarding the Offering other than those contained in this Offering Circular and, if given or made, such information or representation must not be considered as having been so authorised by the Company or the Joint Global Coordinators. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators in this respect, whether as to the past or the future. The Joint Global Coordinators assume no responsibility for the accuracy, comprehensiveness or verification of the information and disclaims to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Offering Circular or any such statement.

The information contained herein is current as at the date of this Offering Circular. Nothing contained in this Offering Circular constitutes, or shall be relied upon as, a promise by the Company or the Joint Global Coordinators as to the future. Neither the publication of this Offering Circular nor the offer or delivery of the Offer Shares based on this Offering Circular shall be deemed to mean that no changes could occur in the Company's business after the date of this Offering Circular or that the information contained in this Offering Circular would hold true in the future. However, pursuant to the Prospectus Regulation, the Company shall supplement the Offering Circular if, after the FIN-FSA has approved the Finnish Prospectus but prior to the end of the Offer Period or the Offer Shares or the Interim Shares being admitted to trading on the official list of Helsinki Stock Exchange (whichever occurs later), there is noted a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares or the Interim Shares. Where this Offering Circular is supplemented pursuant to the Prospectus Regulation, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional on that the grounds for supplementing this Offering Circular were noted prior to the end of the Subscription Period or the delivery of the Offer Shares or the Interim Shares on the book-entry account of the subscriber (whichever occurs earlier). The investors are advised to follow the stock exchange releases published by the Company.

In making an investment decision, investors are encouraged to rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Neither the Company nor the Joint Global Coordinators, nor any of their respective affiliates or representatives, is making any representation to any offeree or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The investors are encouraged to, based on their own assessment, consult their own advisers before subscribing for the Offer Shares. Investors are encouraged to make their independent assessment of the legal, tax, business, financial and other consequences of subscription for the Offer Shares. The investors are also encouraged to make their independent assessment of the risks involved in the subscription of the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor. The Joint Global Coordinators are acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Offering Circular) as its respective client in relation to the Offering. The Joint Global Coordinators will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In a number of countries, in particular in the United States, Australia, Canada, Japan, Hong Kong, New Zealand, South Africa and Singapore, the distribution of this Offering Circular and the offer of the Offer Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). This Offering Circular does not constitute an offer to subscribe for the Offer Shares in a jurisdiction to an individual in respect of which an offer would be unlawful. No action has been or will be taken by the Company or the Joint Global Coordinators to permit a public offering or the possession or distribution of this Offering Circular (or any other offering or publicity materials or application forms relating to the Offering) in any jurisdiction where such possession or distribution may otherwise lead to a breach of any law or regulatory requirement. Neither this Offering Circular nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company and the Joint Global Coordinators recommend persons into whose possession this Offering Circular comes to inform themselves of and to observe all such restrictions. The Company and the Joint Global Coordinators do not assume any responsibility to present the appropriate information regarding such restrictions nor that such restrictions are obeyed. Neither the Company nor the Joint Global Coordinators accept any legal responsibility for persons who have obtained this Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers of the Offer Shares. This Offering Circular does not constitute an offer to sell the Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to subscribe or buy the Offer Shares made to a person in a jurisdiction in which it is unlawful to make such solicitation.

No action has been or will be taken by the Company or the Joint Global Coordinators to permit any public offering of the Subscription Rights or the Offer Shares outside Finland. Nevertheless, the Offer Shares may be offered to qualified investors in member states of the EEA or in the United Kingdom, if any of the exceptions in the Prospectus Regulation is applicable. The Subscription Rights or the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Subscription Rights or the Offer Shares may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such country, where offering of the Subscription Rights or the Offer Shares would be forbidden. The Subscription Rights or the Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country. As a condition to subscribing for the Offer Shares, each subscriber will be deemed to have made, or in some cases, be required to make, certain representations and warranties regarding their domicile that will be relied upon by the Company and the Joint Global Coordinators. The Company reserves the right, in its sole and absolute discretion, to reject any subscription for Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation. Matters related to the Offering are governed by the laws of Finland. All disputes arising in connection with the Offering are settled exclusively by a court of competent jurisdiction in Finland.

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SUMMARY

Introduction

*This summary should be read as an introduction to this offering circular (the “**Offering Circular**”). Any decision to invest in the securities presented in this Offering Circular should be based on consideration of this Offering Circular as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Exel Composites Plc (“**Exel Composites**” or the “**Company**”) assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent, when read together with the other parts of this Offering Circular, or where it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the Subscription Rights or the Offer Shares.*

The identity and contact details of the issuer are as follows:

Name of the issuer:	Exel Composites Plc
Registered address:	Uutelantie 24 B, FI-52700 Mäntyharju, Finland
Business identity code:	1067292-7
Legal entity identifier (LEI):	743700205JAMGM80QD88
ISIN code of the Shares:	FI0009007306
Trading code:	EXL1V

This is an unofficial English language Offering Circular of the original Finnish language Prospectus (the “**Finnish Prospectus**”). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) as the competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) on 23 May 2024. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is FIVA/2024/862. The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows: Financial Supervisory Authority, P.O. Box 103, FI-00101 Helsinki, Finland, +358 9 183 51, registry@fiva.fi.

Key information on the issuer

Who is the issuer of the securities?

Exel Composites Plc (in Finnish: Exel Composites Oyj) is a public limited company incorporated on 13 November 1996 in Finland under the laws of Finland. The Company is domiciled in Mäntyharju, Finland. The Company is registered in the Finnish Trade Register (the “**Finnish Trade Register**”) under the business identity code 1067292-7. The Company’s legal entity identifier code (LEI) is 743700205JAMGM80QD88.

General

Exel Composites is a global developer of composite solutions headquartered in Finland. Measured by turnover and the geographical reach of the business, Exel Composites is one of the largest global manufacturers of composite profiles and tubes made with continuous manufacturing technologies and a technology expert in the global composite market.¹ The Company has over 60 years of experience of composites and a manufacturing, R&D, and sales footprint with which it serves customers across a broad range of industries and applications globally. Exel Composites’ manufacturing, R&D and sales network covers all main markets relevant to composites, i.e. Europe, Asia and North America, and it has customers in over 50 countries. Exel Composites’ products are instrumental to many products and solutions from wind power and transportation to building and infrastructure, such as wind turbine parts and window and door profiles. Exel Composites works closely with its customers to develop, design and manufacture high quality composite solutions using carbon fibre, fibreglass, and other advanced materials.

¹ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

On 2 October 2023, Exel Composites launched a transformative strategy to become a more integrated designer and manufacturer of composite solutions made with continuous manufacturing technologies for volume and customer-specific applications. The focus of the new strategy is to grow organically in volume and customer-specific applications as well as to improve the Company's profitability by increasing efficiency in the Company's operations.

On the date of the Offering Circular, the Board of Directors comprises of Jouni Heinonen, Petri Helsky, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen. On the date of the Offering Circular, the members of the Exel Leadership Team are President and CEO Paul Sohlberg, Mikko Rummukainen, Juha Honkanen, Kathy Wang, Kim Sjö Dahl and Johanna Tuomisto. The auditor of the Company is Ernst & Young Oy, Authorised Public Accountant Firm, with Timo Eerola, Authorised Public Accountant, as the auditor with principal responsibility.

Largest shareholders

Shareholders owning 5 per cent or more of the Existing Shares in Exel Composites have an interest in the Company's share capital which is notifiable pursuant to the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Markets Act**"). The following table sets forth the ten largest shareholders of the Company pursuant to the shareholders' register maintained by Euroclear Finland, dated 14 May 2024, including shareholders owning individually or through a sphere of control 5 per cent or more of the Existing Shares and votes in Exel Composites:

Shareholder	Shares, total	Shares and votes, % ⁽¹⁾
Erikoissijoitusrahasto Aktia Mikro Markka	762,984	6.41
Lazard Investissement Microcaps	690,000	5.80
OP-Finland Small Firms Fund	660,119	5.55
Ilmarinen Mutual Pension Insurance Company	496,547	4.17
Phoebus	420,000	3.53
Säästöpankki Pienyhtiöt investment fund	288,710	2.43
Sumato Oy	231,821	1.95
Nelimarkka Heikki Antero	212,607	1.79
Veritas Pension Insurance Company	210,001	1.77
Elo Mutual Pension Insurance Company	175,235	1.10
Ten largest shareholders in total	3,385,040	28.45
Holders of nominee-registered shares	778,404 ⁽²⁾	6.54
Total Company Shares	11,896,843	100.0

⁽¹⁾ There are 42,899 Existing Shares held by the Company that do not carry voting rights at the Company's general meeting.

⁽²⁾ Lazard Investissement Microcaps' 690,000 Shares are included in the nominee-registered amount.

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any person (as control is defined in Chapter 2, Section 4 of the Finnish Securities Markets Act).

What is the key financial information regarding the issuer?

Exel Composites' selected financial information below has been derived from Exel Composites' unaudited business review as at and for the three months ended 31 March 2024 including the unaudited comparative financial information as at and for the three months ended 31 March 2023 and Exel Composites' audited consolidated financial statements as at and for the years ended 31 December 2023 and 31 December 2022, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (the "**IFRS**").

Information from the consolidated income statement, balance sheet and cash flow statement	As at and for the 3 months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
(EUR million, unless otherwise indicated)	(unaudited)		(audited, unless otherwise indicated)	
Information from the income statement.....				
Revenue.....	23,365	28,803	96,815	136,988
Operating profit	-555	-283	-4,863	3,002
% of revenue ⁽²⁾	-2.4	-1.0	-5.0	2.2

Adjusted operating profit ⁽²⁾	-555	6	-2,446	8,029
% of revenue ⁽²⁾	-2.4	0.0	-2.5	5.9
EBITDA ⁽²⁾	905	1,479	3,832	10,123
Adjusted EBITDA ⁽²⁾	905	1,768	4,059	15,149
Net debt to adjusted EBITDA ^{(1) (2)}	11.2	2.7	8.1	2.1
Profit/loss for the period	-598	-2,138	-9,309	2,145
Earnings per share	-0.05	-0.18	-0.77	0.19
Profit/loss attributable to				
Owners of the parent company	-	-	-9,130	2,293
Non-controlling interests.....	-	-	-179	-148
Comprehensive income attributable to				
Owners of the parent company	-	-	-10,240	1,743
Non-controlling interests.....	-	-	-192	-166
Information from the consolidated balance sheet				
Assets, total.....	86,930	106,913	85,028	113,058
Equity, total	16,725	28,029	17,687	30,385
Information from the consolidated cash flow statement				
Net cash flow from operating activities	-2,611	-2,790	4,445	6,767
Net cash flow from investing activities.....	-432	-479	-3,076	2,018

⁽¹⁾ Last 12 months' adjusted EBITDA.

⁽²⁾ Unaudited.

What are the key risks that are specific to the issuer?

- Adverse macroeconomic developments or uncertainty in economic and political conditions may have a material adverse effect on Exel Composites' operating environment, which may decrease the demand for the Company's products and thus have an adverse effect on Exel Composites' operating environment, business, results of operations and financial position
- A decrease in the availability of raw materials used in Exel Composites' products or an increase in their price may increase operational costs and weaken revenue and profitability
- Intensifying competition, changes in the competitive landscape and changes in customer behaviour may have a material adverse effect on Company's revenue and profitability, and the Company may fail to maintain or increase its market share
- Exel Composites may fail to successfully implement or update its new strategy, and the new strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry, which may lead to material adverse financial effects
- Possible failures in product development could lead to losses and damages which may have a material adverse effect on the Company's business
- Failures in product quality or delivery timelines could lead to losses and damages as well as have a material adverse effect on the Company's reputation and the Company's business
- Loss of customers or decrease in order volumes or inability to compete in key customer industries may adversely affect Exel Composites' revenue and profitability
- If the Company fails to raise at least EUR 5.6 million in gross proceeds in the Offering, the Company's current working capital may not be sufficient for its requirements over the next 12 months, which would jeopardise the Company's continuance as a going concern
- The Company may not be able to fulfil the covenants of its financing agreements, which may have an adverse effect on the Company's financial condition and jeopardise the Company's continuance as a going concern
- The Company might not be able to secure new financing at competitive terms or at all or to extend its existing financing agreements under the current terms
- Legal and regulatory requirements and changes in and non-compliance with laws and regulations may have a material adverse effect on Exel Composites' business operations

Key information on the securities

What are the main features of the securities?

Exel Composites aims to raise gross proceeds of approximately EUR 21.8 million by offering a maximum of 94,831,552 new shares (the “**Offer Shares**”) for a consideration based on the pre-emptive subscription right of the shareholders (the “**Offering**”). The number of shares in the Company may as a result of the Offering increase from the 11,896,843 existing shares (the “**Existing Shares**”) and together with the Offer Shares, the “**Shares**”) to up to 106,728,395 Shares. The Shares in the Company are issued in the book-entry system maintained by Euroclear Finland Oy (“**Euroclear Finland**”) under the ISIN code FI0009007306 and are admitted to trading on the official list of Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”) under the trading code EXL1V. The Shares are settled through the clearance system of Euroclear Finland. The Shares have no nominal value, and they are denominated in euro.

The Offer Shares will entitle their holders to possible dividend and other distribution of funds, if any, and to other shareholder rights in Exel Composites after the Offer Shares have been registered with the Finnish Trade Register, on or about 14 June 2024 and in the Company’s shareholder register maintained by Euroclear Finland on or about 17 June 2024, (unless the Subscription Period is extended).

Exel Composites has one share class, and each Offer Share entitles its holder to one vote at the General Meeting of Shareholders of the Company. Exel Composites’ ambition for dividend payment is minimum 40 per cent of the profit for the financial year as permitted by the financial structure and growth opportunities. The Annual General Meeting of Shareholders of the Company resolved on 26 March 2024, that no dividend will be paid in respect of the financial year ended 31 December 2023.

Where will the securities be traded?

The Company intends to submit an application for the Offer Shares to be admitted to trading on the official list of the Helsinki Stock Exchange under the share trading code “EXL1V”.

The Subscription Rights will be tradeable on the official list of the Helsinki Stock Exchange between 24 May 2024 and 3 June 2024 (unless the Subscription Period is extended) (provided that the Helsinki Stock Exchange accepts the Company’s listing application). The ISIN code of the Subscription Rights is FI4000571138 and the trading code on Helsinki Stock Exchange is EXL1VU0124. The Offer Shares subscribed pursuant to the exercise of the Subscription Rights will be recorded on investors’ book-entry accounts as interim shares representing to the Offer Shares (the “**Interim Shares**”) after the subscription has been effected. The ISIN code of the Interim Shares is FI4000571146 and the trading code on the Helsinki Stock Exchange is EXL1VN0124. The Interim Shares will be freely transferable, and trading in the Interim Shares on the official list of the Helsinki Stock Exchange as a separate class of securities is expected to commence on 27 May 2024, provided that the Helsinki Stock Exchange accepts the Company’s listing application. The Interim Shares will be combined with the Existing Shares after the Offer Shares have been registered with the Finnish Trade Register. The combination will take place on or about 14 June 2024 (unless the Subscription Period is extended) and trading in the Offer Shares on the official list of Nasdaq Helsinki will commence on or about 17 June 2024, provided that the Helsinki Stock Exchange accepts the Company’s listing application.

Offer Shares subscribed for without Subscription Rights will be recorded on the subscribers’ book-entry accounts as Shares on or about 17 June 2024 (unless the Subscription Period is extended). Trading in the Offer Shares will commence on the Helsinki Stock Exchange on or about 17 June 2024 (unless the Subscription Period is extended).

What are the risks that are specific to the securities?

- The amount of any dividends distributed or capital repayments made by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend or make capital repayments at all
- Future issues, trades or other assignments of Shares may have an effect on the value of the Shares or dilute the shareholders’ relative holdings and voting rights of the Shares
- A shareholder’s ownership will be diluted if the shareholder does not exercise the Subscription Rights, and the Subscription Rights could lose all their value
- The Company might not be able to raise full funds in the Offering, and the Company may not complete the Offering

Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Shareholders of Exel Composites registered in the Company's shareholder register maintained by Euroclear Finland Ltd ("**Euroclear Finland**") on the record date of 21 May 2024 (the "**Record Date**") will, on the Record date of the Offering, receive one (1) subscription right (the "**Subscription Right**") in the form of a book entry for each Company share. The Subscription Rights will be recorded on shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland on 22 May 2024.

Each one (1) Subscription Right entitles to subscribe for eight (8) Offer Shares at the Subscription Price (as defined below) (the "**Primary Subscription Right**"). No fractions of the Offer Shares will be allotted, and a Subscription Right cannot be exercised partially. If the Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, both holders of Subscription Rights and investors who do not hold Subscription Rights have the right to subscribe for such Offer Shares (the "**Secondary Subscription Right**"). Offer Shares potentially remaining unsubscribed under the Primary Subscription Right and Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors.

The Subscription Rights will be tradeable on the official list of the Helsinki Stock Exchange between 24 May 2024 and 3 June 2024 (unless the Subscription Period is extended). The subscription period will commence on 24 May 2024 at 9:30 a.m. Finnish time and end on 7 June 2024 at 4:30 p.m. Finnish time (the "**Subscription Period**"). The Board of Directors is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 7 June 2024. The subscription price is EUR 0.23 per Offer Share (the "**Subscription Price**"). Upon expiry of the Subscription Period, unexercised Subscription Rights will lapse and will be removed from the investor's book entry account without notification. If the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. In order to ensure that the Subscription Rights do not remain unexercised and lapse without value, the holder must either (i) exercise the Subscription Rights to subscribe for Offer Shares no later than on 7 June 2024 (unless the Subscription Period is extended), in accordance with the terms and conditions of the Offering and the instructions from the shareholder's account operator, custodian or nominee; or (ii) sell the Subscription Rights that have not been exercised no later than on 3 June 2024 (unless the Subscription Period is extended). Where Existing Shares entitling to Subscription Rights have been pledged or are subject to any other encumbrance, it may not be possible to use the Subscription Rights without the consent of the pledgee or other such rights holder.

The Offering consists of (i) a public offering in Finland and (ii) private placements in certain countries outside the United States in accordance with Regulation S of the United States Securities Act of 1933 (as amended, the "**United States Securities Act**") and applicable securities legislation. The Subscription Rights and the Offer Shares have not been registered, and they will not be registered, under the U.S. Securities Act or under the securities laws of any state of the United States, and they may not be offered or sold, directly or indirectly, in or into the United States.

Payment of the Offer Shares

Subscription for Offer Shares with Subscription Rights (Primary Subscription Right)

Each shareholder or other investor may participate in the Offering by subscribing for Offer Shares with the Subscription Rights on the shareholder's or other investor's book-entry account and by paying the Subscription Price. However, this shall not apply to shareholders resident in certain Unauthorised Jurisdictions (as defined below) (see "*Shareholders resident in certain Unauthorised Jurisdictions*"). The Subscription Price shall be paid in its entirety in accordance with the instructions of the account operator, custodian or nominee upon giving a subscription order. In order to participate in the Offering, shareholders and other investors shall give their subscription orders in accordance with the instructions of their own account operator, custodian or nominee. Subscriptions will be deemed made only once the subscription order has been received by the account operator, custodian or nominee and the Subscription Price has been paid in full. Subscriptions shall be given separately for each book-entry account. Incomplete or erroneous subscription orders may be rejected. Where the Subscription Price is not paid in accordance with these conditions, the subscription can be rejected. In such situations, the Subscription Price paid will be refunded to the subscriber. No interest will be paid on the refunded amount. Subscriptions are binding and may not be amended or withdrawn except pursuant to section "*Withdrawal of subscriptions in certain circumstances*". Unused Subscription Rights will lapse

worthless upon the end of the Subscription Period on 7 June 2024 at 4:30 p.m. Finnish time (unless the Subscription Period is extended) and they will be removed from the holders' book-entry accounts without any notice or compensation.

Subscription for Offer Shares without Subscription Rights (Secondary Subscription Right)

Shareholders and other investors may subscribe for Offer Shares without Subscription Rights by giving a subscription order and by paying the Subscription Price in accordance with the instructions of the subscriber's account operator, custodian or nominee. The account operator, custodian or nominee of the shareholder and/or investor must receive the subscription order and payment no later than on 7 June 2024 or at any earlier date and time as instructed by the account operator, asset manager or nominee. The Offer Shares subscribed without Subscription Rights will be recorded on the subscriber's book entry account as Shares on or about 17 June 2024.

Withdrawal of subscriptions in certain circumstances

Where the Finnish language prospectus relating to the Offering is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares or the Interim Shares, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional on upon such significant new factor, material mistake or material inaccuracy referred above having arisen or been noted prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier). The Company will announce withdrawal procedures by way of a stock exchange release together with any supplement to the Finnish Prospectus and its English translation. After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately two business days from withdrawal. No interest will be paid on the refunded amount. If the holder of a Subscription Right or an Interim Share has sold or otherwise transferred their Subscription Right or Interim Share, the sale or transfer cannot be cancelled.

Shareholders resident in certain unauthorised jurisdictions

The granting of Subscription Rights to shareholders resident in countries other than Finland and the issuance of the Offer Shares to persons who have exercised Subscription Rights and who are resident in countries other than Finland, may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose Existing Shares are directly registered on a book-entry account and whose registered address is in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand or any other jurisdiction in which participation in the Offering would not be permissible (the "**Unauthorised Jurisdictions**"), may not receive any Subscription Rights and will not be allowed to subscribe for the Offer Shares. In Finland, each such shareholder, registered in the Company's shareholders' register, acting through banks, nominees, custodians or other financial intermediaries through which its Shares are held, may consider selling any and all Subscription Rights held for its benefit to the extent permitted under their arrangements with such persons and applicable law and receiving the sales proceeds (less deduction of costs) on their account.

Applicable law and dispute resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

Fees and expenses

In connection with the Offering, Exel Composites expects to pay a total of approximately EUR 1.7 million in aggregate fees and expenses, including fees and expenses payable to the Joint Global Coordinators. The Company has also agreed to pay certain customary expenses of the Joint Global Coordinators in connection with the Offering. No fees or expenses will be charged for the subscription of Offer Shares, and no transfer tax is payable for the subscription of Offer Shares. Account operators, custodians or securities brokers who execute subscription orders relating to the Subscription Rights may charge a commission in accordance with

their own tariffs. Account operators and custodians may also charge a fee for the maintenance of a book entry account and the custody of the shares.

Dilution

The maximum number of Offer Shares offered in the Offering represents 88.9 per cent of all the Shares after the Offering. In the event that the Company's current shareholders do not subscribe for Offer Shares in the Offering (excluding the Subscription Undertakings), their holdings in the Company will be diluted by 88.9 per cent, provided that the Company offers 94,831,552 Offer Shares and that the Offer Shares are fully subscribed. The Company's equity per Share was EUR 1.47 on 31 December 2023.

Why is this Offering Circular being produced?

This Offering Circular has been produced by Exel Composites in order to offer the Offer Shares to the public and to submit a listing application to the Helsinki Stock Exchange to list the Offer Shares on the official list of the Helsinki Stock Exchange.

Reasons for the Offering and use and estimated amount of proceeds of the Offering

The objective of the Offering is to strengthen Exel Composites' capital structure and accelerate the implementation of the Company's transformative strategy. Through the Offering, the Company seeks to ensure sufficient working capital as well as to accelerate necessary growth investments and the optimisation of its factory network to gain efficiencies and to finance working capital needs for the expected business growth. In addition, the Company seeks to strengthen its capital structure as well as to improve its cash flow and profitability through debt repayments. Exel Composites has agreed on the refinancing of its current bank loans with a new financing agreement of EUR 52.4 million that is conditional on the completion of the Offering with net proceeds of at least EUR 20 million. The Company will use EUR 6.5 million of the net proceeds from the Offering to repay its debt. In the Offering, the Company is seeking gross proceeds of approximately EUR 21.8 million. The Company estimates the charges, fees and expenses to be paid by the Company in connection with the Offering to amount to approximately EUR 1.7 million. The Company is estimated to receive net proceeds of approximately EUR 20.1 million from the Offering provided that the Offering is fully subscribed. The Company aims to use the proceeds received from the Offering for the strengthening of the balance sheet via debt repayments and the financing of working capital needs, the execution of the strategic factory network optimisation plan and investments to support the Company's growth. The Company intends to use EUR 6.5 million of the net proceeds of the Offering to repay its debts.

Subscription Undertakings

Aktia Fund Management Company Ltd, on behalf of funds managed by it, and Veritas Pension Insurance Company Ltd., which as at the date of this Offering Circular (either themselves or through their controlled funds) together own approximately 8.18 per cent of all Shares in the Company, have subject to certain customary conditions on 24 April 2024 irrevocably undertaken to subscribe for Offer Shares in full on the basis of the Subscription Rights allocated to them (the "**Subscription Undertakings**"). The Subscription Undertakings correspond to a total of EUR 1.8 million and 8.21 per cent of the Offer Shares provided that the Offering will be fully subscribed.

Conflicts of interest

The fees of Danske Bank A/S, Finland Branch and Nordea Bank Abp (the "**Joint Global Coordinators**") are dependent on the completion of the Offering. The Joint Global Coordinators and/or their affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Exel Composites in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. Furthermore, certain of the Joint Global Coordinators and/or their respective affiliates have acted and may in the future act as arrangers, lenders or guarantors under certain facility agreements of Exel Composites for which they have received, or will receive, customary fees and expenses. The Joint Global Coordinators also act as financing banks in Exel Composites' debt financing agreements, and the plan is to use some of the proceeds of the Offering to repayment under these financing agreements.

RISK FACTORS

An investment in the Company involves risks, some of which may be significant. The following describes the risks relating to the Offering, as well as the risks relating to the Company and its business and Shares. Many of the risks related to the Company and its business operations are inherent to its business and are typical in its industry. Investors considering an investment in the Subscription Rights and/or Offer Shares should carefully review the information contained in this Offering Circular, and in particular, the risk factors described below before making an investment.

The description of the risks below is based on the information available at the date of this Offering Circular and estimates made on the basis of this information, and therefore the description of the risks is not necessarily exhaustive. As a part of the assessment of the risk factors, the Company has considered the probability of the realisation of the possible risks. Potential events that may or may not materialise are presented in the risk factors. Due to the uncertainty characteristic of these potential courses of events, the Company is unable to present an exact estimate for all the risks on the probability of such events materialising or failing to materialise.

The materialisation of one or more risks may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects. Should one or more risks materialise or should these risks lead to a decline in the market price of the Shares, investors who have invested in the Shares could lose a part or all of their investment.

The risk factors presented herein have been divided into six categories based on their nature. These categories are:

- *Risks relating to Exel Composites' operating environment;*
- *Risks relating to Exel Composites' business operations;*
- *Risks relating to Exel Composites' financial position and financing;*
- *Exel Composites' exposure to legal, regulatory and compliance risks;*
- *Risks relating to the Shares; and*
- *Risks relating to the Subscription Rights and the Offering.*

Within each category, the risk estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of presentation of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.

In addition to the risks and uncertainties described herein, risks and uncertainties that are currently unknown or considered immaterial may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market price and value of the Shares.

Risks relating to Exel Composites' operating environment

Adverse macroeconomic developments or uncertainty in economic and political conditions may have a material adverse effect on Exel Composites' operating environment, which may decrease the demand for the Company's products and thus have an adverse effect on Exel Composites' operating environment, business, results of operations and financial position

Exel Composites is exposed to risks associated with any fluctuations of the local, regional and global economy. The business, financial position and results of operations of Exel Composites are affected by general macroeconomic conditions and their development. The aforementioned, in turn, are influenced by many factors beyond the Company's control.

The demand for the Company's products depends to a significant degree on the general economic conditions of the Company's customer industries, the development of which are influenced by several factors beyond the

Company's control. Exel Composites offers pultruded and pull-wound composite products in different customer industries, of which building, for example, is cyclical (see also "*Business overview – Business model – Customer industries*"). The financial conditions vary by customer industry, and they are influenced by, among others, changes in the general economic situation, such as inflation, the unemployment situation, consumer confidence and spending, commodity prices, development of the Gross Domestic Product growth, amount of available financing as well as general interest rate levels, which may affect industry-specific demand and investment capabilities. A lower or negative level of general economic activity can have material adverse effects on the overall demand and profitability of the Exel Composites' customer industries. In case of a decline in the economy, Exel Composites' customers may reduce their own production or face financial distress, in which case the demand for Exel Composites' products may weaken or the Company may incur credit losses. The demand for Exel Composites' products is also impacted by the level of customers' inventories. The Company's recent strategic emphasis on the wind power industry means that the Company is increasingly exposed to shifts in the energy sector trends as well as fluctuations in demand within the wind power market and the general interest rate levels. It is also possible that the actual economic and market developments differ from the Company's understanding. This may lead to the Company not being able to benefit from a potential upswing in the economy or the composites market or to reach its financial targets.

The Company operates mainly in Europe, Asia and North America, and as a result, especially any changes in the general economic conditions in these areas may have direct influence on the Company's business, financial position and results of operations. Adverse changes in macroeconomic and political conditions, for example deteriorated trade relations, tariffs, sanctions or other trade barriers, for example in Europe, China and the United States, may create challenges in the Company's supply chain, limit the Company's ability to deliver products, damage its competitive position or increase costs. They may also affect the operating prerequisites of Exel Composites' customer companies and thereby the demand for the Company's products. In addition, the rise of populism, patriotism and protectionism in the political environment can make it difficult for the Company to access the necessary markets, decrease sales and incur costs in terms of adapting the business to changed circumstances. In recent years, there has been considerable fluctuation in the overall economic and capital market conditions in Europe and elsewhere in the world in consequence of e.g., the coronavirus pandemic, the war in Ukraine and in the Middle East and Red Sea, and high inflation. Disruptions and downturns caused by, for example, the war in Ukraine or the conflict in the Middle East, may affect supply chains of the Company and the demand for its products, affect the availability of raw materials as well as increase the price of raw materials and energy. If the ongoing conflicts are prolonged or they expand to other countries, or if additional economic sanctions or other measures are imposed, or if volatility in commodity prices or disruptions to supply chains worsen, regional and global macroeconomic conditions and financial markets may be impacted more severely, which in turn may further have a more severe effect on the economy in the areas of the Company's operations and customers, and on the sales of the Company and on markets for composites in general.

Market risks also arise from inflation developments and changes in general interest rate levels. Inflation develops and interest rates may rise for numerous different reasons beyond the Company's control, such as policies pursued by states and central banks. High inflation has led to changes in central banks' monetary policy, which has led to a rapid rise in interest rates over the two years preceding the date of this Offering Circular. Rising interest rates have caused uncertainty in the markets and concern about the development of the global economy and, in the Company's understanding, discouraged investments by customers. High inflation and the consequent increases in interest rates may adversely affect the demand for Exel Composites' products and the Company's operations. Inflation and higher rates have had adverse effects on the Company's operations, including increased raw material sourcing and personnel related costs and at least temporarily weakened the profitability of wind energy (disruptions of the arbitrage market) by postponing demand in the wind power market and in other industries where the Company's products form a part of capital-intensive projects. Further increase in interest rates may also have a direct and material effect on the Company's financing costs and demand especially from such customers that work in capital-intensive industries and whose own operations may slow down as a result of higher interests. Possible failure by the Company to raise financing at financially reasonable or sustainable terms, or possible inability to increase the prices of its products it supplies following an increase in its costs or take them into account in contractual negotiations might have a material adverse effect on the Company's business, financial condition and results of operations.

The materialisation of any of the aforementioned risks, potential adverse developments in macroeconomic conditions, and continued uncertainty in the financial markets may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Please see “– Intensifying competition, changes in the competitive landscape and changes in customer behaviour may have a material adverse effect on Company’s revenue and profitability, and the Company may fail to maintain or increase its market share”, “– Risks relating to Exel Composites’ business operations – Exel Composites’ business is dependent on competent personnel and management and failure in recruiting and retaining qualified personnel or loss of key personnel with specific knowledge of the business could have a material adverse effect on Exel Composites’ business and implementation of its strategy” and “– Risks relating to Exel Composites’ financial position and financing – The Company might not be able to secure new financing at competitive terms or at all or to extend its existing financing agreements under the current terms” below for more information on how current macroeconomic conditions may affect specific areas of the Company’s operations.

A decrease in the availability of raw materials used in Exel Composites’ products or an increase in their price may increase operational costs and weaken revenue and profitability

Exel Composites relies on various raw materials in its manufacturing processes, and a weakening of their availability or an increase in their price can directly adversely impact the Company’s business. The price of raw materials used in Exel Composites’ products is largely determined on the international raw materials market. An increase in the prices of, for example, glass fibre, carbon fibre and resins may increase the Company’s operative costs. In recent years preceding the date of this Offering Circular, the inflationary economic environment has increased the prices of the raw materials of several of the Company’s products.

In addition to price fluctuation, the Company’s business operations are affected by changes in its suppliers’ ability to provide raw materials that not only meet the performance and quality standards and delivery times set by the Company but also comply with all relevant regulation. Certain raw materials may in certain cases be only supplied by a limited number of suitable suppliers, which increases the Company’s dependency on external parties over which it has no control. During periods of high demand, certain key materials, such as carbon fibre, may face limited availability, leading to potential allocation controls and price increases by suppliers.

An increase in the prices of raw materials, or a decrease in the supply of raw materials, could result in higher production costs for the Company. This, in turn, may adversely affect the Company’s revenue and profitability, as it may not be able to pass on the increased costs to its customers without affecting demand for its products. Other operational costs, including labour cost, may increase and increased inflation and other macroeconomic factors, may also affect the Company’s profitability, should the Company be unable to transfer the costs to the end product. Therefore, fluctuations in the availability and prices of raw materials that meet the requirements set for them by the Company may have a material adverse effect on the Company’s business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Intensifying competition, changes in the competitive landscape and changes in customer behaviour may have a material adverse effect on Company’s revenue and profitability, and the Company may fail to maintain or increase its market share

Exel Composites manufactures and sells composite products made with continuous manufacturing technologies to customers in a wide range of customer industries around the world, and it has presence in all major pultrusion markets: Europe, Asia, and North America².

Although the field of competition on Exel Composites’ addressable composites market is fragmented³, Exel Composites’ competitors may merge, establish consortiums or seek to expand their operations, which may increase competition in Exel Composites’ addressable target market. In addition, the entry of new competitors into the market could potentially intensify competition and further have an adverse effect on Exel Composites’ business, growth opportunities and profitability.

Exel Composites’ competitors may also be able to offer better quality or more economical products, or products made from other materials at a cheaper price, which may result in Exel Composites losing customers and business opportunities. Exel Composites’ competitors may also develop new, more sustainable production technologies, such as fully or partially bio-based technologies, or the Company’s customers may insource part of their needed composites production, which may result in the Company losing customers and business

² Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

opportunities.⁴ In addition, changes in economic conditions, for example a decline in the purchasing power of the Company's end-customers, might result in them looking for cheaper options for the Company's products.

If Exel Composites fails to anticipate or identify changes taking place in the composites market, it may lose market share, its sales development may be slower than expected, and may be forced to reduce its prices or make significant investments in order to remain competitive. There is also a possibility that Exel Composites' competitors will lower their prices, or customers will demand prices to be lowered once inflation is decreasing to which Exel Composites might not be able to answer. Exel Composites' current and potential future competitors can also improve and expand their product portfolio and geographical reach in order to better meet customers' needs and enlist new customers.

There can be no assurance that the Company will be able to successfully compete against its existing or future competitors, increase its market share or maintain its current market position in any of its present markets. The materialization of any of the aforementioned risks could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites' operations in certain countries may be exposed to economic disruption inherent to such countries, which could have a material adverse impact on Exel Composites' business

Exel Composites has operations in countries that are subject to greater political, economic and social uncertainties than countries with more developed institutional structures, and the risk of loss resulting from changes in law, economic and social upheaval and other factors may be substantial, such as in China and India. Among the more significant risks of operating in these countries are those arising from foreign exchange restrictions, including the enforcement of existing restrictions and the potential establishment of new restrictions. The materialisation of these could effectively prevent Exel Composites from repatriating profits and withdrawing from these countries. In addition, changes in tax regulations or enforcement mechanisms could reduce substantially or eliminate any revenues derived from operations in these countries and significantly reduce the value of assets related to such operations.

