



**2024**

**ANNUAL REPORT**





**Our purpose** is to solve challenges and save resources with composites

**Our vision** is to be the first choice for sustainable composite solutions globally

**Exel is for forward thinkers**



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## Exel Composites in brief

Exel Composites is one of the largest manufacturers of composite profiles and tubes made with pultrusion and pullwinding technologies and a pultrusion technology forerunner in the global composite market.

Our forward-thinking composite solutions made with continuous manufacturing technologies serve customers in a wide range of industries around the world. You can find our products used in applications in diverse industrial sectors such as wind power, transportation and building and infrastructure.

Our R&D expertise, collaborative approach and global footprint set us apart from our competition. Our composite solutions help customers save resources, reduce products' weight, improve performance and energy efficiency, and decrease total lifetime costs. Headquartered in Finland, Exel Composites employs over 600 forward-thinking professionals around the world and is listed on Nasdaq Helsinki.

### 2024 figures

**+60**

Years of  
experience

Customers in

**+50**

countries

**6**

manufacturing  
countries

Revenue

**99.6**

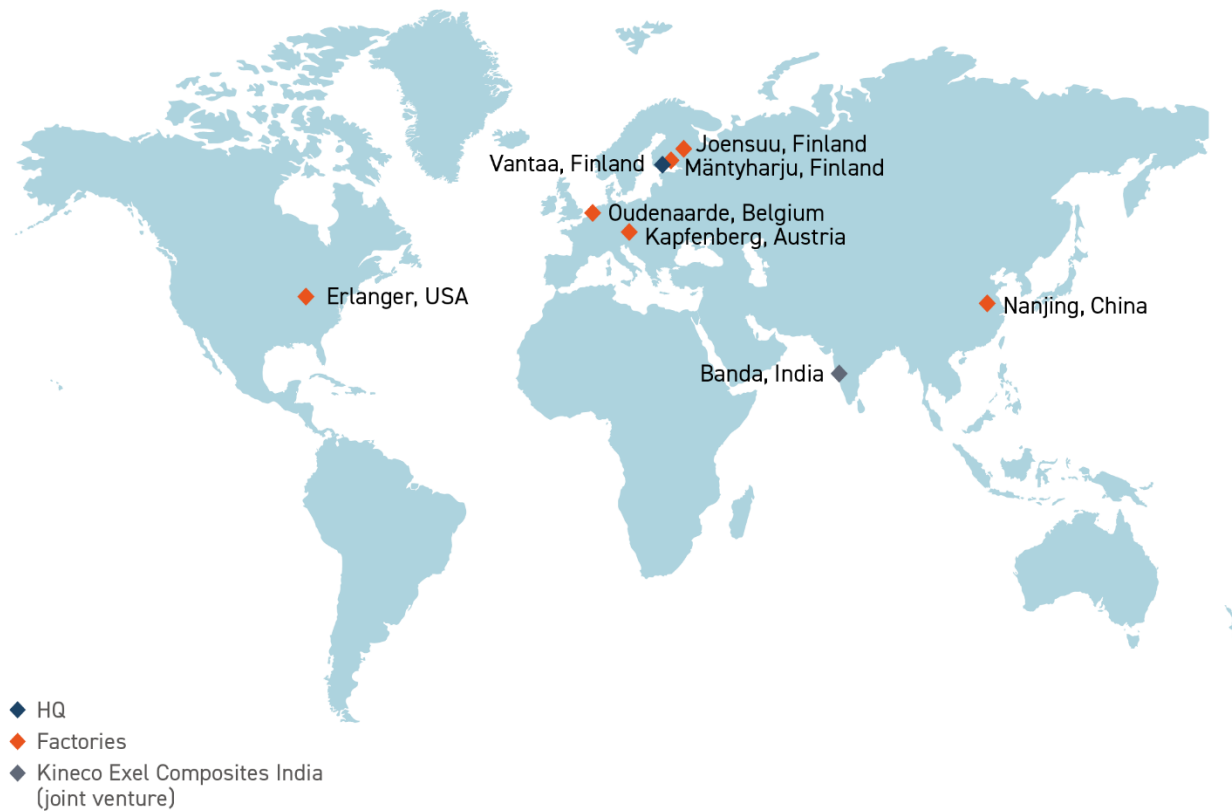
EUR million

**637**

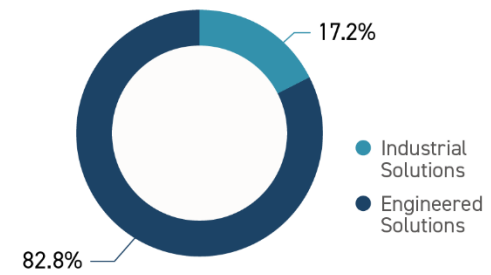
Employees at  
year-end



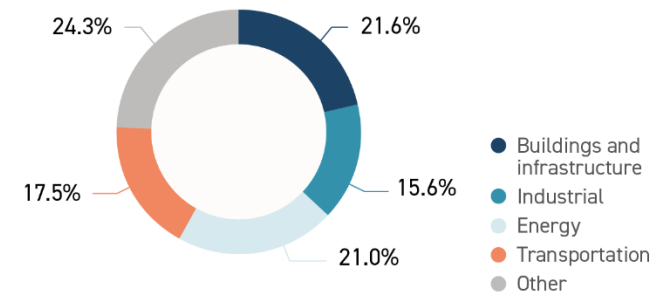
## Global sales, manufacturing and R&D network



Revenue by business unit 2024, %



Revenue by customer industry 2024, %



## Serving a range of industries with our forward-thinking composite solutions

### Examples of our products



#### Buildings and infrastructure

Window and door profiles and various structural profiles



#### Industrial

Components for paper and textile machines, telecom radomes, wastewater treatment profiles, and agriculture applications



#### Energy

Wind turbine blade reinforcements, spar caps, blade root joints, spacers, conductor core products, cable trays and insulating rods



#### Transportation

Interior and exterior panels for trains and buses, airship structures, and truck floor stiffeners



#### Other

Telescoping camouflage netting support poles for defence, sanitation and maintenance products, sports and leisure products, and airport solutions

## FROM THE CEO

Exel had a solid year in 2024. We performed well despite the economic uncertainty, and our revenue increased and adjusted operating profit increased significantly compared to 2023, in line with our guidance. We continued the implementation of our transformative strategy with decisive steps and accomplished a lot during the first full year of the strategy period.

The year closed with great news from India, where our new factory was completed on schedule and within budget. We are pleased to be able to strengthen our capabilities to provide top-tier composite solutions to our clients in India and globally, especially in the wind power industry.

### Several significant customer engagements in wind power

In 2024, we secured several new wind power customer engagements, which we expect to turn into revenue in 2025. Completion of the new India factory paves the way for the final approvals by our first customer, a major wind turbine manufacturer in South Asia, which are now ongoing and will enable us to move to volume production. In addition, spar cap deliveries from India factory for Vestas are expected to begin in the last quarter of 2025, once the products are tested and approved. The deliveries of helihoist systems for a major Western wind turbine manufacturer from our Nanjing factory in China are also expected to start in 2025.

We are also thrilled to announce that our partnership with airship manufacturer and operator Flying Whales will continue as we have signed a significant contract for

delivery of carbon fiber composites tubes for the structure of world's largest airships. Earlier in 2024, we announced an R&D partnership for the development and prototyping of the tubes. The collaboration is a great example of our strategic intent to increase value to our customers by being involved in their R&D processes from the very start. It showcases our advanced R&D and manufacturing capabilities and highlights our ability to meet stringent quality requirements and timeliness demands of the aerospace industry, for example.

Towards the end of the year, our Joensuu factory in Finland received the IATF 16949 Certification for the automotive industry, which will help us grow our customer base in the automotive industry and further strengthen our position in transportation.

### New operating model

We renewed our business model in early 2024 and started to serve our customers from two global business units: Engineered Solutions Business Unit, concentrating on tailored solutions for multiple industries, and Industrial Solutions Business Unit, focusing on selected applications with significant growth potential. To meet the needs of the new business units, we reviewed our factory network with larger, more efficient and better-resourced production units in mind, with the aim of making more use of the capacity of our factories and increasing utilization rates.

The successful rights issue carried out in the second quarter strengthened our financial position, which gives us more room to maneuver and execute our strategy.



The year also included difficult decisions that could not be avoided. Following a strategic factory review in Oudenaarde factory in Belgium, which thoroughly assessed the factory's role and future options, and extensive consultations with employee representatives, we had to confirm that the factory will be closed as a necessary measure to address loss making activities. The activities at the Oudenaarde unit will cease by the end of the first quarter of 2025. Unfortunately, the employment of approximately 50 employees will end.

## Strong order intake amid cautious markets

In 2024 our order intake increased by 6.9% to EUR 104.9 million, and our order backlog at the end of the year stood at EUR 34.2 million, up by 14.8% year-on-year. The favorable development of order intake and order backlog were great achievements considering the still fragile macroeconomic sentiment that continued towards the end of the year. The uncertainty about the global economic development affected customer behavior and demand across all geographies. During the year, our customers were cautious in their orders due to uncertainties related to the impacts of the Trump administration and import trade tariffs on the global economy, as well as geopolitical tensions, among other things.

## Revenue growth boosted by active customer work in business units

Revenue for the full year increased by 2.9% to EUR 99.6 million. Revenue increased in Buildings and infrastructure, Industrial and Transportation, and decreased in Energy, and Other customer industries. The strongest growth was witnessed in Buildings and infrastructure, where we were able to gain new customers despite the difficult market situation. In the Energy customer industry, the decrease was mainly due to the construction of the Indian factory in 2024 to meet the shift of wind power business demand from the US to Asia.

The revenue in Engineered Solutions Business Unit (ESBU) was EUR 82.5 million and EUR 17.1 million in Industrial Solutions Business Unit (ISBU). ESBU progressed well in optimizing our factory network, and towards the end of the year, received several significant orders especially in Energy and Transportation customer industries. The key

highlights of the year for ISBU included the successful commissioning of the new factory in India. In addition to significant wind power customer engagements, other significant orders received by ISBU included new multi-year agreement with Foton Bus and Coach company for the delivery of pultruded composite profiles for Foton's electric buses.

## Profit improvement actions paying off

Our profitability in terms of adjusted operating profit improved thanks to our actions to optimize capacity, cost control, decrease in fixed costs, and operational measures. Full year adjusted operating profit increased to EUR 1.7 million (-2.4) and adjusted operating profit margin to 1.7% (-2.5%). We conducted profit improvement actions, which focused on improving efficiency and capacity utilization in our factory network. Operating profit for the full year was EUR -2.9 million (-4.9) and operating profit margin was -2.9% (-5.0%).

Our net cash flow from operating activities was EUR 0.6 million (4.4) for the full year. Our financial position is strong, and we are advancing with a clear agenda towards our financial target of net debt to adjusted EBITDA <3x by 2028. Earnings per share for 2024 were EUR -0.07 (-0.77). The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2024.

## Driving profitable growth also in uncertain times

Despite lingering uncertainties in the global economy affecting customer behavior, the global economy is estimated to grow by approximately 3.3% in 2025 (Source: OECD and IMF). At Exel, we are pleased with how our strategy is working and expect profitable growth to

accelerate this year. Exel's both business units have new customer engagements that are expected to deliver revenue in 2025.

In the short term, announced strikes in Finland may have an impact on our revenue and profitability in the first quarter of the year. The closure of the Belgium factory is also expected to increase internal workload and costs in 2025, temporarily offsetting part of the fixed cost savings from the closure. We anticipate our customers to request other sites in our factory network to supply their products. Until such time, there might be a temporary impact on our revenue due to the closure of the Belgium factory.

## Guidance for the full year 2025

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2025 compared to 2024. While we are always committed to keep improving our results, we can be very satisfied with our performance in 2024. I would like to take this opportunity to thank our customers and other stakeholders for their good cooperation and to express my gratitude to all of Exel's personnel for their committed work during the year.

Sincerely,

Paul Sohlberg

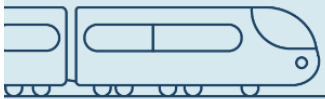
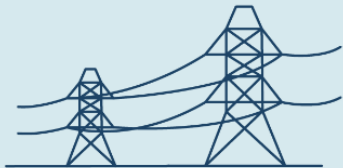


### Our vision

is to be the first choice for sustainable composite solutions globally

### Our purpose

is to solve challenges and save resources with composites



## Transformative strategy 2024-2028

Achieving profitable growth and becoming a more integrated designer and manufacturer of pultruded composite solutions for volume and customer-specific applications

### Megatrends

Climate change, sustainability, energy transition, urbanization

- Increasing need for stronger, lighter and stiffer solutions with longer lifecycles

## Strategic focus areas

### Organic growth

in large and fast-growing energy transition and decarbonization applications driven by sustainability

### Increased customer value

by helping customers choose composites for their applications with engineering support, productization and post-processing

### Profitability

New operating model with two business units, larger factories with clear roles and efficiency improvements

### High ambition

Financial targets by 2028:

- Annual revenue > 200 MEUR
- Adjusted operating profit margin >10%
- Net debt to adjusted EBITDA <3x

#### STRENGTHS

- Strong position within a growing global market
- Technology expertise
- Focused business units
- Sustainability at the core of business

#### VALUES

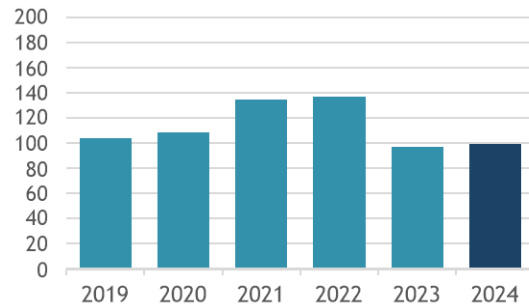
Customer focused ♦ Integrity ♦ One Exel ♦ Caring ♦ Innovative



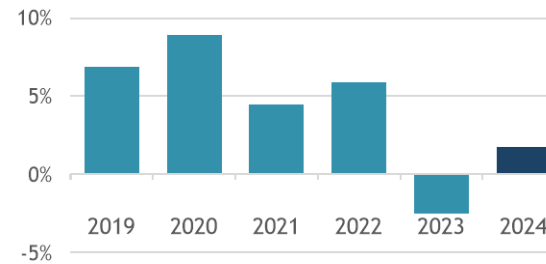
## Long-term Group targets

### Financial targets

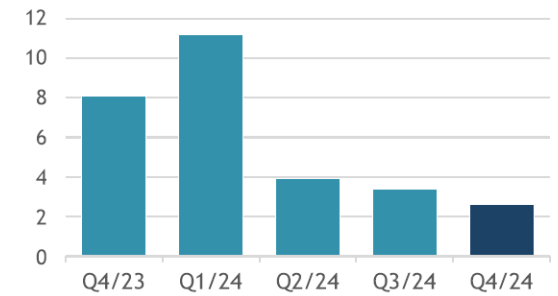
**Organic growth**  
Over EUR 200 million annual revenue by 2028



**Profitability**  
Adjusted operating profit margin >10% by 2028

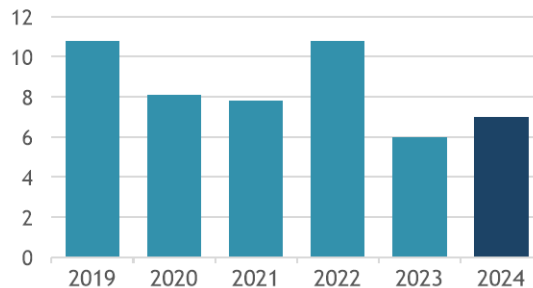


**Financial position**  
Net debt / adjusted EBITDA\* <3x by 2028



### Sustainability targets

**Zero harm**  
No lost time incidents (LTI)\*\*



\*Last 12 months' adjusted EBITDA, \*\* Number of injuries per million hours worked

### Environmental responsibility

GHG (scope 1 & 2) reduction  
according to UN established targets  
Zero landfill by 2028  
100% of research will focus on sustainable composite solutions

### Employee engagement

Employee NPS score year-on-year improvements  
based on baseline 2024

Financial targets are considered over a business cycle. According to the company's dividend policy, Exel Composites' ambition is to distribute a minimum of 40% of net income in dividends, when permitted by the financial structure and growth opportunities.

## Exel Composites as an investment

### 1 GROWING MARKETS SUPPORTED BY MEGATRENDS

Climate change, sustainability, energy transition, and urbanization increase the demand for composites. There is a growing need for materials that offer strength, light weight and longevity.

### 2 STRONG POSITIONING WITHIN A GLOBAL MARKET

The market for composites manufactured with continuous methods is fragmented, consisting of several small local players. Exel Composites is the only company in its industry with production, R&D and a sales network in all major markets: Asia, North America and Europe.

### 3 TECHNOLOGY EXPERTISE AS COMPETITIVE ADVANTAGE

Exel Composites is a leading company in the field of pultrusion. Our expertise in production technologies and raw materials allows us to solve customers' challenges efficiently. We have a broader portfolio of products and applications than any of our competitors.

### 4 FOCUSED BUSINESS UNITS INCREASE GROWTH AND PROFITABILITY

Exel Composites is concentrating its production on larger production units with higher utilization rates, which are scalable, more efficient and better resourced.

### 5 SUSTAINABILITY AT THE CORE OF BUSINESS

Our solutions help customers save resources and mitigate climate change. Composites' unique properties provide for longer life cycles and improved performance, lowering the negative impacts of the end-product on the environment. Composites are also used in solutions and industries that help mitigate or adapt to climate change.





## 2024 highlights

**New operating model with two business units:** Engineered Solutions offers tailored solutions in multiple industries while Industrial Solutions provides selected applications with significant growth potential.



### Partnership with Foton Bus & Coach Company

We are supplying the Chinese automotive manufacturer pultruded glass fiber composite profiles for electric buses.



### Collaboration with airship manufacturer and operator Flying Whales

Our carbon fiber composite tubes make the world's largest airship possible.

**We continued cooperation with Vestas** and won the global bidding process for wind turbine carbon planks in India.



**The new production facility in India was commissioned**, allowing us to better serve wind power customers in India and globally.

**Decisive implementation of strategy continued**, including factory network optimization.

**Successful rights issue and new financing agreement strengthened our financial position.**

**We launched commercial-scale use of bio-based resins** reducing carbon emissions in the associated manufacturing.

# INFORMATION TO SHAREHOLDERS

## Financial reporting in 2025

Exel Composites will publish the following financial reports in 2025:

- Business Review Q1 2025: 8 May 2025 at approximately 9:00 EET
- Half Year Financial Report Q1-Q2 2025: 14 August 2025 at approximately 9:00 EET
- Business Review Q1-Q3 2025: 6 November 2025 at approximately 9:00 EET

## Corporate Governance Statement and Remuneration Report

Annual Report 2024, the Corporate Governance Statement and the Remuneration Report are available on the company's website at [www.exelcomposites.com](http://www.exelcomposites.com).

## Annual General Meeting 2025

The Annual General Meeting will be held on 26 March 2025 at 10:00 EET at Original Sokos Hotel Tripla at the address Fredikanterassi 1 B, Helsinki, Finland.

## Board proposal for dividend distribution

The Board proposes to the Annual General Meeting that no dividend be paid based on the adopted financial statements for the financial year ended on 31 December 2024.

# BOARD OF DIRECTORS' REPORT

## Business model

Exel Composites provides advanced composite solutions made with continuous manufacturing technologies to customers in a wide range of industries around the world. Exel develops, designs and manufactures high quality composite solutions. The product portfolio includes, for example, composite profiles, tubes, and laminates. The products are used in many applications in several industries from wind power and transportation to buildings and infrastructure. The products manufactured by Exel Composites are most often components of the customer's end-product.

Examples of products and solutions for Exel's customer industries:

- Buildings and infrastructure: Window and door profiles and various structural profiles
- Energy: Wind turbine blade reinforcements, spar caps, blade root joints, spacers, conductor core products, cable trays and insulating rods
- Transportation: Interior and exterior panels for trains and buses, airship structures, and truck floor stiffeners
- Industrial: Components for paper and textile machines, telecom radomes, wastewater treatment profiles, and agriculture applications
- Other: Telescoping camouflage netting support poles for defence, various sanitation and maintenance products, sport and leisure products, and airport solutions

The composites Exel manufactures are materials consisting of reinforcements and resins. Exel uses glass and carbon fibers as its main reinforcements of resin, which is called a matrix. Different types of resins can be used as a matrix, and additives, like 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, like steel or aluminum. The main benefits of composites include lightness, energy efficiency, durability, chemical and corrosion resistance, and the need for less maintenance. Lightness and durability enable longer life cycles and improved performance of the end-product, thus lowering the negative impacts on the environment.

The main manufacturing technology utilized by Exel is pultrusion, where resin-impregnated fibers are pulled through a mold 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 and high-volume production.

An important focus area for Exel Composites is to increase customer value by helping customers to use composites in their products through providing composites material engineering services, such as fiber and resin selection, already in the early stages of customers' processes. After profile manufacturing, Exel provides value-adding post-processing services, such as surface treatment and painting, cutting and drilling, and pre-assembly of profiles.

Exel Composites' manufacturing, R&D and sales network covers all main markets relevant to composites, i.e. Europe, Asia and North America. Exel is headquartered in Vantaa, Finland, and has production in seven production units located in Austria, Belgium, China, Finland (two factories), the USA and India (joint venture Kineco Exel Composites India). The factory in Belgium will be closed by the end of the first quarter 2025. Exel has customers in over 50 countries: in Europe, China, India, North America, South America and APAC.

Since the beginning of 2024, Exel Composites' operating model was divided into two business units: Industrial Solutions Business Unit concentrating on selected applications with significant growth potential and Engineered Solutions Business Unit concentrating on tailored solutions in multiple customer industries.



## Market environment

The pultruded composites market is fragmented. Exel Composites is a leading company in the field of pultrusion and the only pultrusion company with significant presence on all major markets: Europe, Asia, and North America. Global presence differentiates Exel from its competitors and enables head-to-head competition with global suppliers of traditional materials. Companies specializing in pultrusion and pullwinding are typically smaller and more local, and their product range is narrower. Exel's competitive advantage is based on core expertise in chemistry, materials science, pultrusion knowledge as well as cost-efficient manufacturing processes.

According to industry associations, the annual value of global composites market of approximately EUR 85 billion is only about 1% of the huge global materials market, which is dominated by steel, plastic, and aluminum. Pultrusion markets represent approximately EUR 4.0 billion of the total composites market.

North America is the largest composites market, followed by Asia and Europe. North America and Europe are more mature markets with steady growth prospects, while Asia and especially China and India grow faster. The importance of markets varies depending on the product category.

Exel Composites' customers are typically original equipment manufacturers, system integrators or distributors. The company's customer industries are Buildings and infrastructure, Industrial, Energy, Transportation, and Other. Exel's business portfolio is diversified across a variety of customer industries and regions, reducing the impact of sudden fluctuations in demand within the portfolio. Demand drivers differ between customer industries as well as regions.

According to IMF and OECD, the global economic growth in 2024 was estimated to be 3.2%. Inflation has slowed in most countries, but relatively high inflation for services keeps overall inflation still elevated in many countries. The robust US economy bolstered growth in global trade, which picked up from 2023. However, medium-term growth in global economy has yet to recover to pre-pandemic levels. While global economy is estimated to grow by approximately 3.3% in 2025, there are uncertainties in the global economy, that affect customer behavior and thus also Exel's demand. The most recent growth forecasts are not yet accounting for the impacts on trade from the Trump administration. The uncertainty surrounding higher tariffs weighs on fixed investment. Geopolitical tensions and escalating conflicts are also a major risk for the global economy (Source: Bank of Finland).

The development of the global composites market correlates with global economic growth, but the growth rate has still been and is expected to be higher. In the coming years leading up to 2027, the global composites market is estimated to grow at an annual average rate of approximately 7%. Exel Composites sees growth potential for composites as a material as well as for pultrusion as a production technology within the composites market. The company has identified several growth opportunities in the wind power, construction and transportation sectors and in certain special applications, among others.

The increasing demands on sustainability aspects have increased the need for sustainable solutions that the company offers to the market. In the long-term, interest towards composite materials is steadily growing, supported by global megatrends such as sustainability, energy transition, longer life cycles and urbanization. For example, increased energy efficiency requirements in buildings and within the transportation industry, and the increased utilization of anti-corrosive materials in the construction industry drive the increased use of composites. The global wind power market has enjoyed, and is expected to continue to enjoy, tailwind from energy transition given its vital role in accelerating the global energy transition to reach 2050 net zero targets. 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.

## Order intake and order backlog

Order intake for 2024 increased by 6.9% compared to the previous year and was EUR 104.9 million (98.1).

Order backlog on 31 December 2024 was at EUR 34.2 million (29.8), up by 14.8% year-on-year.

The company signed several new important customer agreements in 2024:

- In the fourth quarter, Exel Composites signed a significant contract with airship manufacturer and operator Flying Whales for delivery of carbon fiber composites tubes for the structure of world's largest airship. Earlier in 2024, Exel and Flying Whales announced an R&D partnership for the development and prototyping of the tubes. The tubes will be manufactured with pull-winding technology. Delivery of the tubes is expected to start by the third quarter of 2025.
- In the fourth quarter, Exel signed a multi-year supply agreement for helihoist systems for offshore wind turbines with a major Western wind turbine manufacturer. The composite components will be manufactured with pultrusion at

Exel's Nanjing factory in China, followed by necessary post-processing and assembly work. Deliveries are expected to begin in 2025.

- In the third quarter, Exel Composites and its joint venture Kineco Exel India (KECI) won the bidding process in India for supplying pultruded carbon plank for wind turbine spar caps for Vestas Wind Systems A/S. The products will be manufactured with pultrusion in KECI's new factory in India, optimized for serving wind power industry customers in India and globally. The parties have started the qualification process of the production facility according to Vestas' specifications, after which KECI will be a qualified supplier of carbon planks for Vestas globally. Deliveries are estimated to begin in the last quarter of 2025. The agreement is an extension of an existing multi-year frame contract updated in 2023 and deepens the collaboration between the companies, which started over a decade ago.
- In the first quarter of 2024, Exel announced that KECI had signed a multi-year agreement for the supply of pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia.
- In the first quarter of 2024, a new multi-year agreement was signed with Foton Bus and Coach company for the delivery of pultruded composite profiles for Foton's electric buses.

## Revenue

Exel Composites reports its revenue by business unit and customer industry. The reporting by business unit was started in the first half of 2024, and therefore comparison figures from 2023 are not available.

The Group revenue for 2024 increased by 2.9% compared to 2023 amounting to EUR 99.6 million (96.8). In 2024, the revenue in Engineered Solutions Business Unit was EUR 82.5 million and EUR 17.1 million in Industrial Solutions Business Unit. Revenue increased in

Buildings and infrastructure, Industrial and Transportation customer industries, and decreased in Energy, and Other customer industries. As in the fourth quarter, the growth was strongest in Buildings and infrastructure. In the Energy customer industry, the decrease was mainly due to the construction of the Indian factory in 2024 to meet the shift of wind power business demand from the US to Asia.

## Operating profit

Operating profit for 2024 was EUR -2.9 million (-4.9) and operating profit margin -2.9% (-5.0%). Adjusted operating profit increased to EUR 1.7 million (-2.4) and adjusted operating profit margin to 1.7% (-2.5%). Profitability in 2024 improved due to actions to optimize capacity, cost control, decrease in fixed costs, and operational measures. Exel continued profit improvement actions focused on improving efficiency and capacity utilization in its factory network.

Items affecting comparability in 2024 amounted to total of EUR 4.6 million (2.4). Related to the closure of the Belgium factory, Exel Composites recorded a one-time cash cost of approximately EUR 1.7 million and a one-time non-cash asset write-down of approximately EUR 2.5 million in the fourth quarter of 2024 as items affecting comparability. On the other hand, the closure of the unit and the termination of employment of employees is expected to result in annual cost savings of approximately EUR 1.8 million, part of which will become visible in the second half of 2025. Other items affecting comparability in 2024 included restructuring in other Exel operations.

## Profit for the period

Net financial income/expenses in 2024 were EUR -0.9 million (-3.4). The change in net financial income/expenses is mainly due to foreign exchange rate impact on intercompany loans and an increase in interest rates. Profit before taxes was EUR -3.8 million (-8.3) and profit after taxes EUR -5.0 million (-9.3).

## Adjusted operating profit

EUR thousand	2024	2023
Operating profit	-2,853	-4,863
Restructuring costs	4,425	2,234
Impairment losses and reversals	0	0
Costs related to planned or realized business acquisition and disposal	0	0
Expenses related to legal proceedings and other claims	132	183
Adjusted operating profit	1,704	-2,446

## Financial position

Net cash flow from operating activities for 2024 was EUR 0.6 million (4.4). The capital expenditure on fixed assets was EUR 2.7 million (3.5). Net cash flow from investing activities was EUR -2.6 million (-3.1) and net cash flow before financing activities was EUR -2.0 million (1.4). At the end of the reporting period, the Group's liquid assets stood at EUR 10.9 million (11.0). Total depreciation, amortization and impairment of non-current assets during the year amounted to EUR 7.1 million (8.7).

The company received gross proceeds of approximately EUR 21.8 million from the rights issue completed in June 2024. The gross proceeds will be used for the strengthening of the balance sheet via debt repayments and the financing of working capital needs, the execution of the strategic factory network optimization plan and investments to support the company's growth. One-time costs related to the share issue totaling EUR 1.9 million were included in the change in invested unrestricted equity fund. The company used EUR 6.5 million of the net proceeds from the share issue to repay its debt on 1 July 2024.

A new financing agreement of EUR 52.4 million with the company's main lenders, conditional on the completion of the rights issue, entered into force in June 2024.

It will be used to refinance the company's existing bank loans. The one-time costs of the new financing agreement (EUR 1.1 million) are accrued in the interest-bearing liabilities to be amortized over the two-year period of the financing agreement. 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.

On 31 December 2024, the Group's consolidated total assets were EUR 89.0 million (85.0). Interest-bearing liabilities, including lease liabilities, amounted to EUR 30.4 million (43.8). Net interest-bearing liabilities were EUR 19.5 million (32.8). Current interest-bearing liabilities totaled EUR 21.6 million. EUR 13.0 million of current interest-bearing liabilities were commercial papers.

On 31 December 2024, equity was EUR 32.3 million (17.7) and equity ratio 36.8% (20.9%). Net gearing ratio was 60.3% (185.7%). Fully diluted total earnings per share were EUR -0.07 (-0.77). Return on capital employed was -4.3% (-6.8%). Return on equity was -20.1% (-38.7%).

The company paid no dividends in 2024 (EUR 2.4 million) for the financial year of 2023 calculated for the outstanding number of shares. Dividend per share for the financial year 2023 was therefore EUR 0 (0.20), which was 0% (110.5%) of net income.



## Business unit reviews

### Engineered Solutions Business Unit

Engineered Solutions Business Unit concentrates on tailored solutions in multiple customer industries. Revenue in Engineered Solutions Business Unit was EUR 82.5 million in 2024.

Markets picked up during the first half of 2024 and the demand for the business unit developed favorably in most of the customer industries. In the second half of 2024, the market demand for ESBU was slightly softer than in the first half. The market for tubes seems to have normalized after a difficult year of 2023, while in the buildings and infrastructure and electricity solutions the global market continued to be challenging. The market has not yet started to fully recover, and there is still uncertainty as to when the recovery in demand will further accelerate.

In 2024, Engineered Solutions Business Unit signed several significant customer agreements, including a major contract with airship manufacturer and operator Flying Whales for delivery of carbon fiber composites tubes for the structure of world's largest airship in late 2024. Earlier in 2024, Exel and Flying Whales announced an R&D partnership for the development and prototyping of the tubes. The tubes will be manufactured with pullwinding technology. Delivery of the tubes is expected to start by the third quarter of 2025. Other significant agreements in 2024 included a large conductor core order and a multi-year agreement in the defense area. Towards the end of the year, ESBU received several significant orders especially in Energy and Transportation customer industries, which are the strategic focus areas for ESBU.

To strengthen Exel's position in Transportation customer industry, Exel's Joensuu factory Finland received IATF Certification for automotive industry. Certification is often a contract pre-requisite for OEMs, and therefore, it supports Exel in sourcing new contracts and growing customer base in the automotive industry.

In 2024, the strategic focus of Engineered Solutions Business Unit was on securing new customers and optimizing the factory network. In 2024, Exel conducted a strategic factory review at its Oudenaarde factory in Belgium to thoroughly assess the factory's role and future options. In December, the consultation process with employees' representatives was completed. As a result, Exel made the decision to close the factory, and the activities at the Oudenaarde unit will cease by the end of the first quarter of 2025. The employment of approximately 50 employees will end. The closure of the factory is necessary to address loss-making activities.

The work to refocus operations in the USA, following the strategic review completed in October 2023, progressed well in 2024. During the year, Exel secured new customers, mainly for tubes, electricity and buildings and infrastructure solutions.

### Industrial Solutions Business Unit

Industrial Solutions Business Unit (ISBU) concentrates on selected applications with significant growth potential. Revenue in Industrial Solutions Business Unit was EUR 17.1 million in 2024.

During 2024, the market position of Industrial Solutions Business Unit's developed favorably in the Energy, Transportation and Buildings and Infrastructure customer industries. Demand in the market is still cautiously positive, but a clear improvement may take some time.

The key highlights of the year included the successful commissioning of the new factory in India in December. The new factory, built by Exel's joint venture Kineco Exel Composites India (KECI), focuses on wind power and is thus at the heart of Exel's transformative strategy, aiming to capture organic profitable growth from large and fast-growing sustainability-driven applications. Deliveries for a major wind turbine manufacturer are expected to begin in the first quarter of 2025. In addition, in the third quarter of 2024, Exel and KECI won the bidding process in India for supplying pultruded carbon plank for wind turbine spar caps for Vestas Wind Systems A/S. These deliveries are estimated to begin in the last quarter of 2025.

Other significant customer engagements announced in 2024 included a multi-year supply agreement for helihoist systems for offshore wind turbines with a major Western wind turbine manufacturer from Exel's Nanjing factory in China, with deliveries expecting to begin in 2025, and a new multi-year agreement with Foton Bus and Coach company for the delivery of pultruded composite profiles for Foton's electric buses.

## Research and development

Research and development costs in 2024 totaled EUR 3.7 million (3.7), representing 3.8% (3.8%) of revenue.

## Strategy

In October 2023, Exel Composites announced a new transformative strategy for 2024-2028 to capture profitable growth. The company's aim is 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.

### Strategic focus areas

- **Organic growth:** Capturing organic profitable growth from large and fast-growing energy transition and decarbonization applications, driven by sustainability. Exel is increasingly focusing on industries with strong growth potential, where product needs are more standardized, and the volumes are higher. Such industries include, for example, wind power, buildings and infrastructure, and transportation.
- **Customer value:** Focusing on increasing value to customers and helping them choose composites for their applications by offering engineering support, productization and post-processing.
- **Profitability:** New operating model with two business units, larger factories with clear roles and efficiency improvements throughout to deliver solid profitability.
- **High ambition:** Focusing on rigorous execution and skills and capabilities enabling Exel to achieve over EUR 200 million annual revenue and double digit adjusted operating profit margin by 2028.

Measures set out in the transformative strategy include a factory network review at three of the company's factories and optimization of the network to better align manufacturing capabilities with market demand and to improve utilization rates, improving efficiency in the company's operations, and developing a more standardized offering of selected applications.

### Long-term financial targets

- Annual revenue exceeding EUR 200 million by 2028
- Adjusted operating profit margin >10% by 2028
- Net debt to adjusted EBITDA <3x by 2028

### Strategy implementation in 2024

In 2024, the strategy implementation progressed as planned:

#### New operating model

To accelerate its transformation, Exel announced a new operating model in January 2024 with the aim of making operations more efficient and reducing costs to improve profitability. 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 with significant growth potential. The factory network will be organized to support the needs of the new business units.

#### Belgium factory review completed

In January 2024, Exel started a strategic factory review at its Oudenaarde factory in Belgium to thoroughly assess the factory's role and future options. As a result, in September, the company launched consultation process with its employees' representatives regarding intention to discontinue the production at Oudenaarde. The process was completed in December and resulted in the decision to close the factory. The activities at the Oudenaarde unit will cease by the end of the first quarter of 2025 and the employment of approximately 50 employees will end. The closure of the factory is necessary to address loss-making activities. The closure of the unit and the termination of employment of employees is expected to result in annual cost savings of approximately EUR 1.8 million, part of which will become visible in the second half of 2025. Exel Composites recorded a one-time cash cost of approximately EUR 1.7 million and a one-time non-cash asset write-down of approximately EUR 2.5 million in the fourth quarter of 2024 as items affecting comparability.

Exel Composites completed its first factory review in October 2023, resulting in restructuring of the factory in the United States. No decisions have been made regarding the third factory review.

### New factory in India operational

The new manufacturing site of Exel Composites' joint venture Kineco Exel Composites India (KECI) near Goa, India was completed on time in December 2024. Production lines have been commissioned and deliveries from the new factory will start as planned during the first quarter of 2025. The new India factory manufactures composites with pultrusion and is optimized for serving wind power industry in India and globally. In addition, the factory will manufacture solutions for other customer industries, such as buildings and infrastructure. Production was successfully transferred from the old factory in India at the end of 2024.

### Successful share issue and new financing agreement

In the second quarter, the company's capital structure was strengthened through a successful share issue that raised gross proceeds of approximately EUR 21.8 million. The offer shares subscribed for in the offering corresponded to approximately 140.8 per cent of the offer shares, and the offering was thus clearly oversubscribed. During the second quarter of 2024, Exel Composites also agreed on a new financing agreement of EUR 52.4 million to refinance its existing bank loans. The share issue and the financing agreement further accelerate the implementation of the company's transformative strategy.

### Sale of the production facility in the UK

As part of optimizing its factory network, Exel shut down the pultrusion production at its Runcorn factory in the United Kingdom in autumn 2023. The sale of the factory property is underway, with an updated schedule, and the company aims to complete the sale during the first half of 2025.

## Sustainability targets

### Sustainability focus areas are

- **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 and waste management, water consumption, responsible supply chain

### Sustainability targets

Exel Composites established the following sustainability targets in 2023:

- **Zero Harm:** no lost time injuries (LTI)
- **Environmental responsibility:**
  - Zero landfill by 2028
  - 100% of research will focus on sustainable composite solutions
  - Greenhouse Gas (GHG) emissions (scope 1 and scope 2) reduction according to UN established targets
    - Short term, by 2030: 50% reduction of GHG
    - Long term, by 2050: Carbon neutrality
- **Employee engagement:**
  - Employee NPS score year-on-year improvements from base year of 2024



## United Nations Sustainable Development Goals (SDGs)

The key United Nations Sustainable Development Goals (SDGs) where Exel 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

More information about Exel's material sustainability topics, policies and actions as well as progress in sustainability work in 2024 can be found in the Sustainability statement 2024.

## Near-term risks and uncertainties

Exel Composites' most significant near-term business risks are related to the development of general market demand, and preferences and strategies of its largest customers. Uncertainties remain in the global economy. Factors such as the prolonged or intensified unrests or wars and increased geopolitical uncertainty, market environment impacted by inflation, and the consequences to interest rates may affect the demand for Exel Composites' products.

There may be volatility in transportation costs and availability of transportation between regions due to geopolitical tensions, including the Red Sea conflict, which escalated during the first quarter of 2024. In 2024, shipping costs from Asia to Western countries increased significantly from 2023 due to the Red Sea conflict, among other factors.

Exel's customers in all industries and geographies have been cautious in their orders as they have been waiting to see how the decisions of the Trump administration will affect the global economy. This has affected demand and Exel's order intake in the fourth quarter and may continue to do so in 2025. The import tariffs imposed by Trump may have an impact on Exel's customer orders, especially in China, as companies may reduce their dependence on imports from China.

During 2024, Exel's both business units secured new customer engagements that are expected to deliver revenue in 2025, while the timing will be dependent on the ramp up of these engagements. In the short term, announced strikes in Finland may have an impact on Exel's revenue and profitability in the first quarter of the year.

The extent to which Exel is able to provide continuity to customers affected by the closure of the Belgium factory may have an adverse impact on Exel's revenue and operating profit in 2025.

The risk management and risks related to the operation of Exel Composites are described in detail in Corporate Governance Statement 2024 and on the company's website [www.exelcomposites.com](http://www.exelcomposites.com).

## Governance and general meetings

Exel Composites Plc's Annual General Meeting was held on 26 March 2024 in Helsinki, Finland. The AGM adopted the financial statements and consolidated financial statements, approved the Remuneration Report 2023 for the company's governing bodies, and discharged the members of the Board of Directors and the company's Presidents and CEOs in 2023 from liability for the financial year 2023.

The AGM decided according to the proposal of the Board of Directors that no dividend be paid based on the adopted financial statements for the financial year ended 31 December 2023.

According to the proposal by the Shareholders' Nomination Board, the AGM decided that the Board of Directors would consist of five (5) members. The AGM re-elected Jouni Heinonen, Petri Helsky, Helena Nordman-Knutson, Jouko Peussa and Kirsi Sormunen as members of the Board of Directors. The AGM elected Jouni Heinonen as Chairman of the Board of Directors.

In 2024, the Group established an Audit and Risk Committee and a People and Remuneration Committee. Helena Nordman-Knutson, Kirsi Sormunen, and Jouni Heinonen are members of the Audit and Risk Committee. Petri Helsky, Jouko Peussa, and Jouni Heinonen form the People and Remuneration Committee.

The AGM confirmed the annual remuneration for the Board members as follows: for the Chairman of the Board of Directors EUR 45,000 (previous year EUR 45,000) and for each other Board member EUR 21,000 (21,000). Additionally, a remuneration is to be paid for the Chairman of the Board of Directors of EUR 1,500 (1,500) for attendance at each Board and committee meeting and for each similar all-day Board assignment and for each other Board member EUR 1,000 (1,000) for attendance at each Board and committee meeting and for each similar all-day Board assignment. Additionally, for each committee meeting, the meeting fee for the committee Chairman is EUR 1,500 (1,500). Travel expenses and other out-of-pocket expenses arising from the Board work will be compensated in accordance

with the company's established practice and travel rules. Out of the yearly remuneration 60% would be paid in cash and 40% in company's shares.

Ernst & Young with Timo Eerola as the Authorized Public Accountant (APA) having the principal authority, was elected as auditor of the company.

The AGM accepted the amendment of the Articles of Association to allow for remote participation in a General Meeting (hybrid meeting) or, if the Board of Directors so decides, to hold a General Meeting as a remote meeting without a physical meeting place. In a remote meeting, shareholders may exercise their full decision-making rights, including the right to ask questions and vote, by means of telecommunication and technical aid. The amendments do not preclude arranging General Meetings as traditional in-person meetings.

The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares by using unrestricted equity in accordance with the proposal of the Board of Directors. The total maximum amount of shares to be acquired is 600,000. The authorization is effective until the end of the next AGM, however, no longer than until 30 June 2025.

The AGM authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The maximum amount of the new shares to be issued is 2,379,000, which corresponded to approximately 20.0 per cent of all shares of the company, and/or a maximum of 600,000 company's own shares. The authorization is effective until the end of the next AGM, however no longer than until 30 June 2025. The authorization cancels previous unused authorizations to issue shares or special entitlement of shares.

The Extraordinary General Meeting (EGM) of Exel Composites held on 17 May 2024 in Helsinki, Finland authorized the Board of Directors to resolve on the rights offering. Under the authorization, a maximum of 265 million new shares could be issued.

The AGM of Exel Composites has elected a permanent Shareholders' Nomination Board, the purpose of which is to prepare proposals concerning the Board members and their remuneration for the General Meeting. In 2024, the composition of the Nomination Board, nominated by the four largest shareholders on 30 September 2024 and preparing the proposal for the Annual General Meeting 2025 was Markus Lindqvist, Chairman of the Shareholders' Nomination Board (Aktia), Matias Arola (Danske Invest Finnish Equity Fund), Jukka Vähäpesola (Elo Mutual Pension Insurance Company), Petteri Vaaranen (Sp-Fund Management Company) and Jouni Heinonen, Chairman of the Board of Directors, Exel Composites Plc, as an expert member of the Shareholders' Nomination Board.

The Shareholders' Nomination Board proposes to the AGM 2025 that the Company's Board of Directors shall have five (5) members. The Shareholders' Nomination Board proposes that the current members of the Board of Directors Jouni Heinonen, Helena Nordman-Knutson, and Kirsi Sormunen be re-elected as members of the Board of Directors and Christian Busdiecker and Elisabeth Larsson be elected as new members of the Board of Directors for the term ending at the closure of the Annual General Meeting of 2026. Of the current members, Petri Helsky and Jouko Peussa have informed that they are not available for re-election to the Board of Directors for the new term. The Nomination Board further proposes Jouni Heinonen to be re-elected as Chairman of the Board of Directors for the term ending at the closure of the Annual General Meeting of 2026. The Nomination Board proposes that the annual remuneration for the Board members remain unchanged.

## Organization and personnel

On 31 December 2024, Exel Composites employed 637 (623) people, of whom 255 (254) in Finland and 382 (369) in other countries. The average number of employees during the reporting period was 632 (667).

To accelerate its transformation, Exel announced a new operating model in January 2024. The company organized its operations into 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 with significant growth potential. As a result of the new operating model, the composition of Exel's Leadership Team was also changed as of 23 January 2024.

### The members of the Exel Leadership Team are:

**Paul Sohlberg**, President and CEO

**Mikko Rummukainen**, CFO

**Juha Honkanen**, Executive Vice President, Engineered Solutions Business Unit

**Kathy Wang**, Executive Vice President, Industrial Solutions Business Unit

**Kim Sjödahl**, Senior Vice President, Technology and Sustainability

**Johanna Tuomisto**, Senior Vice President, People and Culture

There were no changes in the Exel Leadership Team during the review period.

## Incentive programs

Exel Composites' short-term incentive program covers all employees. President and CEO, the Exel Leadership Team and office employees alike are entitled to a short-term incentive

in addition to their fixed salary. The performance measures of the short-term incentive are tied to the achievement of annually established goals emphasizing growth and profitability as well as possible individual targets. Production employees are also eligible for short-term incentive compensation. Their short-term incentives are mainly based on factory profitability and production related performance measures.

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

On 25 April 2024, Exel Composites announced the continuation of the share-based long-term incentive program for the leadership of Exel Composites. The 2024 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017.

The performance target applied to the plan commencing at the beginning of 2024 is the relative total shareholder return (TSR) of the Exel Composites' share where the TSR of Exel's share will be compared to the OMX Helsinki Gross Index (OMXHGI). The potential share rewards payable will be paid in the spring 2027, provided that the performance targets are achieved and the continuous employment condition is met. The potential rewards will be paid in listed shares of Exel Composites and in cash corresponding to value of taxes.

## Share issue

Based on an authorization granted by the Extraordinary General Meeting on 17 May 2024, Exel Composites' Board of Directors resolved on a rights offering of approximately EUR 21.8 million to offer for subscription, based on pre-emptive subscription rights for the company's existing shareholders, up to 94,831,552 new shares in the company in proportion of their existing share ownership. The subscription price was EUR 0.23 per offer share.

The objective of the offering was to strengthen Exel Composites' capital structure and expedite the implementation of the company's transformative strategy. Through the offering, Exel sought 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 sought to strengthen its capital structure as well as to improve its cash flow and

profitability through debt repayments. The subscription period was 24 May 2024 - 7 June 2024.

The company announced the final results of the offering on 13 June 2024. A total of 133,499,474 offer shares were subscribed for in the offering, corresponding to approximately 140.8 per cent of the 94,831,552 offer shares, and the offering was thus clearly oversubscribed. A total of 88,645,256 offer shares were subscribed for with subscription rights. The remaining 6,186,296 offer shares were allocated in accordance with the terms and conditions of the offering in the secondary subscription to subscribers who subscribed for offer shares. The company received gross proceeds of approximately EUR 21.8 million from the offering.

As a result of the rights issue, the total number of shares in the company increased by 94,831,552 from 11,896,843 to 106,728,395 following the registration of shares on 14 June 2024. The offer shares issued in the offering amounted to approximately 88.9 per cent of the outstanding shares in the company following the offering. Trading in the offer shares commenced on the official list of Nasdaq Helsinki Ltd on 17 June 2024.

## Share and shareholders

Exel Composites' share (trading code EXL1V) is listed on Nasdaq Helsinki Ltd in the Industrials sector. Exel Composites has only one class of shares, each share entitling one vote.

On 31 December 2024, Exel Composites' share capital was EUR 2.1 million and the number of shares was 106,728,395.

On 31 December 2024, Exel Composites held a total of 642,899 of its own shares which are part of the share-based long-term incentive program for the top management.

On the last trading day of the review period, the share price closed at EUR 0.28. During the reporting period, the average share price was EUR 0.40, the highest share price EUR 2.70 and the lowest share price EUR 0.26.

In 2024, a total of 35,344,343 Exel shares were traded at Nasdaq Helsinki Ltd., which represents 55.5% of the average number of shares. On 31 December 2024, Exel Composites' market capitalization was EUR 29.7 million (30.1). Total shareholder return (TSR) in 2024 was -89.0 (-50.4).

Exel Composites had a total of 9,017 (8,442) shareholders on 31 December 2024.

During the review period, Exel Composites received four notifications of changes in holdings in accordance with the Securities Markets Act:

- According to a notification received on 31 May 2024, the shareholding of funds managed by OP Fund Management Company Ltd in Exel Composites decreased below the 5% threshold to 4.23% of shares and votes on 30 May 2024.
- According to a notification received on 17 June 2024, the shareholding of funds managed by OP Fund Management Company Ltd in Exel Composites increased above the 5% threshold to 5.40% of shares and votes on 17 June 2024.
- On 15 July 2024, Exel Composites received a notification that the shareholding of funds managed by OP Fund Management company Ltd in Exel Composites decreased below the 5% threshold to 4.998% of shares and votes on 12 July 2024.
- On 12 August 2024, Exel Composites received a notification that the shareholding of Danske Bank A/S in Exel Composites increased above the 5% threshold to 5.02% of shares and votes on 9 August 2024.

Information on the company's shareholders is available on the corporate website at [www.exelcomposites.com](http://www.exelcomposites.com).

According to the company's shareholder register held by Euroclear Finland Oy, on 31 December 2024 Exel Composites' three largest shareholders were Skandinaviska Enskilda Banken AB (nominee registered at 6.37%), Aktia Asset Management (6.35%) and Danske Invest Finnish Equity Fund (6.07%).

On 31 December 2024, 0.73% (0.43) of the shares and votes of the company were owned or controlled, directly or indirectly by the President and CEO and the members of the Board of Directors.

Information on the company's shareholders is available on the corporate website at [www.exelcomposites.com](http://www.exelcomposites.com).

## Significant related-party transactions

The Group follows the same commercial terms in its transactions with related parties as in transactions with third parties. In 2024, no significant related-party transactions were conducted between the Group and its related parties. Receivables and liabilities from Group companies are presented in notes 52 and 55 of the Parent company's Financial Statements.

## Corporate Governance Statement

Exel Composites issues a Corporate Governance Statement for the financial year 2024, prepared in accordance with the Finnish Corporate Governance Code 2025 issued by the Securities Market Association, effective as of 1 January 2025. The Corporate Governance Statement is issued separately from the Board of Directors' Report. Further information concerning corporate governance matters is available at Exel Composites' website at [www.exelcomposites.com](http://www.exelcomposites.com).

## Events during the reporting period

On 15 January 2024, Exel Composites continued its strategy implementation by changing its structure and its Group leadership.

On 15 January 2024, Exel Composites announced it had decided to start a strategic review of its operations in Belgium.

On 25 April 2024, Exel Composites announce it was planning a rights offering of up to approx. EUR 23 million to accelerate the implementation of its transformative strategy and strengthen its capital structure.

On 25 April 2024, Exel Composites announced that the Board of Directors had decided on the continuation of the share-based long-term incentive program for the leadership of Exel Composites.

On 17 May 2024, Exel Composites' Board of Directors resolved on a rights offering of approximately EUR 21.8 million. The subscription period of the Offering commenced on 24 May and ended on 7 June 2024. Final results of the rights issue were published on 13 June 2024.

A new financing agreement of EUR 52.4 million with the company's main lenders, conditional on the completion of the rights issue, entered into force in June 2024. On 1 July 2024, Exel Composites used EUR 6.5 million of the net proceeds from the rights issue to repay its debt.

On 12 September 2024, Exel Composites announced that it had completed the strategic review at its factory in Belgium. As a result, the company entered into consultation with employee representatives regarding its intention to discontinue production at its Oudenaarde factory.



On 2 October 2024, Exel Composites announced the members of the Shareholders' Nomination Board. Further information on the composition of the Nomination Board can be found under Governance and general meetings.

On 20 December 2024, Exel announced that it had completed the consultation process regarding the intention to discontinue the production at its Oudenaarde factory in Belgium, and that the activities at the Oudenaarde unit will cease by the end of the first quarter of 2025.

## Events after the reporting period

On 10 January 2025, Exel Composites' Shareholders' Nomination Board's presented its proposals to the Annual General Meeting 2025 regarding the Board composition and remuneration. Further information on the proposals of the Nomination Board can be found under Governance and general meetings.

On 24 February 2025, Exel Composites announced that its joint venture Kineco Exel Composites India (KECI) had received a purchase order worth approximately EUR 10 million for the supply of pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. The purchase order will be recorded in Exel Composites' first quarter 2025 order intake and order backlog. The manufacturing of the planks is expected to begin in the first quarter of 2025, and deliveries to gradually ramp up during 2025, extending into 2026. The products will be delivered from KECI's new factory in India. The purchase order is based on a multi-year agreement announced in the first quarter of 2024, including an annual minimum commitment from the customer to KECI. The parties have agreed not to disclose the customer's name.

On 24 February 2025, Exel Composites appointed Kari Loukola as Executive Vice President, Industrial Solutions business unit and member of the Exel Leadership Team as of 25 February 2025 as Kathy Wang, who previously held the position, had informed the company of her desire to step down.

## Guidance for the full year 2025

Exel Composites expects revenue to increase and adjusted operating profit to increase significantly in 2025 compared to 2024.

## Board proposal for dividend distribution

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

At the end of the financial year 2024, Exel Composites Plc's distributable funds totaled EUR 39.3 million, of which profit for the financial year accounted for EUR -1.6 million.

The Board proposes to the Annual General Meeting that no dividend be paid based on the adopted financial statements for the financial year ended on 31 December 2024.

As a basis for its proposal, the Board of Directors has assessed the Group's financial position and ability to meet its commitments, as well as the Group's outlook and investment requirements.

# SUSTAINABILITY STATEMENT 2024

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## ESRS 2 GENERAL DISCLOSURES

### General information

#### General basis for preparation

This Sustainability statement aligns with the requirements of the Delegated Regulation on the European Sustainability Reporting Standards (ESRS). The sustainability statement is published annually as part of the Report of the Board of Directors, first time for the reporting year 2024. The reporting period coincides with that of financial reporting, that is, the financial period from 1 January 2024 to 31 December 2024.

The reporting covers the entire group, including the parent company Exel Composites Plc (Exel) and its subsidiaries, i.e. the companies in which Exel Composites owns, directly or indirectly, over 50% of the voting rights. The Group has one operating segment, Exel Composites. In the sustainability statement, reporting focuses on Exel Composites at the Group level.

The sustainability statement has been prepared on a consolidated basis. The statement is consolidated for the whole Group, and all units are included. The scope of consolidation is the same as for the financial statements. The accounting principles are discussed in more detail in the consolidated financial statements. The reporting principles for metrics related to each material topic are described at the end of each section.

The sustainability topics and related disclosure requirements and data points reported are based on Exel Composites' double materiality assessment, conducted between November 2023 and February 2024. The information presented in the statement covers information about Exel's own operations and, where applicable, sustainability matters in the upstream and downstream value chain. Climate change mitigation covers own operations and value chain. However, GHG emission data only covers scopes 1 and 2. Energy relates to Exel's own operations and upstream value chain. Resource inflows cover own operations and value chain, and resource outflows are seen as material in downstream value chain. Health and safety and corporate culture cover company's own operations. Business conduct covers both own company and value chain.

Policies cover the company's own operations, with the exception of Supplier Code of Conduct that also covers value chain. Targets and metrics cover the company's own operations. In case data covers upstream/downstream value chain, this is specified in reporting principles for metrics related to each topic.

The company has not used the option to omit any specific piece of information due to intellectual property, know-how or the results of innovation, nor has it used the exemption from disclosure of impeding development or matters in the course of negotiation, as provided for in articles 19a (3) and 29a (3) of Directive 2013/34/EU.

The effect of specific circumstances on the preparation of the sustainability statement are reported alongside the disclosures to which they refer to.

## Disclosures in relation to specific circumstances

### Time horizons

The report follows the time horizons defined by the ESRS standards, if not otherwise stated. The short term refers to the upcoming financial period, the medium term to the next 1-5 years after that, and the long term to a period of more than 5 years. As long-term emission reduction targets are set to 2050, the company may need to re-evaluate the targets along the way.

### Value chain estimation, sources of estimation and outcome uncertainty

Some of the GHG emissions data presented in the report has been estimated using data estimations from indirect sources such as sector-average data from authorities such as Energy Authority in Finland and Statistics Finland. Information about the use of estimates is provided in conjunction with the information presented in E1 Climate change mitigation. The estimation uncertainty is particularly related to the calculation of the GHG emissions of the value chain due to the data not being systematically available directly from suppliers. The company acknowledges that when using estimates from different sources and authorities, the calculations are less accurate than when using data directly from suppliers. To improve accuracy of the calculations, Exel is working with its suppliers to collect the necessary GHG emission data for the raw materials.

### Omissions

Exel has decided to omit some of the data points related to sub sub-topics identified as material in the double materiality assessment due to lack of systematically collected data for 2024 and the possibility to use the phased-in option due to the average number of employees being under 750 in the reporting period. The data points omitted include E1-6 (gross Scope 3 GHG emissions), E1-9 (Anticipated financial effects from material physical and transition risks and potential climate-related opportunities) and E5-6 (Anticipated

financial effects from resource use and circular economy-related impacts risks and opportunities), as well as some of the datapoints under S1-14 (cases of work-related ill-health) and S1-7 (Characteristics of nonemployee workers in the undertaking's own workforce). The company has not set targets or policies or taken significant actions related these data points in 2024.

## The role of administrative, management and supervisory bodies

### Board of Directors and Board Committees

#### The roles and responsibilities

The Board of Directors (Board) is the highest governance body in relation to sustainability matters and oversees the company's approach to sustainable and responsible economic growth and transitioning to low-carbon and circular economy. The Board is primarily responsible for the company's strategic issues and issues of great significance and provides guidance to the President and CEO (CEO). The President and CEO is supported by the Exel Leadership Team (ELT), which then develops detailed plans for achieving goals and keep the Board updated on progress. The Board approves the overall organization of the company and the composition of the Exel Leadership Team, including the nomination of SVP, Technology and Sustainability.

The Board confirms the corporate strategy including strategic sustainability targets, the budget including sustainability function's budget, and decisions on funding major investments, including major sustainability-related investments. The company-related risk assessment, including the assessment of sustainability-related risks, is done on a quarterly basis by the Board, as part of the review and approval process of each financial report.

The strategic sustainability targets approved by the Board – Zero harm, Scope 1 & 2 GHG emission reduction, Zero waste to landfill, and improving employee engagement – are directly linked with Exel's material topics and sub topics of health & safety, climate change mitigation, resource use and circular economy, and corporate culture. The Board considers sustainability in strategy renewals and updates, and when considering transactions and major investments. Trade-offs associated with impacts, risks and opportunities are considered and environmental and social aspects are balanced with economic targets.

The Board has approved or adopted the most significant company policies related to sustainability, including Code of Conduct, Human rights policy, Whistleblowing guidance, Diversity, Equity and Inclusion policy, Policy on Insider Information and Managers'



Transactions, Decision-making and Signing Policy, Treasury Policy and Risk Management Policy, Disclosure policy, and global bonuses guidelines. The Board prepares the Remuneration Policy and Remuneration Report of the company and reviews the Corporate Governance Statement. Other company policies, including Anti-corruption policy, and the Supplier Code of Conduct are approved by the Exel Leadership Team.

The Board approves Sustainability statement, and through Audit and Risk Committee supervises the reporting process. It also validates and signs off the material sustainability topics alongside the report.

### The role of Board of Directors related to business conduct matters

The Board of Directors adopts Corporate Governance rules for the company and monitors and assesses the efficiency of the company's internal control and risk management systems.

The Audit and Risk Committee of the Board of Directors forms an opinion regarding the risk situation in the company and assesses whether the applied policies for internal control and governance are appropriate and efficient. It also evaluates whether the company management has established an adequate "control culture" within the company. It ensures that the company has a functioning system for monitoring the compliance of laws and other rules which are of particular importance to the company. The People and Remuneration Committee of the Board of Directors also oversees the adequate investigation of whistleblowing notifications. The Board's People and Remuneration Committee supports the management on People related topics, including organizational culture, and prepares proposals for issues to be decided upon by the Board. The results of the employee survey are reported to the People and Remuneration Committee.

### The composition, diversity and the skills and expertise of the Board

To achieve a diverse and balanced composition of the Board of Directors, the Shareholders' Nomination Board considers the company's principles of diversity for the Board of Directors, which are available at the company's website. When electing the members of the Board of Directors, attention is paid to educational background, professional experience and know-how, international background and general viewpoint, age and gender. The target is to have both genders as members. The Board shall also have relevant experience and knowledge in sustainability issues in the company's operations. In addition, at least one member of the Board of Directors shall have expertise in accounting or audit. The majority of the Board members must be independent of the company and at least two of said majority must be independent of the company's significant shareholders.

In 2024, the Board had 5 members, all of which were non-executive members. Two out of five members were female (40%) and three were male (60%). Board's gender diversity ratio (ratio of female to male members) was 0.7. All members were independent of the company and its major shareholders. The members of the Board have collectively broad and diverse experience relevant to Exel's and its customers' sectors, products and geographic locations.

Two of the Board members had sustainability-related expertise from leadership and advisory roles in companies and organizations, which supports Exel in managing material impacts such as climate change mitigation, resource use and circular economy, and business conduct.

Kirsi Sormunen is a Board professional, who has held Board and leadership positions in several stock listed companies and has previously been Vice President, Sustainability/CSO at Nokia. She is currently Senior Advisor, Sustainability, at Directors' Institute of Finland, DIF, a non-profit association that promotes good board practices. Helena Nordman-Knutson, Advisor and Senior Consultant, Safir Communication, has extensive experience from financial communications and sustainability reporting. She is a Certified ESG Analyst (CESGA) and has been advisor to management teams and boards of a large number of small and large corporations. The members of the Board have collectively vast and diverse experience in the management and the Board work in listed and non-listed companies.

In addition to Board members' sustainability-related expertise, the Board has access to external specialists in sustainability, when needed. In 2024, the Board was given training on the implementation of CSRD by the auditor.

### President and CEO and Exel Leadership Teams

#### The roles and responsibilities

The President and CEO is responsible for implementing the Board's decisions. He is supported by the Exel Leadership Team (ELT), the duties of which include, in addition to daily management 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. Sustainability targets are taken into account in decision-making concerning matters such as investments. They steer, among other things, where research and development is focused. The ELT is responsible for identifying, assessing, monitoring, and reporting on climate-related risks as well as opportunities. Exel Leadership Team approves the Quality, Environmental, Health and Safety Policy, Chemical Policy, Supplier Code of Conduct, Global Travel Policy, and several HR guidelines.

## The composition, diversity and the skills and expertise

In 2024, two of the six members of the ELT (33%) were female and four were male (67%). The gender distribution ratio (ratio of female to male members) was 0.5. Most of the members of the ELT have made long careers in the company, so they have strong expertise in the composites industry and products, different customer industries, and geographical areas. In addition to the expertise of SVP, Technology and Sustainability, Exel Leadership Team uses the external experts such as sustainability consultants in sustainability reporting and identifying material sustainability impacts, risks and opportunities, among others. SVP People & Culture has long and diverse experience in HR and legal roles and promoting business conduct and company culture in various industries.

## Sustainability working group

SVP, Technology and Sustainability, a member of the Exel Leadership Team, leads the Group's sustainability activities and sustainability working group, a matrix organization, which coordinates sustainability work at the Group. Sustainability working group brings together know-how from different functions, such as QEHS, research and technology, operations, HR, sales and business development, supply chain management, marketing and communications, Group control and investor relations.

## Business units

The operational responsibility of sustainability issues lies in the business units and functions, responsible for sustainability actions on their sites. Sites ensure that Group policies and local legislation are followed, and report to business unit heads on sustainability KPIs. All accidents and other safety, scrap, and waste KPIs are reported in business unit monthly reports to the ELT.

## Information provided to and sustainability matters addressed by the Board and Exel Leadership Team

### Board of Directors

At its meetings, which are held at least seven times per year, the Board discusses reviews related to different areas of sustainability, presented by Exel Leadership Team and specialists. The reviews offer Board members information about the material impacts, risks and opportunities related to the company's sustainability, and the progress made in the sustainability targets. The results of interim and annual audits are reported to the Board and discussed in Board meetings. The CEO provides the Board with a report specifying strategic KPIs, including sustainability targets mentioned above, comments on material events and possible deviations to the plans. The materials for the Board meetings are distributed by the CFO, who acts as a secretary in the meetings.

In 2024, reviews handled at the meetings of the Board and its committees covered all of Exel's material topics: climate change mitigation, resource use and circular economy, own workforce, and business conduct. They included company's sustainability strategy, nomination of the SVP, Technology and Sustainability, the CSRD requirements, updates to Group policies, the status of occupational safety, the results of the employee engagement survey, and a notification received through the whistleblowing channel.

### Exel Leadership Team

The ELT monitors the progress of the same sustainability targets as the Board but in a more detailed level. Monthly business unit reviews include relevant non-financial figures distributed to the Exel Leadership Team. Lost time injuries and other safety KPIs, waste and scrap are followed up monthly by the ELT. Emissions are calculated and reported annually. In addition, employee engagement survey results are monitored by the ELT.

At the ELT meetings in 2024 the reviews presented included all of Exel's material sustainability topics: climate change mitigation, resource use and circular economy, own workforce, and business conduct. They covered progress in sustainability targets, company's sustainability strategy, occupational health and safety, the employee engagement survey, the notifications received through the whistleblowing channel, the CSRD requirements for reporting, and updates to Group policies.

## Integration of sustainability-related performance in incentive schemes

The remuneration of the Board of Directors is decided annually by the shareholders at the Annual General Meeting. It may be composed of a fixed annual fee as well as variable remuneration components such as a meeting fee or other fees that are paid for attendance at Board and committee meetings and other similar all-day Board assignments. The Board of Directors decides on the remuneration and other financial benefits of the Group's President and CEO and the members of the Group's Executive Leadership Team, as well as on the principles of the short and long-term remuneration systems.

The Group has long-term incentive programs for President and CEO, Exel Leadership Team and selected key employees of the company. The Board of Directors decides on the program and the performance measures annually. Incentive programs are described in The Board of Director's Report.

Exel Composites' short-term incentive program covers all employees. The performance measures of the short-term incentive are tied to the achievement of annually established goals emphasizing growth and profitability as well as possible individual targets. The remuneration of the Exel Leadership Team (ELT) members is tied to Group's financial performance and achievement of strategic targets. Their performance is not assessed against sustainability-related targets.

In 2024, sustainability-related KPIs were included in performance development review for some Group employees, mainly in the finance team, R&D and production. To support the achievement of GHG reduction targets, environmental KPIs are included in compensation schemes for some employees. Employees working in production, among others, have KPIs related to the reduction of scrap, and those working in R&D have KPIs related to the target of 100% of research focusing on sustainable composite solutions. The other KPIs were linked to targets such as developing sustainability reporting, environmental compliance and work safety. The KPIs varied from person to person, and proportion of variable remuneration was 5-30%, depending on the person.

## Statement on due diligence

The following table explains where the due diligence process is reflected in the Sustainability statement.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
Embedding due diligence in governance, strategy and business model	<ul style="list-style-type: none"> <li>ESRS 2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies</li> <li>ESRS 2: Integration of sustainability-related performance in incentive schemes</li> <li>ESRS 2: Material impacts, risks and opportunities and their interaction with strategy and business model</li> <li>Material impacts, risks and opportunities and their interaction with strategy and business model under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct</li> </ul>
Engaging with affected stakeholders in all key steps of the due diligence	<ul style="list-style-type: none"> <li>ESRS 2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies</li> <li>ESRS 2: Interests and views of stakeholders</li> <li>ESRS 2: Process to identify impacts, risks and opportunities</li> <li>Policies under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct</li> </ul>
Identifying and assessing adverse impacts	<ul style="list-style-type: none"> <li>ESRS 2: The process to identify and assess material impacts, risks and opportunities</li> <li>ESRS 2: Material impacts, risks and opportunities and their interaction with strategy and business model</li> <li>Material impacts, risks and opportunities and their interaction with strategy and business model under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct</li> </ul>
Taking actions to address adverse impacts	<ul style="list-style-type: none"> <li>Actions under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct</li> </ul>
Tracking the effectiveness of these efforts and communicating	<ul style="list-style-type: none"> <li>Metrics and Targets under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct</li> </ul>



## Risk management and internal controls over sustainability reporting

Sustainability reporting complies with Exel Composites' Group-level principles and processes for financial reporting, risk management and internal control. Exel considers the probability and impact of the risks on a scale of low, medium and high.

The main responsibility for the internal control and risk management relating to the financial and sustainability reporting process lies with the Board, who also approves the report. The Board's Audit and Risk Committee supervises the company's procedures for monitoring the compliance of rules in relation to the preparation and presentation of the reporting.

Exel Composites' internal control framework and roles and responsibilities for internal control have been defined in the Internal Control Policy approved by the Board of Directors.

The policy describes the components of internal control, risk management process, control activities and monitoring, roles and responsibilities of the Board, President and CEO, Group management and business unit management and Group controller function in internal control. The policy is internal and accessible to those who have roles and responsibilities in internal control. The CFO of the Group is responsible for ensuring the implementation of the policy. Exel Composites has established a Controller's manual (accounting and reporting rules), which also sets the basis for the reporting process.