If any one of the above risks materialise, it may, singly or as aggregate, have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Risks relating to Exel Composites' business operations

Exel Composites may fail to successfully implement or update its new strategy, and the new strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry, which may lead to material adverse financial effects

Exel Composites may fail to successfully implement or update its new strategy, manage its strategic risks or achieve its financial targets, which could have an adverse effect on Exel Composites' business, financial condition and/or results of operations.

Exel Composites renewed its strategy in October 2023. There are several key components in Exel Composites' strategy that the Company needs to achieve in order to meet its operational and financial targets (for more information, see "*Business overview – Unlocking Exel Composites' full potential – Transformative strategy launched in 2023*"). Achievement of strategic targets could be affected by a number of factors within or beyond Exel Composites' control and there can be no assurance that Exel Composites will be able to successfully implement its strategy or reach the strategic targets. There is a risk, for example, that implementation of the operating model with two business units proves to be unsuccessful or fails and the personnel continues to work according to the old operating model without regard to the new organization leading to difficulties in implementing the new strategy. It is also possible that the speed of execution of the transformation is not fast enough, or the transformation fails altogether leading to undesired financial standing and de-engaged employees.

As part of its new strategy, Exel Composites is optimising its factory network by focusing on larger and more efficient production units. There is a risk, for example, that the strategic decision to expand production by

⁴ Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

opening a new facility in India optimised for serving customers with volume production needs such as wind power industry customers will not be successful and the facility may not be able to start and maintain high-quality production especially if skilled employees cannot be recruited and retained (see also “– *Exel Composites’ business is dependent on competent personnel and management and failure in recruiting and retaining qualified personnel or loss of key personnel with specific knowledge of the business could have a material adverse effect on Exel Composites’ business and implementation of its strategy*”). There is a risk that Exel Composites plan to consolidate and focus production of certain types of products at specific factories may lead to delays or quality issues in customer deliveries or that customers may not accept being served by a different factory. Consequently, there is a risk that, in the future, the Company will be unable to fulfil its customers’ orders, or the products will not meet the customers’ quality requirements. In addition, the planned factory network optimisation may face regulatory or licensing or land use planning related risks (see also “– *Failures in product quality or delivery timelines could lead to losses and damages as well as have a material adverse effect on the Company’s reputation and the Company’s business*” and “– *Exel Composites’ exposure to legal, regulatory and compliance risks*”).

In developing its strategic operating plans, Exel Composites makes certain assumptions, including, but not limited to, those related to customer demand, competition as well as the performance and development of the global economy and the Company. Actual economic, market and other conditions have partially been and may continue to differ from Exel Composites’ assumptions. In addition, for example the assumptions of the Company or its management, employees or advisors on the Company’s own performance, expertise or nature of operations may differ from reality. If actual results continue to vary significantly from prior or future assumptions, this could have a material adverse effect on the implementation of the Company’s strategy. Failure to fully implement Company strategy could lead to additional operational costs or make it impossible to achieve set financial goals. It is also possible that the actual economic and market developments differ from the Company’s understanding. This may lead to the Company not being able to benefit from a potential upswing in the economy or the composites market or to reach its financial targets.

Even if Exel Composites is able to implement its strategy, there can be no assurance that the chosen strategy proves to be successful, for example if the market conditions or the operating environment change. This may require the Company to change its strategy, and there can be no assurance that the implementation of the changed strategy would be successful. This could also result in significant costs and loss of confidence in Exel Composites among investors. In addition, wrong strategic decisions or failures in the strategy execution may limit Company’s strategic options in the future. For example, chosen strategic growth areas might not be the right ones or executing them might lead to lack of attention and negative financial outcome in other business areas of Exel Composites. Exel Composites aims to develop and grow its business primarily organically but also through business divestments and other corporate arrangements, such as factory consolidations and closures. In the case of business divestments or similar arrangements, there is a risk that the Company will not find suitable buyers or that any authority approvals required for the business divestments are not granted or that such transactions will have unexpected negative effects on the Company’s other operations. Similarly, creating design capabilities as well as product and material platforms might turn out to be more difficult and more time consuming than initially thought, which may lead to slower revenue growth and lower profitability than anticipated. It is also possible that efforts to activate the sales organisation and shorten the sales cycle will not yield the results Exel Composites has targeted.

Failure in implementing Exel Composites’ strategy or adapting the Company, its operating model or resources, or the strategy itself proving to be incorrect, may result in a failure in reaching Exel Composites’ financial targets and have a material adverse effect on the Company’s business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Possible failures in product development could lead to losses and damages which may have a material adverse effect on the Company’s business

Exel Composites’ business depends on the development of new composite products for various new and current customer applications. The Company may not necessarily be able to develop its offering at the same pace as changes in customer behaviour or circumstances take place. Current customers of Exel Composites may make changes in respect of their own products and processes which may lead to the reduction or discontinuation of the demand of the Company’s products. Exel Composites’ customers may also find substitute products or develop alternative processes, in which Exel Composites’ products are no longer required. It is therefore important for Exel Composites to develop new composite products in order to maintain current customers and attract new ones.

In addition, Exel Composites' product range is very broad and often customised for specific customers or customer industries, which adds complexity to product development and production. If Exel Composites fails in designing, manufacturing and selling products that meet the requirements of its customer, it could potentially lead to losses and damages as well as negative impact on the Company's reputation. Exel Composites might encounter difficulties in maintaining a customer relationship even after the successful implementation of a solution tailored to their needs should the design requirements change. Given that Exel Composites has historically provided highly adaptable solutions to its customer base, it may not be in a position to present competitive pricing for customers on a volume scale. There is no guarantee that the Company will be able to adapt to the strategic shift required for volume production, or that the final transition costs will be incurred as planned. This could potentially undermine Exel Composites' capacity to achieve its financial objectives.

Exel Composites' competitors may also succeed to develop new, more efficient and more sustainable production technologies, such as fully or partially bio-based technologies, which may result in the Company losing customers and business opportunities. Despite Exel Composites' efforts to actively monitor customer behaviour and maintain a wide product selection, there can be no assurance that the Company will, in all situations, be able to successfully predict customer preferences or respond to changes in such preferences. Should any of the above-mentioned risks materialise, they may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Failures in product quality or delivery timelines could lead to losses and damages as well as have a material adverse effect on the Company's reputation and the Company's business

Exel Composites' product range is very broad and often highly customized, which adds complexity to the product development and production. Composite products are often used in pursuit of technical advantages, such as a relatively high strength-to-weight ratio and chemical and corrosion resistance compared to typical alternative materials such as aluminium, steel and wood. Products are used, for example, in wind turbines, window and door profiles and elevators. Designing, manufacturing, and selling a product that fails to meet the requirements agreed with a customer could potentially lead to substantial losses and damages. Exel Composites operates closely with its customers to prevent failures from product development and manufacturing but cannot fully prevent the risks arising from the forementioned failures.

To be competitive, Exel Composites needs to ensure that its products are of first-class quality and that they fulfil all applicable regulatory requirements for such products. Inability of Exel Composites to maintain first-class quality and ensure production in accordance with its customers' requirements could also lead to reputational damage, which, in turn, could have a negative impact on its business operations. If Exel Composites does not meet the quality or delivery timeline requirements set by its customers on the Company's products or if the lifetime of the products proves to be shorter than expected, the customers may stop using the products offered by Exel Composites.

Should any of the above-mentioned risks materialise, they may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Loss of customers or decrease in order volumes or inability to compete in key customer industries may adversely affect Exel Composites' revenue and profitability

A significant portion of Exel Composites' revenue is generated from certain key customer industries, e.g., the building and infrastructure industry (26.9 per cent in 2023 and 24 per cent in 2022) and equipment and other industries (19.1 per cent in 2023 and 20 per cent in 2022). While the Company is able to control its production capacity and adjust production to demand fluctuations if necessary, negative development of such key customer industries could lead to deterioration of Exel Composites' profitability.

The composite products that the Company delivers often have very short delivery times, and the Company's customers usually make orders at a very short notice. This makes it typically hard to anticipate order volumes. Therefore, there is a risk of Exel Composites not being able to adjust its cost base appropriately if business volumes were to decrease. It is possible that Exel Composites' customers in key industries will in the future decrease, postpone or cancel significant amounts expected or confirmed orders. In addition, the loss of orders may be a result of, among others, increased competition, the deterioration of customers' market position, changes in macroeconomic conditions or the discontinuation of customers' operations, customers' financial or

business difficulties, structural changes in customers' or principals' field of operations or the inability of the Company to meet the demands of customers concerning the quality, reliable availability, timing and cost of products.

The loss of customers or orders, or a significant decrease in the key customers' purchases or the financial or business difficulties of such key customers may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Disruptions or interruptions in logistics, production or deliveries, or damage or closure of Exel Composites' production facilities may materially impair Exel Composites' ability to deliver its products

Exel Composites' production is based on its own production facilities. Exel Composites' current production facilities are located in Austria, Belgium, China, Finland, India and the USA. Events that could cause significant disruption to or interrupt Exel Composites' production facilities could materially affect Exel Composites' ability to deliver its products to customers in a timely manner. Exel Composites' production facilities may be damaged or destroyed or may have to be shut down, or their equipment or premises may be damaged due to, for example, fire, accident, natural disaster, pandemic or other similar events beyond Exel Composites' control. If Exel Composites fails to find alternative production facilities, replace its production capacity with production from another facility, or repair damaged premises, customer-specific production lines, tools or equipment quickly and cost-effectively enough, such situations may cause significant disruptions and delays in Exel Composites' production and deliveries, and as a result, Exel Composites may not be able to fulfil its obligations in relation to its customers, which may also lead to liability for damages. Due to the nature of the business and production facilities, Exel Composites believes, that the primary and most impactful risk to its production facilities is fire hazards. In particular, if a destructive fire, a serious accident or other disruption event would happen in one of the Company's main operational sites, for example in Mäntyharju or Heinävaara in Joensuu, which would cause a break in the Company's production, the disruptions or suspensions caused by this break could not be offset in the short term (see also "*Interruptions caused by sudden and unpredictable events, such as destructive fires in Exel Composites' premises, could have a material adverse effect on the business operations of Exel Composites*").

The Company's success depends on a functioning production and logistics chain as well as on efficient management of its production to meet the needs of its customers. Problems with Exel Composites' delivery or logistics chain, such as raw material delivery schedule delays or transport damage, can lead to production delays and increased production costs. As at the date of this Offering Circular, the ongoing conflict and attacks on cargo ships in the Red Sea have forced thousands of cargo ships to change their routes to reach the Mediterranean to circumnavigate Africa for security reasons. This has led to an increase in transportation costs. If the conflict in the Red Sea escalates further or lengthens radically, it could cause problems to the Company with access to transportation and further increase transportation costs. This could further lead to an increase in the Company's costs, and if the Company failed to pass on the increased transportation costs to the prices of its products, this may have a material adverse effect on the Company's results of operations.

Exel Composites also exposes itself to health and safety risks at its production facilities. Failure to maintain a high level of safety management can lead to personal injury, illness, loss of Exel Composites' reputation or inability to attract and retain skilled employees. Increasing sickness absences can lead to difficulties in maintaining adequate production capacity.

Disruptions or interruptions in the production or delivery of Exel Composites' products, or damage or closure of the Company's production facilities may result in, for example, contractual fines, liability for direct or indirect damages, significant costs, deterioration of reputation or decrease in revenue, and thus have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites may face various difficulties in pursuing its sustainability requirements and failure to meet those requirements could lead to inability to reach set sustainability targets and have a material adverse effect on Exel Composites' business

Exel Composites may face various difficulties in pursuing its sustainability requirements and targets and its supply chains may expose it to risks related to compliance with legislative requirements and changes thereof. Exel Composites wants to be the first choice for sustainable composite solutions globally. However, there can be no assurance that any sustainability targets set by Exel Composites will be met (see section "*Business*").

overview – Sustainability and corporate responsibility”) as expected or that the set goals will meet changing regulatory standards in the field of sustainability. Exel Composites’ strategy and sustainability targets guides its sustainability work, and Exel Composites’ Code of Conduct sets the overall principles on how it acts in relation to the environment and society and conducts its business. There can be no assurance that the objectives and targets set in such policies will be met.

Should Exel Composites’ existing policies prove to be ineffective in creating and implementing a uniform culture and code of conduct, the Company’s governance and compliance processes may not prevent breaches of law or governance standards. Any negative publicity regarding Exel Composites’ sustainability or compliance among stakeholders may have an adverse effect on the placement in sustainability indices, lead to deviations in audits and lead to loss of investors and customers expecting high standards for sustainability and ethical conduct.

There can be no assurance that Exel Composites’ suppliers or customers adhere to international conventions or best practices regarding environmental sustainability, human and labour rights, or other applicable laws or rules or changes thereof. In addition, Exel Composites’ clients’ sustainability related demands are constantly growing and meeting them may prove difficult. The materialisation of these risks could lead to reputational damage, loss of customers and business opportunities, prevent Exel Composites from reaching its growth and profitability objectives or cause it to incur significant expenses through deviations in audits, legal or administrative proceedings, or sanctions or even influence Exel Composites’ operational permits. Materialisation of any of the above factors may have a material adverse effect on Exel Composites’ revenue, results of operations and future prospects, and thereby also on the market value of the Shares.

Weakening of Exel Composites’ reputation could have a material adverse effect on its business and lead to the Company not meeting its strategic or financial targets

Exel Composites’ good image and reputation as well as references and recommendations from existing customers are key both in acquiring new customers and obtaining business from existing customers. Thus, a weakening of customers’ trust in Exel Composites’ reputation could adversely affect its business. The image and reputation of Exel Composites are of significant importance also to the Company’s business and to the successful execution of its business strategy. Exel Composites may not be able to meet its strategic or financial targets if the Company’s image or reputation is compromised as a result of negative publicity.

Exel Composites’ reputation and image may be damaged as a result of negative publicity related to Exel Composites’ business activities. Negative publicity may relate, for example, to occupational safety and accidents at work, environmental damage, disputes with customers, issues with product quality, price or timeliness, labour disputes, failure by itself or its suppliers and other business partners to comply with laws and regulations or Exel Composites’ internal rules, Company’s Code of Conduct standards, values and principles or other obligations. Negative publicity may be a result of, among other things, the difficulties related to the recycling of composites or customers misunderstanding composites as merely “plastics”, failure in product development, failure in the fulfilment of its contractual obligations, quality of production or allegations of fraud or human rights violations in the Company or within its supply chain. In addition, negative public discussion about the industries Exel Composites’ key customers operate in can have a material adverse effect on the industries as a whole and thus may also affect Exel Composites’ business alongside those of its competitors. Exel Composites’ reputation and image can also be weakened if it fails to deliver its products in a timely and efficient manner, maintain high ethical and social standards in all its activities. Negative publicity can have a material adverse effect on customer behaviour, whether it is based on facts or directly related to Exel Composites or the products it provides. In addition, negative publicity may also reduce the interest of potential employees in the Company and hamper Exel Composites’ ability to recruit and retain skilled employees.

Any failure to maintain reputation of Exel Composites may have a material adverse effect on the Company’s business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

The materialisation of risks related to occupational health and safety may have an adverse effect on the Company

The Company may be exposed to risks related to health and safety at work. The Company’s employees are exposed to occupational safety hazards in the workplace, while working in an environment, in which accidents

may happen or healthy working environment may not be guaranteed. In addition, a variety of chemicals are used in the Company's production process, and more than half of Exel Composites' employees are in daily contact with harmful or flammable chemicals in their work. Hence, the main occupational health and safety risks relate to the possibility of accidents or injuries to personnel while performing or traveling for work, fire, or allergies or health problems due to long-term exposure to chemicals.

All accidents have an adverse effect on the Company's business operations. Investigations of accidents in cooperation with the authorities may generate costs and cause delays. In addition, accidents may cause criminal or civil liabilities for the Company and its managers, as well as other employees, based on applicable laws. Accidents may also harm the Company's reputation.

If the risks related to occupational health and safety materialise, they may lead to reputational loss or sanctions or influence the Company's operational permits and thus have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites business activities involve risks related to environmental degradation and environmental damage, which could, if materialised, cause substantial costs and losses

Exel Composites is exposed to environmental risks in its operations. Exel Composites processes certain harmful substances in its production facilities, such as chemicals, the treatment of which involves risks of environmental pollution, environmental damage and health as a result of failure of protective measures or equipment failures. As a result of its operations, the Company is obliged to maintain environmental permits and environmental inspections are carried out regularly.

Although Exel Composites aims to develop practices and products consistent with the principles of sustainable development and to reduce the environmental impact of its operations wherever possible, there can be no assurance that Exel Composites will be able to prevent, detect or adequately clean up potential environmental damage caused by its operations, which may result in additional costs if Exel Composites is deemed liable for compensation for such damages. Such liabilities could also adversely affect Exel Composites' reputation, especially among customers. The competent authorities may also impose restoration or other obligations on Exel Composites, based on the environmental conditions of its production facilities or other properties, which may entail significant costs. Environmental risks, if materialised, may also influence Exel Composites' operational permits. In addition, the obligations imposed by the competent authorities and new environmental legislation may require new investments, for example, in production facilities and entail significant additional costs for Exel Composites.

Failure to effectively cover Exel Composites against risks caused by any of the above reasons could expose Exel Composites to substantial costs and could potentially lead to material losses, which could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Interruptions caused by sudden and unpredictable events, such as destructive fires in Exel Composites' premises, could have a material adverse effect on the business operations of Exel Composites

Exel Composites' business operations or supply chain may be interrupted by a number of sudden and unpredictable events, such as interruptions in the distribution of electricity, damages to production and facilities, availability and pricing of raw materials, unexpected changes in an operating environment and disruptions in its supply chains and in global logistics. Such event may be caused by, among others, natural disasters, fires, floods, bioterrorism, pandemics, extreme weather conditions, war, climate change, strikes and other factors beyond the Company's control. The Company uses highly flammable and potentially harmful chemicals in its production, and destructive fires especially on the Company's main operational premises may cause significant harm to the Company, its employees and the environment. A destructive fire on one of the Company's main operational sites may result in the facility being taken out of operation and/or the destruction of a substantial number of customer-specific tools or moulds required for production. Such an event may severely disrupt the Company's manufacturing capabilities, leading to delays or an inability to meet customer orders and contractual obligations. The loss of specialised tools or moulds may also entail substantial costs and time delays due to the need for replacement or repair, further weakening the Company's operational efficiency and financial results. The realisation of environmental hazard risks could also potentially lead to

sanctions, reputational loss or influence the Company's operational permits (see also below "*Exel Composites business activities involve risks related to environmental degradation and environmental damage, which could, if materialised, cause substantial costs and losses*"). See also "*The materialisation of risks related to occupational health and safety may have an adverse effect on the Company*".

If any of the above-mentioned risks materialise, they could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

A pandemic or epidemic may have a material adverse impact on Exel Composites' business operations

Outbreaks of epidemics or pandemics, such as COVID-19, can adversely affect the Company's business operations. The impact of potential future outbreaks of epidemics or pandemics on the Company's business operations and profitability is difficult to estimate. A significant weakening of the global economy in terms of decreased economic and business activity caused by a potential prolongation of any future epidemic or pandemic, restrictions imposed by governments, decreased demand for the Company's products, or a lack of available workforce due to such epidemic or pandemic could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites' business is dependent on competent personnel and management and failure in recruiting and retaining qualified personnel or loss of key personnel with specific knowledge of the business could have a material adverse effect on Exel Composites' business and implementation of its strategy

The competition for competent personnel is intense in all markets in which Exel Composites operates. The Company's ability to implement its new strategy and continue to maintain and grow its business providing high quality composites as well as its ability to remain competitive will depend, to a significant degree, on the Company's ability to recruit, retain, develop and motivate key personnel and other competent employees on all levels of the organisation. Finding competent personnel can be challenging, as expertise in composites manufacturing and design knowledge around composites is scarce. Exel Composites continuously re-evaluates its personnel policy and makes investments both in training and developing the competencies of its personnel as well as in identifying and motivating certain high-potential individuals. Key personnel of Exel Composites consist of its senior management, certain other employees with key positions in the Company as well as the personnel required to operate and develop the Company's products and activities. If the labour competition in all markets in which Exel Composites operates in tightens, it may adversely impact the availability of necessary labour, which in turn may result in higher cost of operation and/or delays in production. Furthermore, Exel Composites' successful performance in business depends on the continuous contributions of its management and key personnel who are essential in implementing its business strategy and in its operations and product development. Loss of such management members or key employees with special expertise may undermine the efficiency, financial position and profitability of Exel Composites' operations. Also, there can be no assurance that Exel Composites will be able to recruit or retain the personnel required to operate and develop the Company's activities. Hence, the Company may become unable to compete effectively in its business and the successful implementation of the Company's strategy may be limited or prevented (see also "*Exel Composites may fail to successfully implement or update its new strategy, and the new strategy may prove to be misaligned in relation to prevailing market conditions or changes in the industry, which may lead to material adverse financial effects*"). Should any of the above-mentioned risks materialise, they may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Labour disputes and deteriorated employee relations could disrupt Exel Composites' business operations

Exel Composites is subject to the risk of labour disputes and other deteriorated employee relations e.g., strikes and other industrial action that could disrupt its operations. For example, within Europe (excluding the United Kingdom), a substantial part of the Company's employees are members of trade unions and covered by collective bargaining agreements. The employer organisations representing Exel Composites and other employers may not be able to renegotiate new and satisfactory collective bargaining agreements before the expiration of effective agreements, and any prolonged collective bargaining agreements negotiations may result in labour disputes. No assurance can be made, either, that the current collective bargaining agreements will prevent strikes and work stoppages at any of the facilities of the Company.

The current Finnish Government Programme, which includes certain negative effects on workers' employment security and working conditions, has caused public opposition within Finnish trade unions. Government measures under the programme, which Finnish trade unions consider to be detrimental to workers' position, have led to volatility in the Finnish labour market with numerous strikes. Any direct or indirect impact leading to strikes or other work disruptions could have an adverse effect on the Company's operations and result in, for instance, slowing down or halting of production or other crucial operations. The local political climate, current macroeconomic conditions and inflation might also increase the risk of labour disputes and lead to longer negotiations between the parties. Industrial action in the industries of the Company's customers or in sectors otherwise linked to its business operations may also adversely affect the business of the Company.

If any of the above-mentioned risks materialise, they may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Failure to protect the self-developed proprietary technology and its intellectual property rights ("IPRs") could lead to a material negative impact on Exel Composites' business operations

Part of the Company's competitive advantage is based on its IPRs, know-how, trade secrets and confidential information about the Company's technology, production, design and business operations. The Company is dependent on being able to guard its existing IPRs and patents (such as a patent granted for a radome casing and method for its manufacturing) as well as its trade secrets and know-how relating to its products and their manufacturing. However, Exel Composites cannot guarantee that the measures taken by the Company to protect and maintain its business knowledge, know-how and other intellectual property rights will be sufficient to protect and maintain the interests related to these intangible rights. Exel Composites' business knowledge or know-how may also be adversely affected by factors such as personnel turnover or industrial espionage (see also "*Exel Composites' business is dependent on competent personnel and management and failure in recruiting and retaining qualified personnel or loss of key personnel with specific knowledge of the business could have a material adverse effect on Exel Composites' business and implementation of its strategy*").

There is a risk that someone who has access to the Company's IPRs, know-how, trade secrets or other confidential information, such as employees, consultants, advisors, business partners or customers, will use this information in a manner that damages the Company. There is a risk that the Company may fail to adequately protect its IPRs from misuse or misappropriation. There is also a risk that the Company may fail to protect trade secrets and other confidential information using legal means, or that such information could become known in another way because of circumstances beyond the Company's control. If the Company's trade secrets are revealed to its competitors, the Company's competitive advantage could be eroded. In addition, competitors or other external parties could independently develop similar know-how, which could damage the Company's competitive advantage. There is also a risk that the Company may unintentionally infringe on intellectual property rights of third parties, and such breaches may result in legal actions, which may have an adverse effect on the Company (see also "*Exel Composites' exposure to legal, regulatory and compliance risks – Legal and regulatory requirements and changes in and non-compliance with laws and regulations may have a material adverse effect on Exel Composites' business operations*").

If the Company is not able to establish proper trademark protection or prevent the infringement of its know-how, brands or other intellectual property rights in any of its countries of operation, the Company may lose some of its intellectual property rights or the protection of its intellectual property rights or trade secrets and know-how may weaken. It is also possible that the Company's competitors will strive to protect certain production methods, processes or products in a manner that would require Exel Composites to reconsider or discontinue the use of similar solutions in its own products or services. Neither can there be any assurance that the patents and trademarks owned by the Company will provide sufficient protection against potential violations of such rights by third parties, nor that any of the Company's existing or future patents, trademarks or other intellectual property rights will increase the competitiveness of the products offered by Exel Composites or that the Company's competitors will not be able to contest or circumvent such rights.

If the Company fails to protect its IPRs or fails to secure the confidentiality of its trade secrets and know-how, or such information is spread without the Company's approval, or the Company unintentionally infringes on the intellectual property rights of third parties in its business activities, this may lead to significant costs or impair Company's profitability. This may have an adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Difficulties in maintaining IT infrastructure, shortcomings in IT systems and external cyberattacks related to IT systems can have a material adverse effect on Exel Composites' business

The efficient planning and management of the Company's business operations is dependent on the management, reporting and monitoring systems it uses (for more information, see "*Business overview – Information Technology*"). The operation of the Company's information systems may be interrupted, or the Company may lose critical data for numerous reasons, which may be caused by, for example, development projects for operational IT systems and services, actions of third-party service providers, power outages, breaches of information security or other malicious cyber activities, fires, natural disasters and other major accidents, and usage errors made by the Company's employees. Material interruptions in the operation of information systems, serious errors, loss of data or breaches of information security concerning information systems may have an adverse effect on and significantly weaken the Company's business operations and damage its reputation.

With regards to some of its operations, the Company is dependent on information systems developed by third parties. The inability of the third parties responsible for maintaining and further developing such software to meet their contractual obligations, or termination of the agreements concerning such third parties for one reason or another, may cause interruptions in the Company's critical operations and a need to find alternative software and systems. Interruptions in customer-critical systems may also cause customers or the authorities to file claims.

If the above-mentioned risks materialise, they may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Risks relating to Exel Composites' financial position and financing

If the Company fails to raise at least EUR 5.6 million in gross proceeds in the Offering, the Company's current working capital may not be sufficient for its requirements over the next 12 months, which would jeopardise the Company's continuance as a going concern

As at the date of this Prospectus, the Company does not have sufficient working capital to meet its needs for the next 12 months. The Company estimates that it has sufficient working capital until 1 January 2025, after which the Company will require an additional EUR 3.9 million to cover its working capital deficit. The Company estimates that it will be able to cover the estimated working capital deficit by raising at least EUR 5.6 million in gross proceeds in the Offering in total. However, for example general stock market development and investment decisions made by the Company's shareholders and other investors have a material effect on the amount of net proceeds raised in the Offering. If the Company fails to raise at least EUR 5.6 million in gross proceeds through the Offering or if the Company's Board of Directors decides not to proceed with the Offering, the Company would have to seek additional financing to secure its working capital and ability to operate as a going concern or renegotiate the terms of existing financing agreements with its financing banks. If the Company is unable to fill its working capital deficit by 1 January 2025, this may result in a breach of the liquidity covenant present in the Company's existing financing agreements. In such a case, the Company's financing agreements may be declared due and payable if the Company fails to negotiate on waivers to its covenant terms and conditions with its financing banks. This could also jeopardise the Company's ability to operate as a going concern or the Company might encounter payment difficulties over the next 12 months, which may lead, among others, to significant restructuring of the Company and ultimately to bankruptcy (see "*Essential information on the Offering – Working capital statement*").

The Company may not be able to fulfil the covenants of its financing agreements, which may have an adverse effect on the Company's financial condition and jeopardise the Company's continuance as a going concern

The Company's financing agreements include customary covenants relating to, among others, the Company's leverage. As at the date of this Prospectus, the covenants of Exel Composites' main financing agreements are ratio of net debt to adjusted EBITDA and minimum liquidity (see "*Business overview – Capital resources and liabilities*").

If the Company does not complete the Offering or if the Offering is not carried out in full and if the Company fails to otherwise raise additional working capital or renegotiate the terms of its financing, this may result in a breach of the liquidity covenant of its existing financing agreements and trigger the lenders' right to terminate and accelerate the loans. If the Company fails to raise additional financing, the Company will be unable to

meet its current obligations and face payment difficulties. This would jeopardise the Company's ability to operate as a going concern.

Even if the Company is able to complete the Offering in full, there can be no assurance that the Company will be able to meet its covenants in the future. Exel Composites' indebtedness may weaken its ability to refinance its existing loans. There can be no assurance that the current terms of financing, including covenants, are acceptable for financial institutions in the future or that the Company succeeds in negotiations with lenders, if a covenant breach were to take place. New terms of financing requested or demanded by financial institutions might be more stringent and include stricter covenants and additional commitments or guarantees may be demanded, which in turn might adversely affect Exel Composites' ability to access financing and impose limitations on its business operations. In such a situation, the financing available to the Company may not be adequate to finance potential future development projects or financing commitments.

The Company's ability to comply with its covenants may also be affected by events beyond its control, such as changes in the composites market, equity and debt financing markets, general economic situation and exchange rates.

If the Company is unable to comply with the terms of its financing, including covenants, or if obtaining financing in the future requires agreeing to stricter terms than at present, this may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

The Company might not be able to secure new financing at competitive terms or at all or to extend its existing financing agreements under the current terms

The Company finances its business and investments through operational cash flows and debt financing. Maintaining the Company's business operations and its ability to pay its debts requires sufficient cash flow. The Company's current debt financing consists of bank loans, including term loan facilities and revolving credit facilities, as well as commercial papers.

However, the Company may not be able to generate sufficient cash flow through its business in order to maintain the Company's competitiveness, to secure the financing of the Company and the repayment of the Company's debts, in which case the Company would need external financing. There can be no assurance that the Company is able to secure sufficient financing at competitive terms to finance its business operations and investments, and the Company's liquidity may consequently prove inadequate.

Problems related to the sufficiency of working capital are a material risk to the Company's continuance as a going concern because the Company currently has limited opportunities to obtain external financing.

Changes in the macroeconomic environment or the general financial market environment may have a negative effect on the availability, price and other terms of financing. Changes in the availability of equity and debt financing and the terms of available financing may affect the Company's opportunities to invest in its business development and growth in the future. Additionally, increased interest rates and inflation may have an effect on the price of available financing and the Company's financing expenses.

Increase in interest rates could negatively affect the cost of available funding and increase the cost of existing financing, and therefore have a material adverse effect on Exel Composites

Increase in interest rates may have a material adverse and direct effect on both the cost of available funding as well as Exel Composites' existing financing costs. The Company's exposure to interest rate risk relates primarily to current and future debt in its balance sheet as well as postponed demand in the wind power market and in other industries where the Company's products become a part of a major capital-intensive projects. As at 31 March 2024, Exel Composites' interest-bearing liabilities amounted to EUR 46,148 thousand. The Company's non-current loans have floating interest rates. It would be possible to partially protect against interest rate risks by converting such loans to fixed interest rates through interest rate swaps or interest rate caps. As at 31 March 2024, Exel Composites had no interest rate swap contracts.

An increase in interest rates may have an effect on the costs of Exel Composites' debt financing in the future, and therefore have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares. Interest rates may rise for

numerous different reasons beyond Exel Composites' control, such as actions and decisions of states and central banks.

Exel operates internationally and is consequently exposed to foreign exchange rate fluctuations, which may cause exchange losses and affect Exel Composites' financial condition or results of operations

Due to the international nature of its business, Exel Composites is exposed to transaction and translation risks arising from exchange rate fluctuations. Transaction risks arise from cash flow transactions when Exel Composites engages in commercial activities, such as exports and imports, in currency other than the functional currency of the Company and its subsidiaries. Translation risks arise when the income statements and balance sheets of foreign subsidiaries operating in other currencies than euro are translated into euros in the consolidated financial statements, in which case fluctuations in the domestic currency may cause translation differences that may have a negative effect on the Company's equity. Exel Composites is exposed to translation risks related to the US dollar, the British pound, the Australian dollar, the Chinese renminbi, the Indian rupee and the Hong Kong dollar, as these are the domestic currencies of its subsidiaries. Exel Composites is exposed to transaction risks related to, among others, the Australian dollar, the British pound, the Chinese renminbi, the Indian rupee, the Hong Kong dollar and the US dollar. The Company manages its transaction risk primarily by natural hedging, i.e., expenses are generated in the currency in which sales are generated. The Company does not hedge the translation risk related to equity.

Exchange rate fluctuations may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Customers may not be able to fulfil their payment obligations towards Exel Composites

Customers of Exel Composites may experience difficulties in obtaining credit and other financing in uncertain economic times. The credit risk relating to operations and sales arises from the risk that its customers are unable to fulfil their payment obligations towards the Company. No assurance can be made that the customers will, at all times, be able to fulfil their payment obligations when they fall due. Even though Exel Composites has no significant credit risk concentrations, as the customer base is broad and distributed geographically between the Company's operating countries, the financial difficulties experienced by one or more of Exel Composites' key customers may impact the Company's ability to collect outstanding receivables fully or in a timely manner, or at all, and consequently, cause credit losses.

Should one or more of Exel Composites' key customers face financial difficulties or change their payment behaviour, this may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites may have to write down goodwill or other intangible or tangible assets, which may have a material adverse effect on the Company's financial condition and results of operations

In Exel Composites' consolidated statement of financial position as at 31 December 2023, the consolidated goodwill was EUR 12,585 thousand, other intangible assets were EUR 1,671 thousand, tangible assets were EUR 23,332 thousand, and the Company's consolidated equity was EUR 17,687 thousand. The Company assesses the tangible and intangible assets for impairment regularly and whenever events or changed circumstances give an indication that an asset may be impaired. If the results of the assessment are unfavourable, the Company may have to write down assets. If the Company has to make significant write down to goodwill or other intangible or tangible assets in the future, this may, depending on the size of the write-down, have a material adverse effect on Exel Composites' financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites' exposure to legal, regulatory and compliance risks

Legal and regulatory requirements and changes in and non-compliance with laws and regulations may have a material adverse effect on Exel Composites' business operations

Exel Composites' business operations are subject to laws, regulations and regulatory requirements on national and international level, including environmental and safety laws and sustainability-related legislation. The global nature of Exel Composites' business materially increases the amount of various regulation it is subject to, as the content of rules and regulations may vary significantly from one country to another. Even though

Exel Composites is committed to pursuing its business operations in full compliance with all applicable laws and regulations, there can be no assurance that the operations of the Company fully comply with all relevant laws and regulations and their respective interpretations in all jurisdictions in which the Company operates. Exel Composites engages in operations that require official permits, registrations and licences, and there can be no assurance that Exel Composites will at all times be able to maintain all such licences required by law for its operations.

Local authorities may impose administrative fines or other sanctions on Exel Composites, should it violate or otherwise fail to comply with applicable legislation or other regulatory requirements. Also, changes in regulatory landscape, applicable legislation and business restrictions may weaken the Company's ability to conduct business and have negative impact on its business operations. Changes in laws and regulations could require Exel Composites to adapt, among others, its business operations or strategy, and therefore, result in significant costs in complying with new and potentially more stringent regulations. There can be no assurance that Exel Composites' costs for compliance will not significantly increase in the future as a result of new or amended laws or regulations, or as a result of stricter interpretations or stricter enforcement of existing laws and regulations. Changes in for example chemical regulations, such as the Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), as amended, could make certain chemicals unavailable in certain regions or globally, leading to changes in products that can be manufactured or inability to manufacture certain products.

Exel Composites may also incur other costs related to potential non-compliance with applicable laws and regulations that may have a material adverse effect on Exel Composites' results of operations. To the extent that Exel Composites is unable to pass on the costs of compliance with stricter or changing requirements, taxes and duties to its customers, the Company's profitability may decline, which may have a material adverse effect on the Exel Composites' business, results of operations or financial condition. If Exel Composites is unable to comply with the applicable laws and regulations, this may cause financial losses for the Company, significantly weaken its business opportunities and damage its reputation among existing and prospective customers, and have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Legal proceedings or legal claims may have a material adverse effect on Exel Composites' business operations and cause unexpected costs

Exel Composites' business is subject to laws, regulations and regulatory requirements in several jurisdictions, and it is exposed to various legal risks in the course of its business, including actions pertaining to contractual liability, employer liability, data protection and competition law matters. The Company becomes involved from time to time in various court, arbitration and administrative proceedings related to, for example, employee claims, disputes with suppliers, customers and competitors, and proceedings initiated by public authorities, in the ordinary course of business in its operating areas. Exel Composites has been subject to claims and proceedings relating to, among others, contractual matters. As at the date of this Offering Circular, Exel Composites' Belgian subsidiary is a defendant in a dispute concerning a disagreement as to whether the products delivered to the customer have met the agreed criteria. A lower court dismissed the customer's claims in full, but the counterparty has appealed the decision (see also "*Business overview – Legal and arbitration proceedings*").

In the course of its business, the Company may also in the future face claims and complaints, and the Company may consequently become involved in trials and other proceedings. Although Exel Composites strives to resolve any conflicts that may arise in the course of its business primarily through negotiations, no assurance can be made that the Company will in the future be able to resolve such conflicts without legal proceedings. It is inherently difficult to predict the outcome of any legal, administrative and other proceedings or claims. Legal and any other dispute resolution proceedings are costly, divert management's attention and may result in reputational damage for Exel Composites. An unfavourable outcome in any ongoing proceedings, or any proceedings that may arise in the future, could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites' risk management and internal controls may not necessarily be able to prevent or detect negligence, mistakes or action contrary to Exel Composites' guidelines or regulations

Exel Composites has adopted and introduced processes, systems and controls to ensure compliance with applicable laws and regulations, but these actions may not necessarily be sufficient to prevent or detect any

deficient practices, negligence, fraud, mistakes, action contrary to Exel Composites' guidelines or regulations and illegal activity that may be pursued not only by Exel Composites' employees and representatives, but also by its suppliers and customers. Even though Exel Composites' internal systems and controls seek to manage such risks, these systems and controls may not be sufficient to uncover or prevent or detect negligence, mistakes or action contrary to Exel Composites' guidelines or regulations. For example, Exel Composites, its suppliers or its customers could become subject to allegations of non-compliance with acceptable labour practices or applicable laws, including fraud, bribery or corruption, resulting from the sourcing of products in foreign markets. Any acts, wrongdoings or non-compliance with any laws, rules and regulations by Exel Composites, its employees and representatives or its suppliers and customers may harm Exel Composites' business, reputation and brand, and Exel Composites may be required to expend significant resources in its efforts to rebuild its business, reputation and brand. If Exel Composites fails to organize or maintain effective internal controls or to introduce the necessary, new or improved control procedures or if it experiences difficulties in their introduction, Exel Composites may fail in the correctness of reporting or prevention of abuses. Realisation of the aforementioned risks may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Insurance coverage of Exel Composites might prove to be insufficient

Exel Composites maintains an insurance coverage for certain risks and liabilities that are deemed customary and prudent for its operations, such as property damage insurance, travel insurance, credit insurances for trade receivables and liability insurance for its business operations with reputable insurance companies. However, it is possible that these insurance policies do not sufficiently cover all risks and accidents or are otherwise not sufficiently extensive in all circumstances. For example, the Company may not have identified all environmental, employee and health and safety risks. Moreover, there are aspects of the Company's operations that are not covered by insurance either because suitable insurance is not available, is prohibitively expensive, or the Company has made a strategic decision to self-insure. For example, the Company's insurance coverage does not cover cybercrimes. Insurance companies may also reject claims of Exel Composites for compensation in part or in full, or it is possible that insurance companies are unable to meet their obligations under the relevant insurance agreements. It is also possible, for example, that some counterparty failures to fulfil their contractual obligations might not be covered by the Company's insurance coverage. Should an uninsured loss occur, or the insurance coverage of Exel Composites prove to be insufficient to cover some or all losses associated with damage, liability, loss of income or other costs, or should Exel Composites fail to file the insurance claim in due time according to the terms and conditions of the insurance agreement, this could cause significant additional costs to Exel Composites. In addition, there can be no certainty that Exel Composites will be able to maintain its current insurance coverage, or get additional insurance coverage, on terms and premiums acceptable to it. Even if accidents are covered by insurance, they can result in the insurance company charging higher premiums in the future, which would further increase the cost of business operations for the Company.

Any liability, losses and damage not covered by the Company's current or future insurance policies may have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as on the market value of the Shares.

Exel Composites' tax burden could increase as a result of changes to tax laws or their interpretation

Exel Composites operates in and is subject to income taxation in more than one jurisdiction. The estimation of the Company's aggregate income taxes requires thorough consideration and the Company is subject to filing requirements in several countries. In some cases, the final amount of income taxes may remain uncertain or be subject to later adjustments. Changes in tax legislation or interpretation by public authorities may cause financial losses to Exel Composites or otherwise weaken its financial position. Although Exel Composites strives to ensure that Exel Composites comply with applicable tax legislation and regulation, the risks relating to taxation may, if materialised, have a material adverse effect on Exel Composites' business and financial condition, results of operations and future prospects as well as on the market value of the Shares.

Possible amendments to tax regulations in the countries in which Exel Composites operates may increase the Company's overall tax burden. It is also possible that the relevant tax authorities would in the future interpret and apply tax regulations in a way which would increase Exel Composites' tax burden. Additionally, Exel Composites is subject to audits and other measures by the tax authorities of different countries and there can

be no assurances that tax increases or other consequences for delay would not be imposed on Exel Composites on these audits and other measures, the amount of which may be significant and difficult to predict.

Risks relating to the Shares

The amount of any dividends distributed or capital repayments made by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend or make capital repayments at all

Pursuant to the Finnish Companies Act, the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest audited unconsolidated parent company financial statements adopted by the General Meeting of Shareholders. Any potential distribution of dividends or other distributions of unrestricted equity will depend on the Company's and its subsidiaries' results of operations, financial condition, cash flows, need for working capital, capital expenditure, future outlook, terms of the Company's financing agreements, ability to upstream any income to the Company from the subsidiaries and other factors. Furthermore, in connection with the Company's refinancing negotiations, the Company may be required to commit to restrictions on capital distribution. Any payment of dividends or other distributions of unrestricted equity will always be at the discretion of the Board of Directors of the Company and, ultimately, be dependent on a resolution of the General Meeting of Shareholders. Under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardise the Company's solvency.

According to the Company's dividend policy, Exel Composites' ambition is to distribute a minimum of 40 per cent of net income in dividends, when permitted by the financial structure and growth opportunities.

Notwithstanding this policy, the Company will evaluate the preconditions for the distribution of dividends annually, taking into consideration a number of factors, including the Company's capital structure, future revenue, profits, financial position, general economic and business conditions, and future prospects as well as the ability of the Company's subsidiaries to pay dividends or otherwise transfer funds to the Company, and such other factors as the Board of Directors of the Company may deem relevant. The annual general meeting of shareholders of the Company resolved on 26 March 2024, that no dividend be paid based on the adopted financial statements for the financial year ended 31 December 2023. The amount of any dividends or capital distribution paid by the Company in any given financial year is, therefore, uncertain, and may differ significantly from the target level set in the dividend policy. Any payment of dividends, or other distributions of unrestricted equity, by the Company with respect to prior financial periods is not an indication of the dividends to be paid for financial periods in the future, if any.

Future issues, trades or other assignments of Shares may have an effect on the value of the Shares or dilute the shareholders' relative holdings and voting rights of the Shares

The issuance or sale of a significant number of the Company's Shares, or the perception that such issues or transfers may occur in the future, may have a material adverse impact on the market value of the Shares and on the Company's ability to obtain equity financing in the future. Additionally, should the Company require further equity financing, the Company may organize share issues with pre-emptive subscription rights for the shareholders or directed share issues deviating from the shareholders' pre-emptive subscription rights, if the general meeting of shareholders provides an authorisation. Directed offerings may also be organised due to Exel Composites' incentive schemes, for the purpose of carrying out business acquisitions or for other reasons, provided that the Company has a justified financial reason for the directed offering pursuant to the Finnish Companies Act. Any possible future directed share issue or a rights issue where any existing shareholders decide not to exercise their subscription rights, could dilute shareholders' relative share of Shares and votes.

Holders of nominee-registered Shares cannot necessarily exercise their voting rights

The holders of nominee-registered Shares cannot necessarily exercise their voting rights unless their ownership has been temporarily registered under their own name in Euroclear Finland prior to the Company's general meeting of shareholders. The Company cannot give any assurances that the holders of nominee-registered Shares would receive a notice to the general meeting of shareholders in time to instruct their account operators to either temporarily register their Shares or otherwise exercise their voting rights as the actual owners wish. See "Information on the Subscription Rights and Offer Shares – Rights attached to the Offer Shares – Voting rights and general meeting of shareholders".

Risks relating to the Subscription Rights and the Offering

A shareholder's ownership will be diluted if the shareholder does not exercise the Subscription Rights, and the Subscription Rights could lose all their value

Should a shareholder choose not to exercise its Subscription Rights or if a shareholder and the securities broker employed by the shareholder do not comply with the requirements provided in the section “*Terms and Conditions of the Offering*”, the Subscription Rights shall expire, and the investor may not necessarily receive any compensation for them. In such a case, the shareholder's relative ownership and voting rights carried by the Shares will be diluted correspondingly. The maximum number of Offer Shares offered in the Offering corresponds to 88.9 per cent of the Shares after the Offering. If existing shareholders of the Company do not subscribe for Offer Shares in the Offering (except for the Subscription Undertakings), their total holdings in the Company would be diluted by 88.9 per cent, provided that the Company will issue 94,831,552 Offer Shares and that the Offering is fully subscribed. Even if a shareholder decided to sell their Subscription Rights or the Subscription Rights were sold on behalf of the shareholder, the compensation received for the Subscription Rights on the markets might not correspond to the direct dilution attributable to the execution of the Offering.

The Company might not be able to raise full funds in the Offering, and the Company may not complete the Offering

The completion of the Offering is not certain, and the Company might not be able to raise sufficient proceeds through the Offering. In the event that they materialise, the risks described below may have a material adverse effect on the Company's business, financial condition and future prospects as well as on the market value of the Shares.

As at the date of this Prospectus, the Company does not have sufficient working capital to meet its needs for the next 12 months. The Company estimates that it has sufficient working capital until 1 January 2025, after which the Company will require additional EUR 3.9 million to cover its working capital deficit (see “*Essential information on the Offering – Working capital statement*”). The Company estimates the charges, fees and expenses to be paid by the Company in connection with the Offering to amount to approximately EUR 1.7 million. If the Company fails to raise at least EUR 5.6 million in gross proceeds through the Offering or if the Board of Directors decides not to proceed with the Offering, the Company will have to seek additional financing to secure its working capital and its ability to operate as a going concern or renegotiate the terms of existing financing agreements with its financing banks. This may then lead to a breach of the liquidity covenant set out in the existing financing agreements and trigger the creditors' right to terminate and accelerate the loans. This could jeopardise the Company's ability to operate as a going concern or the Company might encounter payment difficulties over the next 12 months, which may lead, inter alia, to significant restructuring of the Company and ultimately to bankruptcy.

The Company has agreed on the refinancing of its existing bank loans with a New Financing Agreement (as defined below) of EUR 52.4 million that is conditional on the completion of the Offering with net proceeds of at least EUR 20 million. If the Offering is not completed with net proceeds of at least EUR 20 million, the Company will not fulfil the conditions it needs to meet in order to obtain the financing set out in the New Financing Agreement and the New Financing Agreement will not be available for refinancing the Company's existing bank loans, which will then have a material adverse effect on the Company's financial condition and liquidity as well as its ability to finance its operations.

Aktia Fund Management Company Ltd, on behalf of funds managed by it, and Veritas Pension Insurance Company Ltd., which (either themselves or through their controlled funds) together own approximately 8.18 per cent of all Shares in the Company, have subject to certain customary conditions irrevocably undertaken to subscribe for Offer Shares in full on the basis of the Subscription Rights allocated to them. The Subscription Undertakings amount to a total of EUR 1.8 million. However, the Subscription Undertakings alone are not sufficient to fully compensate for the Company's current working capital deficit. In addition, no security is provided in the Subscription Undertakings for the fulfilment of the obligations imposed thereby, and there can be no assurance that the issuers of the Subscription Undertakings will fully fulfil the obligations imposed by their undertakings. If the Subscription Undertakings are not fulfilled, this would reduce the amount of equity and cash assets recorded by the Company from the Offering, and the Company may have to seek additional financing to secure its working capital and its ability to operate as a going concern or renegotiate the terms of existing financing agreements with its financing banks. Furthermore, if the Offering was not subscribed at close to the maximum amount thereof due to a failure to fulfil the Subscription Undertakings, the Company would not be able to fulfil the conditions it needs to meet in order to obtain the financing set out in the New Financing

Agreement as described above and the New Financing Agreement would thus not be available for refinancing the Company's existing bank loans, which would then have a material adverse effect on the Company's financial condition and liquidity as well as its ability to finance its operations.

Investors do not have the right to cancel the use of the Subscription Rights or trades or other transfers of Interim Shares, and if the Offering were cancelled, the Subscription Rights would have no value

Subscriptions made in the Offering as well as trades and other transfers of Interim Shares are binding and may not be withdrawn, invalidated or changed, except in the special cases mentioned in section "*Terms and conditions of the Offering – Withdrawal of subscriptions in certain circumstances*". In such circumstances, the right of cancellation is conditional upon the significant new factor, material mistake or material inaccuracy within the meaning of the Prospectus Regulation having become known or having been discovered prior to the expiry of the Subscription Period or the entry of the Offer Shares or the Interim Shares subject to cancellation in the subscriber's book-entry account (whichever occurs first). The Offer Shares subscribed for pursuant to the Subscription Rights will be credited to the subscriber's book-entry account as Interim Shares representing the Offer Shares after the subscription has occurred. The Offer Shares are paid for in connection with the subscription. Trades and other transfers of Interim Shares are paid in connection with the transaction in question. The Interim Shares are freely transferable and subject to trading on the official list of Helsinki Stock Exchange as a separate series on or about 27 May 2024, provided that the Helsinki Stock Exchange accepts the Company's listing application. The Interim Shares will not be fungible with the Company's Offer Shares until the Interim Shares are combined with the Existing Shares. Therefore, the investors must make their investment decisions before the final outcome of the Offering is known.

Should the Board of Directors decide not to carry out the Offering, for example, if carrying out the Offering is no longer in the Company's interest, the Subscription Price will be refunded to the holders of Interim Shares and the Subscription Price paid for the Offer Shares subscribed for without Subscription Rights will be refunded to the subscribers. See also "*Terms and conditions of the Offering – Approval of subscriptions and publication of the outcome in the Offering*". In the event that the Offering were cancelled, the unused Subscription Rights could not be exercised and would have no value, which could cause losses to the investors who have acquired Subscription Rights from the market. Correspondingly, the investors who have acquired Interim Shares from the market may incur losses if the Subscription Price that is refunded in connection with a cancellation of the Offering is lower than the price paid by the investor for the Interim Shares.

Investors with a local currency other than the euro will become subject to certain foreign exchange risks when investing in the Offer Shares

The Offer Shares will be priced and traded in euros on the Helsinki Stock Exchange and any future payments of dividends on the Offer Shares will be denominated in euros. Exchange rate movements of the euro will therefore affect the value of any dividends paid and other distributions of unrestricted equity for investors whose principal or local currency is not the euro. Further, the market price of the Offer Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Offer Shares and of any dividends paid on the Offer Shares for an investor whose principal currency is not the euro. Moreover, such investors may incur additional transaction costs from converting the euro into another currency.

Certain shareholders may not necessarily be able to exercise their Subscription Rights, potential future subscription rights or other shareholders' rights

Under Finnish legislation, shareholders have pre-emptive rights in proportion to their holdings when the Company issues new Shares or securities entitling to subscription for new Shares unless the resolution to issue new Shares provides otherwise. Certain shareholders of the Company who reside or will reside in, or whose registered address is located in, certain countries other than Finland, including shareholders in the United States, may not necessarily be able to exercise their Subscription Rights in the Offering, or any future subscription rights in any possible future Share issues, unless the Shares then offered have been registered in accordance with the securities legislation of the relevant jurisdiction, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. No assurances can be given that local requirements will be met so as to enable the exercise of such holders' pre-emptive rights or participation in any rights offer, such as the Offering. This may lead to the dilution of such shareholders' ownership in the Company or to potential tender offers not being made to shareholders in certain countries. Further, if the proportion of shareholders who are unable to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have a material adverse effect on the

price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues may also be restricted due to the legislation of the relevant jurisdiction.

In addition, if a shareholder's Subscription Rights are on an equity savings account, the provisions of the Finnish Act on Equity Savings Account (680/2019, as amended) may restrict the shareholders' ability to fully exercise their Subscription Rights. For example, an equity savings account's maximum deposit is EUR 100,000, and if this maximum limit has been reached, any additional financing needed by the shareholder for a subscription cannot be transferred to the equity savings account. These restrictions may lead to the dilution of such shareholders' ownership in the Company. Further, if the number of shareholders who are not able to exercise their Subscription Rights is high and if the Subscription Rights of such shareholders are sold on the market, it could have a material adverse effect on the price of the Subscription Rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question.

Trading markets may not develop for the Subscription Rights, the market price of the Shares may decline below the Subscription Price and the market price of the Subscription Rights and Offer Shares could fluctuate considerably

Exel Composites will apply for admission to trading of the Offer Shares, Interim Shares and Subscription Rights on the Helsinki Stock Exchange. However, it is uncertain whether an active trading market for the Interim Shares or the Subscription Rights will develop or be maintained for the Shares (including the Offer Shares). The market price of the Subscription Rights, the Interim Shares and the Offer Shares could be subject to significant fluctuations for example due to a change in sentiment in the market regarding the Subscription Rights, the Interim Shares, the Offer Shares or similar securities and the market price of the Company's Shares may decline below the Subscription Price of the Offer Shares. Fluctuations of the market prices may be caused by various facts and events, including any regulatory changes affecting the Company's operations, variations in the Company's operating results and business developments. Any of these factors could result in a decline of the market price of the Offer Shares and the market price of the Offer Shares may never increase to meet the Subscription Price or to be above the Subscription Price. Furthermore, although Offer Shares will be recorded on investors' book-entry accounts as Interim Shares corresponding to the Offer Shares after subscriptions having been made and paid for, definitive Offer Shares are delivered to the investors only after the Subscription Period ends. The Interim Shares will be freely transferable and will be tradeable on the official list of the Helsinki Stock Exchange on or about 27 May 2024 as a separate series, provided that the Helsinki Stock Exchange accepts the Company's listing application. However, the Interim Shares will not be fungible with the Company's Shares until the Interim Shares are combined with the Existing Shares. The lack of fungibility may have a material adverse effect on the market price and liquidity of the Interim Shares. In addition, if the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. Further, stock markets may from time-to-time experience significant price and volume fluctuations that may be unrelated to the Company's operating performance or prospects. Any of these factors could result in a decline in the market price of the Offer Shares below the Subscription Price and/or result in there being no demand for the Subscription Rights.

CERTAIN INFORMATION

Parties responsible for the Offering Circular

Exel Composites Plc

Business identity code: 1067292-7

Domicile: Mäntyharju

Address: Uutelantie 24 B, FI-52700 Mäntyharju, Finland

Statement regarding the Offering Circular

This Offering Circular has been prepared by Exel Composites, and the Company accepts responsibility regarding the information contained in this Offering Circular. The Company assures that to the best knowledge of the Company, the information contained in this Offering Circular is in accordance with the facts and makes no omission likely to affect its import.

23 May 2024

Exel Composites Plc

Vantaa, Finland

Information regarding the markets, the economy and the industry, and the management's reports and studies

This Offering Circular contains third-party information. The information presented in this Offering Circular on the market environment, market developments, rates of growth, market trends and competition on the market and in the Company's operating areas is either obtained from one or more named sources or is derived from several industry and other independent sources. The market information contained in this Offering Circular is based on statistics and information received from industry organisations and various organisations and market information providers, internal financial and business information produced by or on behalf of the Company, and information available from other public sources, applying certain additional assumptions where necessary. Certain estimates and predictions contained in this Offering Circular are based on the Company's analysis of its own data and data received from third parties regarding the growth of the markets and factors affecting the predicted development thereof, such as a market study commissioned by the Company in spring 2023. If this Offering Circular contains market data or market estimates without referring to a source, such market data or market estimates are based on the assessment of the Company's management.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Company has made sure that the information has been appropriately reproduced in the Offering Circular. Because the Company does not have access to all of the facts, assumptions and postulates underlying the market analyses, or statistical information and economic indicators contained in sources of third-party information, the Company is unable to verify such information. As far as the Company is aware and has been able to ascertain the accuracy of the information provided by third parties, no facts have been omitted from the third-party information in a way that would render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative. Thus, any changes in the assumptions and premises on which the market studies are based may have a significant impact on the analyses and conclusions drawn. The statements in this Offering Circular on the Company's market position and on other companies operating in its market area are based solely on the experiences, internal investigations and assessments of the Company, as well as other sources, which the Company deems reliable. The Company cannot, however, guarantee that any of these statements are accurate or constitute an accurate description of the Company's position in its market, and none of the Company's internal investigations or information has been verified using external sources independent of those used by the Company.

Competent authority approval

This Offering Circular is an unofficial English-language translation of the Finnish Prospectus. The Finnish Prospectus has been approved by the FIN-FSA as the competent authority under the Prospectus Regulation on 23 May 2024. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is FIVA/2024/862. The Finnish Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

No incorporation of website information

The Company's website is <https://exelcomposites.com>.

The contents of the Company's website or any other website, excluding this Offering Circular, documents incorporated in this Offering Circular by reference and possible supplements to the Offering Circular, do not form a part of this Offering Circular, and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

Information available in the future

The Company publishes its annual reports in Finnish and in English, including the report of its Board of Directors and its audited consolidated financial statements, business reviews and other information as well as stock exchange releases as required by the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ((EU) No 596/2014, as amended, "**MAR**"), the Securities Market Act and the rules of the Helsinki Stock Exchange. None of these documents are a part of this Offering Circular, excluding the documents incorporated in this Offering Circular by reference.

Auditors

Under the Company's Articles of Association, the Annual General Meeting elects the Company's auditor. Further, the auditor of the company shall be an audit firm authorised by the Finnish Patent and Registration Office with an Authorised Public Accountant as the auditor with principal responsibility. The term of office of the auditor shall end at the end of the first Annual General Meeting following the election. The Annual General Meeting decides on the remuneration of the auditor.

The Company's financial statements of accounting period ending on 31 December 2022 have been audited by Ernst & Young Oy, Authorised Public Accountant Firm, with Johanna Winqvist-Ilkka, Authorised Public Accountant, as the auditor with principal responsibility. The Company's financial statements of accounting periods ending on 31 December 2023 have been audited by Ernst & Young Oy, Authorised Public Accountant Firm, with Johanna Winqvist-Ilkka, Authorised Public Accountant, as the auditor with principal responsibility.

Annual General Meeting held on 26 March 2024 elected Ernst & Young Oy, Authorised Public Accountant Firm, as the auditor of the Company for a term ending at the end of the Annual General Meeting in 2025. Ernst & Young Oy, Authorised Public Accountant Firm has appointed Timo Eerola, Authorised Public Accountant, as the auditor with principal responsibility. Ernst & Young Oy, Authorised Public Accountant Firm and Timo Eerola are registered in the Finnish Register of Auditors in accordance with Chapter 6 Section 9 in the Finnish Auditing Act (1141/2015, as amended). The business address of the auditor with principal responsibility and Ernst & Young Oy, Authorised Public Accountants Firm is Korkeavuorenkatu 32–34, FI-00130 Helsinki, Finland.

Special cautionary notice regarding forward-looking statements

This Offering Circular includes forward-looking statements which are not historical facts but statements regarding future expectations instead. These forward-looking statements include without limitation, those regarding the Company's future financial position and results of operations, the Company's strategy, objectives, future developments in the markets in which the Company participates or is seeking to participate or anticipated regulatory changes in the markets in which the Company operates or intends to operate. In

some cases, forward-looking statements can be identified by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “projected,” “should” or “will” or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. The Company’s actual results of operations, including the Company’s financial condition and liquidity and the development of the industries in which the Company operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if the Company’s historical results of operations, including the Company’s financial condition and liquidity and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Offering Circular, including in sections “*Business overview – Financial targets*”, “*Business overview – Guidance of Exel Composites*” and “*Trend and market information*” and wherever this Offering Circular includes information on the future results, plans or expectations with regard to the Company’s business, including strategic plans and plans regarding growth and profitability, as well as the general economic conditions to which the Company is exposed.

Presentation of financial information

Financial information of Exel Composites set forth in this Offering Circular is based on the unaudited figures of Exel Composites from the three months ended on 31 March 2024, including comparative figures for the three months ended in 31 March 2023, and the Company’s audited financial statements for the financial years ended 31 December 2023 and 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”).

Rounded figures

Financial figures set forth in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers presented in a column or row may not conform exactly to the total amount given for that column or row. In addition, certain percentages are calculated with accurate numbers before rounding, so they do not necessarily correspond to the results that would have been reached if rounded figures had been used.

Alternative performance measures

This Offering Circular includes certain performance measures of the Company’s historical financial performance, financial position and cash flows, which, in accordance with the “Alternative Performance Measures” guidance issued by the European Securities and Markets Authority (“**ESMA**”) are not accounting measures defined or specified in IFRS and are therefore considered alternative performance measures.

The Company discloses the following alternative performance measures:

KEY FIGURE	PURPOSE OF USE
<ul style="list-style-type: none"> Operating profit 	Result of the Company’s operational activities before financial items and taxes. It indicates how much the Company has earned from its business after deducting expenses.
<ul style="list-style-type: none"> Adjusted operating profit 	A version of operating profit adjusted for non-recurring or exceptional items, providing, in the Company’s opinion, a clearer picture of the performance of the Company’s continuous operations.

• EBITDA	Earnings before interest, taxes, depreciation, and amortization. It gives an indication of the Company's operational efficiency and ability to generate cash flow.
• Adjusted EBITDA	A version of EBITDA adjusted for non-recurring or exceptional items, providing, in the Company's opinion, a clearer picture of the operative efficiency and ability to generate cash flows of the Company's continuous operations.
• Return on equity, %	Illustrates the Company's ability to generate a profit in relation to the capital invested by its owners. It indicates how efficiently the Company uses the funds invested by its owners.
• Return on capital employed, %	Illustrates the Company's ability to generate profit on all invested capital, including both equity and liabilities. It provides an indication of the Company's overall efficiency in the use of capital.
• Net debt to adjusted EBITDA	Illustrates the Company's net gearing relative to its adjusted EBITDA. It indicates how many years the Company would need to use its EBITDA to pay off its debts.
• Net gearing, %	Illustrates the Company's gearing relative to its equity. It indicates how much of the Company's capital is financed by debt.
• Equity ratio, %	Illustrates the solvency of the Company. Indicates the proportion of the Company's assets that have been financed with equity.
• Research and development costs	Illustrates the Company's efforts to develop new products, services or processes.
• Capital expenditure on fixed assets	Describes the Company's investments in physical assets such as machinery, equipment and buildings. It is, according to the Company's assessment, an indicator of the Company's desire for growth and ability to maintain or expand its operations.

The detailed calculation formulas of these alternative performance measures have been presented in section *"Selected financial and other information – Definitions and calculation of key figures"* and the reconciliation of certain alternative performance measures to the nearest IFRS measure are presented in section *"Selected financial and other information – Reconciliation of certain alternative performance measures"*.

Exel Composites presents alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. Exel Composites reports alternative performance measures to illustrate the business performance and to enhance comparability between reporting periods. The Company considers that the alternative performance measures provide the management, investors, securities market analysts and other parties with significant additional information related to Company's results of operations and financial position.

Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures which should not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not calculate alternative performance measures in a uniform manner and, therefore, the alternative performance measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies. The alternative performance measures presented in this Offering Circular are unaudited unless otherwise stated. Due to the above, undue reliance should not be placed on the alternative performance measures presented in this Offering Circular.

Availability of the Finnish Prospectus and the Offering Circular

The Finnish Prospectus will be available on the Company's website at <https://investors-fi.exelcomposites.com/osakeanti> on or about 24 May 2024 and at the Company's head office at Mäkituvantie 5, FI01510 Vantaa, Finland, on or about 24 May 2024. The Finnish Prospectus will also be available on Nordea Bank Abp's website at www.nordea.fi/exel-composites on or about 24 May 2024.

This Offering Circular will be available on the Company's website at <https://investors.exelcomposites.com/rightsissue> on or about 24 May 2024 and on the website of Nordea Bank Abp at <https://www.nordea.fi/exel-composites-en> on or about 24 May 2024. The FIN-FSA has not approved this Offering Circular.

IMPORTANT DATES

Event		Date
First trading date without Subscription Rights		20 May 2024
Record Date of the Offering		21 May 2024
The Subscription Period for the Offering commences		24 May 2024
Trading in the Subscription Rights commences on the official list of the Helsinki Stock Exchange		24 May 2024
Trading in the Interim Shares commences on the official list of the Helsinki Stock Exchange	estimated	27 May 2024
Trading in the Subscription Rights ends on the official list of the Helsinki Stock Exchange		3 June 2024
The Subscription Period for the Offering ends and unused Subscription Rights lapse worthless	estimated	7 June 2024
Announcement of the initial results of the Offering	estimated	11 June 2024
Announcement of the final results of the Offering	estimated	13 June 2024
Trading in the Interim Shares ends on the official list of the Helsinki Stock Exchange	estimated	14 June 2024
The Offer Shares subscribed for in the Offering are registered in the Finnish Trade Register and Interim Shares are converted into Offer Shares	estimated	14 June 2024
Trading in the Offer Shares (including the shares subscribed in the secondary offering) commences on the official list of Nasdaq Helsinki	estimated	17 June 2024

ESSENTIAL INFORMATION ON THE OFFERING

Information about the Issuer

The business name of the Company is Exel Composites Plc (in Finnish: *Exel Composites Oyj*). The Company is a public limited liability company incorporated on 13 November 1996 in Finland, and it is subject to the laws of Finland. The Company is domiciled in Mäntyharju, Finland. The Company is registered in the Finnish Trade Register under the business identity code 1067292-7. The Company's legal entity identifier code (LEI) is 743700205JAMGM80QD88.

The registered address of the Company is Uutelantie 24 B, FI-52700 Mäntyharju, Finland, and its telephone number is +358 20 7541200.

The Existing Shares in the Company are admitted to trading on the official list of the Helsinki Stock Exchange under trading code EXL1V.

Reasons for the Offering and use of proceeds

Reasons for the Offering

The objective of the Offering is to strengthen Exel Composites' capital structure and expedite the implementation of the Company's transformative strategy. Through the Offering, the Company seeks to ensure sufficient working capital as well as to accelerate necessary growth investments and the optimisation of its factory network to gain efficiencies and to finance working capital needs for the expected business growth. In addition, the Company seeks to strengthen its capital structure as well as to improve its cash flow and profitability through debt repayments.

Exel Composites has agreed on the refinancing of its current bank loans with a new financing agreement of EUR 52.4 million that is conditional on the completion of the Offering with net proceeds of at least EUR 20 million.

Use of proceeds

In the Offering, gross proceeds of approximately EUR 21.8 million are sought. The Company estimates the charges, fees and expenses to be paid by the Company in connection with the Offering to amount to approximately EUR 1.7 million. The Company is estimated to receive net proceeds of approximately EUR 20.1 million from the Offering provided that the Offering is fully subscribed.

The Company aims to use the proceeds received from the Offering for the strengthening of the balance sheet via debt repayments and the financing of working capital needs, the execution of the strategic factory network optimisation plan and investments to support the Company's growth. The Company intends to use EUR 6.5 million of the net proceeds of the Offering to repay its debts.

Working capital statement

As at the date of this Offering Circular, the Company does not have sufficient working capital to cover its needs for the next 12 months.

The Company estimates that it has sufficient working capital until 1 January 2025 after which it will in the reasonable worst case scenario not have sufficient working capital due to a breach of the liquidity covenant included in its existing bank loan agreements. The Company has taken this into account when assessing the sufficiency of its working capital.

The Company estimates that its working capital deficit is EUR 3.9 million in the next 12 months in a reasonable worst case scenario, in which certain uncertainties would materialise, impacting the Company's projected cash flows and liquidity. In its assessment of working capital, the Company has included the amount of Subscription Undertakings received for the Offering, which represent altogether 8.18 per cent of the total Shares, i.e. total gross proceeds of EUR 1.8 million, as well as Offering-related costs of EUR 1.7 million.

The Company aims to cover the working capital deficit of EUR 3.9 million primarily with funds raised through the Offering. The Company estimates that it will be able to cover the estimated working capital deficit by raising

at least EUR 5.6 million in gross proceeds in the Offering in total. In the event that the Company fails to raise the required gross proceeds in the planned Offering, the Company may seek to offer shares that were not subscribed in the Offering as specified in the terms and conditions, negotiate with its financing banks on potential amendments to the covenants present in the financing agreements, or strive to raise the required working capital from other sources of financing or for example by selling its assets in order to secure the sufficiency of working capital. The Company may also assess its different business activities based on working capital intensity and seek to reduce the amount of committed working capital.

If the Company is unable to cover its working capital deficit of EUR 3.9 million by 1 January 2025, this may result in a breach of the liquidity covenant included in the Company's existing financing agreements. In such a case, the Company's financing agreements may be declared due and payable if the Company fails to negotiate on waivers to its covenant terms and conditions with its financing banks. This could jeopardise the Company's ability to operate as a going concern or the Company might encounter payment difficulties over the next 12 months, which may lead, inter alia, to significant restructuring of the Company.

Capitalisation and indebtedness

The following table sets forth the (i) actual group-level capitalisation and indebtedness as at 30 April 2024 and (ii) group-level capitalisation and indebtedness as at 30 April 2024 as adjusted considering (a) the gross proceeds of approximately EUR 21.8 million from the Offering and the expenses of approximately EUR 1.7 million related to the Offering, (b) the Offering being carried out on 30 April 2024, (c) the refinancing of existing bank loans with a new EUR 52.4 million financing agreement that is conditional on the completion of the Offering with net proceeds of at least EUR 20 million (the **"New Financing Agreement"**), which is secured by collateral (see *"Business overview – Capital resources and liabilities – Capital resources"*) and pursuant to which some of the Company's existing current debt will be refinanced into non-current debt, (d) the repayment of approximately EUR 6.5 million of debt under the New Financing Agreement with net proceeds raised in the Offering, and (e) the items set out in the table's footnotes.

The table shall be read with notice of the fact that there is uncertainty as to the materialisation of the Offering at all or in full, see also *"Terms and conditions of the Offering – Approval of Subscriptions and Publication of the Outcome in the Offering"*.

The table below shall be read in conjunction with sections *"Risk factors"*, *"Certain information – Presentation of financial information"* and *"Selected financial and other information"* as well as the Company's audited consolidated financial statements and the unaudited business review for the three months ended 31 March 2024 incorporated in this Offering Circular by reference.