Exel Composites' internal control and risk management related to financial and sustainability reporting is designed to provide reasonable assurance regarding the reliability of reporting in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. Exel Composites' common controls include approvals, authorizations, verifications, monthly reviews of operating performance, and segregation of duties.

Sustainability reporting is centrally handled by the Group's finance department. The Quality, Environment, and Health & Safety (QEHS) teams in subsidiaries are responsible for providing local data to Group QEHS for consolidation. The reported figures are reviewed by the Group QEHS and Group accounting. The scope and frequency of separate evaluations depend primarily on an assessment of related risks and significance of the potential financial outcome. Group controlling function is responsible for ensuring that the external reporting is correct, timely and accurate as well as compliance with applicable regulations and standards.

Internal control deficiencies are identified and communicated in a timely manner to those parties responsible for taking corrective action, and to management and the Board as appropriate. Implementation and control of sustainability targets are monitored through regular management meetings in business units. Monthly business unit reviews include relevant non-financial figures distributed to the Exel Leadership Team.

The risks identified in sustainability reporting include the accuracy of information due to the currently manual data collection, timing of the availability of the information, the limited availability of value chain data especially in emission and electricity calculations and therefore the need to use of industry averages.

To mitigate these risks, Exel has assigned data owners, who review the data received from the subsidiaries and act as internal controls. The company observes a 4-eyes principle when manually handling data. Exel has used the support of a third party in emission calculations and external advisory on the implementation of CSRD reporting. It has started the process towards more automated collection and consolidation of data, including a platform for collecting and aggregating non-financial data to ensure increasingly thorough and accurate data collection in the future.

The findings from the risk assessment are integrated into the company's management processes. Read how risks are managed under each material topic in table "Material impacts, risks and opportunities and their interaction with strategy and business model". The results of the audit and the interim audit are reported annually to the Board of Directors.



## Strategy, business model and value chain

### Business model

Exel Composites develops, designs and manufactures high quality composite solutions. The composites it manufactures are materials consisting of reinforcements and resins. Exel uses glass and carbon fibers as its main reinforcements. The product portfolio includes, for example, profiles, tubes, and laminates. The company's 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 conductor core and electrical insulation products. The company's products are used for both industrial purposes (as subassemblies) as well as consumer products (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.

### Examples of products and solutions for Exel's customer industries:

- Buildings and infrastructure: Window and door profiles and other various structural profiles
- Energy: Wind turbine blade reinforcements, spar caps, blade root joints, spacers, conductor core products, cable trays and insulating rods
- Transportation: Interior and exterior panels for trains and buses, airship structures, truck floor stiffeners
- Industrial: Components for paper and textile machines, various masts, telecom radomes, wastewater treatment profiles, agriculture applications
- Other: Telescoping camouflage netting support poles for defence, various sanitation and maintenance products, sport and leisure products, airport solutions

The company's business model and strategy are closely linked with climate change mitigation and resource use and circular economy, assessed as material for the company in the double materiality assessment. Exel Composites' strategy is built on its purpose - to solve challenges and save resources with composites. The company's business model is based on providing composite solutions that enable customers more effective end products, thus saving resources and mitigating climate change. Composites' properties, such as lightness and durability, provide improved performance of the end product as well as longer product life cycles, thus lowering the negative impacts of the end-product on the environment. Composites are also used in sustainability enhancing technologies and solutions that contribute to climate change mitigation or adaptation. With these solutions, Exel is answering the increased demand for wind power as a renewable energy source, need for more energy efficient buildings and electrification of transportation, among others.

Environmental responsibility, health and safety as well as ethical business conduct are considered in the selection of suppliers and in audits during the cooperation. Throughout its value chain, Exel is cooperating with its suppliers to find the solution for the use of bio-based and recycled materials that support climate change mitigation and circular economy. The company offers its customers the choice of switching to renewable materials. Read more materials used under E5 Resource Use and Circular Economy, Resource inflows.

## Own operations

Exel focuses on continuous manufacturing methods, pultrusion and pullwinding. Other key manufacturing methods include continuous lamination. Production efficiency and output is high in all these technologies due to continuous production, high-volume production and avoiding changes of products and unnecessary downtime.

An important focus area for Exel Composites is to increase customer value by helping customers to use composites in their products through providing composites material engineering services, such as fiber and resin selection, already in the early stages of customers' processes. After profile manufacturing, Exel provides value-adding post-processing services, such as surface treatment and painting, cutting and drilling, and pre-assembly of profiles.

The company is headquartered in Vantaa, Finland. Exel Composites had 637 employees at the end of 2024, of which 255 in Finland, 157 in China and 225 in other countries, including Belgium, Austria, United States, India, United Kingdom, and Australia. At the end of 2024 Exel Composites had production facilities located in Austria, Belgium, China, Finland (two factories), the USA and India (joint venture Kineco Exel Composites India). The factory in Belgium was in operation in 2024 but a decision has been made to close the factory by the end of the first quarter of 2025.

Exel Composites' manufacturing, R&D and sales network covers all main markets relevant to composites, i.e., Europe, Asia and North America. The most significant markets are North America, Asia and Europe. The revenue split by geographical area is disclosed in Note 5 of the Consolidated Financial Statements. The company's customer industries include Buildings and infrastructure (21.6% of revenue in 2024), Industrial (15.6%), Energy (21.0%), Transportation (17.5%) and Other (24.3%). Exel is not active in the fossil fuel sector, chemical production, controversial weapons or the cultivation and production of tobacco. There are no products banned in any of the company's markets.

Exel Composites' operating model is divided into two business units. The Industrial Solutions Business Unit (17.2% of revenue in 2024) concentrates on selected applications with significant growth potential. Engineered Solutions Business Unit (82.8% of revenue in 2024) concentrates on tailored solutions in multiple customer industries.

## Upstream activities in value chain

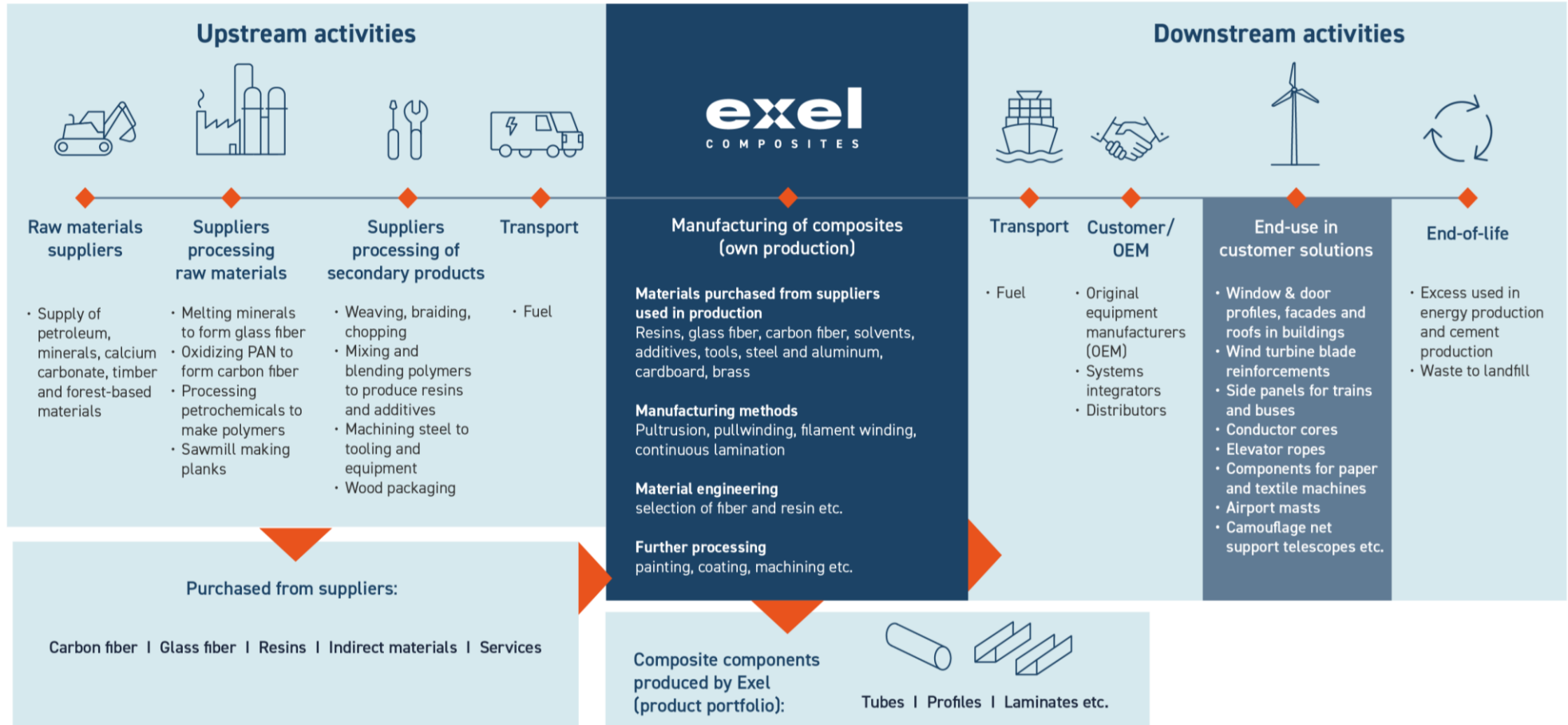
Exel Composites' upstream activities in value chain consist of suppliers of raw materials, suppliers of indirect materials and different kinds of service providers. The company purchases raw materials such as reinforcements (mainly glass fiber and carbon fiber), resins (polyester, vinyl ester, epoxy, polyurethanes) and other additives (fillers, fire retardants, colorants) from suppliers that produce these materials from petrochemicals, and minerals among others. In addition, direct purchases include packaging materials and components, among others. Group is responsible for supplier management for key materials, other materials are purchased directly by factories with terms agreed by the Group supply chain management. Smaller suppliers are managed locally.

Raw materials mainly originate from Europe, China, India and USA, where they are also processed. In principle, purchases are made regionally but part of raw materials is procured across regions. Majority of the company's supply chain is composed of large, international manufacturers or their distributors that have established processes and high sustainability standards. Read more about responsible supply chain under G1 - Management of relationships with suppliers.

Indirect materials and services are purchased locally and include energy, spare parts, tools, workwear, and travel services etc. In addition, Exel purchases insurance, healthcare services, software licenses, maintenance and cleaning services, and waste management services, among others. Exel Composites sources components and materials for its manufacturing processes from multiple sources and countries.

## Downstream activities in value chain

Exel has customers and business relations in over 50 countries: in Europe, China, India, North America, South America and APAC. Exel's customers include original equipment manufacturers (OEM), system integrators and distributors. Examples of the customers include wind power OEMs that buy composite parts manufactured by Exel, integrate them into wind turbine blades and other wind turbine areas, and wind turbines are then operated by the energy producers. Users of the final product can be for example energy producers that use wind turbines to harvest green energy. Exel's customer portfolio is relatively concentrated.





## Strategy

The global megatrends such as climate change, sustainability, urbanization and energy transition are directing customers' material choices towards more lightweight solutions with longer operational lives and are therefore growth drivers for Exel Composites. Exel Composites' vision is to be customers' first choice for sustainable composites made with continuous manufacturing technologies solutions globally.

In its transformative strategy for 2024-2028 Exel targets profitable growth. The company's aim is to become an 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 focus areas of transformative strategy include organic growth, increasing customer value by offering engineering support, productization and post-processing, improving profitability by leveraging a new operating model with two business units, larger factories with clear roles and efficiency improvements, and high ambition - achieving over EUR 200 million annual revenue and double digit adjusted operating profit margin by 2028.

One of the key focus areas of the strategy is capturing organic profitable growth from large and fast-growing energy transition and decarbonization applications, driven by sustainability. Such industries include, for example, wind power, building and infrastructure, and transportation. Exel Composites contributes to mitigating climate change by serving these customer industries. For example, longer and stiffer blades enable improved performance for wind power turbines, 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 will focus its development and research efforts on solutions for sustainability-driven customer industries and providing sustainable materials. Sustainability is seen as an integral part of the strategy, and any transactions by the company should be sustainability driven.

In connection to the transformative strategy, Exel Composites published long-term targets, which include sustainability targets related to zero harm, reducing scope 1 & 2 emissions, zero waste to landfill and improving employee engagement. In addition, the company's target is that 100% of research will focus on sustainable composite solutions. No changes were made to strategy and business model as a result of the DMA completed in early 2024, as climate change mitigation and resource use and circular economy were already at the core of the company's business model and strategy for 2024-2028. Read more about the strategy and financial targets in the Board of Directors' report.

## Interests and views of stakeholders

Exel interacts with its key stakeholders and develops its operations based on stakeholder feedback. Significant stakeholders' feedback is reported to the management and control bodies. Exel Composites' key stakeholders include customers, employees, business partners and suppliers, shareholders, the financial market, authorities, industrial associations, and general community. The key interests and views 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 employees, the company's financial performance, regulatory compliance, as well as business ethics.

## Interests and views of stakeholders

KEY STAKEHOLDERS	STAKEHOLDER ENGAGEMENT AND HOW IT IS ORGANIZED	PURPOSE OF ENGAGEMENT	HOW OUTCOME HAS BEEN TAKEN INTO ACCOUNT IN OPERATIONS, BUSINESS MODEL OR STRATEGY
Customers	<ul style="list-style-type: none"> <li>One-to-one dialogue</li> <li>Fairs and events</li> <li>Sharing information through reports, marketing materials, website, and social media channels</li> <li>Product co-development with customers</li> <li>Customer experience surveys</li> </ul>	<ul style="list-style-type: none"> <li>Gaining in-depth understanding of customers' business</li> <li>Providing expertise on composites and helping customers choose composites for their applications</li> <li>Long-term partnership and loyal customers</li> <li>Boosting product quality, safety and reliability, cost-efficiency</li> <li>Transition to more sustainable solutions and reducing environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Developing solutions and materials based on customer needs</li> <li>Offering value-adding services to customers as a strategic focus area</li> <li>Developing the recycling of composite waste</li> </ul>
Employees	<ul style="list-style-type: none"> <li>One-to-one dialogue</li> <li>Regular safety inspections, audits, and safety patrols, local safety committees, safety training and communication</li> <li>Employee engagement survey</li> <li>PDR process</li> <li>Townhall meetings, intranet, newsletters</li> <li>Whistleblowing channel</li> </ul>	<ul style="list-style-type: none"> <li>Fostering safety and well-being of employees, and positive and fair workplace culture</li> <li>Ensuring ethical business conduct</li> <li>Improving employee engagement</li> <li>Promoting professional development</li> </ul>	<ul style="list-style-type: none"> <li>Over 50 Exel employees' views considered in the group strategy work</li> <li>Zero harm and employee engagement set as Group targets</li> <li>Global HR policies and HR platform introduced to develop Exel as a workplace</li> <li>Internal communications developed based on feedback</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>One-to-one dialogue</li> <li>Fairs and events</li> <li>Supplier Code of Conduct</li> <li>Whistleblowing channel</li> <li>Assessment of suppliers' sustainability as part of the supplier selection process and during cooperation in audits</li> </ul>	<ul style="list-style-type: none"> <li>Open collaboration and trust</li> <li>Profitable business and business continuity for both parties</li> <li>Ensuring high quality and value for both parties</li> <li>Supporting suppliers with their commitment to responsible and sustainable business conduct</li> <li>Minimizing any adverse impact of operations on the environment and developing more sustainable materials</li> <li>Ensuring ethical business conduct</li> </ul>	<ul style="list-style-type: none"> <li>Target to include more bio-based and recycled raw materials in the offering</li> </ul>

## Interests and views of stakeholders

KEY STAKEHOLDERS	STAKEHOLDER ENGAGEMENT AND HOW IT IS ORGANIZED	PURPOSE OF ENGAGEMENT	HOW OUTCOME HAS BEEN TAKEN INTO ACCOUNT IN OPERATIONS, BUSINESS MODEL OR STRATEGY
<b>Investors, shareholders, analysts</b>	<ul style="list-style-type: none"> <li>Website and investor pages, stock exchange releases and financial reports, investor events and meetings, general meetings</li> </ul>	<ul style="list-style-type: none"> <li>Supporting correct valuation of the company's shares by providing sufficient, accurate and consistent information in a timely manner as well as true and fair picture of the company's financial performance and future prospects</li> </ul>	<ul style="list-style-type: none"> <li>Developing reporting and communications content based on feedback</li> </ul>
<b>Industrial associations</b>	<ul style="list-style-type: none"> <li>Active participation in the KiMuRa project led by the Finnish Plastics Industries Federation</li> <li>Active in various other national and international work groups to share knowledge and develop the industry, such as EuCIA, ACMA</li> </ul>	<ul style="list-style-type: none"> <li>Access to latest industry knowledge and information, legislation and standards</li> <li>Gaining voice towards legislators and other organizations</li> <li>Collaboration, knowledge-sharing and innovation to develop the industry</li> </ul>	<ul style="list-style-type: none"> <li>Developing recycling waste to cement route in own operations and reaching zero landfill to waste target</li> </ul>
<b>General community</b>	<ul style="list-style-type: none"> <li>Cooperation with local universities and chambers of commerce</li> <li>Fairs and events</li> <li>Company website, reports, social media channels</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of Exel as an employer and community member</li> <li>Promoting research in connection to composites</li> <li>Supporting engineering education and ensuring a steady pipeline of skilled talent for the industry</li> <li>Supporting regional vitality and local employment, aim to be a positive contributor in communities and a responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>Support to local communities, for example through small donations to local associations and non-political activities.</li> </ul>



## The process to identify and assess material impacts, risks and opportunities

Exel conducted its first materiality assessment between November 2023 and February 2024 as a Double Materiality Assessment (DMA) in line with the Corporate Sustainability Reporting Directive (CSRD) and ESRS requirements to assesses which specific ESG impacts, risks and opportunities are material in relation to Exel Composites' business and value chain. The DMA considered impacts that Exel is involved with through its own operations and as a result of its business relationships in the value chain. The identification covered the entire Group.

The process involved four phases: Preparation and scoping, mapping impacts, risks and opportunities, assessing materiality, and validation and reporting.

### 1. Preparation and scoping

In the preparation and scoping phase, business model, value chain and affected stakeholders were mapped, assessment boundaries and thresholds were established and the need for stakeholder involvement was determined. Value chain included upstream activities from raw materials extraction and processing to production and transport of materials for production. The considered downstream activities included main use cases of Exel's products based on volume of business and potential adverse impacts on people or the environment. Geographies, business relationships and activities with heightened risk of adverse impacts were identified based on previously conducted human rights risk and impact assessment that was also used to identify affected stakeholders in Exel's value chain. The views of affected stakeholders were considered through interviews during the materiality assessment and the human rights risk and impact assessment, and by consulting external human rights and environmental experts and external sources of information.

### 2. Mapping impacts, risks and opportunities

Mapping impacts, risks and opportunities began with creating a long list of sustainability topics covering all ESRS topics, sub-topics and sub-sub-topics as well as additional human rights. Mapping workshops were organized with Exel's key stakeholders to identify impacts, risks and opportunities and create a list of potentially material topics. The workshops were conducted with a broad group of internal stakeholders, representing QEHS, R&D and technology, business control, sourcing, strategy, people & culture, and IR. The workshops were followed by interviews with internal stakeholders and external stakeholders including suppliers and investors.

Sustainability-related risks as identified in Exel's risk management process and disclosed in Exel's Corporate Governance statement, were considered in creating a list of potentially material impacts, risks and opportunities. The risk assessment results were also consulted in assessing the materiality of sustainability impacts, risks and opportunities led by an external expert. Sustainability-related risks were assessed using the assessment criteria and thresholds derived from Exel's Enterprise Risk Management System.

Exel identified and mapped potential financial effects stemming from all topics on the list of potentially material impacts. In addition, the identification of risks and opportunities was complemented by identifying potential financial effects related to dependencies on key resources. The identification of potentially material risks and opportunities included financial, compliance and legal, operational, reputational, and strategic risks and opportunities.



### 3. Assessing materiality

In the next phase, the assessment of materiality of impacts, risks and opportunities was led by external experts. The assessors followed the predefined assessment dimensions and scales and consolidated their inputs in the Double Materiality Assessment Tool. The assessment was carried out by consulting internal stakeholders through interviews and workshops, and based on internal sources covering e.g., supplier audits, and environmental and human rights impact assessments. Risks and opportunities arising from identified impacts were considered in the assessment and complemented with assessment of risks and opportunities arising from dependence on key resources.

The assessment dimensions followed guidance provided by the ESRS standards and were informed by the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles and the EFRAG double materiality conceptual guidelines for standard-setting. Thresholds were defined for determining materiality of identified impacts, risks and opportunities. Materiality of negative impacts was assessed based on the severity of the impact, which was defined based on three dimensions: Scale (how grave the impact is), scope (how widespread the impact is), and irremediability (to what extent the negative impact can be remediated). Materiality of positive impacts was assessed based on the benefit of a positive impact defined based on the scale and the scope of the impact. Potential impacts were considered in addition to the likelihood of the impact.

Materiality of risks and opportunities was assessed based on the size of financial effects (monetary or qualitative estimate of the size of the risk or opportunity), and the likelihood (the extent to which the financial effect is expected to materialize). For financial materiality the assessment criteria and thresholds follow Exel Composites' Enterprise Risk Management System.

Sustainability-related risks were assessed using the assessment criteria and thresholds derived from Exel's Enterprise Risk Management System. Sustainability-related risks were weighed equally relative to other types of risks that are assessed using the same scales. The risk categories (strategic, operational, financial, hazard and environmental risks) included in the company-related risk assessment done on a quarterly basis, were considered in classification of the sustainability-related risks. In addition, the assessment of sustainability-related risks included reputational, compliance, and legal risk categories. Hazard and environmental risks were further categorized through the financial effects stemming from e.g., operational, legal, and reputational effects.

### 4. Validation and reporting

The double materiality results were validated and approved by Exel Composites in a working session by SVP Technology & Sustainability, CFO, Group Financial Controller, Senior Manager, QEHS, and Head of Investor Relations. As a result of Exel's increased understanding of the concept of double materiality and CSRD reporting guidelines, the DMA results and scoring of two sub-topics were updated in January 2025. The final results were verified by SVP Technology & Sustainability, CFO, Group Financial Controller, SVP People & Culture, Senior Manager, QEHS, and Head of Investor Relations.

The results of the materiality assessment and the general annual risk assessment process are integrated into the company's overall risk management process and used in evaluating the overall risk profile. They are also integrated into Exel's overall management process. Based on DMA's findings, new policies have been created during the year, including the DEI and Human Rights Policies and the Whistleblowing guideline, and related processes have been amended according to the new policies. The results of the DMA were reviewed and approved by the Board of Directors.

Materiality assessment was first of its kind for Exel Composites. The assessment is expected to be revised during 2025.

## Description of the processes to identify and assess material environmental impacts, risks and opportunities

Exel operates under quality, environment and health and safety certifications such as the ISO 9001, ISO 45001, ISO 14001 and ISO 26000. If any risks or impacts realize despite pre-emptive measures, damages from hazard risks are mainly covered by insurance policies. This type of risks is also regularly audited by third parties that provide recommendations for improvement to reduce risk probability.

### Climate change

The impact, risk and opportunity identification related to climate change is part of Exel Composites' double materiality analysis, and climate-related risks and opportunities are considered and evaluated as part of the general duties of the Board and the management connected to strategy, budget and risk management and sustainability matters.

The climate related IROs were assessed with support of Exel's GHG emission inventory and previously conducted assessments on the topic. Exel monitors and measures its climate impacts as a part of its general environmental monitoring on all sites.

Exel has identified climate-related hazards of own operations as part of a site-level climate vulnerability and risk assessment. The climate risk assessment was carried out after the completion of the materiality assessment, and the results of the two assessments are not yet fully aligned. The DMA has not been informed by the climate risk assessment, and no changes were made to the material IROs once the climate risk assessment was completed. Results of the assessment will be integrated to management of climate-related risks in the future.

The assessment considered time horizons up to the 2030s (2025-2044) and 2060s (2055-2074) based on the expected life span of the facilities and to identify risks from short- to long-term. The assessment included a high emissions scenario (SSP3-7.0) and a Paris-aligned low emission scenario (SSP1-2.6) from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change that are considered to cover the range of plausible physical climate risks. SSP3-7.0 was selected as it is considered to be the realistic high emission scenario, with challenges in both climate change mitigation and adaptation. In the scenario temperatures continue to increase as key carbon reduction milestones are missed. The SSP1-2.6 is a Paris-aligned scenario where net zero targets are met, but there is a delay in mitigating all effects of emissions leading to an overshoot in temperature rises. Key forces and drivers taken into consideration were based on the assumptions in the Shared Socioeconomic Pathways as defined by the AR6 of the IPCC.

The assessment covered exposure to relevant chronic and acute temperature, wind, water and solid mass related climate hazards as defined in (EU) 2021/2139, based on the geographical location of the site and frequency of occurrence of the hazards. Climate change projections used were derived from simulations performed with climate models, which are detailed computer models based on well-established principles such as conservation of mass and momentum. Exposure to physical climate hazards was assessed based on the geospatial coordinates of the sites. Physical climate risks were assessed based on the likelihood and impact of climate hazards for the sites considered to be vulnerable to the hazard based on assessment of exposure and sensitivity. Main limitations of the assessment are related to the uncertainties in the climate change projections and use of single point locations and various buffer distances for the assessment.

For transition risks and opportunities, the assessment process does not apply scenario analysis or different time horizons for identification of climate-related transition events. Transition risks have been assessed on a general level and the assessment did not consider the exposure or sensitivity to the transition events or identify assets or activities incompatible with climate-neutral transition.

### Pollution, water and marine resources

Exel Composites' double materiality analysis process includes the screening of sites and material parts of both upstream and downstream value chain to assess the actual and potential environmental IROs. Exel Composites follows its sites' environmental impacts and risks continuously via its environmental management system. In addition, the pollution- and water-related impacts derived from Exel's site operations are regulated by environmental permits and legislation of each site location. The identification and assessment of pollution- and water-related IROs were supported by environmental impact assessments conducted for all sites and supplier audit results. Exel Composites did not identify sites, geographical locations or business activities in own operations or value chain where pollution, water or marine resources would be a material issue. Marine resource -related commodities are not used in Exel's value chain or own operations.

### Biodiversity and ecosystems

Biodiversity impacts, dependencies and risks were assessed in all site locations of own operations using the WWF Biodiversity Risk Filter and environmental impact assessment following Directive 2011/92/EU. The main potential pressures on biodiversity and ecosystems were identified to be accidental pollution from own sites and direct impact drivers in upstream value chain that were assessed using sector average information from the SBTN Materiality Screening Tool. Main potential dependencies were identified to be

derived from sourcing of renewable materials. Assessment did not include ecosystem services that are or are likely to be disrupted. Potential transition and physical risks were identified as part of the overall rating from WWF's Risk Filter, while systemic risks on biodiversity and ecosystems were not separately considered.

Exel did not identify material IROs related to biodiversity and ecosystems. Exel concluded that none of the factories locate in or in vicinity of nature reserves and parks or similar conservation area or otherwise in landscape of significance. Exel's sites are located on industrial areas that have been planned for industrial use by local authorities and environment impact assessments have been done as part of planning and when sites have been applying for operational permits. Exel has not assessed necessary to implement biodiversity mitigation measures.

### Resource use and circular economy

Resource- and material-use, and circular economy are key elements of Exel Composites' operation and business. The identification and assessment of related risks and opportunities are a part of Exel Composites' general risk and opportunity management. The actual and potential impacts were screened and assessed during the double materiality analysis, with the support of information material use and generated waste in production, in addition to conducted assessments of potential assessments of waste and material recycling.

Exel Composites did not identify communities directly affected by its environmental impacts and has not conducted consultations with community representatives.

### Description of the processes to identify and assess governance related material impacts, risks and opportunities

The material impacts, risks and opportunities have been identified in a double materiality assessment in early 2024 described above. The process followed the same general criteria also for G1 Business Conduct and did not focus on any specific activity, business relationships, sector, structure or any other factor due to heightened risk of adverse impacts. Risks were assessed on a country-by-country basis. Impacts related to business conduct cover all individuals and countries, if not otherwise specified in the Material impacts, risks and opportunities table under G1 Business conduct. In protection of whistleblowers, there is a heightened negative impact in one country due to a parallel whistleblowing system. Corruption and bribery have heightened negative impact in those countries that are classified as so-called risk countries.

## Material sustainability-related impacts, risks and opportunities

Based on the materiality assessment Exel considers the following topics and sub-topics material. Description of the impact and related risks and opportunities as well as where they are concentrated and originated from are described under each topic.

THEME	TOPIC	SUBTOPIC AND SUB SUBTOPIC	MORE DETAILED DESCRIPTION
ENVIRONMENT			
	E1 Climate change	Climate change mitigation	Page 51
	E5 Resource use and circular economy	Resource inflows, including resource use	Page 59
		Resource outflows related to products and services	Page 59
		Waste	Page 59
SOCIAL			
	S1 Own workforce	Health and Safety	Page 74
GOVERNANCE			
	G1 Business conduct	Corporate culture	Page 85
		Protection of whistleblowers	Page 85
		Corruption and bribery	Page 86
		Management of relationships with suppliers including payment practices	Page 86





## Exel's material sustainability topics

A statement of material impacts, risks and opportunities is provided below. More detailed descriptive information is disclosed under corresponding topical ESRS.

### E1 Climate change: climate change mitigation

Exel's production generates GHG emissions that are mostly carbon dioxide formed in own use of fuels, heating, production of electricity and transportation of materials. Approximately 80% of Exel's GHG emissions come from the value chain. While Exel Composites' manufacturing process generates GHG emissions, composites have a positive impact on the environment and climate during the service life of the end-product. The properties of composite materials enable more environmentally friendly solutions. Composites can be used in sustainability enhancing solutions that contribute to climate change mitigation. Regulations mitigating climate change and the increased sustainability focus globally increase the demand for composites. Opportunities relate to EU Taxonomy alignment of activities, which can attract further investments and increase access to green financing.

### E5 Resource use and circular economy

The same properties that drive the decision to choose composites over alternative materials – durability and strength among others – also set limitations to their recyclability. Exel participates in industry projects promoting recycling of composites and considers matters impacting recyclability already during product design. There are processes already in place for the recycling and reuse of composites, especially by utilizing plastic composite in cement production. While there are still several limitations in recycling composites locally, available technologies are being implemented and new technologies are being developed, which are expected to reach technical and financial maturity in the coming decade.

Reliance on non-recycled materials such as resins and fibers in production contribute to higher demand for virgin resources. As part of Exel's circular economy initiative, the use of alternative, sustainable raw materials in production is continuously researched and evaluated, and bio-based raw materials are part of Exel's offering already today.

### S1 Own workforce: Health & safety

Exel had 7.0 lost time injuries (LTIs) per million hours worked in 2024 due to accidents and the company has safety improvements as a focus point going forward. Personnel well-being and work ability are actively developed at Exel Composites by investing in both occupational safety, emergency preparedness and maintaining physical and mental health. Occupational accidents and sickness absences weaken the profitability and quality of the company's operations. The risk of occupational accidents is highest in production, where the workload may also cause musculoskeletal disorders. As several harmful and even dangerous chemicals are used in production, handling of chemicals may pose potential health risks to workers, particularly if safety measures are not followed.

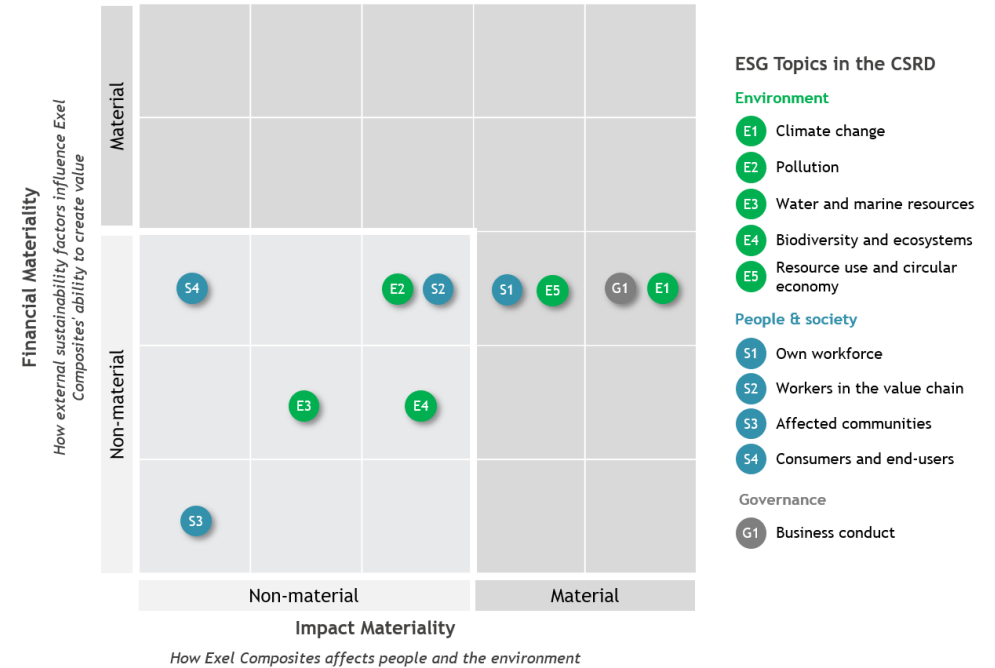
Through the years of systematic and goal-oriented safety development work, the number of occupational accidents has been reduced to almost one-tenth over a 10-year period. The development of occupational health and safety is largely guided by the ISO 45001/2017 standard, which sets high requirements for Exel Composites' operating methods and their continuous development. The procedures required by Exel Composites are stricter than those required by national regulations in certain geographical areas. In general health and safety management has a positive return on investment.

## G1 Business conduct

Ethical behavior and responsible conduct contribute to a positive perception of Exel as a company in the eyes of customers, partners, and the public, fostering trust and loyalty. Exel's strong corporate culture and policies minimize the potential of incidents of unlawful behavior. Employment contracts include Code of Conduct as attachments. However, lack of dedicated training on the Code of Conduct may potentially result in employee unawareness of expected standards. Therefore, there are plans to introduce these trainings in 2025. Exel has a global whistleblowing channel open to all internal and external stakeholders, and investigation are carried out by an independent third party. Exel's whistleblowing guidelines sets out its way of protecting whistleblowers from retaliation.

Some of the countries Exel has operations in are classified as so-called risk countries, where there is an increased risk of corruption. Exel's Code of Conduct states a zero-tolerance for bribery and corruption. There are also anti-corruption and decision-making and signing policies in place to prevent corruption. Exel's supplier management approach encompasses adherence to the Supplier Code of Conduct and prioritizes timely payments. The company developed its practices on supplier selection and audits during 2024. Regular supplier audits include compliance with the Code of Conduct.

## Overview of Exel's CSRD material topics



## Anticipated financial effects of material risks and opportunities on financial position

The material risks and opportunities identified in the DMA do not involve factors that would require in adjustments to Exel Composites' assets and liabilities on the balance sheet reported in the financial statements within the next annual reporting period. EU taxonomy-aligned economic activities have been gradually growing importance as a criterion among financiers. In the future, the cost and availability of financing may be better for companies with high revenue of taxonomy-aligned activities. Exel Composites' financing arrangements are currently valid until 2027. The company's strategic growth in industries related to taxonomy-aligned activities may therefore reduce financing costs somewhat in the medium term. Regulation mitigating climate change and the resulting increase in demand for composites may have a significant impact on the revenue growth sought in Exel's company's strategy.

The demand for composites is growing especially in the value chains related to the manufacture of renewable energy and the manufacture of low-emission transport vehicles. This may have a significant impact on the growth sought in the company's strategy. Exel is one of the few companies with the capability to produce composite solutions based on natural raw materials for customers. Customer demand for these materials has so far been limited due to the higher price of raw materials, and Exel has been able to manage its profitability through pricing in these products. At the moment, there are no significant

known projects where only natural raw materials would be forcibly switched to. Such a transition, if implemented quickly, could have a significant impact on profitability.

EU regulations and directives call for increased circularity of products. Lacking suitable KPIs to properly measure Exel's positive contribution and initiatives for circularity can present a potential risk to Exel's value proposition due to stricter requirement on circular economy. Exel Composites continuously develops its emission measurement systems and actively develops Scope 3 calculations. In addition, Exel Composites is involved in developing recycling methods for the composites industry. These efforts support the demand for Exel Composites' products. For some alternative materials, there are already recycling methods in place. In this respect, it is possible that part of the projected future growth is dependent on the development of recyclability.

Due to its importance, occupational safety and lost time injuries have been raised as a strategic indicator for the Group. Despite ongoing active development of health and safety and focus on prevention of accidents, there is always the possibility of a serious accident at work. Depending on the event and local legislation, the potential economic impact of such an accident can be significant.

There are no investment or disposal plans in place or planned sources of funding related to these anticipated financial effects. The quantitative disclosure of anticipated financial effects of material risks and opportunities on financial position will be omitted, as this is the first year of preparation of the sustainability statement.

## Disclosure requirements in ESRS covered in the sustainability statement

STANDARD	DISCLOSURE REQUIREMENT	LOCATION IN REPORT
ESRS 2	ESRS 2 BP-1	General basis for preparation of the sustainability statements
	ESRS 2 BP-2	Disclosures in relation to specific circumstances
	ESRS 2 GOV-1-2	GOV-1 The role of, information provided to and sustainability matters addressed by the administrative, management and supervisory bodies
	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes
	ESRS 2 GOV-4	Statement of due diligence
	ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting
	ESRS 2 SBM-1	Strategy, business model and value chain
	ESRS 2 SBM-2	Interest and views of stakeholders
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model table in E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
	ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities
	ESRS 2 IRO-2	Disclosure requirements in ESRS covered in by sustainability statement
	ESRS 2 MSR-P	Policies under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
	ESRS 2 MSR-A	Actions under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct



## Disclosure requirements in ESRS covered in the sustainability statement

STANDARD	DISCLOSURE REQUIREMENT	LOCATION IN REPORT
<b>ESRS 2</b>		
	ESRS 2 MSR-M	Metrics under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
	ESRS 2 MSR-T	Targets under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
<b>ESRS E1</b>		
	E1-1	Transition plan for climate change mitigation
	E1-2	Policies related to climate change mitigation and adaptation
	E1-3	Actions and resources in relation to climate change policies
	E1-4	Targets related to climate change mitigation and adaptation
	E1-5	Energy consumption and mix
	E1-6	Gross scope 1&2 and total GHS emissions
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits
	E1-8	Internal carbon pricing
	E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities

## Disclosure requirements in ESRS covered in the sustainability statement

STANDARD	DISCLOSURE REQUIREMENT	LOCATION IN REPORT
<b>ESRS E5</b>		
	E5-1	Policies related to resource use and circular economy
	E5-2	Actions and resources related to resource use and circular economy
	E5-3	Targets related to resource use and circular economy
	E5-4	Resource inflows including resource use
	E5-5	Resource outflows including products and services
	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
<b>ESRS S1</b>		
	S1-1	Policies related to own workforce
	S1-6	Characteristics of the undertaking's employees
	S1-14	H&S indicators
	S1-17	Incidents, complaints and severe human rights impacts
<b>ESRS G1</b>		
	G1-1	Business conduct policies and corporate culture
	G1-2	Management of relationships with suppliers
	G1-3	Prevention and detection of corruption or bribery
	G1-4	Confirmed incidents of corruption and bribery
	G1-6	Payment practices

## ENVIRONMENT

### E1 Climate change

#### Material impacts, risks and opportunities related to climate change

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT
<b>Climate change mitigation</b>			
Exel's production generates GHG emissions (Scope 1 and Scope 2) that are mostly carbon dioxide formed in own use of fuels, heating, production of electricity and transportation of materials. Approximately 20% of Exel's GHG emissions come from its own operations (Scope 1 & 2) and 80% from the value chain (Scope 3). However, as Scope 3 emissions are not currently systematically calculated this is a rough estimate.	Actual negative impact	Own operations & value chain, long term	<ul style="list-style-type: none"> <li>Exel's long-term targets for reducing GHG (scope 1 &amp; 2) emissions</li> <li>Code of Conduct, Supplier Code of Conduct, QEHS Policy, Travel Policy</li> <li>ISO 14001/2015 certificate in most of the operating countries and ISO 9001/2015 certificate in all operating countries</li> <li>Operations according to ISO 26000 principles</li> <li>Energy efficiency improvement in own operations</li> <li>Use of renewable energy sources and carbon-neutral electricity</li> <li>Carbon footprint calculator used for calculating the environmental impact of composite products during the entire lifecycle, which enables the customer to choose a more sustainable solution</li> </ul>
The properties of composite materials, such as lightness and durability, enable more environmentally friendly solutions. Composites can be used in sustainability enhancing solutions that contribute to climate change mitigation. The planned emission reduction targets will strengthen Exel's effort within the environmental footprint sustainability focus area.	Actual positive impact	Own operation & value chain, long term	
Exel is engaged in Taxonomy-eligible financial activities such as the manufacture of different components for transport, renewable energy technologies, energy efficiency equipment for buildings, and other low carbon technologies, among others. Taxonomy-eligible activities had a revenue of EUR 31.2 million, i.e. 31.3% of total revenue in 2024. Getting these Taxonomy-aligned through meeting the technical screening criteria can attract further investments and increase access to green financing.	Opportunities	Own operation and value chain	
Out of Exel's revenue in 2024, EUR 22.0 million or 22.1% was Taxonomy-aligned activities related to the manufacture of renewable energy technologies, energy efficiency equipment for buildings, and manufacture of low carbon technologies for transport, among others, documented to be environmentally sustainable activities with positive impacts.			
Increasing demand for products: Regulations mitigating climate change increase demand for composites, and there is also an increasing demand for products that mitigate climate change.			

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## Climate change mitigation

While Exel Composites' manufacturing process generates GHG emissions, the properties of composite materials enable more environmentally friendly solutions during the service life of the end-product. Regulations mitigating climate change and the increased sustainability focus globally increase the demand for composites.

Even though Exel is not reporting Scope 3 emissions, it is estimated that approximately 20% of Exel's GHG emissions are estimated to come from own operations (Scope 1&2) and 80% from the value chain (Scope 3). The energy consumed in suppliers' production processes of raw materials has been estimated to have the most significant impact on Exel's carbon footprint. Scope 1 and Scope 2 GHGs generated in Exel Composites' production are mostly carbon dioxide formed in own use of fuels, heating, production of electricity and transportation of materials. Other GHGs are not material, even though they might be present in the production chain. The emission factors used are CO<sub>2</sub>e, and therefore all GHGs are included in the emission calculations.

The primary energy source is electrical energy, and heating has a major impact on the total energy consumption. 24% of energy used in 2024 was from renewable energy sources such as solar power, wood pellet boilers, local district heating network using wood chips and air ventilation equipped with heat recovery, and 76% was from non-renewable energy sources used in operations, including natural gas and oil.

### Saving resources with composites

Exel's products have the most significant impact on the environment and climate during the service life of the end-product. Composites are often lighter than alternative materials, and they are durable and non-toxic. 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. During the service life of the end-product, the impact on the environment can be highly positive and emit less GHGs due to increased energy efficiency, better performance, and durability.

Composites can be 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, etc.



Exel uses carbon footprint calculator by European Composites Industry Association (EuCIA) for calculating the environmental impact of composites products from cradle-to-gate: from the raw materials up to the point-of-sale. Every cost calculation for customers includes CO2 and energy demand data for different material options and their combinations. This provides customers an option to choose a more sustainable solution. The calculator is based on average values in the industry, and Exel is developing the tool to increase the accuracy of calculations.

The direct impacts of climate change on Exel's own operations are small, and the company did not identify any material climate-related physical risks or transition risks in the DMA process. Strategically, climate related risks and opportunities may potentially impact the company's decisions regarding its geographical footprint, expanding into or focusing on certain product applications or customer industries as well as expanding into or focusing on certain production technologies.

## Policies related to climate change mitigation

Exel Composites manages its environmental issues with Group policies, mainly Code of Conduct and Supplier Code of Conduct, and Quality, Environmental, Health and Safety policy, as well as quality and environmental management systems (ISO 9001, ISO 14001, ISO 45001 and ISO 26000). Exel works together with its major suppliers so that their services will comply with requirements of ISO 9001, ISO 14001 and ISO 45001. Exel does not have a specific policy on climate change risks and adaptation measures. The management of risks in general are covered in the Risk Management Policy, which, however, does not specifically address climate change mitigation. It serves two main purposes: to identify, reduce and prevent undesirable incidents or outcomes and to review past incidents and implement changes to prevent or reduce future incidents. The policy describes principles and roles and responsibilities of risk management and covers all company operations and employees globally. Exel's Board of Directors has confirmed the risk management policy. It is reviewed annually and available on the company's intranet.

Among other topics, the Code of Conduct covers Exel Composites' general principles in climate change mitigation and adaptation. It states that Exel takes environmental aspects

into account when making business decisions, strives to ensure that its products, services and production contribute to sustainable development and avoids materials and methods posing environmental and health risks when suitable alternatives are available. Supplier Code of Conduct communicates Exel's expectation for the supplier to minimize any adverse impact of its operations on the environment and demonstrate continuous improvements in minimizing these impacts. Code of Conduct and Supplier Code of Conduct are described in more detail under G1 Business Conduct.

Exel's Quality, Environmental, Health and Safety (QEHS) policy communicates Exel's commitment to continually improving performance and reducing adverse environmental impacts. The QEHS policy is of general nature and does not directly address climate change mitigation. The policy covers all company operations and employees globally. It is approved by the Exel Leadership Team, who is the most senior level accountable for implementing the policy. It is published on the company's intranet, and available to other stakeholders by request.

Exel's travel policy was revised in 2024, taking into account the company's sustainability goals and climate change mitigation by reducing emissions related to business travel. The purpose of the travel policy is to provide clear and common instructions on the proper procedures before and after a business trip. The goal is to improve travel related procedures, promote safe and sustainable travel practices, and maintain cost-effectiveness. Business trips must always be purposeful and cost-effective for the company. The key principles include minimizing unnecessary traveling and considering travel options also from sustainability perspective. Where allowed and feasible, employees are encouraged to use safe public transportation or carpool with colleagues, to consider an electric vehicle if travelling allows, to compare different airlines' CO2 emissions and try to opt for the best one with least emissions, and to consider hotels with eco labels. The travel policy covers all company operations and employees globally. It is approved by the SVP, People & Culture, who is the most senior level accountable for implementing the policy, and it is available on the company intranet.

Energy efficiency or renewable energy deployment is not explicitly addressed in any of the policies.

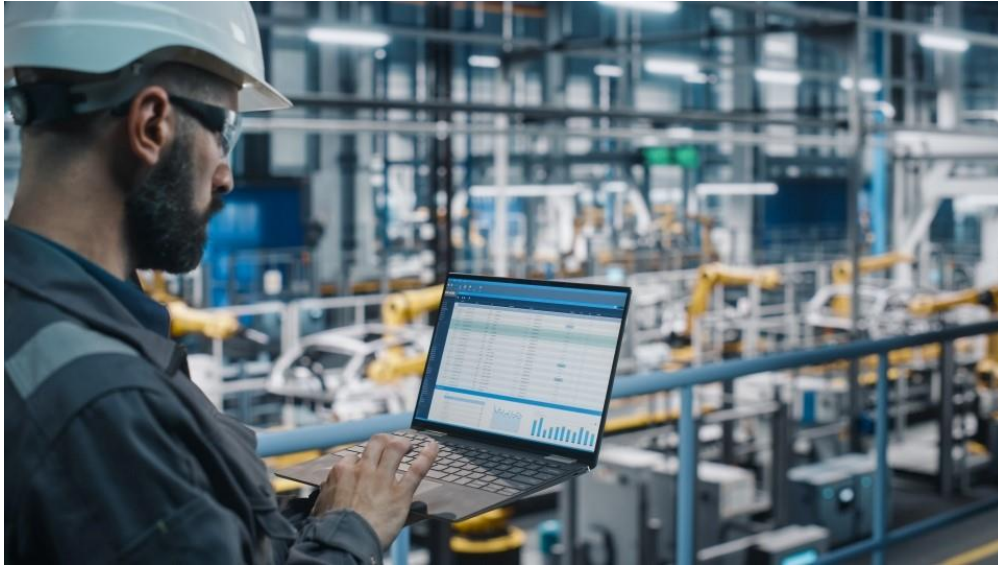
## Targets related to climate change mitigation

EXEL'S GOAL	LONG-TERM GROUP TARGET	PROGRESS IN 2024	2023	ACTIONS 2024
<p>Providing sustainable, safe, and reliable composite solutions to help customers save resources and mitigate climate change</p> <p>Reducing the negative impact of own operations to the environment and climate</p>	<p>GHG emission (Scope 1 &amp; 2) reduction according to UN established targets:</p> <ul style="list-style-type: none"> <li>- Short term, by 2030: 50% reduction of Scope 1 &amp; 2 GHG emissions</li> <li>- Long term, by 2050: Carbon neutrality</li> </ul>	<p>In total, Scope 1 &amp; 2 GHG emissions were 3.7 thousand tons.</p> <p>GHG (Scope 1 &amp; 2) emissions were reduced by 35% from 2018 when GHG (Scope 1 &amp; 2) emissions were 5.8 thousand tons.</p>	<p>In total, Scope 1 &amp; 2 GHG emissions were 3.3 thousand tons.</p>	<ul style="list-style-type: none"> <li>• Actions to reduce energy consumption and improve energy efficiency continued on all sites.</li> <li>• 100% of electricity consumed in Finland in 2024 was guarantee of origin electricity. As the guarantee of origin only applies to electricity used in Finland, 29% of electricity consumed in the entire Group was guarantee of origin electricity.</li> <li>• Solar power plants in Joensuu and Kapfenberg produced 408 (274 MWh) MWh energy. The share of renewable energy used was 24% (comparison figure for 2023 not available).</li> </ul>

### UN SDG



Targets refer to market-based emissions.



## Targets related to climate change mitigation

Exel Composites aims to reduce GHG (Scope 1 & 2) emissions according to the UN established targets: In the short term, by 2030, the company targets 50% reduction of GHG emissions, and in the long term, by 2050, the target is carbon neutrality. Exel's GHG emission reduction targets include Scope 1 and 2 GHG emissions only and cover all companies and locations in the Group. Exel has not specified the share of the target related to each respective GHG emission Scope (Scope 1 & 2). However, in 2024, majority (85%) of total Scope 1 & 2 emissions were scope 2 emissions.

The target year for short-term target is 2030 and for long-term target 2050. The base year for the targets is 2018, which was chosen as it was the last full year before Covid, and in this sense presents Exel's performance well. For the data calculated from the US operations, the base year is 2019, as this was the first year for which full-year data was available after the acquisition of the US unit in 2018.

The company does not have a transition plan aligned with the goals of the Paris Agreement in place, but it plans to draft and adopt the plan by 2028. The targets are not externally assured. They are not yet based on conclusive scientific evidence.

Exel's Scope 1 & 2 GHG emissions reduction targets were not set based on any climate scenarios, as the company had not yet conducted a scenario analysis when setting the targets in 2023. Future developments, such as shifts in customer demand, regulatory factors or introduction of new technologies have been considered when setting the targets, and they are taken into account when assessing the attainability of the targets. According to its strategy, Exel is seeking revenue growth, and therefore, production output is estimated to grow. According to the company's estimate, the growth targets do not prevent the company from reaching its Scope 1 & 2 emissions reduction targets. Scope 3 is not considered in this estimate.

Exel expects to set targets for Scope 3 GHG emission reduction step-by-step during 2026-2027. The work for planning reduction measures as well as target setting will start after Scope 3 emissions have been collected and calculated for 2025 and baseline is defined.

The GHG emission reduction targets are not related to any specific policy objectives of the company. Stakeholders, other than employees, who were involved in Exel's strategy work, have not been involved in setting emission reduction targets.

## Actions and resources in relation to climate change mitigation

In 2018-2024 Exel reduced Scope 1 and 2 emissions by 35% from 5.8 thousand tonnes in 2018 to 3.7 thousand tonnes in 2024 (2023: 3.3), demonstrating that the company is on track to meet its target of 50% reduction GHG by 2030.

The actions included the use of renewable energy in heating in Finland investing in solar power plants in Finland and Austria taking into use a new factory building with class A++ energy performance in Austria and securing the use of carbon-neutral electricity by purchasing guarantees of origin in Finland, among others. The increase of 13.4% in Scope 1 and 2 emissions compared to 2023 was due to production volume increase, and changes in ambient conditions, such as more need for heating. There were also changes made in emission factors used to calculate the emissions.

The share of renewable energy used in 2024 was 24% (comparison figure from 2023 not available). In 2024, Exel Composites' two solar power plants in Joensuu (Finland) and Kapfenberg (Austria) generated approximately 408 MWh/a (2023: 274 MWh/a) of renewable energy. The increase was mainly due to the fact of Kapfenberg plant being in use only part of the year 2023. In Mäntyharju (Finland) Exel uses local district heating network, which uses fully renewable fuels, and the company uses fully renewable wood pellets in its own boiler in Joensuu (Finland).

The Austria factory uses only renewable electricity from water, wind, solar energy and biomass. In 2024, energy efficiency measures continued on all sites, and included adjustments of ventilation and lighting, and switching to frequency converters in in main dust removal systems in Joensuu, Finland, among others.

The effectiveness of the actions is monitored annually through Scope 1 and 2 emission calculations, which include all Exel's sites. The sites report their emissions to the business unit, which then reports the results to group where the calculations are consolidated. Exel Leadership Teams follows up the performance against targets annually. Scope 3 emissions will be calculated and monitored 2025 onwards. In 2024, Exel developed initial Scope 3 emissions calculations and made preparations for selecting a tool for emissions calculations to be taken into use during 2025 to support the reporting.

The planned actions for 2025-2030 for GHG emission reduction include measures such as continuous improvement of energy efficiency on sites, replacing fossil fuels with renewables and utilizing green energy wherever economically viable, and expanding the use of carbon-neutral electricity outside Finland, among others. At the moment, guarantees of origin are not available in the United States, China and India, but Exel is looking for other alternatives to advance the use of carbon-neutral energy also in these countries. In the short-term, the focus in further reducing Scope 1 & 2 emissions is on finding the sources of green electricity in these countries, which is estimated to address approximately 90% of the relevant Scope 2 emissions. The investigative work will be completed during 2025, with possible implementation of plans during 2026-2027. Where appropriate, Exel will consider own investment in e.g. solar powerplants, and purchasing green energy from local providers, among others.

Exel hasn't set any other detailed time horizons under which it intends to complete each of these actions or described the expected overall quantitative contributions to achieve the GHG emission reduction targets of each de-carbonisation levers. The company plans to publish a more detailed roadmap for emission reduction after setting targets for Scope 3 emission reduction, which is estimated to happen during 2026-2027.

Developing energy efficiency of factories as well as potential introduction of solar panels in additional factories may require some investments in the future.

The implementation of the plan will be financed with income funding without external funding.

In its company strategy, Exel is seeking organic growth from large and fast-growing sustainability driven energy and decarbonization applications. The company is increasingly focusing on industries with strong growth potential, where product needs are more standardized, and the volumes are higher. Such industries include, for example, wind power, building and infrastructure, and transportation. This focus is in line with EU taxonomy aligned activities described under chapter EU Taxonomy. In 2024, Exel's joint venture Kineco Exel India completed the commissioning of a new production facility in India focused on serving wind power customers in India and globally.

## Energy consumption and mix

	2024
Fuel Consumption from coal and coal products (MWh)	0
Fuel Consumption from crude oil and petroleum products (MWh)	356
Fuel consumption from natural gas (MWh)	2091
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	6483
<b>Total fossil energy consumption (MWh)</b>	<b>8,929</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>47</b>
Consumption from nuclear sources (MWh)	5,458
<b>Share of consumption from nuclear sources in total energy consumption (%)</b>	<b>29</b>
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	1,661
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2,690
The consumption of self-generated non-fuel renewable energy (MWh)	260
<b>Total renewable energy consumption (MWh)</b>	<b>4,611</b>
<b>Share of renewable sources in total energy consumption (%)</b>	<b>24</b>
<b>Total energy consumption (MWh)</b>	<b>18,997</b>

## Energy intensity based on net revenue

Energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors.

	2024
Total energy consumption from activities in high climate impact sectors (MWh)	<b>18,997</b>
Net revenue from activities in high climate impact sectors, EUR	<b>99,613,524</b>
Net revenue (other), EUR	<b>0</b>
Total net revenue, EUR (Financial statements)	<b>99,613,524</b>
Energy intensity ratio, MWh/EUR	<b>0</b>

The high climate impact sectors that are used to determine the energy intensity include all Exel operations.



## Gross scope 1 & 2 GHG emissions

	Retrospective				Milestones and target years			
	Base year 2018	2023	2024	Change%	2025	2030	2050	Annual % target/Base year
<b>Scope 1 GHG emissions</b>								
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	904	558	553	-1.0	-30%	-50%	-100%	4.17
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	n/a	n/a	n/a	n/a				
<b>Scope 2 GHG emissions</b>								
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	5,741	n/a	4,363	n/a				
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	4,888	2,747	3,194	16.3	-30%	-50%	-100%	4.17

## Reporting principles for metrics

Reported data is based on measured energy consumption in Exel's operations and emission factors collected either from suppliers or from national databanks. Energy consumption is calculated based on invoices by energy providers. The data has been consolidated in the Group. The emissions data is acquired from suppliers annually by Exel's local controllers.

Biogenic emissions are not separately calculated. Local district heating network in Mäntyharju uses forestry residual as fuels, and the company uses wood pellets in its own boiler in Joensuu. In Central Europe, natural gas is used with potentially biogenically produced methane, but amounts are not calculated. In calculating GHG emissions, fuel classification from statistics authorities of countries, such as Statistics Finland, has been used.

Exel does not yet report the Scope 3 emissions, and therefore cannot report the GHG emissions intensity, as this requires the calculation of total GHG emissions.

The calculations include estimations. The sustainability statement is for the same reporting undertaking as the financial statements.

No projects are financed through carbon credits. Exel does not apply internal carbon pricing schemes.

Potential financial effects from material physical and transition risks and potential climate-related opportunities are not reported, as Exel Composites uses phased-in option for companies with under 750 employees.

## E5 Resource use and circular economy

### Material impacts, risks and opportunities related to resource use and circular economy

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT
Resource inflows, including resource use			
Reliance on non-recycled materials such as resins and fibers contribute to higher demand for virgin resources.	Actual negative impact	Own operation & value chain, long term	<ul style="list-style-type: none"><li>Research projects for developing fossil free alternative materials in cooperation with suppliers</li><li>Research to improve the properties and durability of products</li><li>Cooperation with customers in developing products</li><li>Efficient production, and products developed on-demand in close cooperation with customers to avoid unnecessary waste</li><li>Waste reduction targets and waste management process</li><li>Investing in recycling equipment and know how in factories</li><li>Cooperation with customers, suppliers, partners and other industry players to find new recycling solutions</li></ul>
As part of Exel’s circular economy initiative, the use of alternative, sustainable raw materials in production is researched and evaluated. These include bio-based resins and fibers, such as flax, as well as the combinations of virgin and recycled raw materials. Bio-based raw materials are part of Exel’s offering already today. To reduce the amount of new materials purchased, surplus resin and solvents are recycled in production whenever possible.	Actual positive impact	Own operation & value chain, long term	
Customers may be incentivized by market trends and regulations to request products with a higher degree of circularity in projects.	Potential impact		
Bio-based raw material often comes with a premium price due to low production volumes. Increasing market demand for products containing such alternative, sustainable raw materials, in combination with the higher price could present a risk to profitability.	Risk	Own operations	
Resource outflows related to products and services			
Use of durable and repairable materials reduces the need for replacements and virgin materials. Exel contributes to circular economy by designing recyclable long-lasting products.	Actual positive impact	Downstream value chain, long term	
EU regulations and directives call for increased circularity of products and stricter requirements on circular economy. Lacking suitable KPIs to properly measure positive contribution and initiatives for circularity can present a potential risk to the company’s value proposition.	Potential risk	Downstream value chain	
Waste			
Composite waste is difficult to recycle due to the composite structure, and there are few commercial operations for economically recycled composite material.	Actual negative impact	Own operation, short-term	
Reduction of waste: In 2024, 68% of Exel’s composite waste was utilized in energy production and 28% was recycled.	Actual positive impact	Own operation & value chain	



## Resource use and circular economy

The same properties that drive the decision to choose composites over alternative materials – durability and strength among others – also set limitations to their recyclability. Exel participates in industry projects promoting recycling of composites and considers matters impacting recyclability already during product design. There are processes already in place for the recycling and reuse of composites, especially by utilizing plastic composite in cement production. While there are still several limitations in recycling composites locally, available technologies are being implemented and new technologies are being developed, which are expected to reach technical and financial maturity in the coming decade.

### Policies related to resource use and circular economy

Exel's targets described above are not related to any explicit policy objectives, as Exel does not have a specific policy on resource use and circular economy or waste. Exel Composites currently manages its environmental issues with Group policies, mainly Code of Conduct and Supplier Code of Conduct, and Quality, environmental, health and safety policy, and travel policy. However, these policies are generic in nature and do not specifically address topics related to resource use and circular economy. Read more about these policies under E1 Climate Change mitigation - Policies. The company plans to adopt a policy regarding resource use and circular economy in 2025, as part of the renewal of its Quality, environmental, health and safety policy.

Exel has Chemicals Policy in place, but this policy does not address topics related to resource use or waste. Its main objective is to ensure health and safety of employees by abstaining of usage of toxic, carcinogenic or mutagenic chemicals. Read more about chemicals safety under S1 - Own workforce - Health & Safety.

Targets related to resource use and circular economy

EXEL'S GOAL	LONG-TERM GROUP TARGET	PROGRESS IN 2024	2023	ACTIONS 2024
<p>Providing sustainable, safe, and reliable composite solutions to help customers save resources and mitigate climate change</p> <p>Reducing the negative impact of own operations to the environment and climate</p>	Zero waste to landfill by 2028	Targer set for 2028 almost achieved: 99% reduction from approximately 2,500 tonnes to landfill in 2018 to approximately 19 tons in 2024.	163 tons to landfill	<ul style="list-style-type: none"><li>• Exel recycled up to 70% of the composite waste to cement production</li><li>• The company launched commercial-scale use of bio-based resins</li><li>• Exel signed a recycling agreement on carbon fiber composite scrap repurpose</li><li>• Audits of waste streams</li></ul>

UN SDG







## Targets related to resource use and circular economy

Recycling of composite waste, related to the Zero to landfill target, is expected by customers and required by legislation. Based on the Finnish regulation, landfilling of waste containing more than 10% of organic component has not been allowed in Finland since the beginning of 2016. Exel decided to introduce the Zero landfill target globally in 2018 in expectance of similar regulations in other countries. The base year against which the target is measured is 2018, and the target year for achieving zero waste to landfill is set to 2028. There are no interim targets set, as Exel was already very close to achieving the target in 2024: Exel had reduced its waste to landfill to 19 tonnes, down by 99% from 2018.

Targets for Zero waste to landfill is related to resource outflows, focusing on recycle layer in the waste hierarchy. Exel hasn't set any numeric targets for using recycled or bio-based materials. Zero waste to landfill is the only measurable, outcome-oriented target directly related to resource use and circular economy. In addition, Exel's main operational

efficiency goal is to reduce operational or composite waste, which is inevitably generated as part of the regular production process.

Exel has also set a Group-level target according to which 100% of research will focus on sustainable composite solutions. 2024 onwards, all new projects initiated will be evaluated against this target. The target is for long term with no specific target year set. All new research projects initiated in 2024 and three out of seven ongoing research projects were assessed to include sustainability topic.

There are no specific numeric targets set for increasing circular product design, the increase of circular material use rate, minimization of virgin raw material, sustainable sourcing and use of renewable resources. However, Exel is working towards setting these targets in the future. The use of renewable materials is researched together with suppliers, promoting sustainable sourcing and use of renewable resources. None of the targets are science-based.

Zero to landfill target and reducing scrap in operations are monitored monthly on a site level and reported to the SVP, Technology and Sustainability and Exel Leadership Team. The target of 100% of research focusing on sustainable composite solutions is followed up annually by SVP, Technology and Sustainability, who reports the results to Exel Leadership Team.

The targets are Group-level targets, and the scope is the whole Group. Stakeholders, other than employees, have not been involved in the setting of targets. Reaching targets set for resource use and circular economy does not require significant Capex in 2025. Running development projects will be carried out according to budget. It is possible that investments will be needed to reach the targets in the medium-term.

## Actions related to resource use and circular economy

### Resource inflows

Composites manufactured by Exel Composites are composed of reinforcements (mainly glass and carbon fibers), and resin (polyester, vinyl ester, epoxy). Additives, such as colorants or UV-stabilizers, are used for additional properties. Combining different types of reinforcements and resins give the desired chemical, physical or mechanical properties to the resulting composite. The environmental impact during the life cycle of composites also differs depending on the materials used. For example, carbon fiber is lighter and stiffer than glass fiber, which leads to a higher fuel saving capacity during the service life of the



composites. However, the production of carbon fiber is very energy intensive.

Exel's business model is based on processing chemical raw materials into components. Exel purchases materials such as glass fiber and carbon fiber rovings and other fiber reinforcements fabrics, petroleum-based resins, additives and fillers as well as packaging materials. Polyester and vinyl ester resins contain solvents such as styrene. In addition, Exel uses acetone for cleaning purposes. Exel's suppliers produce glass fibers by melting minerals with other inorganic substances, and carbon fiber is made of synthetic precursor (e.g., PAN) that is thermally treated. Other raw materials used by suppliers in their production include petroleum, calcium carbonate and timber and forest-based materials for packaging.

Exel Composites production of composites currently mainly relies on virgin materials. Recycled fiber waste is used in limited amounts at some fiber manufacturers. Reuse of composites is limited, and main recycling route is through the cement route. Reuse of re-manufactured composites components is limited. The rate of recyclable content in products and packaging is close to zero percent. Limitations in collection and handling of composite waste means end-of-life products are recycled in minor volumes. Recycled fibers are not delivered in the form of long continuous reels or available in volumes Exel would need, and materials used in composites cannot be easily or cost-effectively separated.

Exel actively researches, tests and evaluates the use of alternative, sustainable raw materials. This work will continue during the strategy period 2024-2028. The work includes, but is not limited to, bio-based resins, and fibers as well as the combinations of virgin and recycled raw materials. Partial bio-based resins were already commercially introduced in 2024, and further expansions of usage are being investigated. Bio-based fibers, such as flax, jute and hemp are already used to some extent in production. There is development work, as well as external research, ongoing to reach a higher technical maturity. Commercial use will widely depend on customer acceptance.

In 2024, Exel launched a commercial-scale use of bio-based resins through a partnership with INEOS Composites. The partnership creates more sustainable options for Exel's customers as they have the choice of switching to the bio-based resin. The circular feedstock-based system helps Exel to reduce carbon emissions in the associated manufacturing by 21% compared to traditional resins. The chemical composition features 23% bio-based glycol, compared to traditional crude oil-sourced hydrocarbon resins.

Producing composites is not a water intensive process in Exel's own production. Water is used mainly for sanitary purposes and to a minor extent for cooling, where water is reused in a closed circuit.

## Resource outflows

Exel Composites contributes to circular economy by designing recyclable, long-lasting products. Exel's products have the biggest impact on the environment and climate during the service life of the end-product, which may vary from 5 to 50 years. The typical service life can be 20-25 years for wind turbines and even 30-50 years for window frames, among others. The expected durability in relation to industry averages for each product group currently cannot be disclosed. As Exel is supplying profiles to multiple customers, which are quoting and guaranteeing different lifespans depending on their own findings, Exel does not give a general lifetime guarantee in years. Similarly, competing materials depend on manufacturer quote different lifetimes.

Low weight of composites is beneficial, for example, in transport, which reduces fuel costs and carbon dioxide emissions. Composite components are low maintenance compared to other materials such as steel and do not need frequent replacements, which leads to lower demand for virgin resources and results in less waste generation. Longer product lifespans and less need for maintenance contribute to lower emissions per unit of product, thereby reducing the overall carbon footprint.

Composites are very durable, leading to long lifetimes. The lifetimes can be further expanded with maintenance, such as surface coating and painting for window frames, among others. In case of mechanical damage, professional repairs are possible and in daily use in marine and transportation industry, where composites have been in use for a long time. Even significant, large surface area repairs are possible, although not always commercially feasible. Each repair procedure is usually evaluated separately.

## Waste

As products are mostly developed on-demand and in close cooperation with customers, the use of raw materials is made as efficient as possible. In addition, production efficiency is high due to continuous production methods, avoiding changes of products and unnecessary downtime. However, waste formulation is unavoidable in the production of composites. Some waste is always generated in start-up, and shutdowns of production. Also, materials not meeting the quality requirements must occasionally be scrapped. Packages are needed to protect materials and as the materials are consumed, and packaging materials also generate waste. Solvents are used for cleaning machinery and tools, and the debris and used solvent are waste materials.

Waste streams relevant to Exel are composite waste, and materials present in it are typically glass fiber, carbon fiber, petroleum-based resins (polyester and vinyl ester), additives and fillers. In addition, packaging material waste includes cardboard, paper and metal.

Exel has waste reduction targets and a waste management process in place. All factories have been set targets to reduce scrap, and waste quantities are monitored and reported monthly. Factories have invested in recycling equipment and know-how. Waste is sorted, and there is guidance and strict control locally. There are roll crushers for profiles and press and balers for cardboard and plastic. Cardboard, paper and metal are recycled as well as plastics on some of the sites. Exel is also working with its customers to find solutions for lighter packaging and packaging reuse and recycling.

Recycling of resins is not feasible as Exel uses thermoset resins that cannot be re-shaped in the hardening process. Cured resin waste goes to energy re-use at waste combustion plant for energy production. In 2024, 3 of the company's 8 plants used recovery equipment to allow reuse of solvents such as Acetone. There are two alternatives to solvents on trial and one already in use.