30 April 2024

	Actual	Adjusted
(EUR thousand)	(unaudited)	
CAPITALISATION		
Current debt		
Secured debt	0	10,283 ⁽¹⁾
Unguaranteed / Unsecured debt ⁽¹⁰⁾	43,175	24,625 ^{(1), (2)}
Total current debt	43,175	34,908
Non-current debt		
Secured debt	0	5,644 ⁽³⁾
Unguaranteed / Unsecured debt ⁽¹¹⁾	4,045	195 ⁽⁴⁾
Total non-current debt	4,045	5,839
Total debt	47,220	40,747
Equity		
Share capital	2,141	2,141
Other restricted equity	1,080	1,080
Invested unrestricted equity fund	2,539	24,350 ⁽⁵⁾
Translation differences	1,694	1,694
Retained earnings	9,552	9,552
Profit/loss for the period	-112	-1,812 ⁽⁶⁾
Minority interest	166	166
Total equity	17,060	37,171
Total equity and debt	64,280	77,918
INDEBTEDNESS		
A Cash	11,775	25,413 ⁽⁷⁾
B Cash equivalents	0	0
C Other current financial assets	0	0
D Liquidity (A + B + C)	11,775	25,413
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debts) ⁽¹⁰⁾	34,625	34,625
F Current portion of non-current financial debt	8,550	283 ⁽⁸⁾
G Current financial indebtedness (E + F)	43,175	34,908
H Net current financial indebtedness (G - D)	31,399	9,494
I Non-current financial debt (excluding current portion and debt instruments)	3,850	5,644 ⁽⁹⁾
J Debt instruments	0	0
K Non-current trade and other payables ⁽¹¹⁾	195	195
L Non-current financial indebtedness (I + J + K)	4,045	5,839
M Total financial indebtedness (H + L)	35,444	15,333

⁽¹⁾ EUR 10,000 thousand in unsecured current debt withdrawn from the Company's long-term revolving credit will be converted into secured current debt pursuant to the New Financing Agreement (c), the relevant item also adjusted with the upcoming amortisation of non-current debt by a total of EUR 283 thousand, which will be implemented in December 2024 in accordance with the New Financing Agreement (c).

⁽²⁾ Altogether EUR 6,473 thousand in unsecured current debt will be repaid with the net proceeds from the Offering (d), and an additional EUR 1,794 thousand in unsecured current debt will be converted into non-current secured debt in accordance with the New Financing Agreement (c).

⁽³⁾ EUR 3,850 thousand in unsecured non-current debt will be converted into secured debt under the New Financing Agreement, and an additional EUR 1,794 thousand in previously current debt will be converted into non-current debt (c).

⁽⁴⁾ EUR 3 850 thousand in unsecured current debt will be converted into secured debt under the New Financing Agreement (c).

⁽⁵⁾ Altogether EUR 21,811 thousand in gross proceeds obtained from the Offering (a) have been added to the invested unrestricted equity fund.

⁽⁶⁾ The profit/loss for the period has been adjusted by the total costs of EUR 1,700 thousand related to the Offering (a).

⁽⁷⁾ Cash and cash equivalents have been adjusted by altogether EUR 21,811 thousand in gross proceeds obtained from the Offering, the total expenses of EUR 1,700 thousand related to the Offering (a), and the repayment of altogether EUR 6,473 thousand in current debt under the New Financing Agreement (d).

⁽⁸⁾ EUR 6,473 thousand have been paid off of the current portion of the non-current financial debts (d) and EUR 1,794 thousand will be converted into non-current secured debt pursuant to the New Financing Agreement (c).

⁽⁹⁾ EUR 1,794 thousand in current debt will be converted into non-current debt under the New Financing Agreement (c).

⁽¹⁰⁾ Including current lease liabilities of EUR 936 thousand.

⁽¹¹⁾ Including non-current lease liabilities of EUR 195 thousand.

With respect to the adjustments above, it should be noted that the cash and cash equivalents that remain after the adjustments do not reflect the Company's actual cash and cash equivalents and that the amounts recorded in the shareholders' equity from the Offering may be smaller and their realisation to the presented extent is not certain.

There have not been material changes in the Company's capitalisation and indebtedness between 30 April 2024 and the date of this Prospectus.

The Company's contingent liabilities are presented under "*Selected financial and other information – Contingent liabilities*".

INFORMATION ON THE SUBSCRIPTION RIGHTS AND OFFER SHARES

This overview is an overview of the Subscription Rights and Offer Shares. Any decision by an investor to invest in the Subscription Rights and/or Offer Shares should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference herein.

Words and expressions in this section shall have the meanings defined in this Offering Circular.

Issuer	Exel Composites Plc
Number of the Subscription Rights	11,853,944
ISIN-code of the Subscription Rights	FI4000571138
ISIN-code of the Interim Shares	FI4000571146
Number of the Offer Shares offered in the Offering	A maximum of 94,831,552
ISIN-code of the Offer Shares	FI0009007306
Currency of the Offering	Euro
Restrictions on transferability	Each Subscription Right, Interim Share and Offer Share will be freely transferable after it has been registered into the respective book-entry account of the investor.

Share issue authorisation regarding the Offering

The Extraordinary General Meeting of Exel Composites resolved on 17 May 2024 to authorise the Board of Directors to resolve on issuing up to 265,000,000 Shares. Under the authorisation, the shareholders have a pre-emptive right to the new shares in the Offering in the same proportion as they already hold Shares in the Company. However, shares not subscribed by shareholders may be offered on a secondary basis for subscription by other shareholders or by other persons. The Board of Directors is entitled to decide to whom the shares that remain unsubscribed will be offered. The subscription price would be paid in cash. Under the authorisation, the Board of Directors is authorised to resolve on all other terms and conditions of the Offering. The authorisation remains valid until 31 December 2024.

Tax implications

The tax legislation of the investor's tax domicile and Finland, being the Company's jurisdiction of incorporation, may have an impact on the tax burden of the income received from the Subscription Rights and the Offer Shares.

The following summary is a general description of the most significant Finnish tax consequences with respect to the receipt and acquisition of the Subscription Rights and subscription, ownership and disposal of the Subscription Rights and the Offer Shares. The summary is based on the tax laws of Finland, including relevant case law as well as decisions and guidance issued by the Finnish Tax Administration as in effect at the date of this Offering Circular. The summary is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland.

The summary does not address tax consequences applicable to shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, income tax-exempt entities, or general or limited partnerships. Furthermore, the summary does not address tax consequences relating to investments belonging to business activities undertaken by private individuals, nor inheritance or gift taxation.

Prospective investors are advised to consult professional tax advisors to obtain information on the tax consequences of the receipt and acquisition of the Subscription Rights and subscription, ownership and disposal of the Subscription Rights and the Offer Shares taking into consideration their specific circumstances.

General

Residents and non-residents of Finland are treated differently for Finnish tax purposes. Persons resident in Finland are subject to taxation in Finland on their worldwide income. Non-residents are only taxed on income from Finnish sources and on income attributable to a possible permanent establishment in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and Finland's right to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland, if the person remains in Finland for a continuous period of more than six months, or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure, unless it is proven that no substantial ties to Finland existed during the relevant prior tax year.

Earned income, including salary, is taxed at progressive rates. Capital income of a resident natural person not exceeding EUR 30,000 per calendar year is taxed at a flat rate of 30 per cent, and to the extent the amount of capital income exceeds EUR 30,000 in a calendar year, the exceeding amount is taxed at a rate of 34 per cent.

Corporate entities established under the laws of Finland and foreign companies with place of effective management in Finland are regarded as residents in Finland. Currently, the corporate income tax rate is 20 per cent, and the same rate is applied to taxation of income attributable to a Finnish permanent establishment of a non-resident.

Taxation of dividends

General on taxation of dividends and repayment of capital

A company listed on the Helsinki Stock Exchange is considered a publicly listed company ("**Listed Company**") for Finnish dividend tax purposes.

Funds distributed from the reserve for invested unrestricted equity (so-called SVOP-reserve) of a Listed Company are treated as dividend income for tax purposes.

Finnish resident natural persons

Eighty-five per cent of dividend income received from a Listed Company by a resident natural person on shares belonging to the personal income source is taxable capital income of the recipient, while 15 per cent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

When the shares on a nominee account are held by a Finnish resident natural person, the amount of the advance tax withholding is 50 per cent, if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company and the registered authorised intermediary closest to the recipient of the dividend, or if the intermediary is not able to provide the Finnish Tax Administration with such information, but the dividend payer knows that the dividend recipient is a Finnish tax resident.

The resident natural person receiving the dividend is liable to verify the amount of dividend and the withholding on their pre-completed tax return and, if needed, to correct the amounts on the tax return.

Finnish corporations

Dividends paid by a Listed Company on the Offer Shares that are owned by a Finnish Listed Company are generally tax-exempt. However, if the Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt. Only banks, insurance companies and pension institutions may have investment assets.

Dividends received from a Finnish Listed Company by a Finnish corporation which is not a Listed Company are in general fully taxable income. However, in cases where the non-listed corporation directly owns 10 per cent or more of the share capital of the Listed Company, the dividend received on such Offer Shares is tax-exempt, provided that the Offer Shares are not included in the investment assets of the shareholder. If the Offer Shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt, irrespective of the share of ownership in the Listed Company.

When the shares on a nominee account are held by a Finnish corporation, the amount of the advance tax withholding is 50 per cent if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company and the registered authorised intermediary closest to the recipient of the dividend or if the intermediary is not able to provide the Finnish Tax Administration with such information, but the dividend payer knows that the dividend recipient is a Finnish tax resident.

Non-residents

Non-residents are subject to Finnish withholding tax on dividends paid by a Listed Company. The tax is withheld by the Listed Company distributing the dividend at the time of dividend payment, and no other taxes on the dividend are payable in Finland.

In general, the dividend withholding tax rate is 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents as dividend recipients, unless it is question of dividend paid on a nominee-registered share of a Listed Company that may also be subject to a 35-per cent withholding tax as described below.

As an exception to the above, withholding tax is not applicable to dividends paid to non-resident companies referred to in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended, "**Parent-Subsidiary Directive**") that are located in an EU member state, and which have a direct minimum holding of 10 per cent of the capital of the dividend-distributing Finnish Listed Company.

The withholding tax rate may also be reduced, or removed in full, on the basis of an applicable tax treaty. Unless it is question of a holder of nominee-registered shares, a reduced withholding rate in accordance with the applicable tax treaty can be applied, if the person beneficially entitled to the dividend has provided a valid tax at source card or other necessary clarification (name, date of birth, possible other official identification data, and the address in the country of residence) to the Listed Company prior to the payment of the dividend.

Furthermore, no withholding tax is applied if the dividend is paid to a corporation located in the European Economic Area (the "**EEA**"), provided that the recipient is regarded to be equivalent to a Finnish corporation referred to in section 33d.4 of the Income Tax Act (1535/1992, as amended), or in section 6a of the Finnish Business Income Tax Act (360/1968, as amended), and that the dividend would be tax-exempt pursuant to the above-mentioned sections had it been received by a Finnish corporation. Additionally, it is required that the Directive on Administrative Cooperation in the Field of Taxation (2011/16/EU, as amended) or a treaty concerning administrative co-operation or exchange of information in tax matters is applicable to the home country of the dividend receiving corporation, and that the withholding tax cannot be fully credited in the country of residence of the dividend receiving corporation based on a double tax treaty concluded with Finland.

Dividends distributed on shares belonging to investment assets of the dividend receiving corporation are subject to special rules. In many cases a withholding tax at the rate of 15 per cent applies, if the recipient resides in an EEA country, or if the recipient is comparable to a Finnish pension institution and the requirements relating to exchange of information in tax matters, as well as other more specific requirements are fulfilled. A dividend may nevertheless be exempt from withholding tax, if the requirements of the above-mentioned exemption relating to the Parent-Subsidiary Directive and the minimum holding of 10 per cent are fulfilled. The withholding tax rate may also be reduced or removed on the basis of an applicable tax treaty.

Dividends distributed on shares held through a nominee account are subject to a withholding tax set out in a tax treaty if the dividend payer or the intermediary closest to the recipient of the dividend who at the time of the dividend distribution is registered in the Register of Authorised Intermediaries referred to in Section 10 d of the Finnish Act on Taxation of Non-residents (627/1978, as amended) has diligently established the dividend recipient's country of residence and confirmed that the provisions of an international treaty can be applied to the dividend recipient. Instead of the reduced withholding tax rate of a tax treaty, dividends paid on shares registered in the nominee register must be subject to a withholding tax of 35 per cent if the dividend payee's

identification information is not provided to the dividend payer or custodian and the final recipient consequently cannot be identified and the dividend payer or the registered custodian is therefore unable to provide the Tax Administration with the identifying information of the dividend recipient in an annual information return. Dividends paid on nominee-registered shares are subject to a withholding tax of 30 per cent if the final recipient of the dividend can be identified but the withholding tax rate applicable to the final recipient of the dividend is unknown. However, the withholding tax is 20 per cent in this case if the recipient of the dividend has been identified as a corporation.

Withholding tax levied at a higher rate than the withholding tax rate under the tax agreement can be claimed from the tax authorities by providing the information required by the Tax Administration on the recipient of the dividend and the dividend income. Under certain conditions, non-resident natural persons located in a country within the EEA may request that instead of taxation in accordance with final tax at source the provisions of the Finnish Act on Tax Assessment Procedure (1558/1995, as amended) are applied in which case the dividend taxation is carried out through assessment in the same manner as set out in section “– *Finnish resident natural persons*” above.

Capital gains from sale of Subscription Rights and shares

Finnish resident natural persons

Any capital gain arising from the sale of the Subscription Rights and the Offer Shares which do not belong to the business activity of a Finnish resident natural person is taxed as capital income at a tax rate of 30 per cent and, in respect of any part exceeding EUR 30,000 during a calendar year, at a tax rate of 34 per cent. A capital loss arising from the sale of the Subscription Rights and the Offer Shares that do not belong to the business activity of the shareholder is deductible primarily from the resident natural person's capital gains and secondarily from the person's other capital income arising in the same year and during the following five tax years. Capital losses are not taken into account when assessing the capital income deficit for the tax year. If the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of sale proceeds from assets that may be sold tax-exempt pursuant to Finnish tax laws), the capital gains from the disposal of the Subscription Rights and the Offer Shares are nevertheless exempt from tax. In that case a capital loss is correspondingly not deductible, if the acquisition cost of the assets sold does not, in aggregate, exceed EUR 1,000.

The capital gain or loss is calculated by deducting the original acquisition cost and expenses related to acquiring the gain/loss (e.g. the selling expenses) from the sales price. When an individual subscribes for Offer Shares by using Subscription Rights received based on their previous shareholding, the acquisition cost of both the subscribed Offer Shares and Existing Shares based on which the Subscription Rights were received is deemed to be the aggregate of the acquisition costs of the Existing Shares based on which the Subscription Rights were received and the subscription price of the Offer Shares, which is divided by the total number of subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received. Alternatively, an individual can elect to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses for acquiring the income are deemed to be included therein and cannot be separately deducted from the sales price.

The date of acquisition of the Offer Shares is deemed to be the acquisition date of the previous shareholding based on which the individual has received the Subscription Rights.

If the Subscription Rights are sold without subscribing the Offer Shares, the date of acquisition of the shares based on which the individual received the Subscription Rights is deemed to be the acquisition date of the Subscription Rights. In such case the Subscription Rights do not have an acquisition cost and hence when calculating the amount of capital gains, a presumptive acquisition cost of 20 per cent or 40 per cent, depending on the acquisition date of the Existing Shares based on which the Subscription Rights were received, is deducted from the sales price.

Offer Shares that are subscribed by using Subscription Rights acquired by the individual are deemed to be acquired on the date of acquisition of the Subscription Rights. When calculating the amount of capital gains realised from sale of such Offer Shares, an actual acquisition cost, i.e. price paid for the Subscription Right added with subscription price paid for the Offer Share and possible costs, or a presumptive acquisition cost,

can be applied. Acquired Subscription Rights can also be sold without subscribing the Offer Shares. In such case the amount of capital gains realised from the sale of such Subscription Right can be calculated by using the actual acquisition cost or presumptive acquisition cost.

Finnish corporations

The following applies only to Finnish limited liability companies that are taxed under the Act on the Taxation of Business Income (360/1968). The gain on the transfer of Subscription Rights or Offer Shares is, as a rule, taxable income of the limited company that is subject to a corporate income tax (at a rate of 20 per cent). From the beginning of 2020, Finnish companies will, as a rule, be taxed in accordance with the provisions of the Act on the Taxation of Business Income (with the exception of e.g. limited liability housing companies and joint-stock property companies), including their income from shares.

The Subscription Rights or the Offer Shares may belong in the limited company's fixed assets, inventories or financial assets or what is called the 'other assets' asset class. Only financial, insurance and pension institutions may have investment assets. The tax treatment of transfers and impairments of Subscription Rights and Offer Shares varies depending on the type of share asset.

The sales price for the Subscription Rights and the Offer Shares is as a general rule included in the business income source of a Finnish corporation. Correspondingly, the acquisition cost of the Subscription Rights and the Offer Shares, as well as the deductible costs relating to the disposal, are deductible business expenses upon the disposal of the Subscription Rights and the Offer Shares. However, gains on the transfer of shares received by a Finnish limited liability company are tax-free if certain strict conditions are met. According to the provisions on the tax exemption on gains on the transfer of shares, gains on the disposal of fixed assets of a non-venture capital company are not, as a general rule, taxable business income and the loss on the transfer is not deductible under similar circumstances if, inter alia: (i) the seller has directly and continuously owned, for at least one year which has ended more than one year before the transfer, at least 10 per cent of the share capital of the company to be transferred; (ii) the company being transferred is not a real estate or housing company or a limited liability company whose activities involve the ownership or control of real estate; and (iii) the company being transferred is taxable in Finland or is a company in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended) or a company domiciled in a country with which Finland has entered into an agreement for the avoidance of double taxation of dividends.

Should a deductible capital loss arise from the disposal of shares included in fixed assets (but not qualifying under the tax exemption), such capital loss may only be deducted from taxable capital gains arising from the sale of the shares included in fixed assets in the same tax year and the subsequent five years. However, losses on the disposal of shares of other assets can only be deducted from the taxable capital gains on the disposal of other assets in the tax year and the following five years.

If a corporation subscribes for Offer Shares by using Subscription Rights received based on previous shareholding, the acquisition cost of the Existing Shares based on which the Subscription Rights were received is divided between the subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received. The acquisition cost of the Offer Shares and the Existing Shares based on which the Subscription Rights were received is then deemed to be the aggregate of the acquisition costs of the Existing Shares based on which the Subscription Rights were received and the subscription price of the Offer Shares, which is divided by the total number of the subscribed Offer Shares and the Existing Shares based on which the Subscription Rights were received.

If a corporation sells an unused Subscription Right that it has received based on previous shareholding, the acquisition cost of the Subscription Right is deemed to be the portion of the acquisition cost of the Existing Share based on which the Subscription Right was received that corresponds to the Subscription Right's sales price divided by the sum of the sales price and the fair market value of the share. If a corporation sells Subscription Rights that it has acquired, the acquisition cost of the Subscription Rights is deemed to be the sum of the purchase price and expenses resulting from the acquisition. If a corporation subscribes for Offer Shares by utilising Subscription Rights that it has acquired, the acquisition cost of the Offer Shares is the sum of the subscription price and the acquisition cost of the Subscription Rights.

Non-residents

Non-residents are in general not subject to Finnish tax on capital gains realised on the sale of Subscription Rights or Offer Shares, provided that less than 50 per cent of the total assets of the Company consist of real properties in Finland. Any capital gains arising from the sale of the Subscription Rights and Offer Shares belonging to a non-resident's permanent establishment in Finland are taxed in the same manner as described in section "*Finnish corporations*" above.

Finnish transfer tax

No transfer tax is payable on the subscription for the Offer Shares.

Neither is transfer tax payable on transfers of subscription rights or shares which are subject to regular trading in a regulated marketplace which is open for the public as referred to in the Act on Trading in Financial Instruments (1070/2017, as amended) such as the Helsinki Stock Exchange, if the transfer is made against a fixed monetary consideration and provided that the shares in question have been added to the book-entry system referred to in the Act on the Book-entry System and Clearing (348/2017, as amended). The transfer tax exemption also requires that an investment firm, a foreign investment firm or other entity offering investment services, as defined in the Act on Investment Services (747/2012, as amended), is a broker or a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Tax Assessment Procedure (1558/1995, as amended).

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act, or if the consideration for the shares consists wholly or partially of work performance.

If neither the purchaser nor the seller is a tax resident in Finland or a Finnish branch office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of a foreign EEA alternative investment fund manager, the transfer is exempt from Finnish transfer tax.

If the transfer of the Subscription Rights or the Offer Shares does not fulfil the above criteria for a tax-exempt transfer, the applicable transfer tax is payable by the purchaser. The transfer tax rate is 1.5 per cent of the sales price or value of other consideration for the transferring Subscription Rights or Offer Shares. However, no transfer tax is collected if the amount of the tax is less than EUR 10.

If the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of an EEA alternative investment fund manager, the seller must collect the transfer tax from the purchaser. If a Finnish investment firm, a Finnish credit institution or a Finnish branch or office of a foreign credit institution or investment firm acts as a broker, it is liable to collect the transfer tax from the purchaser and to remit the tax to the state.

Rights attached to the Offer Shares

Dividends and other distribution of funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other

distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its Articles of Association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the Articles of Association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the Articles of Association of the company require to be left undistributed (if any); and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 per cent of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the Annual General Meeting.

The Offer Shares will carry equal rights to dividends and other distributions of funds by the Company along with all Existing Shares of the Company (including distributions of assets in the event of the liquidation of the Company). After they are registered in the Finnish Trade Register and recorded in the investor's book-entry account, the Offer Shares will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. Pursuant to the Finnish Companies Act, dividends and other distributions of funds are paid to the shareholders or their nominees entered in the shareholders' register on the relevant record date. Such register is maintained by Euroclear Finland through relevant account operators. No dividends are payable to shareholders not registered in the shareholders' register. The right to dividends expires within three years from the dividend payment date, after which the funds reserved for paying the dividends will remain with the Company.

Voting rights and general meeting of shareholders

General

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the Annual General Meeting of the company must be held annually no later than six months from the end of the company's financial year. At the Annual General Meeting, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the Board of Directors and the chief executive officer, the number of members of the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An Extraordinary General Meeting in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding Shares in the Company.

Pursuant to the Articles of Association of the Company, notice to the general meeting shall be published on the Company's website no earlier than three (3) months and no later than three (3) weeks before the meeting. However, said notice of general meeting must be published no less than nine (9) days before the general meeting record date, as defined by the Finnish Companies Act. Additionally, the Board of Directors of the Company may decide on publishing of notice of general meeting or an announcement concerning the notice of general annual meeting in one or more newspaper within the aforementioned time limit. Furthermore, pursuant to the rules of the Helsinki Stock Exchange, the Company must publish the notice to the general meeting by way of a stock exchange release.

In order to attend and vote at the general meeting, a shareholder must, pursuant to the Articles of Association of the Company, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten days before the general meeting. Shareholders must comply with the requirements in respect of Shares registered in Euroclear Finland and any instructions provided in the relevant notice of the general meeting of shareholders.

There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the Articles of Association of the Company.

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant general meeting of shareholders in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the Company is considered notice of attendance at the general meeting of shareholders.

Voting rights

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. Each Share entitles the holder to one vote at the General Meeting of shareholders. At a General Meeting of shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the Articles of Association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the General Meeting of shareholders. In addition, certain resolutions, such as amendments to the Articles of Association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Pre-emptive right

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company, unless the resolution of the General Meeting of shareholders approving such issue, or authorising the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a General Meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in certain jurisdictions may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Right to share in any surplus in the event of liquidation

Pursuant to the Finnish Companies Act, upon the voluntary liquidation of the Company, liquidators are required to cause the repayment of the Company's known debts. Any net assets remaining after the repayment of debts are paid to the shareholders pro rata to their holdings of Shares.

Redemption provisions (squeeze-out)

Under the Finnish Companies Act, a shareholder with shares representing more than 90 per cent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

Conversion provisions

The Finnish Companies Act and the Company's Articles of Association do not contain conversion provisions regarding the Shares.

Takeover regulation

According to the Securities Market Act, a shareholder whose holding increases to more than 30 per cent or more than 50 per cent of the voting rights attached to shares in a company after the shares or securities entitling to such shares in the company have been entered into public trading on the regulated market or, on the issuer's application or with the issuer's consent, on a multilateral trading facility, is obligated to make a public offer for all remaining shares and securities entitling to such shares in the company at fair value (mandatory takeover bid). Under the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (right of squeeze-out). In addition, a shareholder whose shares may be redeemed in the above-mentioned manner is entitled to demand redemption from the majority shareholder entitled to exercise redemption (right of sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above. In Exel Composites' Articles of Association, there are no specific provisions on rights of squeeze-out or sell-out deviating from the Finnish Companies Act.

According to the Securities Market Act, a Finnish listed company shall directly or indirectly belong to an independent body representing the economy on a wide basis and established in Finland, which has issued a recommendation to promote compliance with good securities markets practice on the actions of the management of the offeree company with regard to a takeover bid (the "**Helsinki Takeover Code**"). According to the Securities Market Act, a listed company must provide an explanation for not committing to complying with the Helsinki Takeover Code.

Past takeovers

There have been no public takeover offers for the Shares or equity securities of the Company since 1 January 2023.

TERMS AND CONDITIONS OF THE OFFERING

Overview of the Offering

On 17 May 2024, the Extraordinary General Meeting of Shareholders of Exel Composites Plc ("**Exel Composites**" or the "**Company**") authorised the Board of Directors of the Company to decide on a new share issue of up to 265,000,000 shares. In the share issue, the shareholders of the Company will have a pre-emptive right to subscribe for new shares in proportion to their existing shareholdings in the Company. The Company's Board of Directors was also authorised by the Extraordinary General Meeting of Shareholders to decide upon other terms and conditions of the share issue. The objective of the Offering is to strengthen Exel Composites' capital structure and expedite the implementation of the Company's transformative strategy. Through the Offering, the Company seeks to ensure sufficient working capital as well as to accelerate necessary growth investments and the optimization of its factory network to gain efficiencies and to finance working capital needs for the expected business growth. In addition, the Company seeks to strengthen its capital structure as well as to improve its cash flow and profitability through debt repayments.

On 17 May 2024, the Board of Directors of the Company resolved, based on the authorisation granted by the Extraordinary General Meeting of Shareholders, to issue a maximum of 94,831,552 new shares in the Company (the "**Offer Shares**") in the offering for consideration based on the pre-emptive subscription right of the shareholders (the "**Offering**") as set forth in these terms and conditions.

As a result of the Offering, the total number of the shares in the Company (the "**Shares**") may increase from 11,896,843 Shares (the "**Existing Shares**") to a maximum of 106,728,395 Shares. Assuming that the Offering is fully subscribed, the Offer Shares represent approximately 797.1⁵ per cent of the existing outstanding Shares and votes in the Company prior the Offering, and approximately 88.9 per cent of all outstanding Shares and votes in the Company after the completion of the Offering.

Subscription Rights

Shareholders of Exel Composites registered in the Company's shareholders' register maintained by Euroclear Finland Ltd ("**Euroclear Finland**") on the record date of the Offering 21 May 2024 (the "**Record Date**") will receive one (1) subscription right in the form of a book entry (the "**Subscription Right**") for each share of the Company owned by the shareholder on the Record Date. No Subscription Rights will be allocated to the Shares held by the Company in treasury. See also section "*– Shareholders resident in certain Unauthorised Jurisdictions*" below.

The Subscription Rights will be registered on the shareholders' book entry accounts on 22 May 2024 in the book entry system maintained by Euroclear Finland.

Each one (1) Subscription Rights entitle to subscribe for eight (8) Offer Shares at the Subscription Price (as defined below) (the "**Primary Subscription Right**"). No fractions of the Offer Shares will be allotted, and a Subscription Right cannot be exercised partially. If the Offer Shares are not fully subscribed for pursuant to the Primary Subscription Right, both holders of Subscription Rights and investors who do not hold Subscription Rights have the right to subscribe for such Offer Shares (the "**Secondary Subscription Right**"). Offer Shares potentially remaining unsubscribed under the Primary Subscription Right and Secondary Subscription Right may be directed for subscription as resolved by the Board of Directors. See also "*Plan of Distribution in the Offering – Subscription Undertakings*" and "*– Allocation of Offer Shares Subscribed for without Subscription Rights*".

The Subscription Rights will be publicly traded on the official list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") from 24 May 2024 to 3 June 2024.

The subscription period will commence on 24 May 2024 at 9:30 a.m. Finnish time and end on 7 June 2024 at 4:30 p.m. Finnish time (the "**Subscription Period**"). The Board of Directors is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 7 June 2024. Upon expiry of the Subscription Period, unexercised Subscription Rights will lapse and will be removed from the investor's book entry account without notification. If the Offering would be cancelled, the Subscription Rights could not be exercised and would have no value. See also "*– Approval of*

⁵ Including shares held by the Company, and 800.0 per cent without shares held by the Company.

Subscriptions and Publication of the Outcome in the Offering and “– Other Issues” below as well as “*Plan of Distribution in the Offering*”.

In order to ensure that the Subscription Rights do not remain unexercised and lapse without value, the holder must either:

- exercise the Subscription Rights to subscribe for the Offer Shares no later than on 7 June 2024, in accordance with the terms and conditions of the Offering and instructions from the shareholder’s account operator, custodian or nominee; or
- sell the Subscription Rights that have not been exercised no later than on 3 June 2024.

If a share in the Company entitling to a Subscription Right is pledged or subject to any other restrictions, the Subscription Right may not necessarily be exercised without the consent of the pledgee or the holder of any other right.

Subscription Undertakings

Aktia Fund Management Company Ltd, on behalf of funds managed by it, and Veritas Pension Insurance Company Ltd., which (either themselves or through their controlled funds) together own approximately 8.18 per cent of all Shares in the Company, have subject to certain customary conditions on 24 April 2024 irrevocably undertaken to subscribe for Offer Shares in full on the basis of the Subscription Rights allocated to them (the “**Subscription Undertakings**”). See “*Plan of Distribution in the Offering*”.

Subscription Price

The subscription price is EUR 0.23 per Offer Share (the “**Subscription Price**”).

The Subscription Price implies a customary discount compared to the theoretical ex rights price based on the closing price of the Shares on the Helsinki Stock Exchange on the trading day immediately preceding the decision on the Offering. The Subscription Price shall be recorded into the invested unrestricted equity reserve of the Company.

Record Date

The Record Date of the Offering is 21 May 2024.

Subscription period

The subscription period will commence on 24 May 2024 at 9:30 a.m. Finnish time and end on 7 June 2024 at 4:30 p.m. Finnish time. The Board of Directors is entitled to extend the Subscription Period. Any extension will be announced by the Company through a stock exchange release no later than on 7 June 2024.

Places of subscription (i.e., account operators, custodians and nominees) may require their customers to submit subscription orders on specified dates and times before trading in the Subscription Rights or the Subscription Period end. Such dates and times may be different from the end in trading in Subscription Rights and the end of the Subscription Period.

Trading in Subscription Rights

Holders of Subscription Rights may sell their Subscription Rights at any time during the public trading of the Subscription Rights. Public trading of the Subscription Rights on the Helsinki Stock Exchange commences on 24 May 2024 at 10:00 a.m. Finnish time and ends on 3 June 2024 at 6:30 p.m. Finnish time. The price of the Subscription Rights on the Helsinki Stock Exchange will be determined in market trading. Subscription Rights may be sold or purchased by giving a sell or purchase order to one’s own custodian.

The ISIN code of the Subscription Rights on the Helsinki Stock Exchange is FI4000571138 and the trading code is “EXL1VU0124”.

Subscription for Offer Shares with Subscription Rights (Primary Subscription Right)

Directly registered shareholders

A shareholder may participate in the Offering by subscribing for the Offer Shares by using the Subscription Rights on the shareholder's book entry account and by paying the Subscription Price. However, this shall not apply to shareholders resident in certain Unauthorised Jurisdictions (as defined below). Shareholders may be required in connection with any such subscription to certify that they are not in an Unauthorised Jurisdiction. In order to participate in the Offering, a shareholder must give a subscription order in accordance with the instructions provided by the shareholder's own account operator or custodian.

Holders of Subscription Rights purchased on the Helsinki Stock Exchange must submit their subscription orders in accordance with the instructions given by their own book-entry account operator or custodian.

Nominee-registered shareholders

Shareholders and other investors participating in the Offering, whose Existing Shares in the Company or Subscription Rights are held through a nominee, must submit their subscription orders in accordance with the instructions given by their nominee or, if the holding is registered with more than one nominee, through each nominee. Subscription and payment must be made in accordance with instructions from the nominee. Banks and other nominees are required to read and comply with the restrictions described in the section "*Important Information*" and section "*– Shareholders resident in certain Unauthorised Jurisdictions*" below. Banks, custodians and other nominees may be required in connection with any such subscription to certify that shareholders on whose behalf they are holding the Shares or Subscription Rights, are not in an Unauthorised Jurisdiction.

General

Subscriptions must be submitted separately for each book entry account. Incomplete or erroneous subscriptions may be rejected. A subscription may be rejected if the subscription payment is not made according to these terms and conditions or if such payment is incomplete. In these situations, the subscription payment will be refunded to the subscriber. No interest will be paid on the refunded amount.

Any unexercised Subscription Rights will expire without value at the end of the Subscription Period on 7 June 2024 at 4:30 p.m. Finnish time.

Payments for the subscriptions

The Subscription Price of the Offer Shares subscribed for in the Offering shall be paid in full in euros at the time of submission of the subscription order in accordance with the instructions given by the account operator or the custodian.

A subscription will be deemed effected only after the arrival of the subscription form at the relevant account operator or custodian and of the payment of the Subscription Price in full.

Interim Shares

The Offer Shares subscribed for pursuant to the exercise of the Subscription Rights will be recorded on the subscriber's book entry account as interim shares representing the Offer Shares (the "**Interim Shares**") after the subscription has been effected.

In case the Offering is cancelled, the Subscription Price will be refunded to the holders of the Interim Shares. No interest will be paid on the refunded amount. See also "*– Approval of Subscriptions and Publication of the Outcome in the Offering*", "*– Withdrawal of Subscriptions in Certain Circumstances*" and "*– Other Issues*" below as well as "*Plan of Distribution in the Offering*".

The Interim Shares are combined with the Existing Shares of the Company (ISIN code FI0009007306, trading code "EXL1V") after the Offer Shares have been registered with the Finnish Trade Register maintained by the Finnish Patent and Registration Office (the "**Finnish Trade Register**"). Such combination is expected to occur on or about 14 June 2024.

Trading in Interim Shares

The Interim Shares are freely transferable and trading in the Interim Shares on the Helsinki Stock Exchange, as a separate class of securities, is expected to take place during the period from and including 27 May 2024, up to and including 14 June 2024, under the trading code “EXL1VN0124”. The ISIN code of the Interim Shares is FI4000571146.

Subscription for the Offer Shares without Subscription Rights (Secondary Subscription Right)

Subscription for the Offer Shares without Subscription Rights shall be effected by a shareholder and/or other investor by submitting a subscription order and simultaneously paying the Subscription Price in accordance with the instructions provided by his/her book entry account operator, custodian, or in case of nominee-registered holders, in accordance with instructions provided by the nominee. It may not be possible to provide a subscription on the basis of the Secondary Subscription Right via an equity savings account (the Finnish Act on Equity Saving Account, 680/2019) through certain account operators. In such case, shareholders should provide the secondary subscription via another book-entry account than the equity savings account.

The subscription order and payment shall be received by the shareholder's and/or investor's account operator, custodian or nominee on 7 June 2024 at the latest or on an earlier date in accordance with instructions by the book entry account operator, custodian or nominee.

If several subscription orders are submitted in relation to a single book-entry account, the orders will be considered as one order per book entry account.

The Offer Shares subscribed without Subscription Rights will be recorded on the subscriber's book entry account as Shares on or about 17 June 2024.