In 2024, 68% (56%) of Exel's composite waste was utilized in energy re-use, 28% (35%) was recycled and 1% was sent to landfill. Manufacturing units in Austria, China, the United States, India, Belgium and UK did not have any landfill waste in 2024. Composite waste from these units was recycled or is reused in energy.

### Recycling composites to cement production

Recycling of composites has been challenging, as the material is usually very durable both mechanically and chemically. Composite components can be recycled, and the way of recycling is dependent on the material composition. At present, the only economical, technically complete and industrially feasible recycling method for glass fiber composite waste is co-processing in cement production. In this route, the collected composite waste can be used in the production of cement clinker. In the co-processing, the recycling rate of glass fiber component is more than 70%, while the resin component is incinerated to fuel the process (energy recovery). Carbon fiber composites are recycled mainly through pyrolysis process, where resin is removed and fibers recycled. On estimate, more than 50% of the material is recycled.

The packaging materials used by Exel are mainly wooden pallets, cardboard and packaging plastics. 100% of packaging materials are made of material that can be recycled, or they are metal cages that are circulated in use. Exel does not have data on rate of recycling of packaging, as there is no sufficient information available from customers on their activities to recycle packages.

Exel has been one of the key players to develop co-processing route for composites waste in Finland in the KiMuRa project lead by the Finnish Plastics Industries Federation. Now all composites profile waste in Finland is utilized in co-processing in cement manufacturing. Here, 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. Composites are accurately sorted at their place of origin to ensure that no harmful substances end up in the recycled fuel production plant and cement kiln. The composites are delivered to Kuusakoski Oy, who acts as the circular economy operator and processes and grinds the collected composite waste. Finnsementti Oy is a beneficial user of crushed composite in its cement production. Exel is also researching the possibilities to develop similar process to recycle composites to cement production also in other operating countries.

In 2024, Exel started a partnership with Fairmat to close the loop of carbon fiber waste. Fairmat recycles Exel Composites' carbon fiber composite scrap from Exel's two Finnish factories at its manufacturing facility in France to produce second-generation CFRP Chips, high-performance composite units. The successful recycling of process waste also opens possibilities to recycle the end-of-life waste from Exel's customers.

### Actions planned for the future

Exel is actively looking for co-operation partners in recycling of composite materials in all regions where the company has operations. Current focus for glass fiber-based composites is on recycling through the cement co-processing route, as this is possible on industrial scale. For carbon fiber composites, fiber extraction through pyrolysis is the most common route, but already part of the recycling is done through methods, where the composite is fully recycled back to composite. In addition, Exel is actively participating in research to develop and take into use new processes to recycle composites. The aim is to be able to fully recycle the material back into raw materials that are suitable for making new composites. The process includes separating the resins from the fibers, and in the case of glass fiber, remelting it to form new glass fiber. Chemical recycling of the resins is also part of this research. After the research phase, it is expected that multiple competing solutions will reach technical and commercial maturity. Once commercially available, Exel expects to

introduce these new ways of recycling for its waste streams. Due to the high uncertainty, no timeline or targets are yet set.

## Resource inflows

Resource inflows of raw materials used for products and their packaging	unit	2024
Bioresin	tons	39.5
Wooden packings	tons	2,389.0
Total weight of biological materials	tons	2,428.5
Reinforcements	tons	10,189.8
Resins	tons	3,435.9
Other materials and packings	tons	1,985.1
Total weight of technical materials		15,610.8
Total weight of materials	tons	18,039.2
Sustainably sourced biological materials used for production	%	0
Secondary reused or recycled materials	%	0
Secondary reused or recycled materials	tons	0

## Reporting principles for metrics

Weights for materials are maintained in the ERP system. Part of the materials are bought in weight units and the delivery documentation, and supplier invoices, confirm the weight. For materials which are not purchased in weight units, the supplier gives the weight per delivered unit. If the weight is not given by the supplier, then one purchase unit of the product is weighed at Exel site, and the conversion factor is input in the ERP system. Waste data has been calculated based on waste invoices received from contracted service providers who are disposing the waste. Hazardous chemicals are handled as regulated in the legislation.

## Resource outflows

	Hazardous waste, tons	Non-hazardous waste, tons	Total waste, tons
Preparation for reuse	0	0	0
Recycling	0	747	747
Other recovery operations	0	1,808	1,808
Incineration	0	0	0
Landfill	0	19	19
Other disposal operations	70	0	70
Total waste	70	2,574	2,644
Total of non-recycled waste	70	19	89
Percentage of non-recycled waste, %	100	0.7	3

Exel has recognized the following types of waste in its production: Recycling includes metal, cardboard, plastics, paper, bio, composites to cement production. Other recovery operations include non-hazardous waste to energy reuse. Landfill includes waste that cannot be recycled or reused and is not hazardous. Other disposal operations include hazardous waste. Local Controllers report monthly the waste amounts in kilograms into the Group consolidation system. They collect the information with the help of local EHS department or directly from waste management company's reports.

## Anticipated financial effects from material resource use and circular economy-related risks and opportunities

Exel has decided to omit this information for the first year of preparation of its sustainability statement.

## EU Taxonomy disclosure

### The EU Taxonomy in short

The EU Taxonomy is a classification system that lists environmentally sustainable economic activities, i.e. those that make a substantial contribution to at least one of the six EU climate and environmental objectives. At the same time, they shall not significantly harm any of these objectives (principle of 'Do No Significant Harm', DNSH) and meet the minimum safeguards related to labor and human rights. The environmental objectives are a) climate change mitigation; b) climate change adaptation; c) the sustainable use and protection of water and marine resources; d) the transition to a circular economy; e) pollution prevention and control; and f) the protection and restoration of biodiversity and ecosystems.

### Definitions

The EU Taxonomy consists of precise criteria that define what it means to make a substantial contribution and what it means to do no significant harm.

- An economic activity is considered **TAXONOMY-ELIGIBLE** when it is described in the EU Taxonomy classifications.
- When the activity is taxonomy-eligible and additionally complies with the DNSH principle, the minimum safeguards, and technical screening criteria established, the activity is considered **TAXONOMY-ALIGNED**.
- An economic activity may be **ENABLING** by directly enabling other activities to make a substantial contribution to one or more of those objectives.
- An activity may be **TRANSITIONAL** where it supports the transition to a climate-neutral economy.

### Exel Composites' taxonomy-eligible and aligned economic activities

Exel Composites' main economic activity, the manufacture of composites or fiber reinforced plastics, is as such not included in the current EU Taxonomy. This is because Exel's products are usually components or parts of our customers' — or our customers' customers' — end-product. Therefore, the EU Taxonomy today lists mainly economic activities of our customers. Often, however, it is the composite component produced by Exel that contributes to improving the environmental impact of the end-product. Exel manufactures composite components that improve the environmental performance in the customer's industry and enable substantial contribution to climate change mitigation. For the financial year 2024, Exel has included all environmental objectives in its assessment. No activities contributing to the other five environmental objectives were identified. Exel's taxonomy-eligible and taxonomy-aligned activities are currently found in the energy, transport, and construction sectors.

### Taxonomy-eligible activities

Exel Composites' taxonomy-eligible economic activities have been identified based on an internal assessment conducted with the support of various organizational functions. The company's products and revenue were analyzed 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's taxonomy-eligible manufacturing activities relevant for Turnover and CapEx KPIs include:

Economic activity	Description
CCM 3.1 Manufacture of renewable energy technologies	Exel manufactures composite applications used in wind turbines such as blade reinforcements, blade laminates, spar caps, blade root joints, and spacers. The high strength and stiffness of the composite combined with low weight improve the wind turbine's performance, for example, by enabling longer blades.
CCM 3.5 Manufacture of energy efficiency equipment for buildings	Exel manufactures structural profiles for windows and doors. Their low thermal transmittance (U-value) and insulation properties improve energy efficiency and provide better performance.
CCM 3.18 Manufacture of automotive and mobility components	Exel manufactures structural profiles such as side panels for electric buses that reduce the weight of the bus, increase the operating range, and reduce the energy use of on-board batteries, enabling emission reductions in transport
CCM 3.19 Manufacture of rolling stock constituents	Exel manufactures structural profiles such as side panels for electric trains and trams that reduces weight, which improves the energy efficiency and enables GHG emission reductions in transport.
CCM 3.21 Manufacturing of aircrafts	Exel manufactures structural profiles for lighter than air airships. Composite structural profiles maintain the level of efficiency of the aircraft by enabling the needed light weight and durability for airships to operate.
CCM 3.6 Manufacture of other low carbon technologies	Exel manufactures composite applications for electric trolling motors, conductor cores for electrical wiring and eco-efficient composite elevator ropes that enable energy-efficiency and emission reductions in the use phase

In addition to Exel's manufacturing activities, the following activities were identified with taxonomy-eligible Capital expenditure and Operational expenditure:

Relevant KPI	Economic activity	Description
CapEx	CCM 7.3 'Installation, maintenance and repair of energy efficiency equipment'	Upgrades of high-pressure dust removal and property control system for temperature, ventilation and energy use management
OpEx	CCM 5.5 'Collection and transport of non-hazardous waste in source segregated fractions'	Separation and collection of recyclable material such as cardboard, plastic packaging, wood, metal, profile waste, chemical waste and energy wastes and transport for recycling in all Group units.

### Taxonomy-aligned activities

Taxonomy-eligible activity is considered taxonomy-aligned, if it substantially contributes to at least one of the six environmental objectives, while does no significant harm (DNSH) to the other objectives as set out in Annex I to Regulation 2020/852. In addition, the Minimum Safeguards criteria need to be met.

Exel has determined that following activities are taxonomy aligned and meet the technical screening criteria for substantial contribution and DNSH:

### Turnover

- CCM 3.1 Manufacture of renewable energy technologies
- CCM 3.5 Manufacture of energy efficiency equipment for buildings
- CCM 3.18 Manufacture of automotive and mobility components
- CCM 3.19 Manufacture of rolling stock constituents
- CCM 3.21 Manufacturing of aircrafts

Activity CCM 3.6 'Manufacture of other low carbon technologies' is determined taxonomy-eligible but not taxonomy-aligned as it do not yet fully meet the technical screening criteria for substantial contribution.

### Capital expenditure

- CCM 3.1 Manufacture of renewable energy technologies
- CCM 3.5 Manufacture of energy efficiency equipment for buildings
- CCM 3.18 Manufacture of automotive and mobility components
- CCM 3.19 Manufacture of rolling stock constituents
- CCM 7.3 Installation, maintenance and repair of energy efficiency equipment

### Operational expenditure

- CCM 5.5 Collection and transport of non-hazardous waste in source segregated fractions

Exel's approach to assessing the substantial contribution and DNSH criteria is presented in detail below.

## Assessment of compliance with technical screening criteria

### Substantial contribution

The substantial contribution criteria assessment was carried out with the support of various organizational functions with technical information of the manufactured components and end-products. Where information on the technical specifications of the end-products was not available internally, the assessment was complemented with information gathered from customers. The technical information was compared to the criteria and thresholds set in the Taxonomy regulation to deem if components were produced for activities enabling substantial contribution. Information of upgrades of energy efficiency systems and waste collection activities was collected internally and compared to the substantial contribution criteria defined in Taxonomy regulation.

### Do no significant harm criteria

The DNSH evaluation was coordinated and carried out for all entities in the group with a focus on the manufacturing sites engaged in the execution of the taxonomy-eligible activities disclosed in this report. The assessment covered both manufacturing sites in Finland, and sites in Austria, Belgium, USA, China and India.

The environmental impacts of all production sites assessed are managed within Exel's environmental management system. Both sites in Finland, sites in Austria and Belgium and Jingheng site in China have ISO 14001 certification for the environmental management system. All sites also have environmental permits that comply with national legislation. The compliance with the DNSH criteria were assessed utilising EU and non-EU country specific regulative requirements as well as internal process requirements. The review of the DNSH criteria was positive for all sites included in the analysis.



Exel's approach to assessing the DNSH criteria is presented in detail below.

### Climate change adaptation

A physical climate vulnerability and risk assessment was carried out to identify sites that could be affected by material physical climate risks. The assessment covered Shared Socioeconomic Pathways SSP3-7.0 (high emission scenario), and SSP1-2.6 (low emissions scenario), following the 6th Assessment Report of the IPCC. Assessment covered climate hazards that could potentially affect the site or activity up to the 2060s and assessed the materiality of climate risks based on their likelihood and magnitude. Material physical climate risks were identified in sites with increasing exposure to climate hazards and include wildfires and wind-related acute hazards such as storms, lightning, tornadoes and typhoons, over the long lifespan of the facilities. In all facilities mitigation measures are identified and will be strengthened to prepare for the increasing exposure to climate hazards and reduce the impact and likelihood of disruptions.

### Protection and restoration of biodiversity and ecosystems

None of Exel's manufacturing sites are in or near biodiversity-sensitive areas as defined in the Taxonomy criteria. Exel's operations are strictly governed by environmental permits and environmental impact assessments have been carried out within the ISO 14001 certified environmental management system, and no adverse biodiversity impacts have been identified. Exel's business activities are not subject to the Environmental Impact Assessment (EIA) Directive 2011/92/EU.

### Sustainable use and protection of water and marine resource

Environmental impacts to water have been assessed within the environmental management system and prior to obtaining environmental permits and determined not material. The operations are strictly governed by requirements of the environmental permits. Producing composites is not a water intensive process and water is used mainly for sanitary purposes and to a minor extent for cooling, where water is reused in a closed circuit. Those sites that use minor quantities of water in their processes monitor their wastewater discharge and report to the local authorities following the local regulation. Except for the manufacturing site in Joensuu, Finland, no Exel factory is in a groundwater area. According to the environmental permit, the company has built an extinguishing water recovery system in Joensuu to protect groundwater in the event of a factory fire. Some of our sites are located in areas with increased water stress, but the impact from operations to water stress is low.

### Transition to a circular economy

Exel continuously assesses the availability and is committed to testing and applying new recycled materials in production. Exel's products are designed for high durability. Durability is one of the composite's unique properties and main benefits, which provides longer life

cycles for the end-product: with the contribution of the composite, the service life of the end-product is usually prolonged from 10 to over 50 years and often considerably longer and maintenance free compared to alternative materials. Composite products are produced on-demand for specific applications and the disassembly or adaptability of the components is mainly dependent on the end-product.

While composite products have high durability and a long lifetime, recycling composites is more challenging than those of many traditional materials. This is because of the complex composition and structure of the composites as well as the low availability of suitable recycling technology and facilities. Exel's ambition is to promote recyclability of composites by participating in industry projects and considering matters impacting recyclability already during product design. Exel also participates in development of open-loop recycling techniques for transforming composite waste into cement.

Recycling is prioritized over disposal in the manufacturing process. Exel is committed to preventing landfilling surplus materials from own production by recycling and/or reusing, for example, surplus resin mixes whenever possible. Exel's long-term target is to reach zero landfill. The main operational efficiency goal for Exel Composites is to reduce operational or composite waste, which is inevitably generated as part of the regular production process. As an example of site-specific recycling improvements, Exel utilizes a partner with capabilities to recycle carbon scrap with new technologies which do not compromise fiber strength. Exel has a waste management process in place and aims to continuously reduce the amount of waste produced.

### Pollution prevention and control

DNSH criteria for pollution prevention and control require that the company's activity does not lead to manufacture or placing on the market of substances listed in EU regulations. Exel has assessed that all production activities meet the criteria for DNSH on pollution prevention and control. All substances are assessed based on internal records of substances used and produced. Exel has systematic practices and a chemicals policy in place that control the use of chemical substances in operations. The use of toxic and carcinogenic chemicals is forbidden in Exel's production. We are continuously vigilant about updates in listings of chemical Substances of Very High Concern, such as in the REACH and RoHS declarations, to ensure staying ahead of regulations.

### Minimum Social Safeguards

Exel Composites has reviewed the Minimum Safeguards with respect to human rights, anti-corruption, competition and taxation and determined its activities to meet the minimum safeguards. Exel's policies governing the minimum safeguards are the Code of Conduct, Supplier Code of Conduct, Human Rights Policy and Anti-corruption Policy. These policies enable Exel to convey expectations to relevant stakeholders including employees,

contractors, suppliers, and business partners. Exel's tax management approach is in line with tax regulation. Fair competition and anti-corruption practices are executed throughout the business. Whistleblowing channels are available both internally and externally to report suspected violations, and procedures are in place to conduct internal investigations.

Exel has committed to support and respect the protection of human rights in all its operations, including its supply chain, and follows global human and labor rights conventions.

Exel has identified salient human rights issues related to composite production and value chain and mitigates impacts through due diligence in line with its commitment to the United Nations Guiding Principles on Business and Human Rights. Exel considers impacts and issues which Exel may cause or contribute to through its activities and impacts directly linked to Exel Composites' operations or products through business relationships. Human rights due diligence assessments are conducted to proactively identify, prevent, and mitigate human rights risks across our operations and supply chain. Assessments are conducted together with internal and external stakeholders and experts. Salient issues will be revisited on a regular basis as well as with significant changes in business.

Salient issues for own operations include occupational health and safety, protection against discrimination at work and freedom of association. Salient issues in the value chain include labor rights and working conditions in the supply chain, and environmental and health impacts for surrounding communities.

Exel Composites has not identified any controversies regarding human rights in 2024.

## Preparation and accounting policy

The taxonomy-eligible turnover was higher in 2024 than in 2023 as Exel Composites' total turnover was higher. The proportion of taxonomy-eligible of total turnover at 31.3% was higher than in 2023 (28.1%) mainly due to the growth in Transportation -customer segment that is included in section 3.18. 'Manufacture of automotive and mobility components', and also due to new taxonomy-eligible customer products.

The proportion of turnover is calculated as the part of the net turnover derived from products or services, including intangibles, associated with taxonomy-eligible economic activities (numerator), divided by the net turnover (denominator).

Proportion of capital expenditure is calculated by dividing sustainable investments (numerator) by gross investments, excluding goodwill, presented in the balance sheet (denominator).

Proportion of operational expenditure is calculated by dividing expenses related to assets or processes associated with taxonomy-eligible economic activities (numerator) by total direct expenses presented in the income statement (denominator) including maintenance and repair costs of production facilities, machinery and equipment, short-term leases, and research costs. Total direct expenses do not include labor or travel costs of own personnel.

## Changes to reporting

In 2024 new products were assessed to be taxonomy-eligible and included in activity 3.6 'Manufacture of other low carbon technologies'. Activities under the section 7.4 'Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)' and 4.1 'Electricity generation using solar photovoltaic technology' reported under taxonomy-aligned Capital expenditure KPI were removed due to no qualifying CapEx was relevant in 2024.

## Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024		Substantial contribution criteria							DNSH criteria (‘Does Not Significantly Harm’)							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, 2023	Category enabling activity	Category transitional activity			
Economic activities	Code	Turnover EUR thousand	Proportion of turnover %	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards						
																				Y / N	Y / N	Y / N
A. TAXONOMY-ELIGIBLE ACTIVITIES																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
Manufacture of renewable energy technologies	CCM 3.1	6,822	6.8	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	7.8	E			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	6,226	6.3	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	9.5	E			
Manufacturing of aircraft	CCM 3.21	633	0.6	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	0.2		T		
Manufacture of rail rolling stock constituents	CCM 3.19	2,198	2.2	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	2.5	E			
Manufacture of automotive and mobility components	CCM 3.18	6,161	6.2	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	3.9	E			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		22,040	22.1	100.0																23.9		
Of which Enabling		21,407	21.5	97.1																		
Of which Transitional		633	0.6	2.9																		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Manufacture of other low carbon technologies	CCM 3.6	5,799	5.8																	4.2		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	3,360	3.4																	0.0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,159	9.2																	4.2		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		31,200	31.3																	28.1		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																						
Turnover of Taxonomy-non-eligible activities (B)		68,414	68.7																			
Total		99,614	100.0																			

## Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	0	Substantial contribution criteria								DNSH criteria (‘Does Not Significantly Harm’)								Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx 2023	Category enabling activity	Category transitional activity
Economic activities																				
	Code	CapEx EUR thousand	Proportion of CapEx %	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards				
				Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	%	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Manufacture of renewable energy technologies	CCM 3.1	554	7.0	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.3	E		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	213	2.7	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	1.1	E		
Manufacture of rail rolling stock constituents	CCM 3.19	0	0.0	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.9	E		
Manufacture of automotive and mobility components	CCM 3.18	373	4.7	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.3	E		
Electricity generation using solar photovoltaic technology	CCM 4.1	0	0.0	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	8.4	E		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	29	0.4	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.8	E		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.2	E		
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1,168</b>	<b>14.7</b>	<b>100.0</b>													<b>12.1</b>			
<b>Of which Enabling</b>		<b>1,168</b>	<b>14.7</b>	<b>100.0</b>																
<b>Of which Transitional</b>																				
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of other low carbon technologies	CCM 3.6	62	0.8														0.9			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		62	0.8														0.9			
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>1,230</b>	<b>15.5</b>														<b>13.0</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities		6,728	84.5																	
<b>Total</b>		<b>7,958</b>	<b>100.0</b>																	

## Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2023	Substantial contribution criteria								DNSH criteria (‘Does Not Significantly Harm’)								Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
Economic activities	Code	OpEx EUR thousand	Proportion of OpEx %	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards		%	E	T
				Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N	Y / N				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	426.1	14.0	Y	N	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y		3.4		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		426.1	14.0	100.0														3.4		
Of which Enabling		426.1	14.0	100.0																
Of which Transitional																				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Opex of Taxonomy eligible activities (A.1+A.2)		426.1	14.0															3.4		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of Taxonomy-non-eligible activities		2,619.6	86.0																	
<b>Total</b>		<b>3,045.6</b>	<b>100.0</b>																	

Y = Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N = No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective



## Nuclear energy related activities – disclosure covering year 2024

Nuclear energy -related activities	Yes/No
1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
<b>Fossil gas -related activities</b>	
4.The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

## SOCIAL RESPONSIBILITY

### S1 - Own workforce

#### Material impacts, risks and opportunities related to own workforce

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT
<b>Working conditions - Health and safety</b>			
The development of occupational health and safety is largely guided by the ISO 45001/2017 standard, which sets high requirements for Exel Composites' operating methods and their continuous development. The procedures required by Exel Composites are stricter than those required by national regulations in certain geographical areas. Through the years of systematic and goal-oriented development work, focus on safe operating methods and additional training, the lost time injuries (LTI) have reduced significantly over a 10-year period.	Positive actual impact	Own operations, short-term	<ul style="list-style-type: none"> <li>• ISO 45001/2017 standard</li> <li>• Code of Conduct, Quality, Environment, Health &amp; Safety Policy, Chemicals policy</li> <li>• Group's Integrated QEHS Management Manual</li> <li>• CEO, QEHS manager and the dedicated sustainability team manage H&amp;S</li> <li>• Occupational Health and Safety committees at sites</li> <li>• Reporting of actual accidents, near misses and unsafe conditions, root cause analyses of all actual accidents</li> <li>• Sharing LTIs to all sites and all employees</li> <li>• Regular safety training sessions and safety communications at sites</li> <li>• Regular safety patrols and audits</li> <li>• Encouraging employees to make safety observations</li> <li>• To promote safe handling of chemicals: Abstaining from the usage of toxic, carcinogenic or mutagenic chemicals, ventilation of the premises and the necessary protective equipment, as well as clear restrictions, instructions and training</li> <li>• Monitoring air quality and volatile organic compounds (VOC) emissions.</li> <li>• Employees' health monitored through medical checks</li> </ul>
The success of occupational safety measures requires continuous training and instruction of employees as well as changes in attitudes. Exel monitors the number of occupational accidents and near-misses and makes a root cause analysis of each accident and shares the result globally to help prevent accidents in the future. Development measures are targeted especially at those production facilities where the number of accidents occurs the most in relative terms.	Positive actual impact	Own operations, short-term	
In 2024, Exel Composites' lost time injuries per million hours worked (LTI) were 7.0, while the target is zero harm.	Negative actual impact	Own company, short-term	
Handling of chemicals poses potential health risks to workers, particularly if safety measures are not followed.	Potential negative impact		
High health and safety standards under ISO 45001 can potentially improve operational efficiency, reduce costs, enhance legal compliance and foster safe environment. In general, health and safety management has a positive return on investment, with an average 1 euro spent on health and safety has a return of 3 euros.	Opportunity		



## Health and safety

In the Double Materiality Assessment, Exel Composites identified health and safety as a material sub-topic in terms of the working conditions of Exel Composites' own workforce. Exel Composites' target is that everyone goes home safe and healthy every day. The company is committed to safety and taking all necessary steps to avoid damage to both people and the environment. The necessary conditions for a safe and healthy work environment are provided for all employees. Personnel well-being and work ability are actively developed by investing in both occupational safety, emergency preparedness and maintaining physical and mental health. Occupational health and safety risks are often caused by non-compliance with safety instructions. Most of the accidents could be avoided if the risk would be more carefully considered before acting. Therefore, the focus on Exel's health and safety work is on preventive actions.

The risks related to health and safety differ between employee groups: Typical accidents in Exel's operations include slips and falls in production, where the risk of occupational accidents is also highest. The workload may also cause musculoskeletal disorders. In addition, there are significant risks for health and safety associated with the handling of chemicals, as several harmful and even dangerous chemicals are used in production. The workload of white-collar employees is more generally mental and is due to responsibilities and schedules.

Impacts related to own workforce and health and safety cover all countries. When looking at the longer trend, accidents have happened on all countries and all sites. There have been fluctuations between years in the number of lost time injuries between countries and sites due to the nature of accidents, which are random and happen quite seldom. However, the level of risk regarding health and safety standards can vary widely from country to country, often depending on the strength and enforcement of local labor regulations, workplace culture, and industrial development.

### Exel's own workforce in 2024

Material impacts, risks and opportunities related to Exel's own workforce cover all employees and operating countries. In 2024, Exel employed a total of 637 (623) employees at the end of the year in Finland, China, Belgium, Austria, United States, India, United Kingdom, and Australia. The average number of employees during the reporting period was 632 (667). The activities at the Belgium unit will cease by the end of the first quarter of 2025, and the employment of approximately 50 employees will end. There are no other known plans that would have an impact on the workforce in the near future.

The employees subject to material impacts, risks and opportunities defined in double materiality assessment are Exel's own employees, both white collars and blue collars. In addition, Exel has contracted workers in Finland, India and China, who are not included in the headcount. In 2024, 77% of Exel's employees were male and 23% female. 36% of top management (Board of Directors and Group Management Team) were women. Exel does not collect data on ethnicity, religion, sexual orientation, gender identity or disability, as this is legally prohibited in some of the company's operating countries.

Based on the human rights assessment conducted in early 2023, potential salient issues identified for own operations include occupational health and safety, protection against discrimination at work and freedom of association, of which occupational health and safety was considered material topic in the DMA conducted in 2024.

Some of Exel's factories are located in geographical areas, such as India and China, which are considered risk areas of forced and child labour. In the Human Rights assessment, it was assessed that issues related to the risk of forced labor or child labor are fully managed in Exel's own operations and for Tier 1 product suppliers. Selected human rights issues are covered in audits, supplier selection, policies and in following local regulations.

## Policies related to own workforce

Exel's values (customer focus, integrity, One Exel, caring people and innovation) guide the company's work. Alongside the values, Exel's People & Culture operations are guided by applicable legislation, the company's policies approved by the Board of Directors, including Code of Conduct, Human Rights Policy, Diversity, Equity and Inclusion Policy, and Remuneration Policy (on remuneration of Exel Leadership Team and the Board of Directors). In addition, there are Quality, environment, health and safety (QEHS) and Chemicals policies approved by the Exel Leadership Team. The policies do not specifically describe how engagement with own workforce is organized, as the policies are generic in nature. To read more about engagement with own workforce, see ESRS 2 - Interest and views of stakeholders.

All of the policies cover the company's own employees in all countries, with the exception of Exel's joint venture in India (Kineco Exel Composites India, KECI), of which Exel Composites owns 55%. KECI is not fully integrated into Exel Composites' system and policies. There are plans to align systems, processes and policies at least to some extent in the future, but the implementation schedule is still open.

## Code of Conduct

Code of Conduct describes the Group's responsibilities and relationships with the environment and its stakeholder groups, including employees, customers and suppliers. It includes Exel's commitment to Human rights, diversity, and non-discriminatory workplace practices and as well as guidance on how to report any non-compliant behavior.

Both the Code of Conduct and the Human Rights Policy state Exel's commitment to respecting human rights in accordance with the Universal Declaration of Human Rights by the United Nations, the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, and the OECD Guidelines for Multinational Enterprises.

Discrimination of any form is prohibited within Exel Composites. The company denounces discrimination based on race, nationality, ethnic origin, age, religion, gender, sexual orientation, gender identity, marital status, disability, or other status, and supports equality of opportunity and fair treatment. Diversity is encouraged and respected in the workplace and all recruiting decisions. Everybody shall be treated with fairness, respect and dignity, and the workplace shall be free from any harassment and intimidation. All employees are expected to report any non-compliant behavior using, for example, the whistleblowing channel available on the intranet and the company's website.

Code of Conduct also guides well-being at work and the promotion and maintenance of work ability. It states that Exel Composites is committed to safety and taking all necessary steps in order to avoid damage to people or the environment. The necessary conditions for a safe and healthy work environment are provided for all employees. The management of health and safety performance is part of responsible management. The target is accident prevention through training and auditing of reported accidents and causes. All employees are expected to operate and behave responsibly towards other persons and the environment and to follow all applicable health and safety regulations. Threats, intimidation and violence are not tolerated. All employees are expected to report unsafe conditions in order to ensure appropriate preventive action.

The Code of Conduct is approved by the Board of Directors. It covers all Group companies and employees, and it is available on the company's website and Exel intranet. The Code of Conduct, the anti-corruption policy and the QEHS policy are signed as part of the employment contracts in some operating countries.

The business unit managers are responsible for local implementation and compliance with Code of Conduct within their organizations. Employees are encouraged to contact their

supervisor, business unit heads or SVP, People & Culture to raise any concerns or when in doubt about the best course of action in a particular situation.

### Human rights policy

In 2024, Exel introduced two new policies, Human Rights Policy and Diversity, Equity and Inclusion Policy, to complement the company's Code of Conduct. Both policies are approved by the Board of Directors.

The human rights policy articulates Exel's dedication to respecting human rights and specifies the principles and standards that govern its conduct as conscientious corporate citizens. The policy includes Exel's commitment to human rights and sets principles for respect for human dignity and non-discrimination, support for labor rights, prohibition of child labor and modern slavery as well as commitment to health and safety, environmental responsibility, community engagement and transparency and accountability. Exel holds a deep reverence for the inherent dignity of every individual and is steadfastly committed to treating all persons with impartiality, equity, and respect. It strongly supports workers' rights as outlined in international labor standards. This includes safeguarding the rights to freedom of association, collective bargaining, safe working conditions, fair remuneration, and reasonable working hours. Exel opposes any form of child labor and ensures that its operations and supply chain remain untainted by the exploitation of children. The use of forced or compulsory labor, including bonded labor, prison labor, and human trafficking, is strictly forbidden across all facets of operations. The company is unwavering in its commitment to providing a secure and healthy work environment for all employees. It endeavors to prevent accidents, injuries, and work-related illnesses through stringent safety protocols and practices.

The policy applies globally to all individuals associated with Exel, including employees, contractors, suppliers, and business partners. It extends comprehensively across Exel's operations, encompassing offices, production facilities, supply chain, and engagements with local communities. SVP, People & Culture is responsible for the implementation of the policy. Human rights performance and progress toward achieving the commitments outlined in the policy will be regularly reviewed by the Exel leadership team and Board of Directors. The policy is available on Exel's intranet.

### Diversity, Equity and Inclusion policy

The Diversity, Equity and Inclusion policy outlines Exel's commitment to diversity and inclusion, establishes principles for promoting a diverse and inclusive work environment, and provides guidelines for implementing and maintaining these principles. The Diversity,

Equity and Inclusion policy applies to all employees, contractors, consultants, and stakeholders of Exel. SVP, People & Culture is responsible for the implementation of the policy. The policy is available on Exel's intranet. It covers all aspects of employment, including recruitment, selection, development, promotion, compensation, and termination.

### Whistleblowing guidelines

The company has separate guidelines on Whistleblowing process approved by the Board of Directors. The guidelines apply to all employees, contractors, suppliers, sub-contractors, shareholders, and other stakeholders of Exel. Read more about the Whistleblowing guidelines under G1 Business Conduct, Corporate culture and business conduct policies and corporate culture.

### Quality, Environment, Health and Safety (QEHS) policy

Group's Quality, Environmental, Health and Safety (QEHS) policy approved by the ELT communicates Exel's commitment to preventing injury and ill health and continuous improvement of safe and healthy working environment for its employees, partners and visitors in Exel premises. While working or visiting Exel Composites' premises, the company's QEHS-instructions shall be followed by every person.

### Chemicals Policy

The main objective of the Chemicals Policy is to ensure health and safety of employees by abstaining from the usage of toxic, carcinogenic or mutagenic chemicals. The policy is approved by the Exel Leadership Teams and available internally. The chemical handling processes and personal protection equipment at Exel Composites are designed for chemicals allowed in the company's production. The search for less hazardous substitutes is proactive and continuous.

### Measures to enable remedy for human rights impacts

Exel Composites manages its salient human rights issues related to own workforce defined in the human rights assessment (occupational health and safety, protection against discrimination at work, and freedom of association) through its health and safety management system, the company values, Code of Conduct, Human Rights Policy, people strategy, ISO 26000 standard for social responsibility, and systematic competence development and performance management (PDR) process.

Everyone can report grievances through the whistleblowing channel. Exel Composites



encourages employees and external stakeholders to report any suspected misconduct or violations to Code of Conduct, company policies or the law, including human rights issues, through an anonymous whistleblowing channel, managed externally for an objective and confidential process. Read more about the whistleblowing channel under Processes to remediate negative impacts. Exel's Employee Engagement survey is also a valuable tool for gathering employees' views and insights on topics such as their relationships with colleagues and managers, thus providing means for remedy.

## Processes for engaging with own workers and workers' representatives about impacts

### Group strategy

Interaction with employees played an important role when defining the Group strategy for 2024-2028. Approximately 50 employees from different functions participated in the preparation of the strategy launched in late 2023. The Group targets set as a result of the strategy work also included long-term targets related to own workforce: Zero harm (zero lost time injuries) and Employee NPS score year-on-year improvement based on baseline in 2024. In 2024, the Group strategy was shared with all employees by managers, in internal town hall meetings and through internal newsletters.

### Employee survey

Exel conducts employee engagement surveys to gain an understanding of the development of employee experience. Based on the results, the company identifies focus areas where it aims to improve.

In 2024, the company conducted its first global employee engagement survey to measure employee engagement and well-being. The new survey enabled the company to track employee engagement in a consistent manner across all countries. All Exel employees were included in the survey, which could be answered on a PC, smartphone or tablet. The survey contained questions covering the important parts of well-being and engagement such as relationship with colleagues and managers, meaningfulness of work, competence development, work-life balance, feedback and communication, remuneration, strategic direction and change management, among others

Through employee engagement surveys, the company follows the development of key metrics such as employee engagement index and eNPS. In 2023, Exel set a long-term target of improving the result of the employee engagement (eNPS) annually from the 2024

baseline. Progress will be measured for the first time in 2025 and reported in the 2025 annual report.