Approval of subscriptions and publication of the outcome in the Offering

The Board of Directors of Exel Composites will approve subscriptions pursuant to the Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations on or about 13 June 2024. In addition, the Board of Directors of Exel Composites will, in accordance with the allocation principles set out below in “– *Allocation of Offer Shares Subscribed for without Subscription Rights*”, approve subscriptions without Subscription Rights made in accordance with these terms and conditions of the Offering and applicable laws and regulations. The Company's Board of Directors may decide not to approve the subscriptions and not to carry out the Offering, if the Board of Directors concludes that carrying out the Offering is not in the Company's interest. In such an event the Subscription Price will be refunded to the holders of Interim Shares and the Subscription Price paid for Offer Shares subscribed without Subscription Rights will be refunded to persons that have subscribed for such Offer Shares. In the event the Offering is cancelled, the Subscription Rights cannot be exercised and have no value.

Exel Composites will publish the final results of the Offering with a stock exchange release on or about 13 June 2024.

Allocation of Offer Shares subscribed for without Subscription Rights

In the event that not all the Offer Shares have been subscribed for pursuant to the exercise of the Subscription Rights, the Board of Directors of Exel Composites shall determine the allocation of Offer Shares subscribed for without Subscription Rights as follows:

- first, to those that subscribed for Offer Shares also pursuant to Subscription Rights. If the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined per account in proportion to the number of Subscription Rights exercised by a subscriber for subscription of Offer Shares and, where this is not possible, by drawing of lots; and
- second, to those that have subscribed for Offer Shares without Subscription Rights only and, if the Offering is oversubscribed by such subscribers, the allocation among such subscribers shall be determined per account in proportion to the number of Offer Shares that such subscribers have subscribed for, unless the Board of Directors decides otherwise for a justified weighty reason.

Where not all Offer Shares are subscribed for on the basis of the Primary Subscription Right, or thereafter on the basis of the Secondary Subscription Right, any unsubscribed Offer Shares may be offered for subscription as resolved by the Company's Board of Directors on 17 June 2024. The Board of Directors will decide on the manner and period of the subscription as well as term of payment of the Offer Shares.

If the allocation of Offer Shares subscribed for without Subscription Rights does not correspond to the amount of Offer Shares indicated in the subscription order, the Subscription Price paid for non-allocated Offer Shares will be refunded to the subscriber starting from on or about 17 June 2024. No interest will be paid on the refunded amount.

Withdrawal of subscriptions in certain circumstances

Any exercise of the Subscription Rights is irrevocable, other than as set forth below, and may not be modified or cancelled.

Where the Finnish language prospectus relating to the Offering (the "**Finnish Prospectus**") is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares or the Interim Shares, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional upon such significant new factor, material mistake or material inaccuracy referred above having arisen or been noted prior to the end of the Subscription Period or the delivery on the book entry account of the subscriber of the Offer Shares or the Interim Shares which are subject to the withdrawal (whichever occurs earlier).

The procedure regarding the withdrawal of the subscriptions will be announced together with any such supplement to the Finnish Prospectus and its English translation through a stock exchange release. Any withdrawal of a subscription shall relate to the entire subscription of the investor. The withdrawal must be made in writing at the account operator, custodian or nominee in which the subscription order was given.

After the end of the withdrawal period, the right of withdrawal will lapse. Where a subscription is withdrawn, the Subscription Price paid will be returned to the subscriber within approximately two business days from the notice of withdrawal. No interest will be paid on the funds returned. If the holder of a Subscription Right or an Interim Share has sold or otherwise transferred the Subscription Right or the Interim Share, such sale or transfer cannot be withdrawn.

Shareholders resident in certain Unauthorised Jurisdictions

The granting of Subscription Rights to shareholders resident in countries other than Finland and the issuance of the Offer Shares to persons who have exercised Subscription Rights and who are resident in countries other than Finland, may be affected by securities legislation in such countries. Consequently, subject to certain exceptions, shareholders whose Existing Shares are directly registered on a book-entry account and whose registered address is in the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand or any other jurisdiction in which participation in the Offering would not be permissible (the "**Unauthorised Jurisdictions**"), may not receive any Subscription Rights and will not be allowed to subscribe for the Offer Shares. In Finland, each such shareholder, registered in the Company's shareholders' register, acting through banks, nominees, custodians or other financial intermediaries through which its Shares are held, may consider selling any and all Subscription Rights held for its benefit to the extent permitted under their arrangements with such persons and applicable law and receiving the sales proceeds (less deduction of costs) on their account.

Trading in Offer Shares

Trading in the Offer Shares registered with Euroclear Finland commences on the Helsinki Stock Exchange on or about 17 June 2024.

Shareholder rights

The Offer Shares will entitle their holders to possible dividend and other distribution of funds, if any, and to other shareholder rights in Exel Composites after the Offer Shares have been registered with the Finnish Trade Register, on or about 14 June 2024 and in the Company's shareholder register maintained by Euroclear

Finland on or about 17 June 2024. Each Offer Share entitles its holder to one vote at the General Meeting of Shareholders of Exel Composites.

Fees and expenses

No fees or expenses will be charged for the subscription of Offer Shares, and no transfer tax is payable for the subscription of Offer Shares. Account operators, custodians or securities brokers who execute subscription orders relating to the Subscription Rights may charge a commission in accordance with their own tariffs. Account operators and custodians may also charge a fee for the maintenance of a book entry account and the custody of the Shares. See also “*Information on the Subscription Rights and Offer Shares – Tax Implications*”.

Applicable law and dispute resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

In case of any discrepancies between the original Finnish language version and the English language translation of these terms and conditions, the Finnish language version shall prevail.

Other issues

Documents referred to in Chapter 5, Section 21 of the Finnish Companies Act (624/2006, as amended) are available for review at the website of Exel Composites at <https://investors.exelcomposites.com/>.

Other issues and practical matters relating to the Offering will be resolved by the Board of Directors of Exel Composites. The Board of Directors may resolve not to accept subscriptions, including the subscriptions made with Subscription Rights, and not to carry out the Offering, if the Board of Directors would conclude that carrying out the Offering is not in the Company's interest. See also “*Plan of Distribution in the Offering*”.

Nordea Bank Abp (“**Nordea**”) is acting as issuing and paying agent in respect of the Offering (i.e., assisting the Company with certain administrative services concerning the Offering). The fact that Nordea is acting as issuing and paying agent does not, in itself, mean that Nordea regards the subscriber as a customer of Nordea. For the purposes of the Offering, the subscriber is regarded as a customer of Nordea only if Nordea has provided advice to the subscriber regarding the Offering or has otherwise contacted the subscriber individually regarding the Offering, or if the subscriber has an existing customer relationship with the bank. As a consequence of Nordea not regarding the subscriber as a customer in respect of the Offering, the investor protection rules set forth in the Finnish Investment Service Act (747/2012, as amended) will not apply to the Offering. This means, among other things, that neither customer categorization nor a suitability assessment will take place with respect to the Offering. Accordingly, the subscriber is personally responsible for ensuring that he or she possesses sufficient experience and knowledge to understand the risks associated with the Offering.

Subscribers in the Offering will provide personal data to Nordea. Personal data provided to Nordea will be processed in data systems to the extent required to provide services and administer matters in Nordea. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organizations with which Nordea cooperate. Information regarding the processing of personal data is provided by Nordea's branch offices, which also accept requests for correction of personal data. Information regarding addresses may be obtained by Nordea through automatic data runs at Euroclear Finland.

By subscribing for the Offer Shares in the Offering, the subscriber authorises his / her account operator to disclose necessary personal data, the number of his / her book entry account and the details of the subscription to the parties involved in the processing of the subscription order or the execution of the assignment to allocate and settle the Offer Shares.

PLAN OF DISTRIBUTION IN THE OFFERING

Joint Bookrunner Agreement

The Joint Global Coordinators have entered into the Joint Bookrunner Agreement, dated 17 May 2024, with the Company, with respect to certain services to be provided by the Joint Global Coordinators in connection with the Offering.

The Joint Bookrunner Agreement is subject to customary conditions allowing the Joint Global Coordinators to terminate the agreement in certain circumstances and under certain conditions. These include, among other things, the occurrence of certain material changes in the general operations, business, condition (financial, legal or otherwise), assets or results of operations or prospects of the Group and certain changes in, among others, certain national or international political or economic conditions. In addition, the Company has given customary representations and warranties to the Joint Global Coordinators, including in relation to the Group's business and legal compliance, in relation to the existing shares of the Company and the Offer Shares and in relation to the contents of the Finnish Prospectus and this Offering Circular. Further, the Company has committed to indemnify the Joint Global Coordinators for certain liabilities in connection with the Offering as well as reimburse their costs and expenses.

The Joint Global Coordinators are not acting as underwriters of the Offering.

The Company has undertaken to refrain from issuing new shares in the Company or securities entitling to shares or rights attached to them, without the written consent of the Joint Global Coordinators, until 180 days have passed from the implementation of the Offering with the exception of the Offer Shares, the Subscription Rights and the Interim Shares to be issued in the Offering and certain other customary exceptions.

Fees and expenses

In connection with the Offering, Exel Composites expects to pay approximately EUR 1.7 million in aggregate fees and expenses, including fees and expenses payable to the Joint Global Coordinators. The Company has also agreed to pay certain customary expenses of the Joint Global Coordinators in connection with the Offering.

Interests of the Joint Global Coordinators

The fees of the Joint Global Coordinators are dependent on the completion of the Offering.

Each of the Joint Global Coordinators and/or their respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Exel Composites in the ordinary course of their business for which they have received, or will receive, customary fees and expenses.

Furthermore, certain of the Joint Global Coordinators and/or their respective affiliates have acted and may in the future act as arrangers, lenders or guarantors under certain facility agreements of Exel Composites for which they have received, or will receive, customary fees and expenses. The Joint Global Coordinators also act as financing banks in Exel Composites' debt financing agreements, which are described in more detail under "*Business overview – Material Contracts – Financing Agreements*" and "*Essential Information on the Offering – Reasons for the Offering and use of proceeds – Reasons for the Offering*", and the plan is to use some of the proceeds of the Offering to repayment under these financing agreements.

Subscription Undertakings

Aktia Fund Management Company Ltd, on behalf of funds managed by it, and Veritas Pension Insurance Company Ltd., which as at the date of this Offering Circular (either themselves or through their controlled funds) together own approximately 8.18 per cent of all Shares in the Company, have subject to certain customary conditions on 24 April 2024 irrevocably undertaken to subscribe for Offer Shares in full on the basis of the Subscription Rights allocated to them (the "**Subscription Undertakings**").

The addresses of entities that have given Subscription Undertakings are the following:

Aktia Fund Management Company Ltd, on behalf of funds managed by it

Arkadiankatu 4–6, FI-00101 Helsinki

Veritas Pension Insurance Company

Lemminkäisenkatu 34, FI-20101 Turku

No fee will be paid to entities giving a Subscription Undertaking.

The Subscription Undertakings correspond to a total of EUR 1.8 million and 8.21 per cent of the Offer Shares provided that the Offering will be fully subscribed.

Dilution

The maximum number of Offer Shares issued in the Offering corresponds to 88.9 per cent of the Shares after the Offering. If the Company's current shareholders do not subscribe for Offer Shares in the Offering (excluding the Subscription Undertakings), their holdings in the Company will be diluted by 88.9 per cent, provided that the Company offers 94,831,552 Offer Shares and that the Offer Shares are fully subscribed.

The Company's equity per Share was EUR 1.47 on 31 December 2023.

Listing of the Offer Shares

Exel Composites will file an application for the Offer Shares to be admitted to trading on the official list of the Helsinki Stock Exchange.

General

In making an investment decision, investors are also recommended to rely on their own examination, analysis and enquiry of Exel Composites and the terms of the Offering, including the merits and risks involved. Neither the Company nor the Joint Global Coordinators, nor any of their respective affiliates or representatives, is making any representation to any offeree, subscriber or purchaser of the Subscription Rights or the Offer Shares regarding the legality of an investment in the Subscription Rights or the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should, at their discretion, consult their own advisors before purchasing the Subscription Rights or subscribing for the Offer Shares. Investors should make their independent assessment of the legal, tax, business, financial and other consequences of a purchase of the Subscription Rights or subscription for the Offer Shares. They should also make their independent assessment of the risks involved in the purchase of the Subscription Rights or subscription for the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor.

The Joint Global Coordinators are acting exclusively for the Company and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Circular) as their respective client in relation to the Offering. The Joint Global Coordinators will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In connection with the Offering, both Joint Global Coordinators and any of their respective affiliates, acting as an investor for its own account, may take up Subscription Rights or Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account any Subscription Rights or Offer Shares or related investments and may offer or sell such Subscription Rights or Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Circular to shares being offered should be read as including any offering of the Subscription Rights or the Offer Shares to any of the Joint Global Coordinators or any of their respective affiliates acting in such capacity. Neither one of the Joint Global Coordinators intends to disclose the extent of such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Notice to distributors

Solely for the purposes of the product governance requirements set forth in (a) Directive 2014/65/EU on markets in financial instruments (as amended, "MiFID II"); (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementation measures (together "MiFID II

Product Governance Requirements”), and disclaiming any liability which any “manufacturer” (due to MiFID II Product Governance Requirements) may otherwise have, regardless of whether the liability is based on infringement, contract or otherwise, the Subscription Rights and the Offer Shares have been subject to an approval process whereby each of them: (i) satisfies the target market requirements of end customers for retail investors, as well as the requirements for investors defined as professional clients and eligible counterparties, as separately defined in MiFID II (the “**Target Market Assessment**”); and (ii) are suitable for offering through all distribution channels, as permitted in MiFID II. Distributors should note that the value of Subscription Rights and Offer Shares may decline and investors may not be able to recover all or part of the amount they have invested; Subscription Rights and Offer Shares do not guarantee any profits or capital protection; and investments in Subscription Rights and Offer Shares are suitable only for investors who do not need guaranteed profits or capital protection, and who (alone or in conjunction with an appropriate financial or other advisor) are able to assess the merits and risks of such investment and have sufficient resources to be able to bear any losses that may be incurred. The Target Market Assessment is without prejudice to the requirements in any contractual, legal or regulatory selling restrictions in relation to the Offering.

The Target Market Assessment should not be considered as (a) an assessment of appropriateness or suitability under MiFID II or (b) a recommendation to an investor or a group of investors to invest, acquire or take any other action regarding the Subscription Rights or the Offer Shares. Each distributor is responsible for its own Target Market Assessment of the Subscription Rights and the Offer Shares and for determining the appropriate distribution channels.

BUSINESS OVERVIEW

General

Exel Composites is a global developer of composite solutions headquartered in Finland. Measured by turnover and the geographical reach of the business, Exel Composites is one of the largest manufacturers of composite profiles and tubes made with continuous manufacturing technologies and a technology expert in the global composite market.⁶ The Company has over 60 years of experience of composites and a manufacturing, R&D, and sales footprint with which it serves customers across a broad range of industries and applications globally. Exel Composites' manufacturing, R&D and sales network covers all main markets relevant to composites, i.e. Europe, Asia and North America, and it has customers in over 50 countries. Exel Composites' products are instrumental to many products and solutions from wind power and transportation to building and infrastructure, such as wind turbine parts and window and door profiles. Exel Composites works closely with its customers to develop, design and manufacture high quality composite solutions using carbon fibre, fibreglass, and other advanced materials. The Company's composites help to reduce weight and improve performance in an environmentally sustainable manner and at lower total life cycle costs.

Exel Composites' vision is to be customers' first choice for sustainable composites made with continuous manufacturing technologies solutions globally and its purpose is to solve challenges and save resources with composites.

On 2 October 2023, Exel Composites launched a transformative strategy to become a more integrated designer and manufacturer of composite solutions made with continuous manufacturing technologies for volume and customer-specific applications. The focus of the new strategy is to grow organically in volume and customer-specific applications as well as to improve the Company's profitability by increasing efficiency in the Company's operations. The aim is to implement the new strategy by focusing of the following:

- 1) capturing organic profitable growth from large and fast-growing sustainability-driven energy and decarbonisation applications;
- 2) focusing on increasing value to customers and helping them choose composites for their applications by offering engineering support, productization and post-processing;
- 3) leveraging reorganised operating model; and
- 4) having high ambition and focusing on rigorous execution.

In connection with the transformative strategy, Exel Composites launched new Group targets including updated long-term financial targets related to revenue, profitability and balance sheet, as well as new sustainability targets related to zero harm, environmental responsibility and employee engagement (see also “– *Financial targets*”). As part of the execution of the transformative strategy, Exel Composites aims to build skills and capabilities which would enable it to achieve over EUR 200 million in annual revenue and double-digit adjusted operating profit margin within the next five years.

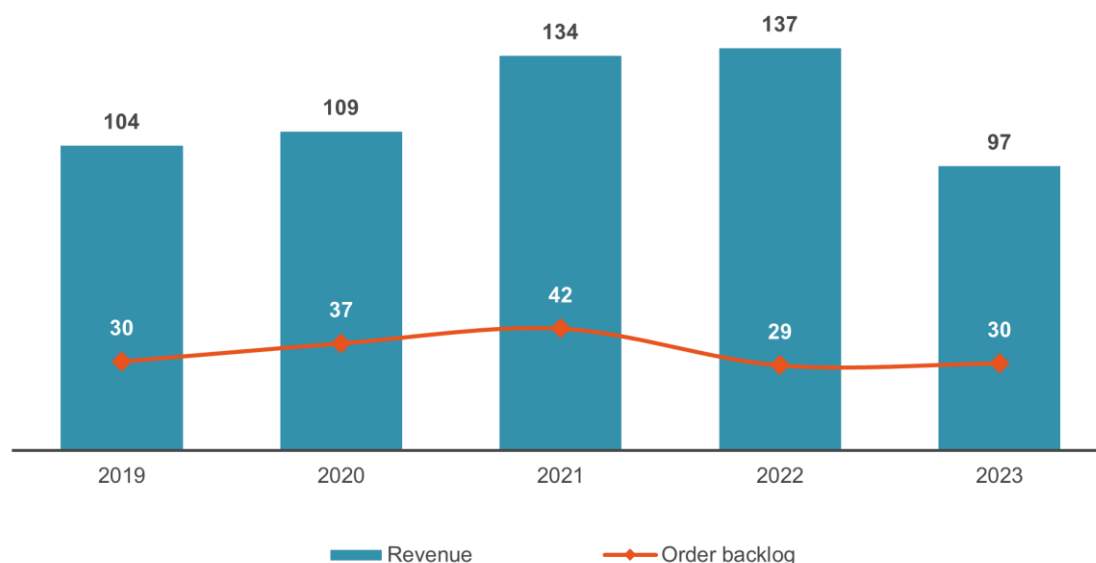
Measures set out in the transformative strategy include an operating model consisting of two customer-centric business units to improve profits and to support growth, a factory network review to better align manufacturing capabilities with market demand and to improve utilisation rates, improving efficiency in the Company's operations and developing a more standardised offering of selected applications. Exel Composites aims to leverage its expertise in both tailored and volume applications to further increase profitability by fully utilising its production assets and the updated sales model. For more about Exel Composites' transformative strategy, see section “– *Unlocking Exel Composites' full potential – Transformative strategy launched in 2023*”.

Summary of recent financial performance

Over the last five years, Exel Composites has faced a series of significant market sentiment shifts that have impacted business performance and required resilience and adaptability.

⁶ Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

Revenue⁷ and order backlog⁸ (EURm)



Between 2019 and 2020, Exel Composites was able to increase its revenue as well as operating profit. Both revenue and operating profit improved in 2020 compared to 2019 as a result of the cost savings program completed in 2019.

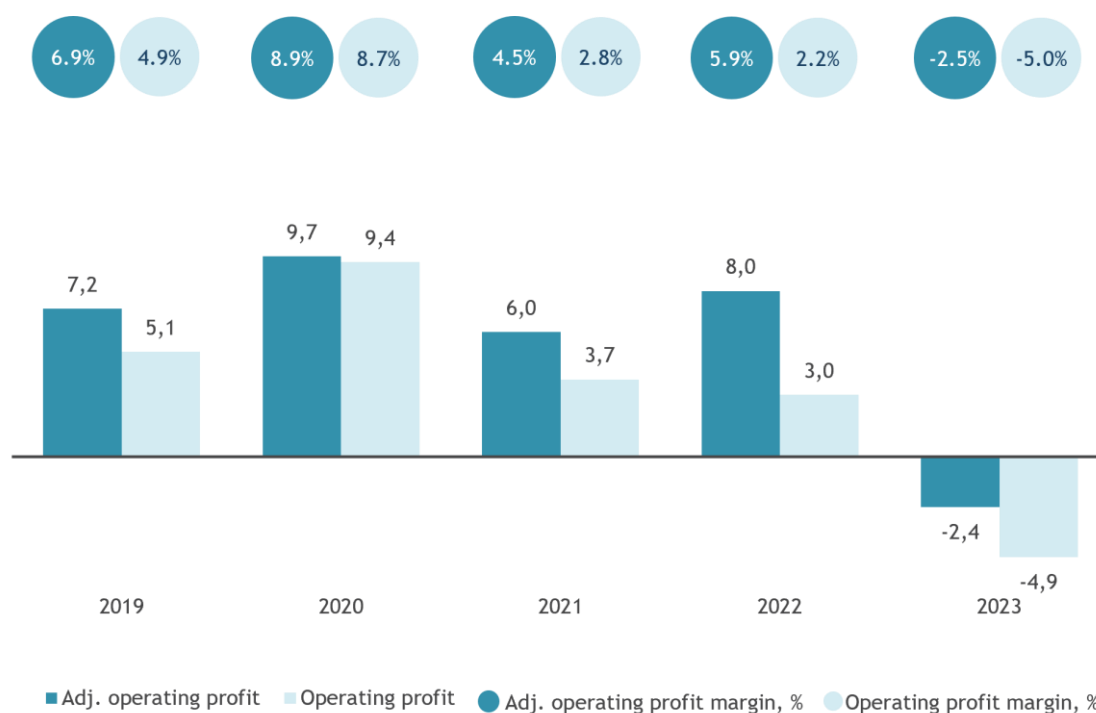
In 2021 and 2022, Exel Composites revenue was significantly higher than in 2019 and 2020 as customers built up inventories driven by the Covid-19 pandemic and related supply chain congestion, as well as a favourable demand for certain products in the wind power industry. Despite positive revenue development, the Company's profitability declined in 2021 due to weaker-than-expected financial performance of Exel Composites' operations in USA. Driven by challenges in production and operations, Exel Composites conducted thorough analysis in order to identify the reasons for the decline of financial performance of its US subsidiary. The main issues were identified and linked to the ramp-up of a specific carbon fibre wind power product and operational challenges related to recruitment, learning curve, and employee turnover, further exacerbated by the Covid-19 pandemic.

In 2023, Exel Composites was faced with a challenging market environment as customers destocked inventories that had been accumulated due to Covid-19 pandemic and overall supply chain disruptions and as the end-market demand in the wind power equipment market temporarily decreased. This resulted in a decrease of the Company's revenue to EUR 96.8 million from EUR 137.0 million in 2022 and, consequently, a negative operating profit. In response to these market conditions, Exel Composites took several actions during 2023 to restore profitability, including cost-saving actions totalling EUR 4.8 million in terms of personnel costs and EUR 1.4 million savings in operational fixed costs. Efforts to control working capital and costs continued in the first quarter of 2024, and the Company continues to pursue them in 2024. In addition, Exel Composites announced a new transformative strategy in October 2023, that is further described in the section *"– Unlocking Exel Composites' full potential – Transformative strategy launched in 2023"*.

⁷ Audited.

⁸ Unaudited.

Operating profit⁹ and adj. operating profit¹⁰ (EURm or per cent)



Unlocking Exel Composites' full potential - Transformative strategy launched in 2023

General

On 2 October 2023, Exel Composites launched a transformative strategy to become a more integrated designer and manufacturer of composite solutions made with continuous manufacturing technologies for volume and customer-specific applications. The focus of the new strategy is to grow organically in volume and customer-specific applications as well as to improve the Company's profitability by increasing efficiency in the Company's operations. In connection with the transformative strategy, Exel Composites launched new Group targets, including updated long-term financial targets related to revenue, profitability and the balance sheet.

The new strategy focuses on securing the following two factors affecting financial performance in the continuous manufacturing technology business:

- A. increasing and securing order intake and revenue by capturing a profitable mix of customer engagements offering both high margin tailored applications as well as a select set of larger and more standardised volume applications providing more continuity and stability in operations; and
- B. raising the capacity utilisation rate in Exel Composites' production network and other operations as profitability in pultrusion responds strongly to manufacturing line utilisation rates.

Exel Composites believes that the new strategy will help the Company to reach its financial targets through the following factors:

- 1) capturing organic profitable growth from large and fast-growing sustainability-driven energy and decarbonization applications;
- 2) focusing on increasing value to customers and helping them choose composites for their applications by offering engineering support, productization and post-processing;
- 3) leveraging reorganised operating model; and

⁹ Audited.

¹⁰ Unaudited. Adjustments to the operating profit are material items affecting comparability, such as restructuring costs, costs related to planned or realized business acquisitions or disposals, etc.

- 4) having high ambition and focusing on rigorous execution.

In accordance with the transformative strategy, Exel Composites serves its customers through a significantly simplified and more efficient operating model featuring two market-driven global business units optimised for engineered solutions and industrial solutions, respectively, with an optimal factory network with significantly higher utilisation rate than before.

Exel Composites has divided the strategy period, lasting until 2028, into two phases. The phase of stabilisation and profitability started in the beginning of 2024 and will continue during 2025, after which Exel Composites aims to move into a phase of more intensive growth. The stabilisation and profitability phase includes actions such as implementation of a new simplified operating model of two distinct business units, factory network optimisation, driving efficiency through its operations and development of more standardised offering for select applications. During the growth phase in 2026–2027, Exel Composites aims to leverage its advantages in both specialty and volume applications to further increase profitability by fully utilising its production assets and the benefits from an updated sales operating model.

Profitable organic growth

Exel Composites' strategy aims to capture organic profitable growth from large and fast-growing sustainability-driven¹¹ energy and decarbonization applications. Increased focus will be placed on industries that have strong growth potential with more standardised and higher volume product needs, such as wind power, building and infrastructure, as well as transportation.

Global megatrends, such as climate change, sustainability, energy transition, urbanisation and need for more energy-efficient buildings, provide opportunities for composite solutions. Exel Composites believes that demand for material properties offered by composites (e.g. light weight, strength, thermal and electrical insulation, weather and corrosion resistance and long lifetime) will increase in response to these megatrends.

Exel Composites will focus its development and research work on research efforts, particularly into sustainability and sustainable materials, and on assessing adjacent or complementary continuous production methods that would, in the view of the Company's management, open the market further for Exel Composites.

Increased customer value

It is typical for Exel Composites' customers to be from industries other than the composites industry. Because of this, the Company's customers are often not very familiar with composites or the possibilities, requirements or limitations what comes to designing and using composites solutions. An important focus area for Exel Composites is to support the customers' choice and design of composites. Consequently, Exel Composites will focus on increasing value to customers through composites design solutions, responsiveness and selective productization of its offering.

To complement the industrial volume applications business, Exel Composites will further develop its engineered solutions business, taking further advantage of its extensive R&D experience and strong production know-how to help customers innovate and integrate the use of the composites in existing and new applications.

Profitability

In order to improve profitability, Exel Composites introduced a new operating model in January 2024 that aims to improve efficiency and reduce costs. The new operating model includes two dedicated customer-centric business units: Engineered Solutions Business Unit, concentrating on tailored solutions in multiple industries, and Industrial Solutions Business Unit, concentrating on selected applications which the Company's management considers to have significant growth potential.

The Company's operating model has been amended to meet customer needs and behaviour observed by the Company. The graph below represents a significant simplification of the Exel Composites operating model

¹¹ **Source:** JEC, Overview of the global composites market 2022–2027.

adopted at the beginning of 2024, which the Company believes to be aligned with the different needs and expectations of Exel Composites' current and future customers:

Exel Composites' operating model implemented from the beginning of 2024



Exel Composites serves customers through these two global business units: higher volume customers will be served with dedicated account management teams from factories that have been designed to be highly effective in running continuous production in the Industrial Solutions Business Unit, and specialty and custom profile customers in the Engineered Solutions Business Unit will be served through Exel Composites' regional sales network and from a global network of factories optimised for tailored production. The Company believes that the Engineered Solutions business will also function as an important channel for the volume business. In both business units, composites solutions design and development capabilities will be increased in an effort to ensure that customers can easily choose and use composites in their applications.

As part of the transformative strategy, Exel Composites is reviewing its factory network, which will be organized to support the needs of the new business units and operating model. Exel Composites aims to concentrate on larger production units which are more efficient and better resourced than smaller regional units. The Company believes that the redesigned factory footprint will offer customers the most appropriate global production network while allowing Exel Composites to focus on raising utilisation rates, which would allow investments in needed design and engineering capabilities.

In 2023, Exel Composites took several actions to reorganise its manufacturing footprint. For example, the pultrusion operations in Runcorn, UK, were downsized and the closed manufacturing facility in Nanjing, China, was sold. In October 2023, Exel Composites completed the first of its three strategic factory reviews and reorganised its US operations. In the future, tailored pullwound and pultruded tubes and composite profiles will be manufactured for the North American markets in the United States. This strategic transformation allows Exel Composites to focus on attractive opportunities in composites tubes, electrical products as well as applications in the building and infrastructure sectors in the North American markets. Simultaneously, part of the demand for wind power products is shifting from the United States to other parts of the world. Exel Composites will serve wind power industry customers to an increasing extent from China and from India, where Exel Composites is having a new facility built, optimised for serving wind power industry customers in India and globally, due to be completed in 2024. In January 2024 Exel Composites announced the second strategic factory review concerning its production facility in Belgium. The updates on the review in Belgium are expected to be published during the first half of 2024 in line with stage of the process and within the limits of local legislation.

High ambition

Exel Composites aims to be customers' first choice for sustainable composites solutions made with continuous manufacturing technologies. Exel Composites is aiming to build skills and capabilities with which it aims to reach over EUR 200 million in annual revenue and a double-digit adjusted operating profit margin by 2028. In addition to an ambitious target-setting, Exel Composites focuses on rigorous execution and follow-up according to its strategic plan, while researching the markets and future of composites with the aim to always ensure the appropriateness of the plan.

Financial targets

The statements set forth in this section include forward-looking statements, are not guarantees of the Company's financial performance in the future and are based on a number of assumptions and expectations that are subject to various risks and uncertainties. The Company's actual results of operations and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described in "Certain matters – Special cautionary notice regarding forward-looking statements" and "Risk factors". Undue reliance should not be placed on these forward-looking statements.

Exel Composites has set out the following long-term financial targets, which are considered over business cycles¹²:

- Annual revenue exceeding EUR 200 million by 2028
- Adjusted operating profit margin >10 per cent by 2028
- Net debt to adjusted EBITDA¹³ less than three times by 2028

The Company's long-term financial targets are based on the following key assumptions:

Exel Composites aims to become a more integrated designer and manufacturer of composite solutions made with continuous manufacturing technologies for volume and customer-specific applications. The Company reorganised its operations to improve performance and support growth. Exel Composites increases its focus on industries that have strong growth potential with more standardized and higher volume product needs while also continuing to develop and grow its existing engineered solutions business. In the Company's view, industries with strong growth potential include, for example, wind power, building, infrastructure and transportation. Exel Composites is also investing in composite research to support the reaching of the growth potential.

Exel Composites aims to increase customer-facing work and operations efficiency through two business units, one concentrating on volume and the other on custom solutions. Exel Composites has started a reassessment of its factory footprint, aiming for larger production units which would be scalable, more efficient, and better resourced. This includes expanding certain manufacturing operations and refocusing others (see "– *Unlocking Exel Composites' full potential - Transformative strategy launched in 2023 – Profitability*" above for more information). Exel Composites expects that increasing customer-facing work and operations efficiency will allow it to gain more business.

Exel Composites expects interest towards composite materials to steadily grow, supported by global megatrends such as sustainability, energy transition, longer life cycles and urbanization. For example, the Company estimates that increased energy efficiency requirements within the transportation industry and the increased utilisation of non-corrosive materials in the construction industry drive the increased use of composites. Exel Composites' 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. Exel Composites expects that increased interest towards composite materials will have a positive impact on its overall business environment.

¹² See section "Selected Financial and Other Information" for historical financial information.

¹³ Last 12 months' adjusted EBITDA.

Key strengths of Exel Composites

As at the date of this Offering Circular, Exel Composites considers the following to be its strengths:

- Exel Composites operates in growing markets supported by megatrends;
- strong positioning within a global market;
- technology expertise creating competitive advantage;
- focused business units aiming to increase growth and profitability; and
- sustainability at the core of its business.

Exel Composites operates in growing markets supported by megatrends

Exel Composites operates in growing markets¹⁴ supported by the global megatrends. Climate change is altering the world and the market environment where companies operate within, which, together with continued urbanisation, energy transition and efficiency and other megatrends, sets new demands for material properties in among others energy generation and transmission, transportation and building technologies.

As a composite manufacturer, Exel Composites is committed to sustainable future by manufacturing lightweight, strong, energy-efficient and durable composite materials with good insulation and anti-corrosive properties. Key to Exel Composites' success and the underlying reason for overall market growth is that as materials are increasingly optimised for performance and life cycle, more advanced materials are becoming more prevalent. Composites have significant number of applications in numerous sectors that benefit from these properties, such as wind power, composite window and door profiles, aerospace and electric trains and trams. According to industry estimates, the Company estimates that the global composites market has grown steadily over the years with annual average growth of 7 per cent from 2017 to 2022 and is expected to continue to grow by 7 per cent annually until 2027¹⁵ on the back of the previously mentioned market drivers (see section "*Trend and market information*" for more information on market trends).

Exel Composites has identified further growth opportunities for composite products, including several applications within the wind power, buildings and transportation industries, as well as in selected specialty applications. In addition to known applications of composites, Exel Composites also expects that the technical and sustainable properties of composites will enable a completely new range of applications in the future, the full scope of which is not identified today. The Company expects that global megatrends will create long-lasting and fundamental demand for composite products.

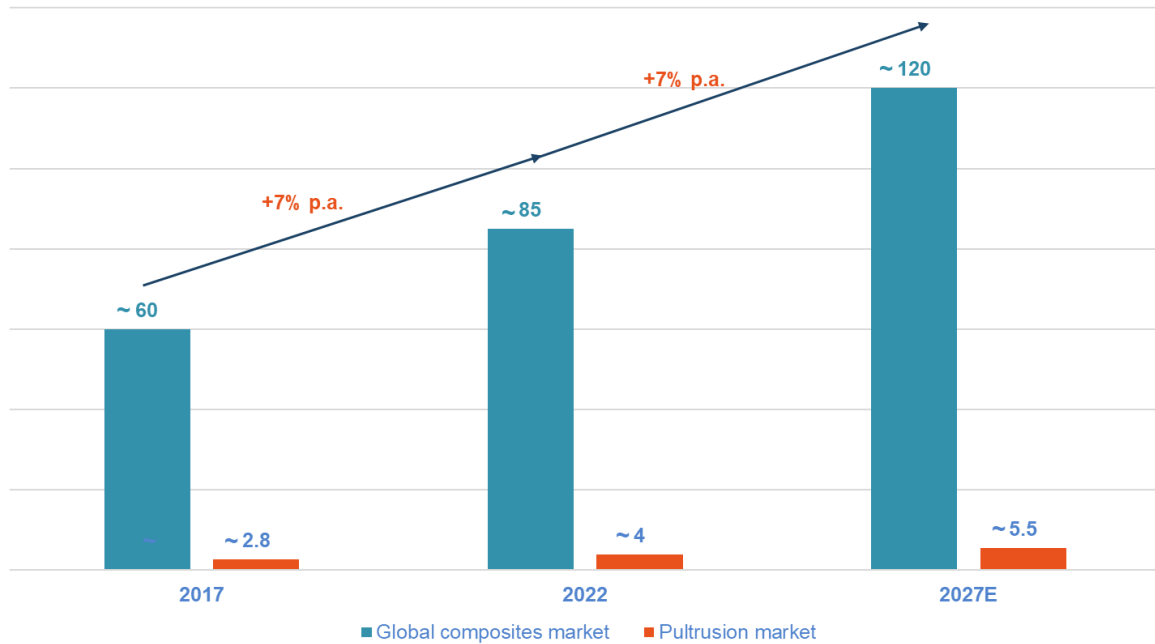
The following graph illustrates the previous development and future growth prospects of the global composites and pultrusion markets.¹⁶

¹⁴ **Source:** JEC, Overview of the global composites market 2022–2027.