### Occupational health and safety committees

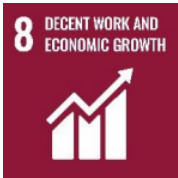
In all Exel's operating countries excluding India there are local occupational health and safety committees on sites that include representatives of employees and regularly discuss matters related to the promotion of occupational safety and prepare proposals aimed at, for example, improving working conditions, organizing occupational safety and health training, developing occupational health care and developing activities that maintain work ability.

## Processes to remediate negative impacts and channels for own workers to raise concerns

Exel Composites encourages employees and external stakeholders such as customers, suppliers and partners, to report any suspected misconduct or violations to Code of Conduct, company policies or the law through an anonymous whistleblowing channel, managed externally for an objective and confidential process. Reports received through the whistleblowing channel will be promptly investigated by a third party, and appropriate actions will be taken to address any substantiated concerns. Depending on the severity of the breach, the disciplinary actions can include verbal or written warnings, personal improvement plan, and possibility for termination of employment in serious issues. Whistleblowers who report in good faith will be protected from retaliation, including dismissal, demotion, harassment, or any other form of unjust treatment. The use of the whistleblowing channel is actively promoted through Code of Conduct and Whistleblowing guideline, and it easily accessible on the intranet, website and HR platform. However, employee awareness or trust in the whistleblowing process has not yet been measured through a specific survey. Read more about mechanisms for identifying, reporting and investigating concerns and protection of whistleblowers under G1 Business Conduct - Mechanisms for identifying, reporting and investigating concerns.

In 2024, no severe human rights issues were reported. There was one report related to suspected misconduct received through the company's Whistleblowing channel. The incident was investigated, and appropriate actions were taken in accordance with the whistleblowing guidelines. No fines, penalties or compensation were paid related to the incident. Whistleblowing guidelines ensure confidential handling of incidents. For this reason and for the protection of employees' privacy, Exel cannot provide more detailed information about the type of violation and its consequences.

## Targets related to occupational health and safety

EXEL'S GOAL	LONG-TERM GROUP TARGET	PROGRESS IN 2024	2023	ACTIONS 2024
<p><b>Providing a safe, fair, and welcoming environment for employees</b></p>	<p>Zero harm:</p> <p>No lost time injuries measured by LTI (number of lost time injuries per million hours worked)</p>	<p>LTI 7.0 / million hours worked</p> <p>Accidents were mainly slips and trips that happened in set-up/maintenance, material handling and working with revolving machines. There were no LTIs due to handling chemicals. The units in the USA, UK and India had no lost time injuries.</p> <p>No fatal injuries occurred at any of the sites in 2024, similarly to earlier years.</p> <p>68 near-miss reports</p> <p>740 unsafe condition reports</p>	<p>LTI 6.0 / million hours worked</p> <p>77 near-miss reports</p> <p>770 unsafe condition reports</p>	<ul style="list-style-type: none"> <li>• Monthly reviews of accidents, near misses and unsafe conditions</li> <li>• Regular safety patrols and audits</li> <li>• Investing in advanced equipment and protective gear</li> <li>• Safety instructions were further developed</li> <li>• Training and communication on H&amp;S were increased</li> </ul>
UN SDG				

## Targets related to health & safety

Exel Composites aims to offer fair and healthy working conditions to all its employees and has set a long-term target of zero harm - zero lost time injuries measured by LTI (number of lost time injuries per million hours worked). Employees were involved in Exel's strategy work for strategy period 2024-2028, which resulted in setting the Zero harm target for the year 2024.

Zero lost time injuries is a Group-level target and related to Exel's general objectives outlined in the Code of Conduct, the Quality, Environment, Health & Safety Policy and the Chemicals Policy. Zero harm is a long-term target with no target year specified. There are no plans to set a target year, as the target is reviewed annually. During the base year 2024, Exel had 7.0 lost time injuries per million hours worked. The target continues to be zero lost time injuries also in 2025.

Exel has tracked lost time injuries since 2014. The targets for lost time injuries have been set since 2015 and the target level has varied annually. In 2015, the target was 25/Mh and the actual number of accidents was 24.6/Mh.

Every lost time injury (LTI) is tracked and monitored by site heads and business unit heads as well as reported to the Exel Leadership Team as part of monthly business unit reviews. The development of LTI and all incidents are also shared to all employees in global monthly townhall meetings to ensure lessons learned. Near-miss and unsafe condition reporting is used for injury prevention in all factories, however, no Group-level targets have been set for these.

## Lost time injuries: targets and progress

	2024	2023	2022	2021	2020
Target	0	5	8	5	10
Lost-time injuries / million hours worked	7.0	6.0	10.8	7.8	8.1



## Actions related to health and safety

The zero accidents target is supported by accident prevention through training and auditing of reported accidents and causes. Health and safety work is managed by a safety management system (QEHS) that takes into account the requirements set by the legislation of different operating countries. The management system covers Group's Quality, Environmental, Health and Safety policy and instruction as well as Chemicals policy. QEHS policy complies with the requirements of the standard ISO 45001.

All sites excluding USA and India have the ISO 45001 standard, and there are plans to acquire the certification also for these sites in the upcoming years. QEHS instructions shall be followed by every person while working or visiting on Exel Composites' premises. The instructions are always gone through by the host with all visitors before gaining access to production facilities. Awareness about workplace hazards is effectively promoted through hazard warnings and other constant reminders on sites.

The implementation of the safety principles is the responsibility of Exel Composite's CEO and the development of operations is the responsibility of QEHS manager and the dedicated sustainability team, representing different areas of the organization. Practical work is carried out by QEHS personnel and Occupational Health and Safety committees at all sites. The roles and responsibilities for occupational safety are defined in the Group's Integrated QEHS Management Manual. QEHS management system, QEHS policy and QEHS instructions are visible in Exel Composites' intranet.

The core of Exel Composites' health and safety efforts lies on preventive measures, including proper safety gear, regular safety trainings and communication, risk assessments as well as internal and external evaluations. Employee well-being and work ability are actively developed by investing in both occupational safety, emergency preparedness and maintaining physical and mental health. Development measures are targeted especially at those production facilities where the number of accidents occurs the most in relative terms. In processing chemicals, attention is paid to the ventilation of the premises and the necessary protective equipment, as well as clear restrictions, instructions and training.

Health and safety policy and instructions are covered during induction, and Exel also organizes regular training sessions on the subject. In addition, safety at work training is organized in accordance with the person's job description. Prevention also includes first aid training and joint exercises with fire and rescue authorities.

Exel Leadership Team and senior manager, QEHS, are immediately notified by all accidents. The company makes a root cause analysis of each accident, based on which corrective actions are defined, and shares the results to all other sites and all employees globally in townhall meetings to learn from the accidents and to help preventing them in the future. All sites receive a one-page alert leaflet of the risk, root cause analysis and corrective actions. Risk analysis for remaining risk is performed, and appropriate measures to prevent any further accidents are taken. The remedy actions vary case by case. In addition to removing the direct hazard, they can also include changing equipment and improving processes, if needed.

While Exel focuses on preventing accidents before they happen, the company is committed to appropriate medical care for any occupational injuries. Employees are provided with statutory healthcare services locally, coordinated by local People & Culture teams, and treated, for example, at a health center or hospital. Employees' health is also monitored through medical checks.

#### Actions in 2024

During 2024, the development of occupational safety continued with established practices that are based on the prevention of hazards and risks. An essential part of improving safety were the review of actual accidents, near misses and unsafe conditions as well as regular safety patrols and audits, and the defining of corrective and improvement actions based on the review.

Based on the analyses and findings, safety was improved by investing in advanced equipment and protective gear but also developing of safety instructions and adding training and communication. The themes covered in the internal awareness campaign in 2024 included physical safety, such as maintaining proper ergonomics to prevent injuries, adhering to safety protocols when operating machinery as well as reminders to wear protective equipment and to report any potential hazards promptly. In addition to physical safety, the campaign also covered means to promote mental well-being at work.

In 2024, Exel Composites launched a global HRM platform, which will include an e-learning module from 2025 onwards, enabling Exel to organize new occupational safety and health courses for employees in the future. The new e-learning module will also allow Exel to track attendance in H&S trainings more systematically. The scope, target group and the schedule for first trainings will be defined, once the e-learning module is fully launched and more detailed plan in place. In general, due to the new platform, e-learning trainings can be offered to all employees, regardless of job category. In some countries, some employees do not have e-mail address and therefore direct access to the e-learning module, but they will

receive training from classrooms with access to the e-learning platform. In the USA, there are already digital occupational safety and health administration (OHSA) trainings offered to employees.

#### Actions planned for the future

Exel will conduct a Group-level safety awareness campaign to run through 2025 targeted to all employees. New safety topics will be introduced every month on the internal company newsletter, intranet and town hall meetings. In addition, Exel plans to update its Chemicals Policy in 2025 to better meet the new requirements regarding managing chemicals safety. The company remains committed to continuous work to follow the development of legislation related to chemicals safety and changes in the classification of hazardous chemicals. Exel is vigilant about any updates in listings of chemical Substances of Very High Concern, such as in the REACH and RoHS declarations, to ensure staying ahead of regulations. No significant investments are needed to carry out these plans.



## Key indicators and KPIs related to health and safety

Exel will omit information about non-employees for the first year of reporting.

Indicator / KPI	2024	2023
LTI pcs/million working hours	7.0	6.0
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines	100%	100%
Number of recordable work-related accidents for own workforce	10	8
Rate of recordable work-related accidents for own workforce	7.0	6.0
Number of days lost to work-related injuries and fatalities from work-related accidents related to employees	120	82
Number of days lost to work-related injuries and fatalities from work-related accidents related to non-employees	0	0
Percentage of own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines and which has been internally audited and (or) audited or certified by external party	84.9 %	85.2 %
Number of fatalities in own workforce as result of work-related injuries	0	0
Number of fatalities as result of work-related injuries of other workers working on undertaking's sites	0	0
Reports on unsafe conditions and near-misses	808	847

Lost time incidents per million working hours (LTI) and reports on unsafe conditions are not ESRS requirements, but the company's own KPIs. All Exel's sites have been included in LTI calculations for 2024. Kineco Exel Composites India joint venture has been included in statistics since 2023. The manufacturing at UK factory ended in 2023. The number of work-related accidents includes the company's own employees and service providers' employees.

Lost time incidents are calculated based on the number of accidents per million working hours. Working hours include all working hours of employees at the factory floor and in the office including rented work force. All accidents that have caused one full day of absence or more are included in the number of accidents. If a person needs to consult medical care in the middle of his/her work shift but returns to work on his/her next planned work shift, the incident is not considered as an LTI.

Reports on unsafe conditions include both unsafe conditions and near misses. They are based on reports by employees and handled by the line organization. Unsafe conditions are observations of an issue that may cause an accident if the risk is not mitigated. A near miss is a situation, in which something minor has already happened but LTI could be avoided. As an example, if oil is observed on the floor, it is considered an unsafe condition. If a person slips on oil on floor, loses balance, but does not get hurt, it is considered a near miss.

## Characteristics of the undertaking's employees

Number of employees by countries	2024
Finland	255
China	157
Other countries	225
<b>Total employees</b>	<b>637</b>
Number of employees by gender	2024
Male	490
Female	147
Other	0
Not recorded	0
<b>Total employees</b>	<b>637</b>
Metrics related to employees	2024
Rate of employee turnover during the reporting period %	9%
Number of employees who have left the undertaking during the reporting period	57

Employees by contract type, broken down by gender	Male	Female	Other	Not recorded	Total
Total number of employees	490	147	0	0	637
Permanent employees	400	112	0	0	512
Fixed-term employees	90	35	0	0	125
Non-guaranteed hours employees	2	2	0	0	4
Full-time employees	483	133	0	0	616
Part-time employees	5	12	0	0	17
Employees by contract type, broken down by region	Finland	China	Other countries	Total	
Total number of employees	255	157	225	637	
Permanent employees	243	51	218	512	
Fixed-term employees	12	106	7	125	
Non-guaranteed hours employees	4	0	0	4	
Full-time employees	248	157	211	616	
Part-time employees	3	0	14	17	

## Reporting principles for metrics related to own workforce

Numbers are reported in head count at the end of the reporting period, if not otherwise stated. Employee turnover is calculated using average number of employees. Turnover is defined as cumulative number of employees who have departed the company. Employee turnover rate is the proportion of employees who have left Exel expressed as a percentage.

The figures for the company's own workforce include the entire Group. The consolidation principles for financial reporting have been applied to the figures. Employee turnover includes all leavers, whatever the reason, divided by the average number of employees. The figure encompasses permanent employment relationships.

## GOVERNANCE

### G1 Business conduct

#### Material impacts, risks and opportunities related to Business Conduct

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT	
Corporate culture				
Exel’s strong corporate culture and policies minimize the potential of incidents of unlawful behaviour or behaviour in contradiction with the Code of Conduct.	Actual positive impact	Own company, medium term	<ul style="list-style-type: none"><li>Global Group policies and guidelines: Code of Conduct, Supplier Code of Conduct, Human Rights Policy, Anti-Corruption policy, Decision-making and signing policy, Whistleblowing guidelines</li><li>Internal controls</li><li>Employment contracts include Code of Conduct and Anti-Corruption Policies as attachments</li><li>All suppliers are required to commit to Exel’s Supplier Code of Conduct</li><li>Ethical corporate culture is measured with employee engagement surveys</li><li>Whistleblowing channel is open to all internal and external stakeholders, and the whistleblowers are protected against retaliation</li></ul>	
Employees are introduced to the main compliance policies like Code of Conduct and Anti-Corruption Policy either during the hiring or onboarding phase of their employment. In some countries, such as Finland, employees sign Code of Conduct as part of their employment contract. However, lack of dedicated training on the Code of Conduct may potentially result in employee unawareness of expected standards, leading to unintentional violations and a potential negative impact on corporate culture.	Potential negative impact	Own company, short term		
Protection of whistleblowers				
Exel’s policy on the protection of whistleblowers sets out Exel’s way of protecting whistleblowers from retaliation.	Actual positive impact	Own company, short term		
Exel Composites has a global whistleblowing channel in use in all countries and operations. However, Exel’s joint venture in India (Kineco Exel Composites India) also has access to a separate whistleblowing system maintained by Exel’s joint venture partner Kineco Group, where investigations are not carried out by an independent third party, but by a trusted internal party. Access to the global whistleblowing channel is open to all internal and external stakeholders also in India, and stakeholders are encouraged to use this channel reporting misconduct.	Potential negative impact	Own company & value chain, short term		

## Material impacts, risks and opportunities related to Business Conduct

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT
Corruption and bribery			
Exel's Code of Conduct states a zero-tolerance for bribery and corruption. The expectations towards suppliers are set forth in the Supplier Code of Conduct. There are also an anti-corruption policy and decision-making and signing policies in place to prevent corruption.	Actual positive impact	Own company & value chain, medium term	<ul style="list-style-type: none"><li>Code of Conduct, Supplier Code of Conduct, Anti-Corruption policy, Decision-making and signing policies, Whistleblowing guidelines</li><li>Internal controls</li><li>Employment contracts include Code of Conduct and Anti-Corruption Policies as attachments</li><li>Ethical corporate culture is measured with employee engagement surveys</li><li>Whistleblowing channel</li><li>All suppliers are required to commit to Exel's Supplier Code of Conduct</li><li>Exel has mostly long-term supplier relationships with large global suppliers that comply with strict sustainability and ethical requirements</li><li>Regular supplier audits include compliance with the Code of Conduct</li><li>Supplier assessment forms used for audits of existing suppliers and supplier qualification questionnaires for selection of new suppliers</li></ul>
Some of the countries Exel has operations in are classified as so-called risk countries (based on the amfori Countries' Risk classification, among others), where there is an increased risk of corruption. Potential corruption cases may have negative impacts on client relationships and company reputation.	Actual negative impact	Own company & value chain, medium term	
Management of relationships with suppliers including payment practices			
Exel's supplier management approach encompasses adherence to the Supplier Code of Conduct and prioritizes timely payments.	Positive actual impact	Own company & upstream value chain, medium term	
Based on the findings of the DMA conducted in early 2024, Exel's supplier sustainability management covered selected sustainability topics but was not yet fully aligned with the scope of CSRD materiality. To address this, the company developed its practices on supplier selection and audits during 2024.	Negative actual impact	Own company, short term	



## Business Conduct

Exel's strong corporate culture and policies minimize the potential of incidents of unlawful behaviour. Exel's values - customer focus, integrity, One Exel, caring people and innovation - guide the company's work. A culture of integrity is essential for Exel Composites. Many of Exel's customers choose to do business with the company because they trust Exel to conduct business with integrity: being compliant, honest, responsible and reliable.

Ethical behavior and responsible conduct contribute to a positive perception of the company in the eyes of customers, partners, and the public, fostering trust and loyalty. The company aims to foster an environment where employees and other stakeholders feel empowered to report misconduct without fear of reprisals. Resolving matters objectively and transparently through defined processes creates a healthier work environment, promoting smoother operations.

Exel has a global whistleblowing channel open to all internal and external stakeholders, and investigation are carried out by an independent third party. Whistleblowing guidelines set out Exel's way of protecting whistleblowers from retaliation. Exel's supplier management approach encompasses adherence to the Supplier Code of Conduct and prioritizes timely payments. Regular supplier audits include compliance with the Code of Conduct.

### Business conduct policies and corporate culture

#### Policies

The Code of Conduct, approved by the Board, describes the Group's responsibilities and relationship with the environment and its stakeholder groups, including employees, customers and suppliers. It includes Exel's commitment to Human rights, diversity, and non-discriminatory workplace practices.

The Code of Conduct covers the company's approach related to compliance with laws and regulations, business conduct and relations with business partners, commitment to anti-corruption and reporting breaches, among others. The Code of Conduct covers all Group companies and employees. The business unit managers are responsible for local implementation and compliance with Code of Conduct within their organizations. Exel Composites has also adopted a separate Supplier Code of Conduct. Read more about Supplier Code of Conduct under G1-2-Management of relationships with suppliers.



Functions identified to be most at risk in respect of corruption and bribery are sales, purchases, and payment transactions. Exel Composites has an anti-corruption policy, the purpose of which is to prevent bribery and corruption. It applies worldwide to all Exel Composites Group companies and their employees, suppliers, contractors, consultants and/or any other parties with a business relationship with Exel. The policy includes principles for gifts and hospitality, guidance on reporting suspected incidents of corruption, and consequences of violations. The policy has been approved by the CEO. Exel Composites' CFO is responsible for the interpretation and implementation of the policy.

The Decision-making and signing policy, approved by the Board, describes the most important decision-making and signing authorities within Exel Composites. It is applicable to all Exel Composites' companies and business units globally. The policy defines monetary limits for decisions made by the Board of Directors, the CEO, Exel Leadership Team or Site leader, among others. CFO is responsible for giving further information and advice on the application of the policy.

The Whistleblowing guidance approved by the company's Board of Directors, complies with the requirements of the EU Whistleblowers Directive. Its purpose is to clarify the principles used when a whistleblowing notification is given through the Whistleblowing channel. The guideline also aims to encourage and protect individuals who disclose concerns in good faith.

The guidance describes the investigation process, how severity of the incidence is assessed, the possible disciplinary actions, confidentiality measures, and the protection of Whistleblowers against retaliation, among others. The policy applies to all employees, contractors, suppliers, sub-contractors, shareholders, and other stakeholders of Exel Composites Plc and its Group of companies. SVP, People and Culture is responsible for implementing the policy.

The Code of Conduct and Supplier Code of Conduct are available on the company's intranet and external website. Whistleblowing guidelines and Decision-making and signing policy, and anti-corruption policy are internal and available on the intranet for Exel's employees.

Employees are introduced to the main compliance policies like Code of Conduct and Anti-Corruption Policy either during the hiring or onboarding phase of their employment. In some countries, such as Finland, employees sign Code of Conduct as part of their employment contract. India is an exception to this process, as all processes in India are not yet aligned with Group procedures.

In 2024, there were no global trainings related to Code of Conduct, anti-corruption or anti-bribery organized by the Group. The company will organize trainings on Code of Conduct and Human Rights Policy in 2025, once the common e-learning module is introduced in 2025. The target audience, frequency and depth of coverage will be confirmed later. Going forward, the new global human resource platform, introduced in 2024, will allow more accurate reporting on attendance in trainings and functions covered by trainings programs.

### Mechanisms for identifying, reporting and investigating concerns

Exel Composites encourages employees and external stakeholders such as customers, suppliers and partners, to report any suspected misconduct or violations to Code of Conduct, company policies or the law, including incidents on corruption and bribery, through an anonymous whistleblowing channel, managed externally for an objective and confidential process. Exel is committed to taking all reports seriously, reviewing them diligently, and resolving matters objectively.

The anonymous Whistleblowing channel can be accessed on the intranet, the HR platform or Exel's external webpage. In addition to the anonymous Whistleblowing channel, whistleblowers may report concerns to their managers, the company management or People & Culture function. The same investigation process will be applied to the handling of the case regardless of the way it has arisen.

All reports will be treated with the strictest confidentiality. The identity of the Whistleblower will not be disclosed without their explicit consent, except where required by law. Reports submitted via the anonymous channel go directly to the external lawyer, who acts as Whistleblowing officer and an objective investigator of the misconducts. The Whistleblowing officer will contact the relevant Exel leadership team members to support further the investigation. In cases involving the Exel personnel, the internal investigating body is typically SVP, People & Culture. When the investigation is completed, the company will consider the severity of the breach in determining the disciplinary actions, which can include trainings for improvement, verbal or written warnings, personal improvement plans, or termination of employment, among others.

### Protection of Whistleblowers

The Code of Conduct, Human Rights Policy and Whistleblowing guidelines declare zero tolerance for retaliation against individuals reporting violations. Exel Composites assures protection for those reporting in good faith, even if claims are later found to be without merit. In accordance with the EU Whistleblowing Directive, the Whistleblowers will be protected from retaliation, including dismissal, demotion, harassment, or any other form of

unjust treatment. Any employee found to have engaged in retaliatory behavior will face disciplinary action, which may include termination of employment. To ensure the integrity and trustworthiness of the whistleblowing process, several confidentiality measures are in place, including the option to report anonymously, restricted access to the report only to those involved in the investigation as employers' representatives, communications conducted through secure and confidential channels, and reports stored in compliance with data protection regulations.

### Actions

Ethical corporate culture is mainly established and managed through global Group policies that minimize the potential of incidents of unlawful behavior, and through an anonymous whistleblowing channel open for internal and external stakeholders. Employees learn about ethical corporate culture when signing their employment contract, which includes Code of Conduct the anti-corruption policy and the QEHS policy as attachments. The practice is currently in place in some of Exel's operating countries, for example in Finland.

The common company culture and spirit is established, developed and promoted through internal communications in team- and site-level meetings as well as Group-level channels such as company-wide townhall meetings led by the CEO, the global intranet, and internal newsletters.

The corporate culture, employee engagement and well-being are measured and evaluated through employee engagement survey, which includes all Exel employees globally. The results and the feedback from the survey are used in developing corporate culture and focus areas of improvement. Exel's target is to improve Employee NPS (eNPS) score year-on-year improvements from base year of 2024. Progress towards the target will be measured for the first time in 2025. Read more under S1 Own workforce, Engaging with the workforce and workforce representatives about impacts.



## Management of relationships with suppliers

Exel Composites takes sustainability factors into account in identifying, qualifying and onboarding suppliers, as well as during cooperation. This comprehensive approach aligns with Exel's long-term strategic goals centered on sustainability and responsible business practices. Requiring suppliers to commit to Exel's Supplier Code of Conduct reflects Exel's commitment to ethical business conduct and mitigates risks associated with unethical business practices in the supply chain.

The emphasis on environmental, safety, and quality factors in supplier selection encourages suppliers to adopt responsible practices and contributes to operational efficiency. Responsible supplier practices can reduce operational risks, ensuring a smooth and ethical supply chain. Commitment to responsible supplier practices also enhances the company's reputation among stakeholders, including customers and investors, among others.

## Policies

Exel's Supplier Code of Conduct, Anti-Corruption Policy, and Decision-making and signing policy guide Exel's conduct with suppliers. There is no specific policy that explicitly mentions preventing late payments and SME practices. Read more about Anti-Corruption Policy and Decision-making policy under G1 - Business conduct policies and corporate culture.

Exel Composites is committed to complying with all the laws, rules and regulations as well as to exercising high standards of integrity and sound ethical judgment in accordance with the Group's Code of Conduct and expects the same also from its suppliers. Exel Composites has adopted a separate Supplier Code of Conduct, which covers themes such as compliance with laws and regulations, human rights and workplace practices, non-discrimination, commitment to health and safety, and business conduct and relations with business partners, and environment.

Exel Composites expects all its suppliers and business partners to operate in accordance with the requirements set forth in its Supplier Code of Conduct. The supplier ensures that all its employees, as well as its own suppliers and sub-suppliers, recognize and comply with these requirements. Supplier Code of Conduct is approved by the ELT, who is responsible for implementing the policy. The policy is available on the company's external website.

Exel expects suppliers to support and respect the protection of human and labor rights as expressed in the United Nations' Universal Declaration of Human Rights and the Core Conventions of International Labour Organization (ILO). Suppliers must commit to act in compliance with the UN Guiding Principles on Business and Human Rights. They must support and respect freedom from any discrimination, freedom of association, the effective recognition of the right to collective bargaining, and equality of opportunity and treatment. The minimum employment age is defined in accordance with local jurisdiction and international law. The supplier is expected to commit to safety and taking all necessary steps in order to avoid damage to people or the environment, including ensuring the necessary conditions for a safe and healthy work environment for all employees. Bribery or corruption is not tolerated in any form. The supplier shall minimize any adverse impact of its operations on the environment and demonstrate continuous improvements in minimizing these impacts.

## Actions

Exel has mostly long-term supplier relationships with large global suppliers that comply with strict sustainability and ethical requirements and therefore pose a lower sustainability risk for Exel. The company chooses its suppliers with care and on the basis of objective factors such as quality, reliability, delivery and price, and ethical standards and sustainability. Supplier qualification process involves suppliers' commitment to Exel's Supplier Code of Conduct. The supplier qualification form includes questions related to company management, environmental, quality and H&S certifications, product/process design, operational excellence and costs, among others. The suppliers must either have Quality, Health & Safety and Environmental System Certification in place, or they must operate according to their principles. Before starting a cooperation with a new supplier, the suppliers' background is checked for any risks.

Exel Composites conducts regular supplier audits during factory visits to ensure the compliance to Code of Conduct, policies and procedures. In addition to quality factors, the audits cover Labor and Human Rights, Health and Safety, Environment, Ethics and compliance. If audits reveal deficiencies, the supplier is normally allowed time for corrective action. In severe deficiencies or violations, Exel will terminate the relationship. The suppliers are selected for audits based on risk assessment and how critical the project is for Exel. The annual target is to audit 4-6 critical suppliers globally and locally depending on the business and project situation. In 2024, Exel conducted a total of 6 audits in Finland, USA and France, and developed its supplier quality system questionnaire by adding new questions related to health and safety, and labor and human rights. A supplier must score of 2 or greater out of 3 on each question to pass the audit. Scores 0-1 on any Code of Conduct question results in failure of the audit. No business shall be conducted with the supplier until the situation is rectified.

Based on audits, there were some corrective actions taken, typically related to minor health and safety deficiencies, such as the use of personal protective equipment, which lead to improvements. There were no serious violations identified, and no supplier relationships were ended based on audits. Going forward, Exel continues to develop practices on supplier selection and audits to increasingly include sustainability factors. It will also cooperate more closely with suppliers to promote accurate calculation of GHG emissions and to find more renewable, bio-based raw materials.

## Prevention and detection of corruption and bribery

Exel Composites has a strict zero-tolerance policy against bribery and corruption in any form. The Group complies with anti-bribery and corruption laws and regulations and supports efforts and international conventions to eliminate bribery, corruption, fraud and money-laundering.

The Code of Conduct states that employees at all levels throughout the Group are expected to act responsibly and in the best interest of the company. All employees must avoid situations where their personal interest or the interests of their closely associated persons, including family members, may conflict with those of Exel Composites. Business relationships must be established based on objective criteria. Exel Composites and its employees shall not give or offer to give nor shall they seek or accept bribes, illicit payments or services to or from any third parties, such as public officials or business partners. The company does not support or make donations to political parties or individual politicians, sponsor projects or initiatives related to politics, religion, or other ideological organizations.

The anti-corruption policy states accepting gifts and entertainment from business partners or offering such favors should generally be avoided. Employees or associates must not directly or indirectly offer, make, seek or accept gifts, payment, entertainment or services to or from actual or potential business partners which are not within the bounds of customary business hospitality. Gifts or other items of value may never be given to influence any act or decision of a person in his or her official capacity. Hospitality expressed to associates should always be business related and appropriate considering the circumstances. See how Code of Conduct and the Anti-Corruption policy are trained and communicated to employees under Policies and Actions.

Decision-making and signing policy states that the approval of decisions at Exel follows the grandfathering principle (approval by his/her manager and manager's manager). Approval of the invoices is made as two-step process where the invoice is first scrutinized by the person responsible and then approved by an authorized person. Any agreement made between Exel Composites and a person or organization closely related to the company requires approval by the Board of Directors. All donations must be approved by the Board or the CEO of Exel Composites. As a rule, it is forbidden to make decisions or transact business if the person may receive a benefit which may be in conflict with the interests of the company, unless the CEO provides his written consent.

Exel Composites' Business Unit Presidents and Site Leaders of each unit are responsible for ensuring that an adequate system of internal controls exists and that such controls operate effectively.

Violations by Exel employees can lead to disciplinary actions, including dismissal, sanctions, or legal measures. Additionally, the company will stop all cooperation with any business partners that violate the anti-corruption policy.

Functions identified to be most at risk in respect of corruption and bribery are sales, purchases, and payment transactions. In 2024, there was no common anti-corruption or anti-bribery trainings organized by the Group in 2024 and no system was in place to follow up attendance in trainings. Therefore, there is no sufficiently reliable data to calculate the share of functions at risk covered in the trainings. No anti-corruption or anti-bribery trainings were organized for the Board or Exel Leadership Team. The introduction of common e-learning module of the new HR platform will provide better opportunities to organize trainings and monitor attendance in the future.

### Confirmed incidents of corruption and bribery

There were no confirmed incidents of corruption and bribery or convictions or fines for violation of anti-corruption and anti-bribery laws in 2024. There were no public legal cases regarding corruption or bribery brought against Exel and its own workers during the reporting period. No severe human rights issues and incidents were reported either.

In 2024, one report related to suspected misconduct (not related to corruption and bribery) was received through the company's Whistleblowing channel. The incident was investigated, and appropriate actions were taken in accordance with the whistleblowing guidelines. The incident was reported to the Exel Leadership Team and the Board of Directors. No fines, penalties or compensation were paid related to the incident. Whistleblowing guidelines ensure confidential handling of incidents. For this reason and for the protection of employees' privacy, Exel cannot provide more detailed information about the type of violation and its consequences.

### Payment practices

The payment period for invoices from direct and indirect suppliers ranges from 7 to 120 days. The average time the company takes to pay an invoice was 59 days in 2024. Standard contractual payment terms vary significantly depending on the type of supplier. The term of payment for raw materials is on average 60 days and for indirect sourcing such as services and insurance approximately 30 days. Exel's standard contract payment terms for its main category of suppliers (the suppliers of glass fiber, carbon fiber, resins and additives) is 60 days (in China 90 day). Invoices to this category encompass approximately 19% of annual invoices by number. Average number of days is calculated by determining the difference between invoice date and payment day for all invoices paid within the year across Exel's entities in UK, Finland, Belgium, Austria, US, China, Germany and India. The calculation is performed by using a weighted average for the entire Group. There were no legal proceedings outstanding for late payments in 2024.

### Targets related to business conduct

There are currently no measurable time-bound targets set related to business conduct, including protection of whistleblowers, anti-corruption and bribery. The company will re-evaluate the need for setting targets in 2025, after the global human resource platform is fully launched and there are base values for KPIs available. The company's goal is that all suppliers comply with the Supplier Code of Conduct and that 4-6 audits per year are conducted for existing core suppliers. However, there is no measurable target set for compliance with the Supplier Code of Conduct.

Exel follows the number of reports received through the whistleblowing channel, but no targets are set for this. The company follows the development of its corporate culture as part of its employee engagement survey. For more information, please see S1 Own workforce.



## Appendix: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The following table illustrates the data points in ESRS 2 and topical ESRS that derive from other European Union (EU) legislation as listed in ESRS 2 Appendix B.