¹⁵ Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

¹⁶ **Source:** Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

Global composites market and pultrusion market
past performance and future growth outlook (BEUR)



Exel Composites' ambition is to leverage these trends by offering solutions that provide its clients key advantages to problems generated by the changing world. Succeeding in this growth will require increasing the overall awareness of composites' benefits and ability to design applications with them within the market.

Strong positioning within a global market

The market for composites made with pultrusion and other continuous manufacturing technologies is a fragmented market with a number of small, local players that, as opposed to Exel Composites, focus on a specific industry and/or geographical market. In the understanding of the Company's management, Exel Composites is the only company within its industry with manufacturing, R&D and sales presence in all the main market areas: Asia, North America and Europe. This sets Exel Composites ahead of its competitors. In the understanding of the Company's management, the strong position within a global market, for example, enables the Company to secure contracts from large international companies with global operations and compete with the global suppliers of traditional materials. Exel Composites' brand is also very well known in pultrusion.¹⁷ In addition to global reach, according to Exel Composites, quality, reliability and surety of delivery are among the key reasons why its customers choose to buy its products.

The composites market represents only approximately 1 per cent of the global materials market annually, which is dominated by steel, plastic, and aluminium. Composites have clear advantages, such as strength, light weight, corrosion resistance, design flexibility and durability, compared to other materials like steel and aluminium, which are forecasted to enable composite materials to capture market share in the future.¹⁸

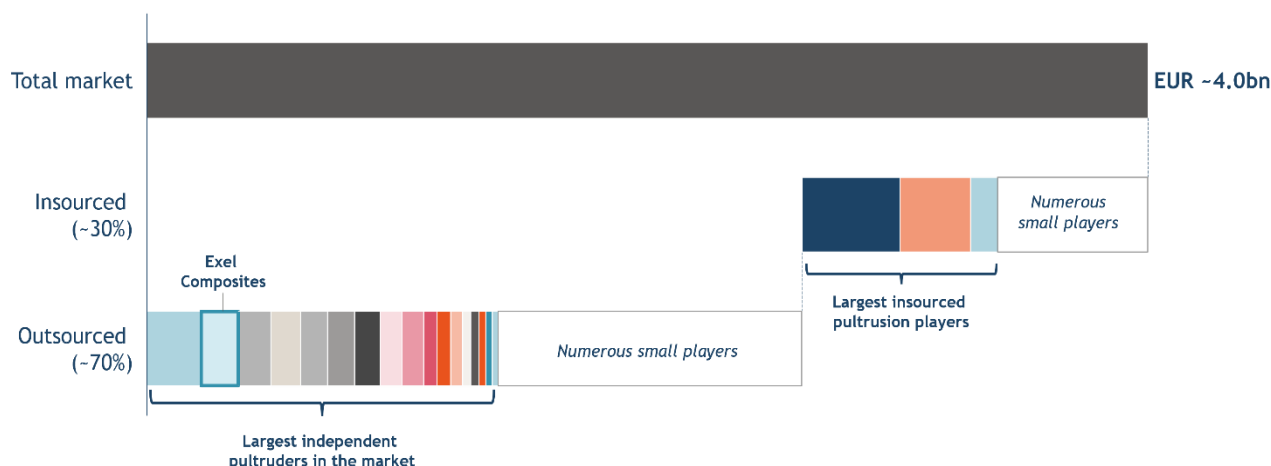
The following presents an overview of the addressable market in pultrusion.¹⁹

¹⁷ Exel Composites is acknowledged in external industry market studies. Verified Market reports: Global Pultrusion Market By Type (Polyester, Vinyl Ester), By Application (Industrial, Housing), By Geographic Scope And Forecast. February 2023.

¹⁸ **Source:** JEC, Overview of the global composites market 2021–2026.

¹⁹ **Source:** Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

Overview of the addressable market in pultrusion



Given its global presence, Exel Composites' customer base is diversified both in terms of customer industries as well as geographies. In 2023, 66.5 per cent of revenue originated from Europe, 18.9 per cent from North America, 12.0 per cent from Asia-Pacific and 2.5 per cent from the rest of the world.²⁰ High level of customization increases customer commitment and has the effect that Exel Composites' customer relationships are typically long-term. Typically, Exel Composites' customer relationships span over a decade.

Technology expertise creates competitive advantage

Exel Composites has expertise in continuous manufacturing and from a wide a variety of pultruded composite solutions and raw materials, which gives it good readiness to solve its customers' challenges with its products. In the view of the Company's management, Exel Composites' competitive advantage is based on core expertise in chemistry, materials science, pultrusion knowledge as well as cost-efficient manufacturing processes.

Exel Composites is, in the Company's view, a leading company in the field of pultrusion, which is its main production technology. In the understanding of the Company's management, the Company has a more extensive portfolio of pultruded products and applications than any of the Company's competitors. Exel Composites continuously improves its offering on the basis of its more than 60 years of R&D experience. The Company's extensive and long experience enables the Company to apply already made solutions to the same applications for new clients.

Exel Composites' manufacturing methods enable the manufacturing of high-quality composites in a cost-efficient manner on an industrial scale. The pultruded composites market represents less than 5 per cent of the total composites market.²¹ Exel Composites sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market.

Continuous manufacturing technologies require a good knowledge of composites technology and design, and, according to the understanding of Exel Composites' management, the Company's long experience and expertise in these manufacturing technologies increases its opportunities of obtaining new customers and monitoring the order-to-delivery processes. This reduces its customer volatility and churn. Exel Composites offers its customers tailor-designed solutions for their products and profiles, and in most cases the product-specific manufacturing tools controlled by the Company and the specific resin chemistries used by the Company are trade secrets. This will also help the Company to retain customers even when transferring the production of products from the engineered solutions business to the Company's mass manufacturing units.

²⁰ Revenue by customer location, not by the location of the manufacturing Exel Composites business unit.

²¹ Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

for volume manufacturing. Exel Composites is also further developing and harmonising its production and material technology in order to increase its efficiency.

An overview of the Company's products is described in more detail in the section “– *Business model*” below.

Focused business units aiming to increase growth and profitability

In October 2023, Exel Composites launched a new transformative strategy (see “– *Unlocking Exel Composites' full potential - Transformative strategy launched in 2023*”) that targets profitable growth. In addition to the growth potential described above, Exel Composites has identified several actions to improve its profitability, including increasing capacity utilisation, receiving higher value from engineering and productisation of its products, optimising its factory network as well as targeting operational efficiencies through optimising overall costs and levels of inventories, cost efficiency in the supply chain, and through headcount reductions, temporary layoffs and optimisation of fixed costs. Exel Composites aims to reach targeted operating profit levels by building capabilities, capacity to handle specialised high-margin applications and increasing ability to move to high volume production sites. In addition, Exel Composites expects that the recovery from the current downturn improves its profitability via recovery and potential increase of existing customers' delivery volumes.

Exel Composites has identified larger factories with clear roles, as well as efficiency improvement potential, as one of the key actions when aiming to reach higher profitability levels. By focusing the manufacturing process to fewer manufacturing lines with increased utilisation rates, the Company expects the profitability of its manufacturing to potentially increase significantly. In its new strategy, Exel Composites is reassessing its factory footprint and aims for larger production units which are scalable, more efficient, and better resourced.

Sustainability at the core of the business

Exel Composites provides sustainable composite solutions that enable their customers to save resources and mitigate climate change. In alignment with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “**Taxonomy Regulation**”), 28.1 per cent of Exel Composites' revenue in 2023 was taxonomy-eligible, of which 23.9 per cent was also taxonomy-aligned. Composites' properties provide for longer life cycles and improved performance, lowering thus the negative impacts of the end-product on the environment. The biggest impact of Exel Composites' products on the environment and climate is during the service life of the end-product. Composites are lighter than alternative materials, durable and non-toxic, and they do not leak or emit anything into the air or the ground. Composites also have long service life, low installation and maintenance costs as well as lower energy consumption over the product lifecycle.

Composites are also used in sustainability enhancing technologies and solutions that contribute to climate change mitigation or adaptation. For example, longer and stiffer wind turbine blades enable improved performance, window and door profiles with improved insulation properties enable more energy efficient buildings, and lighter wall panels in public transportation enable reduced energy consumption.

Exel Composites has a sustainability program and a Senior Vice President of Technology and Sustainability, who is responsible for the Group's sustainability matters. To further emphasise the importance of sustainability in Exel Composites' business and operations, the Company has established sustainability targets as part of Group targets, and the responsibility of sustainability function has been elevated to the leadership level. In autumn 2023 Exel Composites started to carry out the first sustainability double materiality assessment process to identify material impacts as well as financial risks and opportunities. The process follows the requirements of Directive (EU) 2022/2464 regarding corporate sustainability reporting (CSRD) (the “**Corporate Sustainability Reporting Directive**”) and the European Sustainability Reporting Standards (ESRS) (the “**European Sustainability Reporting Standards**”), and Exel Composites will publish its first report in accordance with the Corporate Sustainability Reporting Directive for FY2024.

In 2023, Exel Composites has recycled most of the composite waste to cement production from the Finnish units through a newly implemented recycling process. Exel Composites was also an active member in the KiMuRa project which was finalised in 2022. The KiMuRa project, led by the Finnish Plastics Industries Federation, was a successful project finding a technically and economically viable recycling process for industrial composite waste into cement.

In April 2024, Exel Composites announced a partnership with Fairmat to close the loop of carbon fibre waste. Fairmat, a pioneer in deeptech specializing in recycling carbon fibre and manufacturing advanced recycled

materials, will recycle Exel Composites' carbon fibre composite scrap at its Nantes manufacturing facility to produce chips that serve as high-performance composite units in new products, significantly reducing waste. Beginning in Q2/2024, the carbon fibre composite scrap will be transferred to Bouguenais, France, from Exel Composites' two production plants in Finland.

For more information on Exel Composites' sustainability and sustainability targets, see section “– *Sustainability and corporate responsibility*”.

Business model

Exel Composites provides advanced composite solutions made with continuous manufacturing technologies to customers in a wide range of industries. Exel Composites' products are used in applications in several industries from wind power and transportation to building and infrastructure. In the view of the Company's management, Exel Composites' competitive edge and core expertise are based on chemistry, materials science, pultrusion knowledge as well as cost-efficient manufacturing processes.

Composites manufactured by Exel Composites are materials composed of reinforcements and resin. Exel Composites predominantly uses glass and carbon fibres as reinforcements of resin, which is called a matrix in more technical terms. The matrix protects the fibres from environmental and external damage and transfers the load between the fibres. The fibres, in turn, provide strength and stiffness to reinforce the matrix and help it resist cracks and fractures. Different types of resins 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.

Composites have many advantages compared to other materials, such as

- **Light weight:** Composites help to save weight in a wide range of applications without sacrificing strength or stiffness.
- **High strength and stiffness:** Composites have higher strength-to-weight ratio compared to steel or aluminium, and better stiffness properties than plastic or other non-metallic materials.
- **Cost efficiency:** Unlike metal fabrication, no casting or other extremely capital-intensive production methods are required with composites.
- **Insulation and thermal efficiency:** Composites are excellent insulators that do not conduct heat or cold, and therefore they help to improve the thermal efficiency, and thanks to their structures and designed electrical properties they can also serve as excellent electrical insulation.
- **Chemical and corrosion resistance:** Long-lasting resistance to acidic, salty, or alkaline conditions.
- **Design flexibility:** Composites are highly customized products tailored to meet a broad spectrum of challenges and requirements.
- **Long lifetime:** Composites' properties such as corrosion and weather resistance make them long-lasting materials for demanding applications.

Exel Composites' products are used in many applications in several industries from wind power and transportation to building and infrastructure, as well as in selected specialty applications, such as tubes, conductor core and insulating products.

Exel Composites operates its factory network based on manufacturing lines based on continuous manufacturing technologies, i.e. pultrusion or pullwinding. The Company's earnings model does not require great amounts of capitals and the operations scale well. This leads to that the profitability of the business is closely aligned with the utilisation rate of the manufacturing process. This means there is significant opportunity to increase profitability by higher utilisation of production lines.

Exel Composites' production is based on its own production facilities. Exel Composites' production facilities are located in Austria, Belgium, China, Finland, India and the United States. Exel Composites' largest production facilities are located in Finland in Mäntyharju and Heinävaara, Joensuu. The Company is headquartered in Vantaa. All of the Company's production facilities are involved not only in the manufacturing of products but also in sales and product development. Where necessary, the Company's production facilities cooperate closely with each other and share production facility-specific expertise, such as industry expertise or technology expertise, from one production facility to another. With the Company's international manufacturing, R&D and sales network, the Company is able to serve customers around the world. The locations of Exel Composites' production facilities as at the date of this Offering Circular are presented below.

Global sales, manufacturing and R&D network



Revenue distribution by region⁽¹⁾

EUR thousand	Q1/2024	Q1/2023	Change, %	Q1-Q4 2023	Q1-Q4 2022	Change, %
Europe	14,337	20,315	-29.4	64,372 ⁽²⁾	76,651 ⁽²⁾	-16.0
North America	5,927	5,116	15.8	18,343 ⁽²⁾	37,272 ⁽²⁾	-50.8
Asia-Pacific	2,602	3,207	-18.9	11,638 ⁽²⁾	20,930 ⁽²⁾	-44.4
Rest of the world	499	165	203.0	2,461 ⁽²⁾	2,135 ⁽²⁾	15.3
Total	23,365	28,803	-18.9	96,815⁽²⁾	136,988⁽²⁾	-29.3

⁽¹⁾ Revenue by customer location.

⁽²⁾ Audited.

Revenue distribution by customer industry⁽¹⁾

EUR thousand	Q1/2024	Q1/2023	Change, %	Q1–Q4 2023
Buildings and infrastructure	4,801	5,654	-15.1	18,539
Industrial	3,357	5,490	-38.9	15,358
Energy	5,315	6,226	-14.6	22,108
Transportation	3,937	4,356	-9.6	16,268
Other	5,955	7,077	-15.9	24,541
Total	23,365	28,803	-18.9	96,815 ⁽²⁾

(1) Unaudited, unless otherwise indicated.

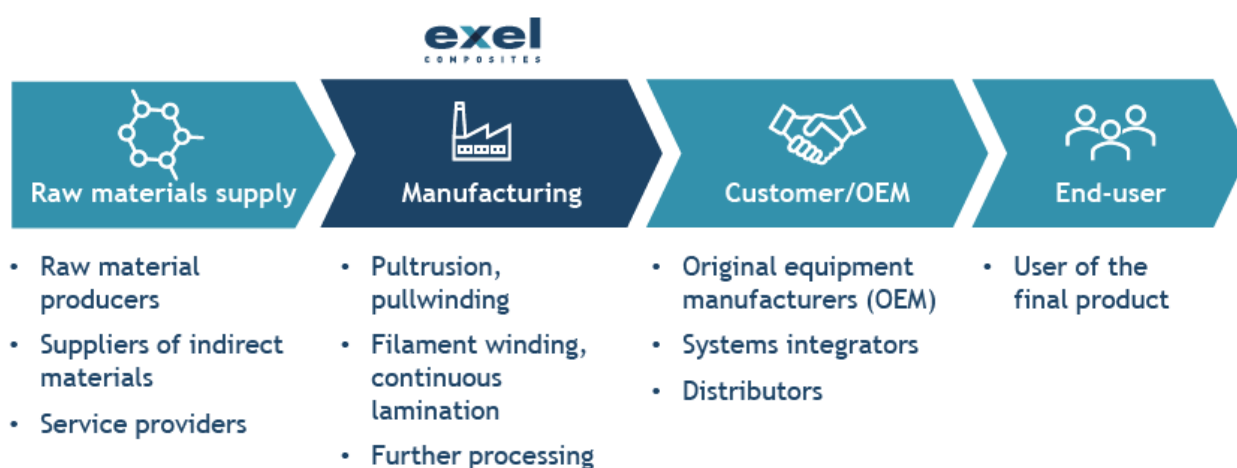
(2) Audited.

The Company's products are used for both industrial purposes (as subassemblies) as well as consumer products (including through an integrator or brand owner). The products manufactured by Exel Composites are most often components of the customer's end-product, manufactured in high volumes. The product portfolio includes, for example, profiles, tubes, and laminates.

Exel Composites' operating model is divided into two business units. The Industrial Solutions Business Unit serves high volume customers with dedicated account management teams from factories that have been designed to be highly effective in running continuous production. Specialty and custom profile customers in the Engineered Solutions Business Unit will be served through Exel Composites' regional sales network and from a global network of factories optimised for tailored production (see also "*Unlocking Exel Composites' full potential – Transformative strategy launched in 2023 – Profitability*").

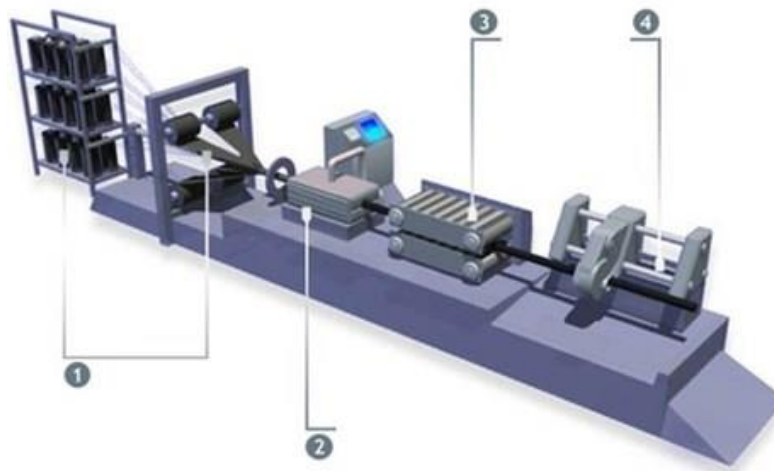
The following picture illustrates Exel Composites' position in the value chain.

Exel's position in the value chain



The main manufacturing technology utilised by Exel Composites is pultrusion, where resin-impregnated fibres are pulled through a mould 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. Production efficiency is high in all these technologies due to continuous production (avoiding changes of products and unnecessary downtime) and high-volume production. These manufacturing technologies are applicable to diverse, straight shapes from poles and tubes to profiles with complex geometries. Exel Composites also has further processing capabilities

to supply complete composite solutions including machining and coating. The following picture illustrates Exel Composites' production process.



- 1) Carbon or glass fibre rovings or mats are impregnated in a resin bath
- 2) Fibres are pulled through a product-specific metallic die with guides and set thermally
- 3) Pullers pull the product through the mould
- 4) The product is mechanically post-processed by e.g. cutting, machining or painting

Customer industries

Exel Composites provides composite solutions to customers in a wide range of industries:

Buildings and infrastructure	<p>Composites are used in many different building applications, for example conductor cores and fibreglass window profiles.</p> <p>Composites allows to build more durable solutions and with lower lifetime operational costs through reduced maintenance.</p>
Energy	<p>Composites are an ideal material for, for example, wind turbines due to high strength, stiffness, low weight and design flexibility. Composites are used in, for example, blade reinforcements, blade laminates, spar caps, blade root joints, spacers and carrots.</p>
Transportation	<p>Exel Composites designs, develops, and manufactures carbon fibre, fibreglass, and hybrid composite solutions for lighter, safer, and more energy-efficient vehicles. Composites are used in, for example, side panels of trains and busses.</p>
Industrial	<p>Composites enable a wide range of solutions for various applications and industries where reducing weight or having control over material characteristics is important.</p>
Other	<p>Composites provide diverse possibilities in, for example, machinery and electrical applications ranging from carbon fibre robot arms to fibreglass insulating rings for electric motors. In the area of defence, Exel Composites' offering primarily consists of non-magnetic mine detector handles and telescoping camouflage netting support poles. In the area of telecommunications, Exel Composites' portfolio includes low frequency 4G radomes that provide a durable solution for 4G antennas, 5G small cell mmWave and 5G Macro & MIMO composites.</p>

Examples of products manufactured by Exel Composites



Thin-walled tubes for various applications



Wind turbine parts



Window & door profiles

Reportable segments

The Group has one operating segment, Exel Composites.

History and development

Exel Composites' operations started in 1960 when three chemists founded a company which specialised in the production of electric detonator caps. The Company's name was derived from the words Explosive Electronics. The Company started making carbon fibre brushes in the 1960's to remove static in copier machines. In the 1970's, the Company's engineers continued with carbon fibre making ski poles and developed the Company's production expertise. In the 1980's and 1990's, Exel Composites continued developing new products, grew industrial applications and continued expansion. Exel Composites listed on Helsinki Stock Exchange in 1998. In the 2000's, Exel Composites expanded into Belgium, China, Australia, the United Kingdom and the United States and focused on business-to-business sales. In the 2010's, Exel Composites acquired Nanjing Jianhui Composite Material and Diversified Structural Composites in the US. In 2021, Exel Composites established the company Kineco Exel Composites India with Kineco Group in India.

Exel Composites brought a new manufacturing facility in Austria into operation in 2021 to meet increased demand in Central Europe. During 2022, Exel Composites reorganised its operations in China and consolidated them to one manufacturing site. In 2023, Exel Composites completed the downsizing of the pultrusion operations in Runcorn, UK and put the facility up for sale and completed the sale of the real estate related to closed manufacturing facility in Nanjing, China.

As at the date of this Offering Circular, Exel Composites is one of the largest²² manufacturers of pultruded composite profiles and tubes on the global market.

Regulatory environment

The Company's business operations are not governed by special regulations materially affecting its business that would not also be applicable in other industries. Nevertheless, Exel Composites is a global company, which exposes the Company to different legal actions, claims and other proceedings in different countries. Since Exel Composites operates in many markets, it and its products may become subject to numerous, and sometimes even conflicting, laws, rules, practices, product quality requirements and discretionary powers of authorities. Exel Composites is subject to, for example, health, safety and environmental regulations, product quality requirements, competition, anti-bribery and anti-corruption legislation, tax laws, data protection and privacy regulations and many others in the jurisdictions in which it operates, and also EU and national-level product certification regulations, which set out certain standards regarding product quality. Additionally, Exel Composites manufactures and distributes products and solutions to its customers in more than 50 countries globally.

The operation of an industrial facility and the Company's manufacturing activities require different operational permits and licences in different jurisdictions based on local legislation and requirements, such as business licence, environmental permits, waste treatment permits or emissions permits, or approved plans, such as HVAC plans, occupational safety reports and rescue plans, which the authorities may assess from time to time as well as retrospectively reassess. The permits may impose restrictions on the Company with respect to,

²² Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

among others, emissions, noise pollution and organisation of occupational health and safety aspects in the production facilities.

Group structure

The Group's ultimate parent company is Exel Composites Plc. Exel Composites Plc is responsible for the Company's operational activities in Finland.

As at the date of this Offering Circular, the Group consists of the following companies:

Name of subsidiary	Domicile	Group share of holding	Group control
EAM EXL1V Holding	Finland	0	100
Exel GmbH	Germany	100	100
Exel Composites N.V.	Belgium	100	100
Exel Composites GmbH	Austria	100	100
Exel Composites (Nanjing) Co. Ltd.	China	100	100
Exel Composites (Australia) Pty. Ltd.	Australia	100	100
Pacific Composites Ltd.	Australia	100	100
Pacific Composites (Europe) Ltd.	UK	100	100
Fibreforce Composites Ltd.	UK	100	100
Pacific Composites Ltd.	New Zealand	100	100
Exel Composites Store Ltd.	Finland	100	100
Exel Composites (HK) Holding Limited	Hong Kong	100	100
Nanjing Jingheng Composite Material Co. Ltd.	China	100	100
Jianhui FRP Trading Co. Limited	Hong Kong	100	100
Exel Composites USA Holdings Inc.	USA	100	100
Diversified Structural Composites Inc.	USA	100	100
Kineco Exel Composites India	India	55	55

Organisation and personnel

As at 31 December 2023, Exel Composites employed 623 (721) people, of whom 254 (279) in Finland and 369 (442) in other countries. The average number of employees during the reporting period ended on 31 December 2023 was 667 (732). As at 31 December 2023, approximately 62.8 per cent of the personnel was located in Europe, 28.4 per cent in the Asia-Pacific region, and 8.8 per cent in North America.

As at 31 March 2024, Exel Composites employed 626 (728) people, of whom 247 (269) in Finland and 379 (459) in other countries. The figures do not include agency workers but instead only fixed-term and indefinitely valid employment relationships.

There have been no significant changes in the number of employees since 31 March 2024.

The Company's personnel primarily work under permanent employment contracts.

Sustainability and corporate responsibility

Sustainability is an important part of Exel Composites' business, in its own operations as well as through the products and solutions it offers. Exel Composites is committed to responsible and sustainable operations, guided by the Company's corporate values and the Code of Conduct. Exel Composites' purpose is to solve challenges and save resources with composites. Exel Composites provides sustainable composite solutions that enable their customers to save resources and mitigate climate change. Composites' properties, such as lightness and durability, provide for longer life cycles and improved performance of the end product, thus lowering the negative impacts on the environment. In addition, Exel Composites aims to make a positive impact through its social responsibility and to reduce its environmental footprint.

Climate-related risks and opportunities impact Exel Composites' business model on various levels. Exel Composites actively aims to reduce the negative impact of its own operations on climate and the environment. Exel Composites' Board of Directors evaluates company-related risks on a quarterly basis as part of the risk management process. The main sustainability and climate-related risks include operational risks, hazard and environmental risks, and regulatory and reputational risks (see also "*Risk factors*").

The Board of Directors is Exel Composites' highest governance body in relation to sustainability issues. The material sustainability topics are validated by the Board of Directors and the sustainability report is reviewed alongside the publication of the Company's annual financial reports and signed by the Board. The Senior Vice President of Technology and Sustainability is responsible for sustainability issues at group level. The operational responsibility lies within each business unit and functional area of the organization.

Exel Composites' solutions serve customers in a wide range of industries around the world. Exel Composites' main stakeholders include customers, employees, business partners and suppliers, shareholders, the financial market, authorities, industrial associations, and general community. The key concerns of Exel Composites' stakeholders include, among others, product safety and reliability, energy and material efficiencies during the service life, recycling at end-of-life, transition to more sustainable solutions, sustainable and responsible operations, emissions and waste management, health and safety issues, professional development and training of its employees, the Company's financial performance, regulatory compliance, as well as business ethics. The expectations of Exel Composites' stakeholders concerning sustainability matters have clearly increased. In addition to direct contact, the dialogue with Exel Composites' stakeholders takes place, for example, through its website and social media channels, diverse events, fairs, financial reporting, shareholder events and general meetings.

Exel Composites is included, among others, in the OMX Sustainability Finland index.

Exel Composites uses the Nasdaq ESG (Environment, Social and Governance) Guide as reference for reporting non-financial information. Exel Composites is also committed to the Responsible Care -program for the chemical industry in Finland. The main themes of the program are the sustainable use of natural resources, sustainable and safe production and products, the work community's wellbeing, and open interaction and cooperation. The results of the program are evaluated based on annually collected indicator data.

Exel Composites' sustainability focus areas are the following:

- **Enabling solutions:** Responsible products and composites at end-of-life
- **Social handprint:** Health and safety, responsible employer, responsible business
- **Environmental footprint:** Energy efficiency and reduced emissions, circular economy, waste management, water consumption, responsible supply chain

Exel Composites established its sustainability targets in 2023. Sustainability targets relate to safety, environmental responsibility, and employee engagement. Sustainability targets are:

- Zero Harm: no lost time injuries (LTI)
- Environmental responsibility consists of the following three targets:
 - Zero landfill by 2028

- 100 per cent of research having positive sustainability impact
- Greenhouse Gas emissions (scope 1 and scope 2) reduction according to UN established targets
- Employee engagement: Employee NPS score year-on-year improvements from base year of 2024

In 2023, Exel Composites' sustainability work focused on further developing the fundamentals of the Company's sustainability program. To emphasize the importance of sustainability in the new strategy, the responsibility of sustainability function was elevated to the leadership level in early 2024.

In autumn 2023, Exel Composites started to carry out the first sustainability double materiality assessment process to identify material impacts as well as financial risks and opportunities. The process follows the requirements of the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards. The process has continued in early 2024, and its results will be available in 2024. Exel Composites will publish its first report under the Corporate Sustainability Reporting Directive for FY2024 according to schedule.

Enabling solutions

Exel Composites aims to develop sustainable, safe and reliable products that help its customers save resources and mitigate climate change. Exel Composites provides composite solutions that promote sustainable consumption: composites are durable and require little or no maintenance. Being lightweight yet strong, composites help save resources through energy and material efficiencies. Exel Composites contributes to mitigating climate change by serving customer industries such as Wind Power, Buildings and Infrastructure, and Transportation.

Saving natural resources with composites

The biggest impact of Exel Composites' products on the environment and climate is during the service life of the end-product. Composites' properties are what make them environmentally friendly, and an increasing sustainability focus also increases the demand for composites.²³ Composites are often lighter than alternative materials, they are durable and non-toxic. A composite product does not leak or emit anything into the air or the ground. In addition to their long service life and lower installation and maintenance costs, they often result in lower energy consumption over the lifecycle of the product.

Composites are also used in sustainability enhancing technologies and solutions that contribute to climate change mitigation or adaptation. For example, longer and stiffer wind turbine blades enable improved performance, window and door profiles with improved insulation properties enable more energy efficient buildings, and lighter wall panels in public transportation enable reduced energy consumption.

Exel Composites is using a EuCIA-developed environmental impact calculation tool to include CO₂ and energy demand data in its cost calculation. Understanding the carbon footprint for the 'cradle-to-gate' phase, makes it easier for the customer to evaluate the impact of the composite product across the end-product's total lifecycle.

Composites at end-of-life

The same properties that drive the decision to choose composites over alternative materials — durability and strength among others — also set economic and technological limitations to their recyclability. As the demand for composites increases, the technologies available for composite recycling are also expected to develop strongly over the next ten years. Exel Composites' ambition is to be part of this development by participating in industry projects and considering matters impacting recyclability already during product design.

According to EuCIA, for the coming ten years at least the main recycling route for composites is cement co-processing. In cement co-processing, end-of-life composites are used as mineral raw material (approximately 2/3) and for energy recovery (approximately 1/3), thus effectively reducing overall CO₂ emissions. Other recycling technologies such as mechanical crushing and chemical or thermal treatment are currently in

²³ **Source:** JEC, Overview of the global composites market 2021–2026.

different phases of development. Crushed and ground composite waste can be used as raw material in other production processes such as extrusion.

In 2021 and 2022, Exel Composites participated the KiMuRa project led by the Finnish Plastics Industries Federation to find a technically and economically viable recycling process for industrial composite waste in a parallel process in the cement industry. A considerable amount of composite waste from the Finnish units was delivered for testing during the two-year project phase. The project was successfully completed in 2022. In 2023, most of the composite waste from Exel Composites' Finnish units was recycled to cement production, reducing the landfill of composite waste in Finland when compared to the previous year. This development followed the implementation of recycling process after the KiMuRa project finalisation. The Company aims to have all composite waste generated by its Finnish units recycled to cement production. The Company's aim is to recycle all composite waste to cement production from the Finnish units leading to zero landfill of composite waste in Finland.

The following picture illustrates the lifecycle impact of composites:²⁴



Social handprint

Exel Composites aims to provide a safe, fair, and inspiring environment for its employees, and ensure high standards of integrity and business ethics. Exel Composites promotes economic productivity by prioritizing health and safety, diversification and non-discrimination.

Injury prevention and safety first

The health and safety of employees, customers and business partners is a priority for Exel Composites.

Health and safety issues are an integral part of Exel Composites' responsible management, and all of the Company's sites have a safety organization with defined responsibilities. All employees are covered by the health and safety management system based on local laws. A variety of chemicals are used in the production process, and some of the employees are in contact with dangerous or flammable chemicals in their work. Ensuring the safety of all chemicals used in the products is a priority for Exel Composites. The main occupational health and safety risks relate to the possibility of fire or health problems due to allergies or long-term exposure. Exel Composites has valid ISO 45001 certificate covering its employees in Europe and China.

²⁴ Graph composed by the Company. **Source:** The European Composites Industry Association (EuCIA), Composites Sustainability: the EuCIA perspective. March 2024.

The core of Exel Composites' health and safety efforts lies in preventive measures, including proper safety gear, regular safety trainings and communication, risk assessments as well as internal and external evaluations. The number of injuries per million hours worked (lost time injuries, LTI) is a key performance indicator. Exel Composites has a target of no LTI. Every LTI is reported to the top management as well as other units to ensure the lessons learned. Near-miss and unsafe condition reporting is used for injury prevention in all factories.

The use of toxic and carcinogenic chemicals is forbidden. The chemical handling processes and personal protection equipment at Exel Composites are designed and allowed for chemicals that are non-toxic, non-carcinogenic and non-mutagenic. Exel Composites is continuously vigilant about updates in listings of chemical Substances of Very High Concern, such as in the REACH and the Restriction of Hazardous Substances Directive 2011/65/EU (RoHS) declarations, to ensure staying ahead of regulations. In addition, the search for less hazardous substitutes is proactive and continuous. Exel Composites has made investments to replace the cleaning agent in use with a less hazardous detergent. Monitoring air quality and volatile organic compounds (VOC) emissions as well as efficient ventilation on all sites is an important part of health and safety. Employees' health is also monitored through regular medical checks. Styrene exposure is monitored through mandelic acid tests based on urine samples.

Exel as a responsible employer and corporate citizen

Technology expertise is a competitive advantage for Exel Composites. Recruiting skilled employees, as well as maintaining and developing employees' expertise are critical for the Company's continuous development and success. Exel Composites aims to be an inspiring and fair workplace for its employees where people can grow and use their skills.

The annual Performance Development Review (PDR) process is an important measure to review individual and team performance and to secure a continuous dialogue between the managers and their teams. The PDR process also enables employees together with their manager to identify areas of their professional development and interest for trainings, inhouse learning opportunities and mentoring.

All of Exel Composites' employees are eligible for annual incentives tied to performance measures such as growth, profitability, and production related indicators as well as possible individual targets.

Exel Composites is committed to meeting the expectations of the ISO 26000 standard related to social responsibility. The Company has an important social role as a local employer and supporter of regional vitality as most of its manufacturing units are in small towns. It supports local communities, for example through small donations to local associations and non-political activities. Exel Composites also cooperates with local universities and chambers of commerce, which is an important way to raise awareness of Exel Composites as attractive employer and promote education and research in connection to composites.

Exel Composites encourages and respects diversity in the workplace, in all recruiting decisions as well as in the composition of the Company's Board of Directors. Exel Composites follows a zero-tolerance policy for discrimination and the Company's corporate values and Code of Conduct state that everybody shall be treated with fairness, respect, and dignity. All employees are expected to report any inappropriate or discriminant behavior or other Code of Conduct violations using for example the whistleblowing channel available on the intranet and company's website.

Environmental footprint

Exel Composites aims to reduce the negative impact of its own operations to the environment and climate. Exel Composites promotes sustainable production and contributes to mitigating climate change through responsible operations based on circular economy, energy and material efficiencies, responsible use of chemicals, waste management and responsible supply chain management.

Energy efficiency and reduced emissions

Exel Composites' greenhouse gas emissions from own operations are mostly carbon dioxide that is formed in own use of fuels, heating, and transportation of materials. In addition to production, heating has a major impact on the total energy consumption as Exel Composites' largest production sites, i.e. the production facilities in

Mäntyharju and Joensuu as well as the Kapfenberg production facility in Austria, are situated in northern areas or exposed to cold winter climates.

Exel Composites' long-term target is to reduce greenhouse gas emissions (scope 1 and 2) according to UN established targets. The aim is to reduce its total use of energy proportional to production. The primary energy source is electrical energy, out of which approximately a third is estimated to be from renewable energy sources.