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Material
ESRS 2 GOV-1	21 (e)	Percentage board members who are independent			x		Material
ESRS 2 GOV-4	30	Statement of due diligence	x				Material
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not material
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not material
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not material
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X	Phase-in used
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks			x	x	Phase-in used
ESRS E1-4	34	GHG emission reduction targets	x	x	x		Material
ESRS E1-5	37	Energy consumption and mix	x				Material
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources	x				Material
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Material
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		Material
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	X		Material
ESRS E1-7	56	GHG removals and carbon credits				X	Not material
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Phase-in used
ESRS E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		X			Phase-in used
ESRS E1-9	66 (c)	Location of significant assets at material physical risk		X			Phase-in used
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Phase-in used
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Phase-in used

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	X				Not material
ESRS E3-1	9	Water and marine resources	X				Not material
ESRS E3-1	13	Dedicated policy	X				Not material
ESRS E3-1	14	Sustainable oceans and seas	X				Not material
ESRS E3- 4	28 (c)	Total water recycled and reused	X				Not material
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	X				Not material
ESRS 2 SBM 3 - E4	16 (a) i	Activities negatively affecting biodiversity sensitive areas	X				Not material
ESRS 2 SBM 3 - E4	16 (b)	Land impacts	X				Not material
ESRS 2 SBM 3 - E4	16 (c)	Threatened species	X				Not material
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	X				Not material
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	X				Not material
ESRS E4-2	24 (d)	Policies to address deforestation	X				Not material
ESRS E5-5	37 (d)	Non-recycled waste	X				Material
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Material
ESRS 2 SBM3 - S1	14 (f)	Risk of incidents of forced labour	X				Not material
ESRS 2 SBM3 - S1	14 (g)	Risk of incidents of child labour	X				Not material
ESRS S1-1	20	Human rights policy commitments	X				Not material
ESRS S1-1	21	Sustainability due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Not material
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X				Not material
ESRS S1-1	23	Workplace accident prevention policy or management system	X				Material
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	X				Material
ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	X		X		Material
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	X				Material
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		X		Not material

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Materiality
ESRS S1-16	97 (b)	Excessive CEO pay ratio	X				Not material
ESRS S1-17	103 (a)	Incidents of discrimination	X				Material
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x		x		Material
ESRS 2 SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	X				Not material
ESRS S2-1	17	Human rights policy commitments	X				Not material
ESRS S2-1	18	Policies related to value chain workers	X				Not material
ESRS 2 SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	X				Not material
ESRS S2-1	17	Human rights policy commitments	X				Not material
ESRS S2-1	18	Policies related to value chain workers	X				Not material
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	X		x		Not material
ESRS S2-1	19	Sustainability due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Not material
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	X				Not material
ESRS S3-1	16	Human rights policy commitments	X				Not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	X		x		Not material
ESRS S3-4	36	Human rights issues and incidents	X				Not material
ESRS S4-1	16	Policies related to consumers and end users	X				Not material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		x		Not material
ESRS S4-4	35	Human rights issues and incidents	X				Not material
ESRS G1-1	10 (b)	United Nations Convention against Corruption	X				Material
ESRS G1-1	10 (d)	Protection of whistleblowers	X				Material
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		x		Material
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				Material

# KEY FIGURES 2020-2024

## Key figures illustrating financial trends

	2024	2023	2022	2021	2020
Revenue	99,614	96,815	136,988	134,365	108,595
Operating profit	-2,853	-4,863	3,002	3,744	9,417
% of revenue	-2.9	-5.0	2.2	2.8	8.7
Adjusted operating profit	1,704	-2,446	8,029	6,029	9,708
% of revenue	1.7	-2.5	5.9	4.5	8.9
EBITDA	4,246	3,832	10,123	11,946	n/a
Adjusted EBITDA	7,624	4,059	15,149	12,435	n/a
Profit before taxes	-3,778	-8,254	3,600	4,165	7,124
Total assets	88,983	85,028	113,058	117,698	96,800
Return on equity %	-20.1	-38.7	7.0	5.5	19.5
Return on capital employed, %	-4.3	-6.8	3.7	4.8	14.1
Equity ratio, %	36.8	20.9	26.9	26.8	30.2
Net gearing, %	60.3	185.7	102.4	119.9	107.9
Net debt to adjusted EBITDA 1)	2.6	8.1	2.1	3.0	n/a
Capital expenditure	2,658	3,523	4,592	9,989	13,220
% of revenue	2.7	3.6	3.4	7.4	12.2
Research and development costs	3,738	3,711	3,426	3,310	2,884
% of revenue	3.8	3.8	2.5	2.5	2.7
Average personnel	632	667	732	715	665
Personnel at year end	637	623	721	753	674

## Share data

	2024	2023	2022	2021	2020
Earnings per share (EPS), EUR	-0.07	-0.77	0.19	0.14	0.45
Adjusted earnings per share (EPS), EUR 2)	-0.07	-0.77	0.19	0.14	0.45
Equity per share, EUR	0.49	1.47	2.53	2.58	2.44
Dividend per share, EUR 3)	0	0	0.20	0.20	0.20
Payout ratio, %	0	0	103.4	139.8	44.1
Effective yield of shares, %	0	0	3.7	2.5	2.7
Price/earnings (P/E)	-5.91	-3.23	29.95	57.87	16.26
Price to book ratio, (P/B)	0.92	1.70	2.11	3.07	3.02

<sup>1)</sup> Last 12 months' adjusted EBITDA

<sup>2)</sup> Adjusted for the dilution of option rights

<sup>3)</sup> Board proposal for dividend to the AGM 2025

## Environmentally sustainable activities

	2024	2023	2022	2021	2020
Turnover of taxonomy-eligible economic activities, %	31.3	28.1	37.8	32.6	-
Capital expenditure of taxonomy-eligible economic activities, %	15.5	13.0	13.7	11.6	-
Operational expenditure of taxonomy-eligible economic activities, %	14.0	3.4	4.2	3.1	-

# 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.)

## 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  
equity + minority interest + voluntary provisions

## Return on capital employed, %

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

## Equity ratio, %

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

## Net gearing, %

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

## Earnings per share (EPS), EUR

profit before provisions and income taxes less income taxes +/- minority interest

average adjusted number of shares in the financial period

## Equity per share, EUR

equity + voluntary provisions  
adjusted number of shares on closing date

## Dividend per share, EUR

dividend for the financial period  
adjusted number of shares on closing date

## Payout ratio, %

dividend per share x 100  
earnings per share (EPS)

## Effective yield of shares, %

dividend per share x 100 x 100  
adjusted average share price at year end

## Price/earnings (P/E), %

adjusted average share price at year end x 100  
earnings per share

## Price to book ratio, (P/B)

total number of shares on closing date excluding treasury shares x  
share price at year end  
equity without non-controlling interests



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

For the financial year starting on 1 January and ending on 31 December

EUR thousands	Notes	2024	2023
<b>Revenue</b>	<b>5</b>	<b>99,614</b>	<b>96,815</b>
Other operating income	7	375	4,902
Increase (+) / Decrease (-) in inventories of finished goods and work in progress		-4,697	-6,837
Materials and services		-34,170	-33,483
Employee benefit expenses	9	-35,625	-34,251
Depreciation	11	-5,920	-6,505
Impairment	11	-1,179	-2,190
Other operating expenses	8, 10	-21,252	-23,314
<b>Operating profit</b>		<b>-2,853</b>	<b>-4,863</b>
Financial income	17	2,575	597
Financial expenses	16	-3,500	-3,988
<b>Profit before tax</b>		<b>-3,778</b>	<b>-8,254</b>
Income taxes	15	-1,249	-1,055
<b>Profit/loss for the period</b>		<b>-5,027</b>	<b>-9,309</b>

EUR thousands	Notes	2024	2023
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translating foreign operations	15	-983	-1,092
<b>Items that will not be reclassified to profit or loss:</b>			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	15	33	-30
<b>Total comprehensive income</b>		<b>-5,977</b>	<b>-10,432</b>
<b>Profit/loss attributable to:</b>			
Owners of the parent company		-4,663	-9,130
Non-controlling interests		-364	-179
<b>Comprehensive income attributable to:</b>			
Owners of the parent company		-5,631	-10,240
Non-controlling interests		-346	-192
<b>Total earnings per share, basic and diluted, EUR</b>	<b>13</b>	<b>-0.07</b>	<b>-0.77</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at the end of the financial year

EUR thousands	Notes	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	18	12,494	12,585
Other intangible assets	18	1,146	1,671
Tangible assets	19	21,620	23,332
Right-of-use assets	19	4,980	1,367
Other non-current investments	20	48	48
Other non-current receivables	20	454	0
Deferred tax assets	14	165	643
<b>Total non-current assets</b>		<b>40,907</b>	<b>39,646</b>
<b>Current assets</b>			
Held for sale assets	20	571	545
Inventories	22	17,373	16,867
Trade and other receivables	23	19,227	17,019
Cash at bank and in hand	24	10,904	10,952
<b>Total current assets</b>		<b>48,076</b>	<b>45,383</b>
<b>Total assets</b>		<b>88,983</b>	<b>85,028</b>

EUR thousands	Notes	2024	2023
<b>EQUITY AND LIABILITIES</b>			
Share capital	32	2,141	2,141
Other restricted equity		1,080	1,080
Invested unrestricted equity fund		22,416	2,539
Translation differences		1,137	2,138
Retained earnings		9,412	18,669
Profit for the period		-4,663	-9,130
<b>Equity attributable to the equity holders of parent company</b>		<b>31,523</b>	<b>17,438</b>
<b>Non-controlling interests</b>		<b>814</b>	<b>249</b>
<b>Total equity</b>		<b>32,337</b>	<b>17,687</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	25, 30	4,879	4,200
Non-current lease liabilities	25	3,904	221
Non-current interest-free liabilities	26	1,163	1,300
Deferred tax liabilities	14	304	311
<b>Total non-current liabilities</b>		<b>10,249</b>	<b>6,032</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	25	20,054	38,105
Current lease liabilities	25	1,577	1,264
Trade and other current liabilities	26	24,554	21,777
Income tax payable		211	163
<b>Total current liabilities</b>		<b>46,396</b>	<b>61,309</b>
<b>Total equity and liabilities</b>		<b>88,983</b>	<b>85,028</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year starting on 1 January and ending on 31 December

EUR thousands	Notes	2024	2023
<b>Cash flow from operating activities</b>			
Profit for the period		-5,027	-9,309
Non-cash adjustments to reconcile profit to net cash flow	35	9,302	9,539
Change in working capital		-251	6,416
<b>Cash flow generated by operations</b>		<b>4,024</b>	<b>6,646</b>
Interest paid		-1,802	-1,746
Interest received		332	-1
Other financial items		-1,269	-702
Income taxes paid		-703	247
<b>Net cash flow from operating activities</b>		<b>581</b>	<b>4,445</b>
<b>Cash flow from investing activities</b>			
Purchase of non-current assets		-2,716	-3,523
Proceeds from sale of non-current assets		122	447
<b>Net cash flow from investing activities</b>		<b>-2,595</b>	<b>-3,076</b>
<b>Cash flow before financing activities</b>		<b>-2,014</b>	<b>1,369</b>

EUR thousands	Notes	2024	2023
<b>Cash flow from financing activities</b>			
Proceeds from long-term borrowings		5,732	0
Proceeds from share issue		19,876	0
Capital investment by non-controlling interrests		911	0
Change in short-term loans		-23,136	-3,754
Installments of lease liabilities		-1,419	-1,332
Treasury shares		-230	0
Dividends paid		0	-2,371
<b>Net cash flow from financing activities</b>		<b>1,734</b>	<b>-7,457</b>
<b>Change in liquid funds</b>		<b>-279</b>	<b>-6,088</b>
Liquid funds at the beginning of period		10,952	17,397
Exchange rate fluctuations on liquid funds		232	-358
Liquid funds at the end of period		10,904	10,952

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As at the end of the financial year

EUR thousands	Share capital	Other restricted equity	Invested unrestricted equity fund	Translation differences	Retained earnings	Non-controlling interests	Total
<b>2023</b>							
Balance at the beginning of the period	2,141	1,080	2,539	3,218	20,965	441	30,385
Comprehensive result				-1,080	-9,130	-192	-10,401
Defined benefit plan actuarial gains (+) / loss (-), net of tax					-30		-30
Dividend					-2,371		-2,371
Share-based payments reserve					6		6
Postings related to previous financial period 1)					99		99
Balance at the end of the period	2,141	1,080	2,539	2,138	9,539	249	17,687
<b>2024</b>							
Balance at the beginning of the period	2,141	1,080	2,539	2,138	9,539	249	17,687
Comprehensive result				-1,001	-4,663	-346	-6,010
Defined benefit plan actuarial gains (+) / loss (-), net of tax					33		33
Other items 3)						911	911
Acquisition / transfer of Treasury shares 2)					-230		-230
Share-based payments reserve					68		68
Share issue			21,811				21,811
Share issue costs			-1,935				-1,935
Postings related to previous financial period 1)					1		1
Balance at the end of the period	2,141	1,080	22,416	1,137	4,749	814	32,337

1) Corrections related to taxation and other expenses of previous years, and postings related to treasury shares

2) Group's treasury shares are administrated by EAM EXL1V Holding Oy and shares are transferred in accordance to the long-term incentive plan

3) Capital investment by non-controlling interests

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

All figures in the notes are in EUR thousands unless otherwise stated. Significant accounting principles are described in connection to the relevant note.

The consolidated financial statements of Exel Composites Plc for the year ended 31 December were authorized for issue in accordance with a resolution of the Board of Directors on 1 March 2024. Final decision to adopt, change or reject the financial statements is made by shareholders in Annual General Meeting on 26 March 2025.

Exel Composites' official consolidated financial statements is published in accordance with the ESEF-directive in XHTML format including iXBRL tags. The audit firm Ernst & Young Oy issues an independent auditor's reasonable assurance report on Exel Composites' ESEF Financial Statements. In addition, a pdf version on the consolidated financial statements is available at the company's website at [www.exelcomposites.com](http://www.exelcomposites.com).

## NOTE 1 CORPORATE INFORMATION

Exel Composites provides forward-thinking composite solutions made with continuous manufacturing technologies to customers in a wide range of industries around the world. The company's products are used in several industries from cleaning equipment to power generation and transmission.

The company uses its over 60 year's expertise to help customers reduce weight, improve performance and decrease the total lifetime costs of the end product. Exel wants to be the first choice for sustainable composite solutions globally. The company's manufacturing, R&D and sales network covers all main markets i.e. Europe, Asia and North America.

The Group's factories are located in Austria, Belgium, China, Finland, India, the United Kingdom and USA. Exel Composites' share is listed in the Small Cap segment of the Nasdaq Helsinki Ltd. in the Industrials sector.

Name of reporting entity or other means of identification from end of preceding reporting period	Exel Composites Plc
Domicile of entity	Mäntyharju, Finland
Legal form of entity	Plc
Country of incorporation	Finland
Address of registered office of entity	Uutelantie 24 B, 52700 Mäntyharju, Finland
Principal place of business	Europe, Asia and North America
Description of nature of entity's operations and principal activities	Exel Composites provides forward-thinking composite solutions made with continuous manufacturing technologies to customers in a wide range of industries around the world.
Name of parent entity	Exel Composites Plc
Name of ultimate parent of group	Exel Composites Plc



## NOTE 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, with the exception of available-for-sale investment securities and certain other financial assets and financial liabilities that have been measured at fair value.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand except where otherwise indicated.

### Statement of Compliance

The consolidated financial statements of Exel Composites Plc have been prepared in compliance with International Financial Reporting Standards (IFRS), applying IAS and IFRS standards, as well as SIC and IFRIC interpretations, as adopted by the European Union, valid on 31 December 2024. The notes to the consolidated financial statements are also in compliance with the Finnish Accounting and Companies Acts.

### Basis of Consolidation

Exel Composites' consolidated financial statements include the accounts of the parent company Exel Composites Plc and its subsidiaries as at 31 December. Subsidiaries are viewed as companies in which it owns, directly or indirectly, over 50% of the voting rights or in which it is in a position to govern the financial and operating policies of the entity. The Group has control over an entity when it has a participation in the entity and is exposed to or has right to its variable revenues and can influence the revenues by using its control over the entity. Subsidiaries are fully consolidated from the date that Exel Composites acquired control and are no longer consolidated from the date that control ceases. Where necessary, the accounting principles of subsidiaries have been changed to ensure consistency with the accounting principles of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Acquisitions of companies are accounted for using the purchase method. The cost of an acquisition is measured at fair value over the assets given up, shares issued or liabilities incurred or assumed at the date of acquisition. The excess acquisition cost over the fair value of net assets acquired is recognized as goodwill.

All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss, and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

When compiling the opening IFRS balance sheet, Exel Composites has applied the exemption provided by IFRS 1 related to business combinations. This means that the assets and liabilities of subsidiaries have not been assessed retroactively at their market value. Instead, they have been included in the balance sheet on the transition date in an amount in accordance with earlier financial accounting practice.

The Group has no affiliated companies or joint ventures.

Non-controlling interest is deducted from shareholders' equity and presented as a separate item in the balance sheet. Similarly, it is presented as a separate item in the consolidated financial statements. The share of losses attributable to the holders of non-controlling interest was debited to non-controlling interest in the consolidated balance sheet up to the full value of the non-controlling interest prior to 1 January 2010.

## NOTE 3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards and standard amendments issued during the 2024 financial period

- IAS 1 Classification of Liabilities as Current or Non-current
- IAS 1 Non-current Liabilities with Covenants
- IFRS 16 Lease Liability in a Sale and Leaseback
- IAS 7 and IFRS 7 Disclosures: Supplier Finance Arrangements

had no material impact on Group's financial statements.

The standards and standard amendments that are issued, but not effective, up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards and amendments, if applicable, when they become effective. Based on preliminary analysis, the standards are not expected to materially impact on the Group's financial statements.

### New standards

- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

### Amendments to standards

- IAS 21 Lack of Exchangeability
- IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments
- IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 Annual improvements

## NOTE 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements may require the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reported period and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The preparation of impairment tests requires the use of estimates.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When calculations of impairment of non-financial assets are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including sensitivity analysis of key assumptions, are given in Note 27.

### Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with the future tax planning strategies. Further details are given in Note 14.

## Pension and other post-employment benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## Determining the fair value of assets in business combinations

In major corporate mergers the Group has employed the services of an outside advisor in assessing the fair value of tangible assets. For tangible assets comparisons have been made with the market prices of similar assets and an estimate made about impairment caused by the acquired asset's age, wear and other related factors. The determination of the fair value of tangible assets is based on estimates of cash flows related to the asset.

# NOTE 5 SEGMENT INFORMATION

### ACCOUNTING PRINCIPLE: Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Sales of products are recognized as income in accordance with IFRS 15 when the performance obligation is satisfied. The performance obligation is satisfied when the goods have been delivered to the customer according to the agreed delivery terms. In most cases this happens when the goods leave the factory. In case according to agreed delivery terms risks and rewards as well as control over the goods are transferred to the customer only when the goods have been delivered to the customer, then revenue is recognized only when the customer has received the goods.

Revenue comprises the invoiced value for the sale of goods and services net of indirect taxes, sales adjustment and exchange rate differences. Distribution costs for products to be sold are included in the income statement as other operating expenses. Interest income is recognized using the effective interest rate method and dividend income when the right to the dividend has been created.

## Capital expenditure

Capital expenditure presented in this note includes additions to intangible and tangible assets and related advance payments posted during the financial period excluding additions to right-of-use asset. Additions are presented by asset group in Notes 18 and 19.

## Operating segments

The Group has one operating segment, Exel Composites.

## Geographical information

The Group's geographical information is given for Europe, North America, Asia-Pacific (APAC) and Rest of World. Revenue of geographical distribution is presented according to the customer's location, while assets are presented according to the location of the assets.

## Revenue outside the Group according to location of customers

	2024	2023
Europe	65,081	64,372
North America	21,789	18,343
Asia-Pacific	11,241	11,638
Rest of world	1,503	2,461
<b>Total</b>	<b>99,614</b>	<b>96,815</b>

Revenue from the biggest customer amounted to EUR 6,065 (7,221) thousand in 2024. The revenue of the biggest customer was reported under the Wind power customer industry.

## Total assets according to geographic location

	2024	2023
Europe	48,121	51,828
North America	11,439	8,289
Asia-Pacific	29,423	24,912
<b>Total</b>	<b>88,983</b>	<b>85,028</b>

## Capital expenditure according to geographic location

	2024	2023
Europe	1,041	2,467
North America	601	281
Asia-Pacific	1,016	775
<b>Total</b>	<b>2,658</b>	<b>3,523</b>

## NOTE 6 EXCHANGE RATES

### ACCOUNTING PRINCIPLE: Foreign currency translation

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The income statements of independent foreign subsidiaries are translated into euros at the average exchange rates for the financial year and the assets and liabilities are translated at the exchange rate of the balance sheet date. The reporting date exchange rates are based on exchange rates published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each month's average rates from the European Central Bank.

Exchange differences arising on the translation are recognized in other comprehensive income. When a foreign operation is sold, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Foreign currency exchange gains and losses related to business operations and translating monetary items have been entered in the income statement. Foreign exchange differences from business operations are included in other items above the operating profit. Foreign exchange differences from foreign currency loans and cash at bank are included in financial items.

Country	Currency	2024	2023	2024	2023
		Average rate	Average rate	Closing rate	Closing rate
Australia	AUD	1.63940	1.62850	1.67720	1.62630
UK	GBP	0.84670	0.86990	0.82918	0.86905
China	RMB	7.78610	7.65910	7.58330	7.85090
India	INR	90.52860	89.32490	88.93350	91.90450
USA	USD	1.08200	1.08160	1.03890	1.10500
Hong Kong	HKD	8.44290	8.46760	8.06860	8.63140

## NOTE 7 OTHER OPERATING INCOME

### ACCOUNTING PRINCIPLE: Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as an income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

	2024	2023
Insurance compensations	30	10
Grants	95	221
Rental income	18	16
Gain on disposal of fixed assets	174	4,569
Other operating incomes	58	87
<b>Total</b>	<b>375</b>	<b>4,902</b>

## NOTE 8 OTHER OPERATING EXPENSES

Production variable expenses includes for example molds and dies, energy, water, waste management and packing costs. Other operating expenses includes fixed costs such as maintenance- and repair, travel, insurance premiums and legal and other consulting services.

	2024	2023
Audit fees	232	236
Tax consultation provided by the Audit company	2	26
Other services provided by the Audit company	119	55
Rents on leases with short lease period	489	636
Rents on leases for assets with low value	76	55
Losses on disposal of assets	33	639
Production variable expenses	9,504	8,821
Other operating expenses	10,797	12,845
<b>Total</b>	<b>21,252</b>	<b>23,314</b>

## NOTE 9 EMPLOYEE BENEFIT EXPENSES

	2024	2023
Wages and salaries	28,989	28,108
Pension costs - defined contribution schemes	3,168	2,822
Pension costs - defined benefit schemes	-27	12
Other employee benefits	3,495	3,308
<b>Total</b>	<b>35,625</b>	<b>34,251</b>
Average number of personnel	632	667

## NOTE 10 RESEARCH AND DEVELOPMENT EXPENDITURE

### ACCOUNTING PRINCIPLE: Research and development

Research costs are expensed as incurred. Costs incurred from development projects, which are often connected with the design and testing of new or advanced products, are recorded in the balance sheet as intangible assets from the time that the product can be technically achieved, it can be utilized commercially, and the product is expected to create a comparable financial benefit. Other development costs are recorded as expenses. Capitalized development costs are amortized on a straight-line basis beginning from the commercial production of the product during the period they are effective, yet no longer than five years.

There were no capitalized development costs during 2024 and 2023.

The income statement includes research and development costs entered as costs amounting to EUR 3,738 (3,711) thousand in 2024. These costs are included in the income statement under Employee Benefit Expenses and Other Operating Expenses.

## NOTE 11 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

### ACCOUNTING PRINCIPLE: Impairment of non-financial assets

At each reporting date, the Group evaluates whether there are indications of impairment in any asset item. If impairment is indicated, the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



In addition, the recoverable amount is assessed annually for the following items regardless of whether there are indications of impairment: goodwill; intangible assets that have an unlimited economic lifespan; and assets under construction.

## Depreciation and amortization of assets

	2024	2023
Intangible assets	655	869
Tangible assets		
Buildings	377	397
Buildings, right-of-use assets	1,469	1,199
Machinery and equipment	3,361	3,977
Machinery and equipment, right-of-use assets	58	63
<b>Total</b>	<b>5,920</b>	<b>6,505</b>

## Impairment and write-down of assets

	2024	2023
Intangible assets	23	0
Goodwill	209	0
Tangible assets		
Buildings, right-of-use assets	326	0
Machinery and equipment	621	2,190
<b>Total</b>	<b>1,179</b>	<b>2,190</b>

The Group has decided to close its factory in Belgium during 2025. In connection to this decision the Group recorded a total of EUR 1.2 million write-down on intangible and tangible assets.

## NOTE 12 DIVIDENDS PER SHARE

### ACCOUNTING PRINCIPLE: Dividends

Dividends paid by the Group are recognized for the financial year in which the shareholders have approved payment of the dividend.

The Annual General Meeting held on 26 March 2024 approved the Board's proposal that no dividend be paid for the financial year 2023.

The Annual General Meeting held on 10 May 2023 approved the Board's proposal to distribute a dividend of EUR 0.20 per share for the financial year 2022.

Following the balance sheet date, the Board of Directors has proposed to the Annual General Meeting that no dividend be paid for 2024 based on the adopted financial statements for the financial year ended 31 December 2024.

## NOTE 13 EARNINGS PER SHARE

### ACCOUNTING PRINCIPLE: Earnings per share

The undiluted earnings per share is calculated by dividing the profit for the period belonging to the shareholders of the parent company by the weighted average of shares in issue, not including shares purchased by the Company itself and that are presented as own shares. The weighted average number of shares used to calculate the diluted earnings per share includes the diluting effect of outstanding stock options during the period. The result for the financial year is not adjusted since the subscription of dilutive shares does not involve any compensation to be recognized in the income statement.

	2024	2023
Profit for the financial year attributable to ordinary equity holders of the parent company, EUR thousands	-4,663	-9,130
Weighted average number of outstanding shares during the financial year, 1,000 shares	63,729	11,854
Basic and diluted earnings per share, EUR/share	-0.07	-0.77

## NOTE 14 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

### ACCOUNTING PRINCIPLE: Deferred taxes

Deferred taxes are calculated for all temporary differences between accounting and taxation using the tax rates valid at the closing date. The largest temporary differences arise from the depreciation of tangible assets, valuations in the fair value in the balance sheets of acquired companies at the time of acquisition, revaluations of certain non-current reserves, reservations for pension schemes and post-retirement benefits, unused tax losses, and differences in net wealth between fair value and taxable value in connection with acquisitions.

Deferred tax assets have been recorded to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilized will materialize in the future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

### Deferred tax liabilities in 2024

	1 January	Recognized in income statement	Exchange rate differences	31 December
Accumulated depreciation	110	-111	1	0
Other temporary differences	288	81	0	370
Offset with deferred tax assets	-88	21		-67
<b>Net deferred tax liabilities</b>	<b>311</b>	<b>-8</b>	<b>1</b>	<b>304</b>

### Deferred tax assets in 2024

	1 January	Recognized in income statement	Recognized in shareholders' equity	Exchange rate differences	31 December
Intercompany profit in inventory	102	-36		3	68
Intercompany profit in fixed assets	42	-39		0	3
Losses	478	-478		0	0
Other temporary differences	87	43	-11	8	126
Offset with deferred tax liabilities	-88	21			-67
IFRS16	23	11		2	35
<b>Net deferred tax assets</b>	<b>643</b>	<b>-478</b>	<b>-11</b>	<b>12</b>	<b>165</b>

## Deferred tax assets in 2023

	1 January	Recognized in income statement	Recognized in shareholders' equity	Exchange rate differences	31 December
Intercompany profit in inventory	33	69		0	102
Intercompany profit in fixed assets	83	-42		0	42
Losses	1,650	-1,137		-34	478
Other temporary differences	243	-169	10	3	87
Offset with deferred tax liabilities	-240	151			-88
IFRS16	38	-14		-1	23
<b>Net deferred tax assets</b>	<b>1,807</b>	<b>-1,141</b>	<b>10</b>	<b>-33</b>	<b>643</b>

## Deferred tax liabilities in 2023

	1 January	Recognized in income statement	Exchange rate differences	31 December
Accumulated depreciation	81	35	-6	110
Other temporary differences	742	-461	7	288
Offset with deferred tax assets	-240	151		-88
IFRS16	1	0		0
<b>Net deferred tax liabilities</b>	<b>584</b>	<b>-274</b>	<b>1</b>	<b>311</b>

The Group had taxable net losses on 31 December 2024 of EUR 39,245 (28,871) thousand, of which the Company has recorded deferred tax assets of EUR 0 (478) thousand that are available for offset against future taxable profits of the companies in which the losses arose.

## IAS 12 Income Tax, cumulated tax losses

Group's subsidiary in USA has cumulated tax losses from 2018 to 2024. The Group has concluded that it will not be able to utilize all of the taxable losses against future profits in the near future. The Group has therefore decided not to record any deferred tax assets on taxable losses.

Group's subsidiary in Belgium has cumulated tax losses from 2020 to 2022, and in 2024. The Group has decided to close the factory in Belgium and therefore will not be able to utilize the taxable losses against future profits. Deferred tax assets recorded in previous years, total of EUR 285 thousand, have been written off. This included EUR 240 thousand of deferred tax assets on taxable losses.

The Group has significant tax losses also in its subsidiaries in Australia and Germany. Both subsidiaries are now profitable, but the profits are rather small. Group has reviewed the possibility to utilize the tax losses and decided that it will not book deferred tax assets on these tax losses at this point. In both countries tax losses can be carried forward indefinitely.

## NOTE 15 INCOME TAXES

### ACCOUNTING PRINCIPLE: Taxes

Group taxes consist of taxes based on Group companies' results for the financial year, adjustments to taxes related to previous years and the change in deferred income taxes.

The tax expenses on the income statement are formed from the tax based on the taxable income for the financial year and deferred taxes. The tax expenses are recorded in the income statement except for the items recorded directly into shareholders' equity, when the tax impact is recorded also as an equivalent part of shareholders' equity. The taxes for the financial year are calculated from the taxable income according to the valid tax rate in each country. Taxes are adjusted by the possible taxes related to previous financial years.

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority. Receivables and payables are stated with the amount of sales tax included.

	2024	2023
Income tax based on taxable income for the financial year	647	317
Income taxes from previous financial periods	132	-130
Deferred taxes	470	867
<b>Total income taxes reported in the income statement</b>	<b>1,249</b>	<b>1,055</b>

### Income tax recognized in other comprehensive income 2024

	Before tax	Tax effect	After tax
Exchange differences on translating foreign operations	-983	0	-983
Defined benefit plan actuarial gains (+) / losses (-)	44	-11	33
<b>Total</b>	<b>-939</b>	<b>-11</b>	<b>-950</b>

### Income tax recognized in other comprehensive income 2023

	Before tax	Tax effect	After tax
Exchange differences on translating foreign operations	-1,092	0	-1,092
Defined benefit plan actuarial gains (+) / losses (-)	-40	10	-30
<b>Total</b>	<b>-1,133</b>	<b>10</b>	<b>-1,123</b>

### Income tax reconciliation

	2024	2023
Profit before taxes	-3,778	-8,254
Consolidated income taxes at Group's domestic tax rate (20%)	-756	-1,651
Impact of different tax rates of foreign subsidiaries	-273	-507
Tax-exempt income and non-deductible expenses	-16	9
Tax at source booked as cost	102	216
Income taxes for prior years	132	-130
Effect of deferred tax assets not recognized	1,819	2,059
Revaluation of deferred taxes	0	900
Other items	241	158
<b>Income tax recognized in consolidated income statement</b>	<b>1,249</b>	<b>1,055</b>
<b>Effective tax rate</b>	<b>-33.1</b>	<b>-12.8</b>

## NOTE 16 FINANCIAL EXPENSES

### ACCOUNTING PRINCIPLE: Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity occurs in connection with the borrowing of funds.

For the years ending 31 December 2024 and 2023, the Group had no assets where the borrowing costs would have been capitalized.

	2024	2023
Interest expenses on debts and borrowings	1,790	1,732
Interest expenses on lease liabilities	152	38
Foreign exchange losses	384	1,687
Other finance expenses	1,174	531
<b>Total finance expenses</b>	<b>3,500</b>	<b>3,988</b>

Exchange differences for sales (exchange rate loss EUR -73 thousand) and purchases (exchange rate loss EUR -10 thousand) are entered in the income statement in the appropriate sales and purchase accounts.

## NOTE 17 FINANCIAL INCOME

	2024	2023
Interest income on loans and receivables	181	120
Foreign exchange gains	2,394	476
Other finance income	1	1
<b>Total finance income</b>	<b>2,575</b>	<b>597</b>

## NOTE 18 INTANGIBLE ASSETS

### ACCOUNTING PRINCIPLE: Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible assets is either finite or indefinite. Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is indication that the intangible asset may be impaired.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

- Development costs 3-5 years
- Other long-term expenses 3-8 years
- Other intangible assets 3-8 years
- Customer relationships 10 years

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the cash generating unit level.

### Computer software

Costs associated with the development and maintenance of computer software are generally recorded as expenses. Costs that improve or expand the performance of computer software to the extent that the performance is higher than originally is considered as a property item improvement and is added to the original acquisition cost of the software. Capitalized computer software development costs are expensed and amortized on a straight-line basis during the period they are financially effective.

### Costs in SaaS arrangements

IFRIC's agenda decision on how to account for configuration and customization costs in SaaS arrangements has had no material effect on the consolidated financial statement.

### Other intangible assets

The acquisition costs of patents, trademarks and licenses are capitalized in intangible assets and depreciated on a straight-line basis during their useful lives.

The Group has no internally created intangible assets.



## Goodwill

	2024	2023
Acquisition cost at 1 January	19,540	20,030
Exchange rate differences	147	-490
<b>Acquisition cost at 31 December</b>	<b>19,687</b>	<b>19,540</b>
Accumulated amortization and impairment at 1 January	-6,955	-7,015
Impairments 1)	-209	0
Exchange rate differences	-29	60
<b>Accumulated amortization and impairment at 31 December</b>	<b>-7,193</b>	<b>-6,955</b>
Book value at 1 January	12,585	13,015
<b>Book value at 31 December</b>	<b>12,494</b>	<b>12,585</b>

1) More details on write-downs in Note 11

## Other intangible assets

	2024	2023
Acquisition cost at 1 January	5,868	6,053
Additions	0	4
Exchange rate differences	-50	-189
<b>Acquisition cost at 31 December</b>	<b>5,818</b>	<b>5,868</b>
Accumulated amortization at 1 January	-5,349	-5,298
Amortization for the period	-204	-212
Impairments 1)	-4	0
Exchange rate differences	60	161
<b>Accumulated amortization at 31 December</b>	<b>-5,497</b>	<b>-5,349</b>
Book value at 1 January	519	755
<b>Book value at 31 December</b>	<b>320</b>	<b>519</b>

1) More details on write-downs in Note 11

## Other long-term expenses

	2024	2023
Acquisition cost at 1 January	8,792	8,459
Additions	1	32
Transfers between asset groups	134	384
Exchange rate differences	9	-83
<b>Acquisition cost at 31 December</b>	<b>8,936</b>	<b>8,792</b>
Accumulated amortization at 1 January	-7,639	-7,053
Amortization for the period	-451	-657
Impairments 1)	-19	0
Exchange rate differences	0	70
<b>Accumulated amortization at 31 December</b>	<b>-8,109</b>	<b>-7,639</b>
Book value at 1 January	1,152	1,405
<b>Book value at 31 December</b>	<b>825</b>	<b>1,152</b>

1) More details on write-downs in Note 11

## NOTE 19 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING PRINCIPLE: Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at historical cost less accumulated straight-line depreciation according to the expected useful life, benefits received, and any impairment losses.

Planned depreciation is calculated on a straight-line basis to write off the acquisition cost of each fixed asset up to its residual value over the asset's expected useful life. Land areas are not depreciated. For other tangible fixed assets, depreciation is calculated according to the following expected useful lives:

- Buildings 5-20 years
- Machinery 5-15 years
- Equipment 3-5 years

If the book value of an asset item exceeds the estimated amount recoverable in the future, its book value is adjusted immediately to correspond with the amount recoverable in the future.

Routine maintenance and repair expenditure is recognized as an expense. Expenditure on significant modernization and improvement projects are recognized in the balance sheet if they are likely to increase the future economic benefits embodied in the specific asset to which they relate. Modernization and improvement projects are depreciated on a straight-line basis over their expected useful lives.

Depreciation on tangible fixed assets is discontinued when a tangible fixed asset meets the criteria of "held-for-sale" according to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Such asset is transferred to Held for sale assets and is presented separately from other assets.

Gains or losses on disposal or decommissioning of tangible fixed assets are calculated as the difference of the net proceeds obtained and the balance sheet value. Capital gains and losses are included in the income statement in the item operating profit.