Responsible supply chain

Exel Composites sources components and materials for its manufacturing processes from multiple sources and multiple countries. Most of the Company's supply chain is composed of large, international manufacturers or their distributors that often have established processes and high sustainability standards. In addition, these suppliers and manufacturers are systematically audited by Exel Composites and several other stakeholders. All Exel Composites' suppliers are chosen with care and based on objective factors such as quality, reliability, delivery, and price, in addition to ethical standards and sustainability. All suppliers receive the Supplier Code of Conduct as part of their agreement with Exel Composites and they are required to operate in compliance with it.

Exel Composites conducts supplier audits primarily through factory visits where an initial self-assessment is verified. The audit topics include environmental, human rights, employee health and safety, and monitoring of dangerous particles, among others. Suppliers are selected for audit based on purchase volume, the criticality of the supplier as well as its location. In the event of violations, action is taken either to allow time for corrective action or to terminate the relationship.

As part of its circular economy initiative, Exel Composites researches and evaluates the use of alternative, sustainable raw materials in production. These include bio-based resins and fibres, such as flax, as well as the combinations of virgin and recycled raw materials. Biobased raw materials are part of the Company's offering already today and they are used for example in some sporting goods. Interest towards them is expected to grow, but volumes are still small as bio-based raw material often comes with a premium price. The use of recycled fibres in pultrusion, on the other hand, is limited by the fact that the technology is precisely based on long, continuous fibres. When recycled, the fibres are usually cut or crushed short and therefore they are best used in other technologies, such as extrusion, where product properties are also different.

Alignment with international initiatives

UN Sustainable Development Goals (UN SDGs)

The key United Nations Sustainable Development Goals (SDGs) where Exel Composites can best contribute through its business have been selected to be:

- Goal 8 Decent work and economic growth
- Goal 9 Industry, innovation, and infrastructure
- Goal 12 Responsible consumption and production
- Goal 13 Climate action

Exel Composites provides safe and reliable composite solutions that promote sustainable consumption: composites are durable and require little or no maintenance. Being lightweight yet strong, composites help save resources through energy and material efficiencies. Exel Composites contributes to mitigating climate change by serving customer industries such as Wind Power, Buildings and Infrastructure, and Transportation.

Exel Composites promotes economic productivity by prioritizing health and safety, diversification and non-discrimination, and being an inspiring workplace for its employees. Exel Composites aims to be a positive contributor in its communities and a responsible corporate citizen.

Exel Composites promotes sustainable production and contribute to mitigating climate change through responsible operations based on circular economy, energy and material efficiencies, responsible use of chemicals, waste management and responsible supply chain management.

Climate-Related Financial Disclosures

Over the past years, Exel Composites has complemented its non-financial reporting by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to the extent possible. As of 1 January 2024, the TCFD recommendations have been fully incorporated into the International Sustainability Standards Board's (ISSB) Standards IFRS S1 and IFRS S2 which the Company has complied with to the extent possible. In the future, the statement of non-financial information will be replaced by a sustainability report in accordance with the Corporate Sustainability Reporting Directive that the Company will publish for the first time for the financial year 2024.

EU Taxonomy

Exel Composites' taxonomy-eligible and taxonomy-aligned economic activities have been identified based on an internal assessment conducted with the support of various organizational functions. Exel Composites' products and revenue were analysed by customer industry and the subsegments within each and compared against the economic activities listed in the EU Taxonomy. The internal assessment has been complemented with an externally produced model, which uses an extensive company and product database as a basis.

Exel Composites has reviewed the Minimum Safeguards with respect to human rights, anticorruption, competition and taxation. Based on the review Exel Composites has determined its activities to meet the minimum safeguards.

In alignment with the EU Taxonomy Regulation, Exel Composites analysed the share of taxonomy-eligible economic activities and taxonomy-aligned economic activities contributing to climate mitigation and climate adaptation. The Company estimated that out of its revenue in 2023, 28.1 per cent was taxonomy-eligible of which 23.9 per cent was also taxonomy-aligned. The taxonomy-eligible activities in revenue were related to the manufacture of renewable energy technologies (applications for wind power), the manufacture of energy efficiency equipment for buildings (composite window and door profiles), the manufacture of aircraft (structural profiles for aerospace applications), the manufacture of rail rolling stock constituents (structural profiles for electric trains and trams), the manufacture of bus components (structural profiles for electric busses) and the manufacture of other low carbon technologies (conductor cores for electrical industry). All the other above listed categories except the manufacture of other low carbon technologies were also taxonomy-aligned activities.

Information technology

Exel Composites believes that it has an efficient, integrated and scalable IT infrastructure and applications that support its business and its development covering essential aspects of both its current and future business, such as, inventory management, logistics, human resources, finances and other administrative systems. Exel Composites utilises salary management solutions and financial reporting tools and protected and backed-up servers. Exel Composites' key IT systems have been sourced from third-party service providers.

Intellectual property rights

Exel Composites' registered intellectual property rights include patents, trademarks and domain names. Exel Composites has registered, inter alia, the trademarks "Exel", "Exelens" and "Nordic Fitness Sports" in multiple jurisdictions. In addition, Exel Composites has registered internet domain names, such as "exelcomposites.com," and "investors.exelcomposites.com". Exel Composites believes that its registered trademarks are important for its business, and it invests in retaining and growing the value of its brands. The holder of the majority of the intellectual property rights is Exel Composites Plc.

Exel Composites holds several patents relating to its operations such as:

- Radome casing and method for manufacturing the radome casing (Registration No 1954469), granted 18 June 2014.
- Method for manufacturing a flexible composite belt or cable (Registration No 2971330), granted 10 July 2019.
- Frangible guy wire of an airport mast (Registration No 2949839), granted 6 March 2019.

Exel Composites actively aims to actively protect its patent portfolio and technology use cases. Management believes that Exel Composites' business is not heavily dependent on any single patent, but rather on the protection of know-how and expertise in end-use applications.

Insurance

Sufficient insurance coverage is an essential part of risk management of Exel Composites. Company's management evaluates the existing insurance cover's adequacy in relation to the Group's operations.

Exel Composites has insured its operations with customary insurances covering property, business interruption and responsibility with reputable insurance companies. However, there are aspects of the Company's operations that are not covered by insurance either because suitable insurance is not available or is prohibitively expensive, or the Company has made a strategic decision to self-insure. The Company's insurance coverage does not cover cybercrimes, for example. In addition, general restrictions such as deductibles, maximum amounts that can be claimed and exclusion of certain events from insurance coverage apply to the insurances, due to which they may not necessarily cover all damage incurred.

Investments

Exel Composites' capital expenditure on fixed assets was EUR 3.5 (4.6) million for the financial year ended on 31 December 2023. Capital expenditure was allocated geographically as follows: Europe EUR 2.5 (2.8) million, North America EUR 0.3 (0.9) million and Asia-Pacific EUR 0.8 (0.9) million.

As at the date of this Offering Circular, Exel Composites' ongoing investments are mainly related to acquisition of new customers and improving operational efficiency as well as expenses related to the construction of manufacturing facility in India as well as the equipping of the manufacturing facility in India. The company expects investments to be in line with historical levels on average and with a material portion going towards the new facility in India. Exel Composites expects to finance these investments with cash flow and existing external debt financing.

Except as described above, Exel Composites has not made any other material investments or decisions regarding any other material investments between 31 December 2023 and the date of this Offering Circular.

Material contracts

Except as set forth below, there are no contracts (other than contracts entered into in the ordinary course of business) to which Exel Composites is a party that: (i) are, or may be, material to it and that have been entered into in the two financial years immediately preceding the date of this Offering Circular; or (ii) contain any obligations or entitlements that are, or may be, material to Exel Composites as at the date of this Offering Circular.

Contract to construct a manufacturing facility

Exel Composites' Indian subsidiary has signed a contract on commissioning the construction of a manufacturing facility which the Indian subsidiary will lease upon completion. Exel Composites invests in the equipping of the manufacturing facility. The manufacturing facility is scheduled to be completed in 2024.

Financing agreements

On 25 April 2024, the Company announced it had concluded the New Financing Agreement of EUR 52.4 million with its main lenders, see “– *Capital resources and liabilities*”. The New Financing Agreement is conditional on the completion of the Offering with net proceeds of at least EUR 20 million.

Joint Bookrunner Agreement

The Joint Global Coordinators concluded a Joint Bookrunner Agreement with the Company on 17 May 2024 defining the services provided by the Joint Global Coordinators in connection with the Offering, see also “*Plan of Distribution in the Offering*”.

Legal and arbitration proceedings

The Company becomes involved from time to time in various court, arbitration and administrative proceedings related to, for example, employee claims, disputes with suppliers, customers and competitors, and proceedings initiated by public authorities, in the ordinary course of business.

Exel Composites' Belgian subsidiary was the defendant in a dispute, whose legal proceedings in the Dutch court took place during the autumn of 2023. The main point of the dispute is the disagreement between Exel Composites and the customer as to whether the products delivered to the customer have met the agreed criteria. The court dismissed the customer's claims in full, however, the counterparty has appealed against the decision. According to information available to the Company, no date of hearing has yet been set.

Except as discussed above, as at the date of this Offering Circular, there are no governmental, legal, arbitration or administrative proceedings against or affecting the Company or any of its subsidiaries (and no such proceedings are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months which have or may have in the recent past, individually or in the aggregate, significant effects on the financial position or the profitability of the Company or of the Company and its subsidiaries taken as a whole.

Guidance of Exel Composites

The statements set forth in this section include forward-looking statements, are not guarantees of the Company's financial performance in the future and are based on a number of assumptions and expectations that are subject to various risks and uncertainties. The Company's actual results of operations and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described in "Certain Information – Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk factors". Undue reliance should not be placed on these forward-looking statements. The statements set forth in this section have been made and prepared on a basis which is (a) comparable with the Company's historical financial information and (b) consistent with the Company's accounting policies.

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2024 compared to 2023.

Exel Composites' order backlog in the beginning of 2024 was higher than it was in the beginning of 2023. However, the visibility to market development is still limited, and considering the overall economic sentiment Exel Composites expects demand to be somewhat soft in the first half of 2024 while Exel Composites will continue to have free production capacity.

Key factors affecting the guidance, which Exel Composites can influence, include product development and production, ability to adapt its own production to changes in demand, sales, pricing and cost management. Factors beyond Exel Composites' influence relate, in particular, to the actions of Exel Composites' competitors, general economic developments, changes in the global geopolitical environment, high inflation and interest rates as well as their impact of the potentially increasing uncertainty on the demand for Exel Composites' products.

Although Exel Composites' guidance is based on the Company's management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The key assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are impairment of non-financial assets, deferred tax assets, pension and other post-employment benefits and determining the fair value of assets in business combinations.

Capital resources and liabilities

Capital resources

Exel Composites has historically financed its operations with cash flow from operations and borrowings from financial institutions. The Company's liquidity requirements mainly relate to ordinary business expenses, implementation of the transformative strategy and the financing of working capital needs.

As at 30 April 2024, Exel Composites' available liquidity totalled EUR 41,775 thousand, of which EUR 0 thousand were unused loans, EUR 30,000 thousand were unused revolving credit facilities, and EUR 11,775 thousand were cash and cash equivalents.

As at 30 April 2024, Exel Composites had a total of EUR 22.4 million in interest-bearing loans outstanding from its main financing banks, of which EUR 18.6 million in current interest-bearing loans and EUR 3.9 million in

non-current loans. In addition, the Company had EUR 22.0 million in current interest-bearing liabilities in the form of commercial papers as at 30 April 2024. To ensure the repayment of the commercial papers, the Company had altogether EUR 30.0 million in unused long-term revolving credit facilities (which are valid for more than 12 months) as at 30 April 2024. As at 30 April 2024, the Company had EUR 1.7 million in current interest-bearing debt from banks other than its main financing banks. In addition, the Company had EUR 0.9 million in current lease liabilities and EUR 0.2 million in non-current lease liabilities.

On 2 August 2019, the Company signed an agreement with its main financing banks containing the main terms and conditions that apply to the loan and credit facilities agreed upon between the Company and each main financing bank. The facilities include RCF Agreements of EUR 40 million that will mature on 1 July 2025.

On 25 April 2024, the Company announced it had entered into the New Financing Agreement of EUR 52.4 million with its main lenders. The New Financing Agreement is conditional on the completion of the Offering with net proceeds of at least EUR 20 million. The New Financing Agreement will be used to refinance the Company's existing bank loans. The maturity of the new financing is two years, which may be extended by one year by an agreement between the Company and the lenders. In connection with the drawdown of loans under the New Financing Agreement, the Company will provide collateral in Finland and Austria. The collateral property will include Exel Composites GmbH's shares, property owned by that company and Exel Composites Plc's loan receivable from that company as well as properties and fixed assets owned by Exel Composites Plc in Finland (the latter through a floating charge).

The Company's financing agreements include covenants that the Company must comply with. If the Company fails to complete the Offering, the Company may not be able to comply with all covenants of its old financing agreements (see “– *Restrictions on the use of capital resources*” below). For more information on the Company's working capital situation, see “*Essential information on the Offering – Working capital statement*”.

Liabilities

As at 30 April 2023, the Company's interest-bearing liabilities, including lease liabilities, totalled EUR 47,220 thousand. Net interest-bearing liabilities were EUR 35,444 thousand. Current interest-bearing liabilities totalled EUR 43,175 thousand. EUR 22,000 thousand of current interest-bearing liabilities were commercial papers. For more information, see section “*Selected financial and other information – Historical financial information*”. Unaudited information on the maturities of the Company's interest-bearing liabilities as at 30 April 2024 is presented below:

30 April 2024 EUR thousand	Upon request	Less than 3 months	3–12 months	1–5 years	> 5 years	Total
Interest-bearing liabilities	0	35,364	7,810	4,045	0	47,220

For more information on the new financing agreement under which the Company can extend the maturity of the current loans by a maximum of three years with respect to EUR 52.4 million, see “– *Material contracts – Financing agreements*” above. The drawdown of the financing is conditional on the completion of the Offering. On 30 April 2024, the Company had unused long-term (over 12 months) revolving credit facilities worth EUR 30.0 million to cover the commercial papers.

Restrictions on the use of capital resources

Exel Composite's financing arrangements include customary covenants relating to, among others, the Company's gearing. On the date of this Offering Circular, the financial covenants of Exel Composite's main financing agreements are the ratio of net debt to adjusted EBITDA and minimum liquidity. The minimum liquidity means the aggregate amount liquidity available to the Company at the relevant time. In addition, pursuant to the new financing agreement, the Company's EBITDA must cover the net finance charges of the Company's financing (Interest Cover Ratio).

Under the financing agreements concluded by the Company, the Company must have available liquidity (including cash and cash equivalents and undrawn revolving credit facilities minus the amount of commercial papers outstanding) totalling at least EUR 10.0 million between 1 January and 30 June 2024, at least EUR 5.0 million between 1 July and 31 December 2024, and at least EUR 10.0 million as of 1 January 2025 in order

to fulfil the terms of the financing agreement (liquidity covenant). The sufficiency of the working capital has been described in section “*Essential information on the Offering – Working capital statement*”.

TREND AND MARKET INFORMATION

The following overview of trends and markets affecting Exel Composites' business includes forward-looking statements that involve inherent risks and uncertainties. The general economic environment and composites market may differ significantly from those expressed in the forward-looking statements due to a variety of factors discussed elsewhere in this Offering Circular, in particular in section "Risk factors".

Introduction

Exel Composites' business is divided into the following five customer industries: Buildings and Infrastructure, Industrial, Energy, Transportation and Other. As at the date of this Offering Circular, Exel Composites has customers in more than 50 countries through its subsidiaries as well as its partner and distribution networks. The key market for the Company is the European composites market with more than 66 per cent of revenue by region for Exel Composites in 2023. Other areas of the global composites market, in which the Company has business operations or where it offers or plans to offer composites solutions, represent important markets for growth and business development. The geographical key market areas for the Company are Asia, North America and Europe. Exel Composites' management estimates that the importance of different markets varies depending on product category.

General economic environment

Growth in the composites markets depends on the underlying global economic growth. According to the International Monetary Fund (IMF), the global economy is forecasted to experience relatively weak growth as global economic growth is projected to be 3.1 per cent in 2024, increasing to 3.2 per cent in 2025. High interest rates which aim to tackle high inflation and decrease of fiscal support to economies amid globally high debt levels are expected to weigh on global economic growth in 2024. Advanced economies are expected to see growth declining slightly in 2024 before increasing in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. The considerable economic and political uncertainty caused by war in Ukraine and the conflict in Israel and the Red Sea both in and outside of Europe pose possible risks for the development of the overall economy as well as Exel Composites' operations and operating environment.

High inflation rates experienced in the last few years have been decreasing in most regions as supply-side issues and restrictive monetary policy have unwound. According to IMF estimates, global headline inflation will fall to 5.8 per cent in 2024 and 4.4 per cent in 2025 from an estimated 6.8 per cent in 2023, with the 2025 forecast having been revised downwards. Near-term inflation expectations have fallen in major economies, with long-term expectations remaining anchored, and with easing inflation, market expectation that future monetary policy rates will decline have contributed to a decrease in longer-term interest rates and positive development in the equity markets. Despite this, long-term borrowing costs remain higher than in the last few years in both advanced and emerging market and developing economies. In China, where inflation has been near zero, the central bank has eased monetary policy²⁵.

Key trends impacting the operating environment

Exel Composites believes, that in the long-term, global trends such as sustainability, urbanisation and the energy transition are expected to create growing demand for composite materials.

With a larger share of the population the world living in cities than ever before, cities' share of global growth is rising. As urbanisation increases, growing cities require significant infrastructure, including communication networks, transit and transportation, social infrastructure and housing. Over the past 10 to 15 years, urbanisation in China has proceeded rapidly and this trend is likely to continue as other emerging markets are likely to follow China's lead.²⁶ In North America, construction is expected to remain a large contributor to demand in the composites industry, corresponding to approximately around 20 per cent of the market, driven by large investment programs in infrastructure construction and renovation. In Europe, transportation is expected to remain a more significant contributor to the demand in the composites market than in other

²⁵ **Source:** International Monetary Fund, World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing.

²⁶ **Source:** BlackRock, Megatrends: Rapid Urbanisation.

continents, representing a high share of the composites industry.²⁷ Exel Composites' largest customer industry is buildings and infrastructure, while transportation also represents an important sector in terms of customers (for more information, see "*Business overview – Business model – Customer industries*").

Composites materials are helping many sectors in achieving ambitious sustainability goals, such as reduction of CO₂ emissions from transportation, growth in renewable energy capacity, or preservation of water resources. Composite materials can play a significant role as application industries seek sustainable solutions and as industries strive to address the multifaceted challenges of sustainability, propel innovation, and promote best practices.²⁸ For more information on the Company's products as sustainable solutions, see "*Business overview – Sustainability and corporate responsibility*".

The global energy crisis prompted a range of new initiatives, notably in advanced economies and China, that aim to increase the pace of clean energy deployment. In China, energy, notably wind-energy, is expected to continue to be a key driver.²⁹ The impact of investment in renewable infrastructure will likely become more apparent in 2024. A significant rise in the demand of clean energy technologies such as wind power is ongoing and reshaping how factories and vehicles as well as home appliances and heating systems are powered. The race to reduce reliance on fossil fuels is putting pressure on manufacturers and supply chains to keep pace with demand for more clean energy.³⁰ According to the Company's management, in the short to mid-term wind power is expected to be the fastest growing and largest customer industry for Exel Composites given its size and favourable global demand outlook (for more information, see "*Business overview – Unlocking Exel Composites' full potential - Transformative strategy launched in 2023*"), although in 2022 and 2023, the demand for composites materials in the global wind power market has experienced a temporary demand decrease.

Exel Composites' market environment

Growth of global composites market is driven by need for materials that offer superior strength and light weight. Development of the global composites market correlates with global economic growth yet the growth rate has been and is expected to be faster. Exel Composites' production method, pultrusion, is a continuous manufacturing method for composites with good prospects for growth.³¹ Increased requirements covering sustainability aspects have strengthened the need for the sustainable solutions the Company is offering on the market.

Geographically, Asia and North America are the largest and the fastest-growing markets globally. India is also a fast-growing market, where local production is considered important. In 2021, Exel Composites established a company with Kineco Group in India, where Exel Composites is having a new manufacturing facility built, currently under development, optimised for serving wind power industry customers in India and globally. India's growth rate is expected to be higher than China for the next few years.³²

In the more mature European market, growth is expected to be slower, and the market is smaller than Asia or North America.³³ However, the European market is a key operating market for Exel Composites, and the Company sees opportunities in the market especially in relation to the development of sustainable raw materials and recycled composite materials.

Exel Composites' customers are typically equipment manufacturers, system integrators or distributors. Exel Composites' most important customer industries include: buildings and infrastructure, industrial, energy and transportation. Exel Composites' business portfolio that is diversified across a variety of customer industries

²⁷ **Source:** JEC, Overview of the global composites market 2022-2027.

²⁸ **Source:** IMD, Sustainability trends shaping corporate priorities in 2024; JEC, Overview of the global composites market 2022–2027.

²⁹ **Source:** JEC, Overview of the global composites market 2022–2027.

³⁰ **Source:** IEA, World Energy Outlook 2023.

³¹ **Source:** AVK: Dr. Elmar Witten, Volker Mathes: The European market for Fiber-Reinforced Plastics / Composites 2023.

³² Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

³³ Analysis of the Company's management based on a market study commissioned by the Company in spring 2023.

and regions, reduces the impact of sudden fluctuations in demand within the portfolio. The factors and time span driving demand differ between customer industries as well as regions.

Competitive landscape

Exel Composites manufactures and sells composite solutions made with continuous manufacturing technologies to customers in a wide range of customer industries around the world, and it has presence in all major pultrusion markets: Europe, Asia, and North America³⁴ (see also “*Business overview – Business model*”). All of the Company’s production facilities are involved not only in the manufacturing of products but also in sales and product development, and where necessary, they cooperate closely with each other and share production facility-specific expertise, such as industry expertise or technology expertise, from one production facility to another. With the Company’s international manufacturing, R&D and sales network, the Company is able to serve customers around the world. Exel Composites is one of the leading operators in pultrusion³⁵ and, to the Company’s knowledge, the only company focusing solely on pultrusion and pullwinding that has a significant presence on all major pultrusion markets. In the view of the Company’s management, the global presence differentiates Exel Composites from its competitors and enables competition with both other composites companies and suppliers of other materials, such as wood and aluminium.³⁶ Exel Composites’ management estimates that the Company’s production and R&D expertise, renewed operating model with two global business units, sustainability at the core of the business, and optimal global positioning within a growing market supported by global megatrends, set the Company apart from its competitors.

Exel Composites’ customer base is spread wide over several industries and markets³⁷, which means that its competitors are also found within specific industries and markets. The field of competition on Exel Composites’ addressable pultrusion market is relatively fragmented. The field of competition consists of operators specialised in pultrusion and pullwinding, raw material suppliers who also produce pultruded composite end products themselves, and products’ end users who themselves produce the components they need for their end products through pultrusion.³⁸ In the understanding of the Company’s management, operators specialised in pultrusion and pullwinding are smaller and more local than the Company and, in the understanding of the Company’s management, have a smaller product portfolio than the Company. There is a great number of competitors matching the above description.³⁹ On the addressable pultrusion market, Exel Composites’ competitors also include raw material suppliers whose main products include the manufacture of carbon and glass fibres and various resins. Raw material suppliers utilise composites manufacturing as a way of getting their own main product, i.e. raw materials, on the market.⁴⁰ In the understanding of the Company’s management, Exel Composites’ competitors also include operators manufacturing various end-products featuring pultruded components. Such operators, which operate, for example, in the North American window and door profile market, have insourced pultrusion operations instead of outsourcing them.⁴¹

³⁴ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³⁵ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³⁶ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³⁷ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³⁸ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

³⁹ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

⁴⁰ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

⁴¹ Analysis of the Company’s management based on a market study commissioned by the Company in spring 2023.

SUMMARY OF RECENT DISCLOSURES

The following summary sets out the information disclosed by the Company pursuant to the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR") as well as certain other information disclosed by the Company pursuant to the applicable rules issued by Helsinki Stock Exchange, over the last 12 months preceding the date of this Offering Circular, which is to the Company's knowledge still relevant as at the date of this Offering Circular. The following summary does not discuss regular financial reports nor other disclosure obligations not pertaining to the MAR or the rules issued by Helsinki Stock Exchange. Therefore, the following summary is not exhaustive and does not discuss all the stock exchange releases issued by the Company during the aforementioned period of time.

Stock exchange releases specifying inside information

On 2 October 2023, Exel Composites announced a transformative strategy to capture profitability growth. Exel Composites' aim is to become a more integrated designer and manufacturer of pultruded composite solutions for volume and customer-specific applications. Exel Composites also announced that it will also organize its operations into two dedicated customer-centric business units, one concentrating on volume and the other on custom solutions, and its factory footprint will be organized to support the needs of the new business units. The Company also announced that it is planning to start a strategic review of three factories to define their role and necessity in the new operating model.

On 19 October 2023, Exel Composites announced that it had completed the strategic review for the first factory and decided to refocus its operations and manufacturing facility in the United States to the manufacturing of tailored pull-wound tubes and customized pultruded composite profiles for the North American markets. Exel Composites expects that the reorganization of its operations in the United States will result in annual cost savings of approximately EUR 3.0 million. Exel Composites recorded a EUR 4.0 million asset write-down as an item affecting comparability in the fourth quarter 2023 result.

On 15 January 2024 Exel Composites announced that it continues its strategy implementation as planned by starting a strategic review of its operations in Belgium.

On 25 April 2024, Exel Composites announced that it was planning a rights offering of up to approximately EUR 23 million to accelerate the implementation of its transformative strategy and strengthen its capital structure. The Company also announced it had concluded the New Financing Agreement of EUR 52.4 million with its main lenders. The New Financing Agreement is conditional on the completion of the Offering with net proceeds of at least EUR 20 million.

Changes in financial targets

On 2 October 2023 Exel Composites published its targets for revenue and profitability.

On 13 November 2023 Exel Composites announced that it would introduce its new long-term group targets including updated financial and new sustainability targets, and provided further detail on its transformative strategy published on 2 October 2023. The Company added financial position as a third financial target. Moreover, Exel Composites established sustainability targets regarding zero harm, environmental responsibility and employee engagement. The new Group financial targets are organic growth of over EUR 200 million annual revenue by 2028, increased profitability, i.e., an adjusted operating profit margin of >10 per cent by 2028, and enhancing the financial position so that the ratio of net debt to adjusted EBITDA is less than three by 2028. The targets for zero harm and environmental responsibility are to have no lost time incidents (LTI), to reduce Greenhouse Gas emissions (scope 1 and scope 2) in accordance with UN established targets, and to have zero landfill by 2028. Employee engagement targets are: 100 per cent of research having positive sustainability impact and employee NPS score year-on-year improvements based on baseline 2024.

Decisions relating to incentive plans

On 25 April 2024, Exel Composites announced that its Board of Directors had decided to continue the share-based long-term incentive program for the Company's leadership. The 2024 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017, the objectives of which are to align the interests of the management with those of the Company's shareholders and, thus, to promote shareholder

value creation in the long term, to commit the management to achieving the strategic targets of the Company and to retain the Company's key individuals.

SELECTED FINANCIAL AND OTHER INFORMATION

Historical financial information

Exel Composites' selected financial information below has been derived from Exel Composites' unaudited consolidated business review as at and for the three months ended 31 March 2024 including the unaudited comparative financial information as at and for the three months ended 31 March 2023 and Exel Composites' audited consolidated financial statements as at and for the years ended 31 December 2023 and 31 December 2022, prepared in accordance with the IFRS. The Company's audited consolidated financial statements for the financial year ended 31 December 2023 and 31 December 2022 as well as the Company's unaudited consolidated business review as at and for the three months ended 31 March 2024 and the comparative financial information as at and for the three months ended 31 March 2023 have been incorporated in this Offering Circular by reference.

Save for the Company's audited consolidated financial statements for the financial year ended 31 December 2023 and 31 December 2022 incorporated in this Offering Circular by reference, no part of this Offering Circular has been audited. The figures presented herein should be read in conjunction with this Offering Circular's section "*Business overview – Capital resources and liabilities*" as well as the consolidated income statements for the financial periods ended on 31 December 2023 and 31 December 2022 incorporated into this Offering Circular by reference as well as the business review for the three-month period ended on 31 March 2024.

Consolidated comprehensive income statements (EUR thousand, unless otherwise indicated)	For the three months ended 31 March		For the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(audited)	
Revenue	23,365	28,803	96,815	136,988
Other operating income	-	-	4,902	957
Increase (+) / Decrease (-) in inventories of finished goods and work in progress	-	-	-6,837	-799
Materials and services	-	-	-33,483	-58,526
Employee benefit expenses	-	-	-34,251	-39,023
Depreciation	-	-	-6,505	-7,115
Impairment	-	-	-2,190	-6
Other operating expenses	-	-	-23,314	-29,474
Operating profit	-555	-283	-4,863	3,002
Financial income	-	-	597	2,549
Financial expenses	-	-	-3,988	-1,951
Profit before tax	-607	-1,475	-8,254	3,600
Income taxes	-	-	-1,055	-1,455
Profit/loss for the period	-598	-2,138	-9,309	2,145
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translating foreign operations	-	-	-1,092	-715
Items that will not be reclassified to profit or loss:				
Defined benefit plan actuarial gains (+) / losses (-), net of tax	-	-	-30	146
Total comprehensive income	-	-	-10,432	1,577
Profit/loss attributable to:				
Owners of the parent company	-	-	-9,130	2,293
Non-controlling interests	-	-	-179	-148
Comprehensive income attributable to:				
Owners of the parent company	-	-	-10,240	1,743
Non-controlling interests	-	-	-192	-166
Total earnings per share, basic and diluted, EUR	-0.05	-0.18	-0.77	0.19

Consolidated statement of financial position (EUR thousand)	As at 31 March		As at 31 December	
	2024	2023	2023	2022
	(unaudited)		(audited)	
ASSETS				
Non-current assets				
Goodwill	-	-	12,585	13,015
Other intangible assets	-	-	1,671	2,160
Tangible assets	-	-	23,332	28,643
Right-of-use assets	-	-	1,367	2,213
Other non-current assets	-	-	48	48
Deferred tax assets	-	-	643	1,807
Total non-current assets	-	-	39,646	47,886
Current assets				
Held for sale assets	-	-	545	1,070
Inventories	-	-	16,867	23,426
Trade and other receivables	-	-	17,019	23,279
Cash at bank and in hand	10,207	14,746	10,952	17,397
Total current assets	-	-	45,383	65,172
Total assets			85,028	113,058
EQUITY AND LIABILITIES				
Share capital	-	-	2,141	2,141
Other restricted equity	-	-	1,080	1,080
Invested unrestricted equity fund	-	-	2,539	2,539
Translation differences	-	-	2,138	3,218
Retained earnings	-	-	18,669	18,671
Profit for the period	-598	-2,138	-9,130	2,293
Equity attributable to the equity holders of parent company	-	-	17,438	29,944
Non-controlling interests	-	-	249	441
Total equity	16,725	28,029	17,687	30,385
Non-current liabilities				
Interest-bearing liabilities	-	-	4,200	12,400
Non-current lease liabilities	-	-	221	1,136
Non-current interest-free liabilities	-	-	1,300	1,244
Deferred tax liabilities	-	-	311	584
Total non-current liabilities	-	-	6,032	15,364
Current liabilities				
Interest-bearing liabilities	-	-	38,105	33,691
Current lease liabilities	-	-	1,264	1,271
Trade and other current liabilities	-	-	21,777	25,903
Income tax payable	-	-	163	328
Current liabilities related to Held for sale assets	-	-	0	6,116
Total current liabilities	-	-	61,309	67,309
Total equity and liabilities	-	-	85,028	113,058

Consolidated statement of cash flows (EUR thousand)	For the three months ended 31 March		For the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(audited)	
Cash flow from operating activities				
Profit/loss for the period	-598	-2,138	-9,309	2,145
Non-cash adjustments to reconcile profit to net cash flow	-	-	9,539	8,732
Change in working capital	-	-	6,416	-1,188
Cash flow generated by operations	-	-	6,646	9,689
Interest paid	-	-	-1,746	-571
Interest received	-	-	-1	-28
Other financial items	-	-	-702	121
Income taxes paid	-	-	247	-2,444
Net cash flow from operating activities	-2,611	-2,790	4,445	6,767
Cash flow from investing activities				
Purchase of non-current assets	-	-	-3,523	-4,535
Proceeds from sale of non-current assets	-	-	447	6,554
Net cash flow from investing activities	-432	-479	-3,076	2,018
Cash flow before financing activities			1,369	8,785
Cash flow from financing activities	-	-		
Change in short-term loans	-	-	-3,754	-3,176
Installments of lease liabilities	-	-	-1,332	-1,264
Dividends paid	-	-	-2,371	-2,371
Net cash flow from financing activities	-	-	-7,457	-6,811
Change in liquid funds	-	-	-6,088	1,975
Liquid funds at the beginning of period	-	-	17,397	15,593
Exchange rate fluctuations on liquid funds	-	-	-358	-170
Liquid funds at the end of period	10,207	14,746	10,952	17,397

Group key figures (EUR thousand, unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(unaudited, unless otherwise indicated)	
Revenue	23,365	28,803	96,815 ⁽¹⁾	136,988 ⁽¹⁾
Operating profit	-555	-283	-4,863 ⁽¹⁾	3,002 ⁽¹⁾
% of revenue	-2.4	-1.0	-5.0	2.2
Adjusted operating profit ⁽²⁾	-555	6	-2,446	8,029
% of revenue	-2.4	0.0	-2.5	5.9
EBITDA	905	1,479	3,832	10,123
Adjusted EBITDA ⁽²⁾	905	1,768	4,059	15,149
Profit before taxes	-607	-1,475	-8,254 ⁽¹⁾	3,600 ⁽¹⁾
Total assets	-	-	85,028 ⁽¹⁾	113,058 ⁽¹⁾
Return on equity %	-13.9	-29.3	-38.7	7.0
Return on capital employed, %	-3.4	-1.4	-6.8	3.7
Equity ratio, %	19.4	26.4	20.9	26.9
Net gearing, %	214.9	123.1	185.7	102.4
Net debt to adjusted EBITDA ⁽³⁾	11.2	2.7	8.1	2.1
Capital expenditure	441	761	3,523 ⁽¹⁾	4,592 ⁽¹⁾
% of revenue	1.9	2.6	3.6	3.4
Research and development costs	1,077	948	3,711 ⁽¹⁾	3,426 ⁽¹⁾
% of revenue	4.6	3.3	3.8	2.5
Average personnel	623	723	667 ⁽¹⁾	732 ⁽¹⁾
Personnel, end of period	626	728	623	721

⁽¹⁾ Audited.

⁽²⁾ Excluding material items affecting comparability, such as restructuring costs, impairment losses and reversals, and costs related to planned or realized business acquisitions or disposals.

⁽³⁾ Last 12 months' adjusted EBITDA.

Contingent liabilities

(EUR thousand)	As at 31 March		As at 31 December	
	2024	2023	2023	2022
	(unaudited)		(audited)	
Operating leases				
Not later than one year	78	35	81	34
1–5 years	88	11	107	14
Other liabilities	3	3	3	3

Definitions and calculation of key figures

Adjusted operating profit

operating profit - material items affecting comparability (restructuring costs, impairment losses and reversals, costs related to planned or realized business acquisitions or disposals, etc.)

EBITDA

operating profit + depreciations, amortization and impairments

Adjusted EBITDA

operating profit + depreciations, amortization and impairments - material items affecting comparability (restructuring costs, costs related to planned or realized business acquisitions or disposals, etc.)

Net debt to adjusted EBITDA

total interest-bearing debt - cash and equivalents

adjusted EBITDA

Return on equity, %

net income + provisions	x 100
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equity + minority interest

Return on capital employed, %

profit before income taxes + interest and other financial expenses	x 100
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total assets less non-interest-bearing liabilities (average)

Equity ratio, %

equity + minority interest + voluntary provisions	x 100
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total assets less advances received

Net gearing, %

net interest-bearing liabilities (= interest-bearing liabilities less liquid assets)	x 100
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equity

Earnings per share (EPS), EUR

profit before income taxes less income taxes +/- minority

average adjusted number of shares in the financial period

Reconciliation of certain alternative performance measures

The following table sets forth the reconciliations of certain alternative performance measures to the nearest IFRS measure for the periods indicated.

Adjusted operating profit

Reconciliation of adjusted operating profit (EUR thousand, unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(unaudited, unless otherwise indicated)	
Operating profit	-555	-283	-4,863 ⁽¹⁾	3,002 ⁽¹⁾
Restructuring costs	-	246	2,234	1,066
Impairment losses and reversals	-	-	0	754
Costs related to planned or realized business acquisition and disposal	-	-	0	5
Expenses related to changes in legislation or legal proceedings and other claims	-	43	183	3,201
Adjusted operating profit	-555	6	-2,446	8,029

⁽¹⁾ Audited.

EBITDA

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of EBITDA	(unaudited)		(unaudited, unless otherwise indicated)	
(EUR thousand, unless otherwise indicated)				
Operating profit	-555	-283	-4,863 ⁽¹⁾	3,002 ⁽¹⁾
Depreciation, amortization and reduction in value	1,459	1,762	8,695	7,121
EBITDA	905	1,479	3,832	10,123

⁽¹⁾ Audited.

Adjusted EBITDA

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of adjusted EBITDA	(unaudited)		(unaudited, unless otherwise indicated)	
(EUR thousand, unless otherwise indicated)				
EBITDA	905	1,479	3,832	10,123
Restructuring costs	-	246	2,234	1,066
Impairment losses and reversals	-	-	-2,190	754
Costs related to planned or realized business acquisition and disposal	-	-	0	5
Expenses related to changes in legislation or legal proceedings and other claims	-	43	183	3,201
Adjusted EBITDA	905	1,768	4,059	15,149

Interest-bearing liabilities

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of interest-bearing liabilities	(unaudited)		(unaudited, unless otherwise indicated)	
(EUR thousand, unless otherwise indicated)				
Current lease liabilities	1,024	1,198	1,264 ⁽¹⁾	1,271 ⁽¹⁾
Other current interest-bearing liabilities	40,704	34,759	38,105 ⁽¹⁾	33,691 ⁽¹⁾
Non-current lease liabilities	220	898	221 ⁽¹⁾	1,136 ⁽¹⁾
Other non-current interest-bearing liabilities	4,200	12,400	4,200 ⁽¹⁾	12,400 ⁽¹⁾
Interest-bearing liabilities	46,148	49,255	43,790	48,498

⁽¹⁾ Audited.

Net debt to adjusted EBITDA

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of net debt to adjusted EBITDA	(unaudited)		(unaudited, unless otherwise indicated)	
(EUR thousand unless otherwise indicated)				
Interest-bearing liabilities	46,148	49,255	43,790	48,498
Cash and cash equivalents	10,207	14,746	10,952 ⁽¹⁾	17,397 ⁽¹⁾
Adjusted EBITDA (12 months rolling)	3,195	12,997	4,058	15,149
Net debt to adjusted EBITDA	11.2	2.7	8.1	2.1

⁽¹⁾ Audited.

Reconciliation of Equity + minority interest (average)

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of Equity + minority interest (average) (EUR thousand, unless otherwise indicated)	(unaudited, unless otherwise indicated)		(unaudited, unless otherwise indicated)	
Equity 1 January	17,438 ⁽¹⁾	29,944 ⁽¹⁾	29,944 ⁽¹⁾	30,574 ⁽¹⁾
Minority interest 1 January	249 ⁽¹⁾	441 ⁽¹⁾	441 ⁽¹⁾	608 ⁽¹⁾
Equity at the end of the period	16,530	27,641	17,438 ⁽¹⁾	29,944 ⁽¹⁾
Minority interest at the end of the period	195	388	249 ⁽¹⁾	441 ⁽¹⁾
Equity + minority interest (average)	17,206	29,207	24,036	30,783

⁽¹⁾ Audited.

Return on equity, %

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of return on equity, % (EUR thousand unless otherwise indicated)	(unaudited)		(unaudited, unless otherwise indicated)	
Profit before income taxes	-607	-1,475	-8,254 ⁽¹⁾	3,600 ⁽¹⁾
Taxes	9	-662	-1,055 ⁽¹⁾	-1,455 ⁽¹⁾
Profit before taxes - taxes /3*12 (adjusted to 12 months)	-2,392	-8,552	-9,309 ⁽¹⁾	2,145 ⁽¹⁾
Equity + minority interest (average)	17,206	29,207	24,036	30,783
Return on equity, %	-13.9	-29.3	-38.7	7.0

⁽¹⁾ Audited.

Reconciliation of non-interest-bearing liabilities

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of non-interest-bearing liabilities (EUR thousand, unless otherwise indicated)	(unaudited)		(unaudited, unless otherwise indicated)	
Trade and other current liabilities	22,167	27,555	21,777 ⁽¹⁾	25,903 ⁽¹⁾
Current income tax liabilities	241	198	163 ⁽¹⁾	328 ⁽¹⁾
Current liabilities related to Held for sale assets	0	0	0 ⁽¹⁾	6,116 ⁽¹⁾
Non-current interest-free liabilities	1,337	1,284	1,300 ⁽¹⁾	1,244 ⁽¹⁾
Interest-free liabilities	23,745	29,037	23,240	33,591

⁽¹⁾ Audited.

Reconciliation of Total assets less non-interest-bearing liabilities (average from beginning of year)

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
Reconciliation of Total assets less non-interest-bearing liabilities (average from beginning of year) (EUR thousand, unless otherwise indicated)	(unaudited, unless otherwise indicated)		(unaudited, unless otherwise indicated)	
Total assets 1 January	85,028 ⁽¹⁾	113,058 ⁽¹⁾	113,058 ⁽¹⁾	117,698 ⁽¹⁾
Interest-free liabilities 1 January	23,240	33,591	33,591	32,984
Total assets at the end of period	86,930	106,913	85,028 ⁽¹⁾	113,058 ⁽¹⁾
Interest-free liabilities at the end of the period	23,745	29,037	23,240	33,591
Total assets less non-interest-bearing liabilities (average from beginning of year)	62,486	78,672	70,628	82,091

⁽¹⁾ Audited.

Return on capital employed, %

Reconciliation of return on capital employed, % (EUR thousand, unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(unaudited, unless otherwise indicated)	
Profit before income taxes	-607	-1,475	-8,254 ⁽¹⁾	3,600 ⁽¹⁾
Interest expenses on debts and borrowings	532	328	1732 ⁽¹⁾	555 ⁽¹⁾
Interest expenses on lease liabilities	7	10	38 ⁽¹⁾	52 ⁽¹⁾
Other finance expenses	203	80	531 ⁽¹⁾	498 ⁽¹⁾
Foreign exchange losses	0	948	1,687 ⁽¹⁾	845 ⁽¹⁾
Foreign exchange gains	-658	-164	-476 ⁽¹⁾	-2,496 ⁽¹⁾
Profit before taxes + interest and other financial expenses	-524	-273	-4,742	3,055
Profit before taxes + interest and other financial expenses (adjusted to 12 months)	-2,096	-1,090	-4,742	3,055
Total assets less non-interest-bearing liabilities (average)	62,486	78,672	70,628	82,091
Return on capital employed, %	-3.4	-1.4	-6.8	3.7

⁽¹⁾ Audited.

Equity ratio, %

Reconciliation of equity ratio, % (EUR thousand unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(unaudited, unless otherwise indicated)	
Equity without non-controlling interests	16,530	27,641	17,438 ⁽¹⁾	29,944 ⁽¹⁾
Minority interest	195	388	249 ⁽¹⁾	441 ⁽¹⁾
Total assets	86,930	106,913	85,028 ⁽¹⁾	113,058 ⁽¹⁾
Advances received	844	716	578 ⁽¹⁾	182 ⁽¹⁾
Equity ratio, %	19.4	26.4	20.9	26.9

⁽¹⁾ Audited

Net gearing, %

Reconciliation of net gearing, % (EUR thousand, unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(unaudited, unless otherwise indicated)	
Interest-bearing liabilities	46,148	49,255	43,790	48,498
Cash and cash equivalents	10,207	14,746	10,952 ⁽¹⁾	17,397 ⁽¹⁾
Net interest-bearing liabilities	35,941	34,509	32,838	31,101
Shareholders' equity	16,725	28,029	17,687 ⁽¹⁾	30,385 ⁽¹⁾
Net gearing, %	214.9	123.1	185.7	102.4

⁽¹⁾ Audited.

Earnings per share (EPS)

Reconciliation of earnings per share (EUR thousand, unless otherwise indicated)	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2024	2023	2023	2022
	(unaudited)		(audited)	
Profit for the financial year attributable to ordinary equity holders of the parent company	-539	-2,090	-9,130	2,293
Weighted average number of outstanding shares during the financial year, 1,000 shares	11,854	11,854	11,854	11,850
Basic and diluted earnings per share, EUR/share	-0.05	-0.18	-0.77	0.19

Existing authorisations

The Company has the following valid authorisations to issue Shares or acquire treasury Shares.

The Annual General Meeting held on 26 March 2024 authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares using the Company's unrestricted equity. The Board of Directors was authorised to repurchase and/or accept as pledge a maximum of 600,000 shares in total, which corresponds to approximately 5.0 per cent of all the shares in the Company. The Company's own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. Treasury shares may be acquired otherwise than in proportion to the existing holdings of the shareholders. The shares can be repurchased using, inter alia, derivatives. The Board of Directors was authorised to decide on other terms of the share repurchase and/or acceptance as pledge. The Company's treasury shares may be repurchased to be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program or to be retained, otherwise conveyed or cancelled by the Company. The authorization cancels the authorization given to the Board of Directors by the General Meeting on 10 May 2023 to decide on the repurchase and/or acceptance as pledge of the Company's own shares. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until 30 June 2025.

The Annual General Meeting held on 26 March 2024 authorised the Board of Directors to decide on the issuance of shares and special rights entitling to shares. Under the authorisation, the Board of Directors may issue a maximum of 2,379,000 new shares, which corresponds to approximately 20.0 per cent of all shares in the Company, and/or a maximum of 600,000 Company's own shares. The Board of Directors was authorised to decide on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights. The Company's shares to be issued based on the authorization can be used as consideration in possible mergers and acquisitions and other business arrangements, to finance investments or as a part of the Company's incentive program for personnel. The authorization is effective until the next Annual General Meeting, however, until 30 June 2025 by latest. The authorization cancels previous unused authorizations to issue shares or special entitlement of shares.

On 17 May 2024, the extraordinary general meeting authorised the Board of Directors to resolve on the Offering. The shares to be issued under the authorisation are new shares. Under the authorisation, a maximum of 265 million shares can be issued. In the Offering, the shareholders have a pre-emptive right to the new shares in the same proportion as they already hold shares in the Company. However, shares not subscribed by shareholders may be offered on a secondary basis for subscription by other shareholders or by other persons. The Board of Directors is entitled to decide to whom the shares that remain unsubscribed will be offered. Subscriptions would be paid in cash. The Board of Directors is authorised to resolve on all other terms and conditions of the Offering. The authorisation is valid until 31 December 2024. The authorisation does not revoke the authorisation granted by the Annual General Meeting on 26 March 2024 to the Board of Directors to resolve on share issues and granting of special rights entitling to shares.

Dividend policy

According to the Company's dividend policy, Exel Composites' ambition is to distribute a minimum of 40 per cent of net income in dividends, when permitted by the financial structure and growth opportunities.

The Annual General Meeting of Exel Composites held on 26 March 2024 resolved to not distribute dividends for the financial year ended on 31 December 2023.

Shares and share capital

As at the date of this Offering Circular, the Company's share capital amounts to EUR 2,141,431.74 and the total number of Shares issued is 11,896,843. As of the date of this Offering Circular, the Company held 42,899 of its own Shares. The Company has one share class. The Shares have no nominal value, and they are denominated in euro.

Currencies

Exel Composites' functional currency is euro. In addition to the euro (EUR), the main currencies are the Australian dollar (AUD), the British pound (GBP), the US dollar (USD), the Chinese renminbi (RMB), the Hong Kong dollar (HKD) and the Indian rupee (INR).

No significant changes in the Issuer's financial position or financial performance

On 25 April 2024, Exel Composites announced that it was planning a rights offering of up to approximately EUR 23 million to accelerate the implementation of its transformative strategy and strengthen its capital structure. The Company in the same connection announced it had concluded a new financing agreement of EUR 52.4 million with its main lenders. The financing agreement is conditional on the completion of the Offering with net proceeds of at least EUR 20 million. See also "*Essential information on the Offering – Reasons for the Offering and use of proceeds*", "*Essential information on the Offering – Capitalisation and indebtedness*" and "*Business overview – Capital resources and liabilities*".

In addition to the aforementioned, there has been no significant change in the financial position or financial performance of the Issuer or the Group since 31 March 2024, which is the last financial period for which financial information of the Company has been published.

BOARD OF DIRECTORS AND LEADERSHIP TEAM

General

Pursuant to the provisions of the Finnish Companies Act, the control and management of the Company are divided between the General Meeting and the Board of Directors. The ultimate decision-making authority lies with the shareholders at the Annual General Meeting, which appoints the members of the board and the Company's auditor. The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The duties and accountability of the Board of Directors are determined primarily under the Articles of Association and the Finnish Companies Act. The procedure and duties of the meetings of the Board of Directors are described in the charter adopted by the Company's Board of Directors. The President and Chief Executive Officer (the "CEO") and a possible deputy CEO of the Company are appointed by the Company's board.

In addition to the applicable legislation governing the operations of public limited liability companies, the Company complies with the Finnish Corporate Governance Code 2020 of the Finnish Securities Market Association (the "CG Code") with certain exceptions and Exel Composites' Code of Conduct as well as the Company's other policies. Furthermore, the Company complies with the rules and regulations of Helsinki Stock Exchange.

Board of Directors

Pursuant to the Articles of Association of Exel Composites, the Company is managed by a Board of Directors comprising at least three (3) and at most eight (8) ordinary members. Board members are elected annually by the Annual General Meeting based on a proposal put forward by the Shareholders' Nomination Board. Further, the general meeting of Exel Composites elects a chair from among the elected members of the Board of Directors. The Articles of Association contain no provisions regarding any special order for board member appointments. The term of board members begins at the end of the general meeting at which they were elected and ends at the end of the general meeting first following their election.

The Board of Directors conducts an annual evaluation of the independence of its members in accordance with the CG Code recommendation 10. A member of the board is required to submit to the Company the information necessary to conduct the evaluation of independence. The Board of Directors then evaluates the independence of its members and announces which of its members have been deemed to be independent of the Company and of its major shareholders. According to the assessment by the Board of Directors, the members of the Board of Directors are independent of the Company and its significant shareholders.

The following persons were elected to the Board of Directors by the Annual General Meeting of Exel Composites held on 26 March 2024:

Name	Year born	Position	First elected to the Board of Directors
Jouni Heinonen	1960	Chairman	2022
Petri Helsky	1966	Member	2016
Helena Nordman-Knutson	1964	Member	2017
Jouko Peussa	1957	Member	2016
Kirsi Sormunen	1957	Member	2020

Jouni Heinonen has been a member of the Board of Directors of the Company since 2022 and was selected as the chairman in 2023. Mr Heinonen has been the Managing Partner of HVD Partners GmbH since 2013. Mr Heinonen has served as the Chairman of the Board of Directors of SAMP S.r.l. since 2021 and a member of the Board of Directors of Astera Solutions GmbH since 2014. In addition, Mr Heinonen was the interim President and CEO of the Company between 2022 and 2023, the Chairman of the Board of Directors of Finntester Oy between 2018 and 2022, the Operating Partner at Humatica AG between 2012 and 2021, the Chairman of the Board of Solifos AG between 2018 and 2020, the CEO and a member of the Board of Directors of Plumettaz SA between 2008 and 2012, the CEO and COO at Gurit Holding AG between 2005 and 2008, and the CEO and a member of the Board of Directors of Nextrom Holding SA between 1999 and 2005. Mr Heinonen holds a Master of Science degree in Mechanical Engineering. He is a Swiss and Finnish citizen.

Petri Helsky has been a member of the Board of Directors of the Company since 2016. Mr Helsky has been a member of the Board of Directors of Alcol Chemical Oy since 2020. Mr Helsky has served as the President and CEO of Suominen Corporation between 2019 and 2022, the CEO of Metsä Tissue and a member of the Management Board of Metsä Group between 2015 and 2019. In addition, Mr Helsky was a member of the Management Board and the President of Asia-Pacific Region of Kemira between 2008 and 2015 and the President of Paper Segment of Kemira between 2008 and 2015. Mr Helsky holds Master of Science degrees in Engineering and Economics. He is a Finnish citizen.

Helena Nordman-Knutson has been a member of the Board of Directors of the Company since 2017. Ms Nordman-Knutson has been a member of the Board of Directors of Nidoco Group since 2021 and a member of the Investment Committee of the Royal Swedish Academy of Sciences since 2020. In addition, Ms Nordman-Knutson has been a member of the Board of Directors of Naava since 2022, a member of the Board of Directors of USWE Sports since 2022, a member of the Board of Directors of Nivika since 2023, a member of the Board of Directors and Chairman of the Audit Committee of Alimak Group since 2016, a member of the Board of Directors of Lexington Group between 2018 and 2022 and a member of the Board of Directors of Karnell Group AB since 2024. Ms Nordman-Knutson has been a Senior Advisor at Safir Communication since 2021. Ms Nordman-Knutson was the Executive Director and a Partner at Hallvarsson & Halvarsson between 2014 and 2020, Sales Director and Senior Consultant at Springtime between 2013 and 2014, Head of Telecom Research at Pareto Öhman between 1999 and 2012, Head of Telecom Research and Partner at Öhman Fondkommission between 2000 and 2012, Head of Telecom Research at SEB between 1994 and 1999 and Manager of Business Intelligence at Ericsson between 1990 and 1994. Ms Nordman-Knutson holds Master of Science degrees in Political Science and Economics. She is a Finnish citizen.

Jouko Peussa has been a member of the Board of Directors of the Company since 2016. Mr Peussa held various positions, including Director of Innovation & Technology, Technology Director, Engineering Director EMEA and Engineering Director ESA, at Ingersoll Rand between 2010 and 2020. Mr. Peussa retired in 2020 from Ingersoll Rand and has been working via his own consulting company since. In addition, Mr Peussa has been the Vice President of Technology and Engineering in CompAir Ltd between 1999 and 2010 and the President of the European industry organization Pneurop between 2016 and 2022. Mr Peussa is a Licentiate of Technology. He is a Finnish citizen.

Kirsi Sormunen has been a member of the Board of Directors of the Company since 2020. Ms Sormunen has been a member of the Board of Directors of Spinnova plc since 2023, a member of the Board of Directors of WithSecure since 2022 and a Senior Advisor at Directors' Institute of Finland since 2016. Ms Sormunen was a member of the Board of Directors of UNICEF Finland between 2016 and 2022, a member of the Advisory Board of Lappeenranta University of Technology between 2015 and 2021, a member of the Board of Directors of DNA between 2014 and 2021, a member of the Board of Directors of VR Group between 2017 and 2020, a member of the Board of Directors of Sitra between 2013 and 2020, a member of the Board of Directors of Neste Oyj between 2013 and 2017 and a member of the Board of Directors of Talvivaara plc between 2012 and 2014. In addition, Ms Sormunen held various positions in Nokia, including Group Treasurer, Senior Vice President, F&C for Nokia Telecommunications, Vice President F&C, Nokia Americas and Vice President of Sustainability and CSO, at Nokia between 1982 and 2014. Ms Sormunen holds a Master of Science degree in Economics. She is a Finnish citizen.

Shareholders' Nomination Board

The Annual General Meeting of Exel Composites resolved on 22 March 2018 on the establishment of a Shareholders' Nomination Board. The task of the Shareholders' Nomination Board is to prepare proposals concerning the composition and remuneration of the Board of Directors to the General Meeting in accordance with the Company's valid remuneration policy. In addition, the Annual General Meeting of shareholders of the Company resolved to adopt the Charter of the Shareholders' Nomination Board.

In accordance with the Charter of the Shareholders' Nomination Board, the Shareholders' Nomination Board consists of the representatives of the four (4) largest shareholders and of the Chairman of the Board of Directors, acting as an expert member. The Company's largest shareholders entitled to appoint members to the Nomination Board is determined on the basis of the registered holdings in the Company's shareholder register held by Euroclear Finland Oy as of 30 September each year. In addition, shares that are included in a shareholder's holdings and proportion of voting rights calculated in accordance with Chapter 9, Sections 5 and 6 of the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Market Act**") and nominee-registered shares are taken into account in the determination of the largest shareholders, provided

that they make such a request and notify their shareholdings to the Board of Directors in writing by 30 September each year. The request must include sufficient evidence of title to the nominee-registered shares or of the obligation to take holdings into account under the Finnish Securities Markets Act. Should a shareholder not wish to use its right to nominate, this right would be passed on to the next largest shareholder who otherwise would not be entitled to appoint a member. The members of the Nomination Board shall be appointed annually, and their term of office shall end when new members are appointed to replace them.

To achieve a diverse and balanced composition of the Board of Directors, the Nomination Board shall consider the Company's principles of diversity for the Board of Directors. When electing the members of the Board of Directors, attention is paid to the members' expertise, know-how and viewpoint as well as age and gender. The target is to have members of both genders. In addition, at least one member of the Board of Directors must have expertise in accounting or auditing.

The Chairman of the Board of Directors of the Company convenes the first meeting of the Nomination Board, and the Nomination Board chooses a chairman from among its own members. At the date of this Offering Circular, the current members of the Shareholder's Nomination Board are Markus Lindqvist (Aktia Mikro Markka), Kalle Saariaho (OP Fund Management Company), Esko Torsti (Ilmarinen Mutual Pension Insurance Company), Petteri Vaaranen (Sp-Fund Management Company), and Jouni Heinonen, the Chairman of the Board of Directors, as an expert member.

Board committees

The Board of Directors has established two committees: an Audit and Risk Committee and a People and Remuneration Committee. The committees operate in accordance with the charters approved by the Board of Directors, and report to the Board of Directors. The committees do not have independent power of decision. Their task is to enhance the effectiveness of the Board of Directors by preparing matters for decision by the Board of Directors and the general meeting.

Audit and Risk Committee

The Audit and Risk Committee considers matters and prepares proposals for the Board of Directors relating to financial reporting, auditing, internal control and risk assessment. The aim of the Audit and Risk Committee's work is to secure that principles adopted for financial reporting and internal control are observed and that the Company has appropriate relations with the Company's auditors. In addition, the Audit and Risk Committee assists in the preparation of a proposal to the shareholders' meeting for election of auditor.

The Board of Directors elects the members of the Audit and Risk Committee among its members. Helena Nordman-Knutson chairs the Audit and Risk Committee. The Audit and Risk Committee's other members are Kirsi Sormunen and Jouni Heinonen. All members of the Audit and Risk committee are independent of the Company and its major shareholders.

People and Remuneration Committee

The People and Remuneration Committee considers matters and prepares proposals for the Board of Directors relating to remuneration and other terms and conditions of employment for the CEO and sets guidelines for the remuneration of the employees as well as supports the Company's management on people related topics, such as work engagement, diversity and inclusion, succession planning and organisational culture. The purpose of the People and Remuneration Committee is to enhance the workplace culture and to ensure that principles are adopted for determining remuneration and other terms and conditions of employment for the CEO.

The Board of Directors elects the members of the People and Remuneration Committee among its members. The chairman of the People and Remuneration Committee is Petri Helsky. The other members of the People and Remuneration Committee are Jouko Peussa and Jouni Heinonen. All members of the People and Remuneration Committee are independent of the Company and its major shareholders.

The Leadership Team

The President and CEO of the Company is assisted by the Leadership Team of Exel Composites. The duties of the Leadership Team include, in addition to daily running of the business and development of all areas of the business in line with the approved strategy, also drawing up business and strategic plans and implementing

the approved plans. The Leadership Team is also responsible for identifying, assessing, monitoring, and reporting as appropriate on climate related risks as well as opportunities.

The Leadership Team includes, in addition to the President and CEO as chairman, the CFO, the Senior Vice President of People & Culture, the Executive Vice President of Engineered Solutions Business Unit, the Executive Vice President of Industrial Solutions Business Unit, the Senior Vice President of Technology and Sustainability. The Leadership Team meets ten to twelve times a year in regular monthly management meetings. In addition, there are several other regular meetings, where the entire the Leadership Team participates.

The below table presents the President and CEO and the members of the Leadership Team as the date of this Offering Circular:

Name	Year born	Position	Member Since
Paul Sohlberg	1977	President and CEO	2023
Mikko Rummukainen	1978	CFO	2019
Juha Honkanen	1979	Executive Vice President, Engineered Solutions Business Unit	2024
Kathy Wang	1982	Executive Vice President, Industrial Solutions Business Unit	2024
Kim Sjö Dahl	1974	Senior Vice President, Technology and Sustainability	2012
Johanna Tuomisto	1966	Senior Vice President, People & Culture	2023

Paul Sohlberg has been the President and CEO of the Company and a member of the Leadership Team of Exel Composites since 2023. Previously, Mr Sohlberg acted as the Senior Vice President and Vice President of the Separation Business Line at Metso Outotec between 2020–2023, and Executive Vice President and President of the Minerals Processing Business Area at Outotec between 2019 and 2020, and President, North and Central America at Outotec between 2014 and 2019. In addition, Mr Sohlberg held various positions at Elektrobit Plc between 2003 and 2011, before moving to Outotec in 2011. Mr Sohlberg holds a Master of Laws degree. He is a Finnish citizen.

Mikko Rummukainen has been the CFO of the Company since 2022 and a member of the Leadership Team of Exel Composites since 2019. Previously, Mr Rummukainen acted as the Senior Vice President of Business Development, the Vice President of Business Development, Business Unit Manager and Business Development Manager at Exel Composites between 2011 and 2022, as well as Project Manager and Consultant at August Associates between 2006 and 2011. Mr Rummukainen holds a Doctor of Science degree in Technology. He is a Finnish citizen.

Juha Honkanen has been the Executive Vice President of Engineered Solutions Business Unit of the Company and a member of the Leadership Team since 2024 and General Manager of Business Unit Belgium at Exel Composites since January 2023. Previously, Mr Honkanen acted as the Business Unit Manager of Finland, Factory Manager, Production Manager and the Head of R&D, North Europe at Exel Composites between 2007–2023. Mr Honkanen holds a Master of Sciences degree. He is a Finnish citizen.

Kathy Wang has been the Executive Vice President of Industrial Solutions Business Unit of the Company and a member of the Leadership Team since 2024. Previously, Ms Wang acted as the Business Unit Manager of China and Head of Supply chain of Asia-Pacific at Exel Composites between 2014 and 2021 and Head of Purchasing and Logistic at ABB Electrical Machines, China between 2009 and 2012. Ms Wang holds Bachelor of Science and Bachelor of Science in International Trade degrees. She is a Chinese citizen.

Kim Sjö Dahl has been the Senior Vice President of Technology and Sustainability of the Company and a member of the Leadership Team of Exel Composites since 2012. Previously, Mr Sjö Dahl acted as the Vice President of Product Development of Finnish and German units and in other roles at Exel Composites between 1997 and 2011. Mr Sjö Dahl holds a Master of Science degree in Engineering. He is a Finnish citizen.

Johanna Tuomisto has been the Senior Vice President of People & Culture of the Company and a member of the Leadership Team of Exel Composites since 2023. Previously, Ms Tuomisto acted as HR Director at

Nanoform Finland Plc between 2021–2023, HR Director at Thermo Fisher Scientific Oy between 2015 and 2020, Senior Vice President of Administration at Finnvera Oyj between 2007 and 2009, Consultant between 2010 and 2015 and Director of Legal & HR and Partner at Evli between 1994 and 2007. Ms Tuomisto holds a Master of Laws degree. She is a Finnish citizen.

The President and CEO

The President and CEO is appointed by the Board of Directors. The Board of Directors decides on the terms of service and the remuneration of the President and CEO in accordance with the Company's valid remuneration policy. The terms of service are specified in writing in the President and CEO's service contract, which is approved by the Board of Directors. Since the duties of the Board include the supervision of the President and CEO, Exel Composites' President and CEO is not to be elected as member of the Board. The areas of responsibility of the President and CEO include, in addition to duties and responsibilities set forth in the Finnish Companies Act, implementing the Board's decisions, securing growth of the business, preparations for acquisitions and implementation of strategic projects, the increase in shareholder value, profitability and efficiency of operations, and investments within the limits defined by the Board.

The Board of Directors has adopted Rules of Procedure for the President and CEO containing guidelines and instructions regarding the Company's day-to-day management. In fulfilling his duties, the President and CEO shall be assisted by the members of the Leadership Team and any other corporate bodies established by the Board of Directors.

Business address

The business address of the Board of Directors, the President and CEO and the members of the Leadership Team of Exel Composites is Uutelantie 24 B, FI-52700 Mäntyharju, Finland.

Statement on the Company's Board of Directors and the management

As at the date of this Offering Circular, none of the members of the Board of Directors, the Leadership Team or the President and CEO, have during the five previous years:

- been convicted in relation to fraudulent offences;
- held an executive function, been included in the executive management, or been a member of the administrative, management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between the members of the Board of Directors, the President and CEO and the members of the Leadership Team.

Conflicts of interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 a of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

The members of the Board of Directors, the President and CEO or the members of the Leadership Team do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties.

Restrictions on disposal of Shares

On 31 December 2023, Exel Composites had three share-based long-term incentive programs. On 25 April 2024, Exel Composites announced that its Board of Directors had decided to continue the share-based long-term incentive program for the Company's leadership. The 2024 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017, the objectives of which are to align the interests of the management with those of the Company's shareholders and, thus, to promote shareholder value creation in the long term, to commit the management to achieving the strategic targets of the Company and to retain the Company's key individuals. No reward will be paid to an executive based on the 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 for each reward payment, and the restriction on leaving the Company is extended to the end of the lock-up.

The Company maintains a share ownership recommendation policy that concerns the members of the Leadership Team, including the CEO. Each member of the Leadership Team is expected to accumulate and maintain a minimum share ownership in Exel Composites representing in value the executive's annual base salary. Each member of the Leadership Team is expected to retain at least 50 per cent of shares received under incentive programs until the recommended share ownership level is reached. The members of the Leadership Team are not expected to invest own funds for accumulating their share ownership.

According to the Company's Remuneration Policy, the members of the Board of Directors are encouraged to retain the shares they have received in their ownership for the duration of their Board membership.

The Company has undertaken not to within 180 days after the completion of the Offering issue new Company shares or securities entitling to shares or associated rights without the Joint Global Coordinators' written consent, except for Offer Shares, Subscription Rights and Interim Shares issued in the Offering as well as certain customary exceptions, see "*Plan of distribution in the Offering*".

MAJOR SHAREHOLDERS

Largest shareholders

Shareholders owning 5 per cent or more of the Existing Shares in Exel Composites have an interest in the Company's share capital which is notifiable pursuant to the Finnish Securities Markets Act.

The following table sets forth the ten largest shareholders of the Company pursuant to the shareholders' register maintained by Euroclear Finland, dated 14 May 2024, including shareholders owning individually or through a sphere of control 5 per cent or more of the Existing Shares and votes in Exel Composites:

Shareholder	Shares, total	Shares and votes, %(¹)
Erikoissijoitusrahasto Aktia Mikro Markka	762,984	6.41
Lazard Investissement Microcaps	690,000	5.80
OP-Finland Small Firms Fund	660,119	5.55
Ilmarinen Mutual Pension Insurance Company	496,547	4.17
Phoebus	420,000	3.53
Säästöpankki Pienyhtiöt investment fund	288,710	2.43
Sumato Oy	231,821	1.95
Nelimarkka Heikki Antero	212,607	1.79
Veritas Pension Insurance Company	210,001	1.77
Elo Mutual Pension Insurance Company	175,235	1.10
Ten largest shareholders in total	3,385,040	28.45
Holders of nominee-registered shares	778,404 ⁽²⁾	6.54
Total Company Shares	11,896,843	100.00

⁽¹⁾ There are 42,899 Existing Shares held by the Company that do not carry voting rights at the Company's general meeting.

⁽²⁾ Lazard Investissement Microcaps' 690,000 Shares are included in the nominee-registered amount.

No controlling shareholders

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any person (as control is defined in Chapter 2, Section 4 of the Finnish Securities Markets Act) and the Company is not aware of any arrangement the operation of which may result in a change of control in Exel Composites.

No arrangements concerning voting rights in the Company

Exel Composites has one class of Shares. Pursuant to the Finnish Companies Act, one Share in the Company entitles to one vote in the General Meeting. The Company is not aware of any arrangements or agreements concluded between its shareholders, which could affect the ownership or use of voting rights in the general meetings of the Company.

RELATED-PARTY TRANSACTIONS

Exel Composites' related parties include the controlling parent company, all companies belonging to Group as well as Exel Composites' Board of Directors, President and CEO, the Group's Leadership Team and key persons in the management of the parent company and subsidiaries and their close family members and controlled entities. For more information on the relationships between the Group's parent and subsidiaries, see also "*Business overview – Group structure*".

The Company monitors and assesses transactions between the Company and its related parties in order to ensure that any conflicts of interest are taken appropriately into account in the decision-making process. The Group observes the same commercial terms in transactions with related parties as in those with external parties.

The following table sets forth the Company's related party transactions between 1 January 2024 and 31 March 2024.

Senior management's performance-based salaries, remunerations and fringe benefits⁽¹⁾	
EUR thousand	2024
CEO	106
Leadership team	258
Board of directors	25
Total	389

⁽¹⁾ The management is also covered by the Company's share-based remuneration plan.

In addition to the aforementioned, there have been no significant changes in the Company's related-party transactions after the period between 1 January and 31 March 2024.

LEGAL MATTERS

Borenus Attorneys Ltd is the legal adviser to the Company on certain legal matters concerning the Offering.

Roschier, Attorneys Ltd. is the legal adviser to the Joint Global Coordinators on certain legal matters concerning the Offering.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference into this Offering Circular according to the Article 19 of the Prospectus Regulation and they form a part of the financial information of Exel Composites. The parts of the following documents that have not been incorporated by reference to this Offering Circular are either not relevant for investors in the Offer Shares or are covered elsewhere in this Offering Circular. The documents incorporated by reference are available at the Company's website at <https://investors.exelcomposites.com/rightsissue>.

Document	Information incorporated by reference
Exel Composites' 2023 Annual Financial Report, pages 44–96 <u>Exel Composites' Annual Financial Report 2023</u>	Audited consolidated financial statements of Exel Composites Plc for the financial year ended 31 December 2023, including auditor's report
Exel Composites' 2022 Annual Financial Report, pages 45–97 <u>Exel Composites' Annual Financial Report 2022</u>	Audited consolidated financial statements of Exel Composites Plc for the financial year ended 31 December 2022, including auditor's report
Exel Composites' Q1-2024 Business Review January–March 2024 <u>Exel Composites' Business Review Q1-2024</u>	Unaudited consolidated financial information of Exel Composites Plc for the three months ended 31 March 2024

DOCUMENTS ON DISPLAY

In addition to the documents incorporated into this Offering Circular by reference, the following documents may be inspected during the validity of this Offering Circular at Exel Composites' website at <https://investors.exelcomposites.com/>:

1. the Articles of Association of Exel Composites as at the date of this Offering Circular;
2. the Finnish Prospectus; and
3. this Offering Circular.

Company

Exel Composites Plc

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Auditor to the Company

Ernst & Young Oy

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