### Land and water areas

	2024	2023
Acquisition cost at 1 January	1,049	1,416
Transfer to Held-for-sale assets	0	-374
Exchange rate differences	0	7
<b>Acquisition cost at 31 December</b>	<b>1,049</b>	<b>1,049</b>
Accumulated amortization at 1 January	0	-148
Transfer to Held-for-sale assets	0	151
Exchange rate differences	0	-3
<b>Book value at 1 January</b>	<b>1,049</b>	<b>1,267</b>
<b>Book value at 31 December</b>	<b>1,049</b>	<b>1,049</b>

## Buildings and structures

	2024	2023
Acquisition cost at 1 January	13,902	14,361
Additions	33	346
Transfer between asset group	82	216
Transfer to Held-for-sale assets	0	-1,028
Exchange rate differences	-10	8
<b>Acquisition cost at 31 December</b>	<b>14,008</b>	<b>13,902</b>
Accumulated amortization at 1 January	-5,488	-5,796
Amortization for the period	-377	-397
Transfer to Held-for-sale assets	0	706
Exchange rate differences	10	-1
<b>Accumulated amortization at 31 December</b>	<b>-5,855</b>	<b>-5,488</b>
Book value at 1 January	8,415	8,565
<b>Book value at 31 December</b>	<b>8,153</b>	<b>8,415</b>

## Buildings and structures, right-of-use assets

	2024	2023
Acquisition cost at 1 January	6,729	6,555
Additions	5,228	368
Exchange rate differences	375	-195
<b>Acquisition cost at 31 December</b>	<b>12,332</b>	<b>6,729</b>
Accumulated amortization at 1 January	-5,431	-4,382
Amortization for the period	-1,469	-1,199
Impairment 1)	-326	0
Exchange rate differences	-211	150
<b>Accumulated amortization at 31 December</b>	<b>-7,438</b>	<b>-5,431</b>
Book value at 1 January	1,298	2,174
<b>Book value at 31 December</b>	<b>4,895</b>	<b>1,298</b>

1) More details on write-downs in Note 11

## Machinery and equipment

	2024	2023
Acquisition cost at 1 January	61,279	64,989
Additions	1,118	1,437
Disposals	-179	-5,767
Transfers between asset groups	286	1,114
Exchange rate differences	643	-494
<b>Acquisition cost at 31 December</b>	<b>63,148</b>	<b>61,279</b>
Accumulated amortization at 1 January	-48,167	-46,951
Amortization for the period	-3,402	-3,977
Impairment 1)	-621	-2,190
Disposals	112	4,696
Exchange rate differences	-450	255
<b>Accumulated amortization at 31 December</b>	<b>-52,528</b>	<b>-48,167</b>
Book value at 1 January	13,112	18,037
<b>Book value at 31 December</b>	<b>10,619</b>	<b>13,112</b>

1) More details on write-downs in Note 11

## Machinery and equipment, right-of-use assets

	2024	2023
Acquisition cost at 1 January	408	380
Additions	72	96
Disposals	0	-67
Exchange rate differences	5	-2
<b>Acquisition cost at 31 December</b>	<b>485</b>	<b>408</b>
Accumulated amortization at 1 January	-338	-341
Amortization for the period	-58	-63
Disposals	0	65
Exchange rate differences	-4	1
<b>Accumulated amortization at 31 December</b>	<b>-400</b>	<b>-338</b>
Book value at 1 January	69	39
<b>Book value at 31 December</b>	<b>85</b>	<b>69</b>

## Advance payments and construction in progress

	2024	2023
Acquisition cost at 1 January	756	773
Additions	1,506	1,704
Transfers between asset groups	-502	-1,714
Exchange rate differences	40	-8
<b>Acquisition cost at 31 December</b>	<b>1,799</b>	<b>756</b>
Book value at 1 January	756	773
<b>Book value at 31 December</b>	<b>1,799</b>	<b>756</b>

## NOTE 20 OTHER NON-CURRENT ASSETS

The other non-current assets consist mainly of connection fees and telephone shares.

	2024	2023
Book value at 1 January	48	48
Book value at 31 December	48	48

### Held for sale assets, presented in current assets

Exel Composites restructured its operations in the UK unit in 2023 and decided to sell the factory real estate in Runcorn. The sale is estimated to take place during 2025. In the consolidated financial statements the property is presented as Held for sale assets with the book value on the closing date.

### Land and water areas, held for sale

	2024	2023
Acquisition cost at 1 January	374	380
Disposals	0	-414
Transfer between asset groups	0	374
Exchange rate differences	18	34
<b>Acquisition cost at 31 December</b>	<b>392</b>	<b>374</b>
Accumulated amortization at 1 January	-151	-125
Disposals	0	140
Transfer between asset groups	0	-151
Exchange rate differences	-7	-15
<b>Accumulated amortization at 31 December</b>	<b>-158</b>	<b>-151</b>
Book value at 1 January	223	255
<b>Book value at 31 December</b>	<b>233</b>	<b>223</b>

### Buildings and structures, held for sale

	2024	2023
Acquisition cost at 1 January	1,029	1,355
Disposals	0	-1,252
Transfer between asset group	0	1,028
Exchange rate differences	49	-101
<b>Acquisition cost at 31 December</b>	<b>1,079</b>	<b>1,029</b>
Accumulated amortization at 1 January	-707	-540
Disposals	0	499
Transfer between asset group	0	-706
Exchange rate differences	-34	40
<b>Accumulated amortization at 31 December</b>	<b>-741</b>	<b>-707</b>
Book value at 1 January	322	815
<b>Book value at 31 December</b>	<b>338</b>	<b>322</b>

## NOTE 21 LEASES

### ACCOUNTING PRINCIPLE: Leases

Exel Composites (Group) has applied the IFRS16 Leases -standard since 1 January 2019. Lease liabilities arising from lease and rental agreements along with corresponding right-of-use assets are stated in the balance sheet accordingly.

Group has used the recognition exemption where lease contracts are not stated in the balance sheet, if the value of the underlying asset is less than approx. 5,000 euros and/or if the lease period is 12 months or less.

For lease contracts with no set end date and with termination or extension options, the Group has determined the lease term by making an assessment using best available information.

A significant part of the Group's lease liability stated in the balance sheet according to IFRS16 comes from lease contracts on factory, warehouse and office buildings in Europe, China and USA. In addition to these, the Group's balance sheet has lease contracts on small production and office equipment and vehicles.

The discount rate used is the average rate on the Group's external loans, which was 2.271% at the time of initial adoption and 4.294% from 1 January 2024, or if stated in the lease contract the internal rate of the contract.

Income and expenses in the statement of profit or loss arising from leases	2024	2023
Depreciation expense of right-of-use assets (note 11)	-1,527	-1,262
Rental expenses relating to short-term leases (note 8)	-489	-636
Rental expenses relating to leases of low value assets (note 8)	-76	-55
Rental income (note 7)	18	16
Interest expenses on lease liabilities (note 16)	-152	-38
Deferred tax assets and liabilities relating to lease contracts (note 14)	12	-14
	<b>-2,215</b>	<b>-1,989</b>

Cash outflow for leases, continued and discontinued operations	2023	2022
Paid interest expenses on lease liabilities (note 35)	-152	-38
Repayment of lease liabilities	-1,419	-1,332
Rental expenses	-566	-691
	<b>-2,136</b>	<b>-2,061</b>

Right of use assets are presented in note 19. Lease liabilities are presented in note 25.



## NOTE 22 INVENTORIES

### ACCOUNTING PRINCIPLE: Inventories

Inventories are valued in the balance sheet either at the acquisition cost or at the net realizable value, whichever is lower. The acquisition cost is determined using the weighted average price method. The acquisition cost of finished and incomplete products comprises raw materials, direct costs of labor, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead at the ordinary rate of operations, but it does not include borrowing costs. The net realizable value is the estimated selling price in ordinary business operations less the estimated expenditure on product completion and sales.

	2024	2023
Raw materials	8,672	7,297
Work in progress	2,951	2,725
Finished products and goods	5,751	6,846
<b>Total inventories</b>	<b>17,373</b>	<b>16,867</b>

During 2024 an expense of EUR 784 (1,207) thousand was recognized to reduce the book value of inventories to their net realizable value. EUR 743 thousand of the total write-down was due to the Group's decision to close its factory in Belgium during 2025.

## NOTE 23 TRADE AND OTHER RECEIVABLES

### ACCOUNTING PRINCIPLE: Financial assets

Financial assets are classified, at initial recognition, within the scope of IFRS 9 as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

The Group's financial assets include cash and short-term deposits, trade receivables and other receivables. The objective is to hold these financial assets to collect contractual cash flows that are payments of principal and interest on the principal amount and therefore they are classified as subsequently measured at amortized cost.

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired.

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay received cash flows in full without material delay to another party.

### Trade receivables

Trade receivables are recorded in the balance sheet at their original invoice amount.

An impairment of trade receivables is recognized in accordance with IFRS 9. The Group applies the simplified approach allowed by IFRS 9 as the accounts receivable does not contain significant financing component. To measure the lifetime expected credit losses trade receivables have been grouped based on credit risk characteristics and aging category. Expected credit losses have been measured based on the payment delays adjusted by forward looking estimates and individual assessment.

	2024	2023
Trade receivables	13,999	12,252
Deferred income	967	1,092
Other receivables	4,012	3,394
Tax receivables	248	281
<b>Total receivables</b>	<b>19,227</b>	<b>17,019</b>

During the 2024 financial year credit losses of EUR -308 (-2) thousand were recorded, consisting of actual credit losses amounting to EUR -117 (96) thousand and change in the bad debt provision amounting to EUR -190 (-98) thousand covering all overdue trade receivables which are over 90 days overdue.

### Ageing analysis of trade receivables as at 31 December

	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	61-90 days
2024	13,999	11,550	1,343	584	523
2023	12,252	9,273	2,397	273	309

All receivables past due over 90 days were impaired and provisions were made in the income statement.

## NOTE 24 CASH AND CASH EQUIVALENTS

### ACCOUNTING PRINCIPLE: Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months and less. Credit accounts connected with Group accounts are included in current interest-bearing liabilities and are presented as net amounts, as the Group has a legal contractual right of set-off to make payment or otherwise eliminate the amount owed to creditors either in whole or in part.

Cash and cash equivalents are recorded at amortized cost in the statement of financial position.

Cash assets and short-term deposits consist of cash-in-hand and bank accounts, which amounted to EUR 10,904 (10,952) thousand.

## NOTE 25 INTEREST-BEARING LOANS AND BORROWINGS

### ACCOUNTING PRINCIPLE: Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as subsequently measured at amortized cost or at fair value through profit or loss.

The Group's financial liabilities include trade and other interest-free payables, bank overdrafts and loans. These are classified as subsequently measured at amortized cost. The Group has no derivative liabilities.

### Non-current interest-bearing loans and borrowings

	2024	2023
Loans from financial institutions	5,073	4,200
Financial arrangement costs	-195	0
Lease liabilities	3,904	221
<b>Total</b>	<b>8,783</b>	<b>4,421</b>

### Current interest-bearing loans and borrowings

	2024	2023
Loans from financial institutions	19,569	37,200
Financial arrangement costs	-584	0
Lease liabilities	1,577	1,264
Cheque account with overdraft facility	1,069	731
Loans from others	0	174
<b>Total</b>	<b>21,631</b>	<b>39,369</b>

In June 2024, Exel Composites entered into a new financing agreement of EUR 52.4 million with the company's main lenders. The one-time costs of the new financing agreement are accrued in the interest-bearing liabilities to be amortized over the two-year period of the financing agreement.

EUR 13.0 million of current interest-bearing liabilities were commercial papers. To secure the payment of commercial papers, the company had at the end of the financial year unused, non-current (over 12 months) revolving credit facilities for EUR 32.4 million. Interest-bearing loans and credit limits include financial covenants (Net Debt to EBITDA, Interest cover, Available liquidity).

In case the financial covenants are not satisfied, the lenders may cancel the commitment and declare all or part of the loans, together with accrued interest, be immediately due and payable. The financial covenants are reviewed and reported to lenders quarterly. In 2024 the covenants have been satisfied. The Group has also assessed that it will be able to satisfy the covenants for the next 12 months.

### Maturity of non-current interest-bearing liabilities (other than lease liabilities)

	2024	2023
2025	0	4,200
2026	4,879	0
2027	0	0
2028	0	0
2029	0	0
<b>Total</b>	<b>4,879</b>	<b>4,200</b>

## Maturity of non-current lease liabilities

	2024	2023
2025	0	221
2026	1,107	0
2027	944	0
2028	971	0
2029	881	0
<b>Total</b>	<b>3,904</b>	<b>221</b>

## NOTE 26 TRADE AND OTHER NON-INTEREST-BEARING LIABILITIES

### ACCOUNTING PRINCIPLE: Provisions

A provision is recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group recognizes a provision against onerous agreements if the benefits of an agreement are expected to be smaller than the unavoidable costs required to fulfill the obligations of the agreement.

A provision for restructuring is recognized when the Group has prepared a detailed and formal restructuring plan and restructuring has either commenced or the plan has been announced publicly. The provisions are valued at their present value of costs required to cover the obligation.

Provisions are included in Accrued expenses. The Group had no provisions in the reporting period.

	2024	2023
Trade payables	11,721	9,827
Accrued expenses	7,080	6,620
Advance payments	1,200	578
Other current interest-free liabilities	4,553	4,753
Non-current interest-free liabilities	1,163	1,300
<b>Total</b>	<b>25,717</b>	<b>23,077</b>

## NOTE 27 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Exel Composites announced a new strategy and improved operating model in October 2023. Changes were implemented in the first quarter of 2024. Following these changes there is now a new Cash Generating Unit structure and allocation of goodwill. Previous geographical business units, their cash flows and assets were allocated fully to the new business units, Engineered Solutions business unit and Industrial Solutions business unit.

In the old CGU structure, the Group had goodwill that was not allocated to the geographical business units. This part of the goodwill is left at the Group level also in the new structure.

Goodwill acquired through business combinations has been arisen from the following cash generating units (CGU):

### Distribution of goodwill

	2024	2023
Engineered Solutions business unit	822	1,032
Industrial Solutions business unit	5,182	4,861
Exel Composites Group	6,489	6,692
<b>Total</b>	<b>12,494</b>	<b>12,585</b>

Impairment tests are done annually on goodwill and on intangible assets with an indefinite economic life. On the closing date the Exel Composites Group had no intangible assets with an unlimited economic life.

The calculation of value-in use is most sensitive to following assumptions:

- Future growth rate
- EBITDA margin
- Discount rates

The Group makes a so-called two-step goodwill impairment test where CGU level goodwill is tested first and thereafter Group level goodwill is tested. The Group has allocated goodwill to group and business units (CGUs). The impairment of cash-generating units is tested by comparing the recoverable amounts to the carrying amounts. The recoverable amount of

the cash-generating units is determined based on calculations of value in use, which are based on discounted future cash flows. Future cash flows are based on the continual use of the item and forecasts made by the management for the coming years. Forecasts for the periods further ahead in the future have been calculated on the assumption of annual growth rate of 1.7% based on general inflation expectation. Sales margin levels used in the forecasts are expected to remain on average at current levels for Engineered Solutions business unit but for Industrial Solutions business unit average sales margin is expected to decrease due to significant increase in volumes.

Discount rate is defined to reflect the effect of the different business risks on the expected return on equity. The cost of liabilities is defined according to the existing credit portfolio. The calculation of the average cost of capital considers the Group's targeted capital structure, as well as the effect of debt on the cost of Group equity. The discount rate after taxes used in the calculations was on average 11.4% (11.5).

As announced in December the consultation process, which the Group initiated after completing the strategic review of its factory in Belgium, resulted in a decision to close the factory in 2025. In connection to this decision the Group recorded a total of EUR 0.2 million write-down on goodwill in the Engineered Solutions business unit.

For all the CGUs the impairment testing was performed according to the normal schedule during the last quarter of the year.

Based on the impairment test, the recoverable amount of all cash-generating units exceeded the corresponding balance sheet values. In the Industrial Solutions business unit, the recoverable amount is most sensitive to future growth rate, EBITDA margin and discount rate assumptions.

The sensitivity analysis of goodwill impairment tests indicates that if the group EBITDA margin declines more than 2.6%, or alternatively, the average discount rate increases to over 15.1% (13.6) there would be a situation where the recoverable value would not exceed the carrying amount.

Testing assumptions used for the business units included 1.7% growth rate for the future years and discount rate varied depending on the business unit between 11.2% and 11.8%. Depending on the business unit a decrease by 1.8-3.6 percentage points to the EBITDA margin or alternatively an increase by 2.7-5.8 percentage points in discount rate would result in goodwill or other asset write-down need.

## NOTE 28 FINANCIAL RISK MANAGEMENT

### ACCOUNTING PRINCIPLE: Derivative financial instruments and hedging

Derivative contracts are recorded initially as an acquisition cost equal to their fair value. Following their acquisition derivative contracts are valued according to their fair value.

Profits and losses that are generated from the valuation of fair value are recorded according to the intended use of the derivative contract. The Group does not apply hedge accounting as described by IFRS 9. As a result, all value changes are recognized in profit or loss. The Group has entered into interest rate swap agreements to convert non-current floating rate financial liabilities to fixed interest rates. Derivative financial instruments are presented in Note 30. Derivatives are recorded in the balance sheet as accrued expenses and deferred income.

Hedges for net investments in foreign units are recorded in the same way as cash-flow hedges. A hedge on a foreign subsidiary's equity is recorded in shareholders' equity in the same way as the exchange rate difference in shareholders' equity.

In Finland the Group has a contract with the electricity supplier on fixed electricity prices (electricity derivative). This contract is intended to hedge about 70-90 % of the forecasted electricity consumption. The economic characteristics and risks of the derivative are closely related to the electricity supply contract (host) and is not treated as a separate derivative but as a part of the electricity procurement. The derivative can be measured at fair value which is presented in the note 30.

The Group did not hedge its net foreign investments exposure during 2024 or 2023. The Group is exposed to a number of financial risks in its business operations. The objective of financial risk management is to protect against unfavorable changes in the financial markets and thus secure the Group's planned profit development. The main financial risks include the foreign exchange risk, interest rate risk, liquidity and refinancing risk, and credit risk. The Group uses forward agreements and currency options, currency loans, interest rate options and interest rate swaps.

## Foreign currency risk

The Group operates internationally and is thus exposed to various transactions risks caused by currency positions and risks that are generated when investments made in different currencies are converted into the parent company's operating currency. 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). Foreign exchange risks are generated by commercial transactions, from monetary items in the assets and liabilities and from net investments in foreign subsidiaries. The objective of foreign exchange risk management is to protect the operating result and shareholders' equity against foreign exchange rate fluctuations.

The only invoicing currencies used are either the unit's functional currency or currencies generally used in export sales. The currency flows of subsidiaries are protected on a per company basis against the functional currency of each company. The operating units are responsible for hedging against their own foreign exchange risks.

Currency positions are assessed at their net amount in each currency generally for the following 12-month period. Currency flows are protected as needed by forward agreements and currency options.

The Group's translation exposure in main currencies at the end of the financial year was as follows:

### Net investment

	2024	2023
AUD	4,461	4,269
GBP	6,798	5,845
RMB	4,622	5,058
INR	1,809	553
HKD	2,075	2,426
USD	-30,773	-24,203

The Group's sensitivity to main currencies when all other variables are constant is the following (as at the end of the financial year):

2024	AUD	GBP	RMB	INR	HKD	USD
Increase in currency rate vs. EUR, %	5%	5%	5%	5%	5%	5%
Effect on equity, EUR	223	340	231	90	104	-1,539

2023	AUD	GBP	RMB	INR	HKD	USD
Increase in currency rate vs. EUR, %	5%	5%	5%	5%	5%	5%
Effect on equity, EUR	213	292	253	28	121	-1210

## Interest rate risk

The Group's currency-denominated borrowings are in the functional currencies of Group companies. The nominal values of interest-bearing liabilities (lease liabilities excluded) on 31 December were divided to the currencies as follows:

Currency	Amount, EUR thousands	%
EUR	23,864	96%
INR	1,069	4%

Non-current loans have adjustable rates of interest, but they are partially protected against interest rate risks by converting them to fixed interest rates through interest rate swaps or by agreements on maximum interest rate. At the balance sheet date, the Group had no interest swap contracts. The Group does not use the hedge accounting to the interest swap or option contracts.

The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's loans. The effect of one percentage point in the interest rates on 31 December was EUR 249 (423) thousand.

## Liquidity and funding risk

The Group aims to ensure adequate liquidity under all circumstances and to optimize the use of liquid assets in financing business operations. In addition, the objective is to minimize net interest costs and bank charges. The excess cash is held in liquid instruments. In addition to cash reserves and interest rate investments, the Group had unused, committed credit limits on 31 December 2024 amounting to EUR 32.4 million. Committed credit limits secure the repayment of short-term liabilities, such as commercial papers.

The Finance Department sees to it that a sufficient number of different financing sources are available, and that the maturity schedule of foreign loans is managed. The parent company's Finance Department centrally manages the Group's refinancing and its management. The Group's internal debt ratios exist primarily directly between the parent company and its subsidiaries.

The tools employed for managing liquidity are credit-bearing Group accounts, credit limits and commercial papers.

In June 2024, Exel Composites entered into a new financing agreement of EUR 52.4 million with the company's main lenders. The agreement includes financial covenants (Net Debt to EBITDA, Interest cover, Available liquidity).

In case the financial covenants are not satisfied, the lenders may cancel the commitment and declare all or part of the loans, together with accrued interest, be immediately due and payable. The financial covenants are reviewed and reported to lenders quarterly. In 2024 the covenants have been satisfied. The Group has also assessed that it will be able to satisfy the covenants for the next 12 months.

The table below summarizes the maturity profile of the Group's financial liabilities at the end of the financial year based on contractual undiscounted payments. The content of the table has been changed compared to previous annual reports. Accrued liabilities are no longer included in the Trade and other current payables. This change has also been reflected to the comparison information.

2024	Less than 3 months	3-12 months	1-5 years	Total
Interest-bearing liabilities	19,000	2,631	8,783	30,414
Trade and other current payables (excl. accrued liabilities)	17,474			17,474
2023	Less than 3 months	3-12 months	1-5 years	Total
Interest-bearing liabilities	26,000	13,369	4,421	43,790
Trade and other current payables (excl. accrued liabilities)	15,157			15,157

## Credit and counterparty risk

The Group's business operations are based for the most part on established and reliable customer relationships and the industry's generally accepted terms of agreement. The payment period for invoices is generally 14 - 60 days. The background of new customers is assessed, for example by obtaining credit information. The Group has no significant credit risk concentrations, as the customer base is broad and distributed geographically between the Group's operating countries. Credit risks related to trade receivables are monitored by the business units. Approximately half of the Group's trade receivables are secured with credit insurance.

Counterparty risk refers to a situation in which a contracting party is unable to fulfill its contractual obligations. Derivative instruments and cash reserve investments are only employed with counterparties that have a good credit rating. At the end of 2024, the Group's only counterparties were financial institutions.

The Group's maximum credit risk is the amount of the financial assets in the end of the financial year. The aging of the trade receivables is presented in Note 23.



## Capital management

The objective of the Group's capital management is to ensure that it maintains strong credit worthiness and healthy capital ratios in order to support its business and maximize shareholder value.

The Group monitors capital using a net gearing ratio, which is net interest-bearing debt divided by shareholders' equity. The Group includes in net interest-bearing debt the loans and borrowings less cash and cash equivalents.

The Company pursues a strategy to improve capital employment turnover rates in order to improve profitability and cash flow.

	2024	2023
Interest-bearing liabilities	30,414	43,790
Cash and cash equivalents	10,904	10,952
Net interest-bearing liabilities	19,509	32,838
Shareholders' equity	32,337	17,687
Net gearing, %	60.3	185.7

## Legal proceedings

Exel Composites' Belgian subsidiary was the defendant in a dispute, in which legal proceedings in the Dutch court took place during the autumn of 2023. The main point of the dispute was 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, but Exel Composites estimates that it will be held in 2025.

## NOTE 29 CONTINGENT LIABILITIES

	2024	2023
<b>Commitments on own behalf</b>		
Mortgages	177,410	0
Floating charges	57,720	0
<b>Operating leases</b>		
Not later than one year	189	81
1-5 years	81	107
<b>Other liabilities</b>	1,200	3

## NOTE 30 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

### ACCOUNTING PRINCIPLE: Valuation of financial assets and liabilities

At initial recognition the Group measures a financial asset or liability at its fair value, which basically is the transaction price, and subsequently at amortized cost. A fair value can be measured to some financial liabilities which have been measured at amortized cost. Their fair values are based on the future cash flows that are discounted with market interest rates on the reporting date.

Note 23 presents the impairments in respect of trade receivables. Other financial assets are not subject to material impairment.

### Net fair values and nominal values of financial assets and liabilities

	2024	2024	2023	2023
	Net fair value	Nominal value	Net fair value	Nominal value
Trade and other receivables	19,227	19,227	17,019	17,019
Cash and cash equivalents	10,904	10,904	10,952	10,952
Bank loans	23,967	23,864	41,412	41,400
Current credit facilities	1,069	1,069	731	731
Trade and other payables (excl. accrued liabilities)	18,637	18,637	16,631	16,631
Electricity derivatives (note 28)	-113	0	189	0

Changes in the fair value of derivative financial instruments are recognized in the income statement in financial gains and losses.

## NOTE 31 PENSION AND OTHER POST-EMPLOYMENT OBLIGATIONS

### ACCOUNTING PRINCIPLE: Pensions and other post-employment benefits

The Group's pension schemes comply with each country's local regulations and practices. Some of the pension schemes in the Group apply defined benefit pension schemes where the pension benefits, disability benefits and employment termination benefits are defined. Pension benefits are based generally on the period of employment and salary over a fixed period for each employee. Pension contributions are funded through payments to insurance companies. In addition, the Group has defined-contribution plans.

In defined benefit pension plans, the present value of future pension payments on the closing date is presented less the fair value of the plan-related assets on the closing date. Pension liabilities are calculated by independent actuaries. The pension liability is determined according to the projected unit credit method: the pension liability is discounted to the present value of estimated future cash flows using the interest rate which is equal to the interest rate of government or corporate bonds with maturities corresponding to the maturity of the pension liability. Pension costs are recorded in the income statement as an expense with costs periodized over the employees' time of service based on actuarial calculations carried out annually. Actuarial gains and losses are recognized in full as a component of other comprehensive income.

In defined-contribution schemes, pension contributions are paid to insurance companies, after which the Group no longer has other payment obligations. The Group's contributions to defined-contribution schemes are entered in the financial period to which the payments relate.

The Group operates a number of defined benefit and contribution pension schemes throughout the world.

The most significant pension scheme in Finland is the statutory Finnish employee pension scheme (TyEL) according to which benefits are directly linked to the employee's earnings. The TyEL pension scheme is arranged with insurance companies.

Pension schemes elsewhere than in Finland include both defined benefit and defined contribution pension schemes.

## Amounts recognized in the income statement

	2024	2023
Pension cost for the financial year	3,168	3,056
Changes in benefit schemes	-27	-222
<b>Total included in personnel expenses</b>	<b>3,141</b>	<b>2,834</b>

## Amounts recognized in the balance sheet

	2024	2023
At the beginning of financial period	347	529
Pension expenses in the income statement	-27	-222
Defined benefit plan actuarial gains (+) / losses (-)	-44	40
<b>At the end of financial period</b>	<b>276</b>	<b>347</b>

## NOTE 32 SHARE CAPITAL

### ACCOUNTING PRINCIPLE: Share capital

Ordinary shares are included in shareholders' equity. Expenses incurred directly from new share issues are recorded in shareholders' equity as a reduction of received payments.

	Number of shares (1,000)	Share capital	Invested unrestricted equity fund	Total
1.1. 2023	11,897	2,141	2,539	4,681
31.12. 2023	11,897	2,141	2,539	4,681
31.12. 2024	106,085	2,141	22,416	24,557

## Authorizations by the AGM

### Repurchase and/or the acceptance as pledge of the company's own shares

On 26 March 2024 the Annual General Meeting authorized the Board of Directors to repurchase and/or accept as pledge of the company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge on the basis of the authorization shall not exceed 600,000 shares in total, which corresponds to approximately 5.0 per cent of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares based on the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides on how own shares will be repurchased and/or accepted as pledge. Shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the existing shareholders (directed repurchase). The Board of Directors shall decide on other terms of the share repurchase and/or acceptance as pledge.

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 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.

Exel Composites held 642,899 own shares at the end of 2024, which have been repurchased to be used as part of the company's incentive program.

### Issuance of shares and special rights entitling to shares

On 26 March 2024 the Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act as follows:

The amount of shares to be issued on the basis of the authorization may be 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 decides 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 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 cancels the authorization given to the Board of Directors by the General Meeting on 2023 to decide on the issuance of shares as well as special rights entitling to shares.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 30 June 2025.

These authorizations were not exercised in 2024.

## NOTE 33 LONG-TERM COMPENSATION

### ACCOUNTING PRINCIPLE: Long-term compensation

The Group has long-term incentive programs for the President and CEO, the Group Management Team and selected key employees of the company. The programs aim to combine the objectives of the shareholders and the executives to increase the value of the company, to commit the executives to the company and to offer the executives a competitive reward program based on holding the company's shares. The Board makes the decision on the program annually.

The cost of the programs will be accounted for as operating expenses during the duration of the programs.

On 31 December 2024 the Group had three share-based long-term incentive programs and one program had the planned pay out date during 2024:

**The 2021 plan** was part of a share-based long-term incentive program for the earning period 2021-2023 and was targeted at approximately 20 executives. The President and CEO and the Group Management Team were included in the target group of the 2021 incentive program. 75% of the potential share-based performance reward was based on cumulative adjusted operating profit (EBIT) and 25% on total shareholder return of the company's share (TSR). The maximum number of shares to be paid under this individual plan was 100,000 shares, of which President and CEO's share was 25,600 shares. The fair value at measurement date was EUR 7.78 / share. The potential share reward was payable in 2024, but there was no payout

**The 2022 plan** is part of a share-based long-term incentive program for the earning period 2022-2024 and is targeted at approximately 20 executives. The President and CEO and the Group Management Team are included in the target group of the 2022 incentive program. 75% of the potential share-based performance reward is based on cumulative adjusted operating profit (EBIT) and 25% on total shareholder return of the company's share (TSR). The maximum number of shares to be paid under this individual plan is 100,000 shares, of which President and CEO's share is 25,600 shares. The fair value at measurement date was EUR 6.68 / share. The potential share reward will be payable in 2025, but payout is expected to be zero.

**The 2023 plan** is part of a share-based long-term incentive program for the earning period 2023-2025 and is targeted at approximately 20 executives. The President and CEO and the Group Management Team are included in the target group of the 2023 incentive program. The performance target to the plan is the relative total shareholder return (TSR) of the Exel Composites' share where the TSR of Exel's share will be compared to the TSR of all shares listed on Nasdaq Helsinki. The potential share reward is payable in the spring 2026. The maximum number of shares to be paid under this individual plan is 140,000 shares. The fair value at measurement date is EUR 3.95 / share.

**The 2024 plan:** The Board of Directors of Exel Composites Plc decided on the continuation of the share-based long-term incentive program for the leadership of Exel Composites. The 2024 performance-based plan is part of the share-based long-term incentive program published on 4 May 2017. The performance target applied to the plan commencing at the beginning of 2024 is the relative total shareholder return (TSR) of the Exel Composites' share where the TSR of Exel's share will be compared to the OMX Helsinki Gross Index (OMXHGI). The potential share rewards payable will be paid in the spring 2027, provided that the performance targets are achieved, and the continuous employment condition is met. The potential rewards will be paid in listed shares of Exel Composites and in cash corresponding to value of taxes. The plan is targeted at maximum of 20 persons belonging to the company's leadership. If the performance targets set for the 2024 plan are fully achieved, the

aggregate value of the 2024 plan is approximately EUR 0.8 million, which corresponded to 360,000 shares based on the average share price of 23 April 2024. After the rights issue of Exel Composites in June 2024, the Board of Directors decided to adjust the maximum number of shares to 2,650,000 maintaining the program value due to the effect of the rights issue on the prevailing number of shares and share price.

In each program the fair value of a share at the measurement date is the closing price of the share on the date the Board decided on the program, adjusted with the estimated dividends to be paid during the program. The profit and loss of 2024 includes EUR 68.3 thousand of costs related to these incentive programs. The profit and loss impact is based on modelled fair value estimate as required by IFRS2, which was EUR 1.10 per share for the 2023 plan and EUR 0.08 per share for the 2024 plan.

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

Board has decided that any bonus payouts can be only paid to a receiver who is employed by Exel, has not submitted a resignation, and has not been made redundant on personal grounds at the time of the payment of the bonus.

The total length of the earning and vesting periods of LTI 2021, 2022 and 2023 programs, including a one-year lock-up period, is 4 years, and the total length of the earning and vesting period of LTI 2024 program is 3 years.

## NOTE 34 DISTRIBUTABLE FUNDS

The parent company's distributable funds on 31 December 2024 were EUR 39,308 thousand.

## NOTE 35 CASH FLOW FROM BUSINESS OPERATIONS

### Non-cash adjustments to the result for the financial year

	2024	2023
Depreciation, impairment charges and write-offs	7,099	8,695
Profit/loss on sales of tangible and intangible assets	-13	-3,929
Taxes	1,249	1,055
Financial expenses	3,349	3,950
Interest expenses on lease liabilities	152	38
Financial income	-2,575	-597
Other adjustments	42	328
<b>Total</b>	<b>9,302</b>	<b>9,539</b>

## NOTE 36 RELATED-PARTY TRANSACTIONS

Exel Composites' related parties include the controlling parent company, all companies belonging to Exel Composites Group as well as Exel Composites' Board of Directors, President and CEO, Exel Leadership Team and executives of the parent company and subsidiaries. The company evaluates and monitors transactions concluded between the company and its related parties to ensure that any conflicts of interest are appropriately taken into account in the decision-making process.

The Group follows the same commercial terms in its transactions with related parties as in transactions with third parties. In 2024, no significant related-party transactions were conducted between the Group and its related parties. Receivables and liabilities from Group companies are presented in notes 52 and 55 of the Parent company's Financial Statements.

## The Group's parent company and subsidiary relationships

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

The ultimate parent company is Exel Composites Plc.

## Management remuneration

### Accrued salaries, fees and bonuses of the Board of Directors and CEO

	2024	2023
President and CEO	341	263
Members of the Board of Directors	216	238
<b>Total</b>	<b>557</b>	<b>501</b>

## Salaries and fees per person

	2024	2023
President and CEO and Board of Directors		
Paul Sohlberg President and CEO (since 20 March 2023)	341	226
Jouni Heinonen Interim President and CEO (1 October 2022-19 March 2023)	0	38
Jouni Heinonen Chairman (since 10 May 2023, member since 25 March 2022)	71	69
Petri Helsky Member (since 17 March 2016)	41	47
Helena Nordman-Knutson Member (since 4 April 2017)	38	38
Jouko Peussa Member (since 17 March 2016)	34	37
Kirsi Sormunen Member (since 20 March 2020)	33	38
Reima Kerttula Chairman (until 10 May 2023)	0	9
<b>Total</b>	<b>557</b>	<b>501</b>

The accrued pension costs of President and CEO amounted to EUR 56 (38) thousand. The President and CEO's pension plan is pursuant to the employment pension legislation.



## The holdings of the Board of Directors and CEO on 31 December 2024

Number of shares and votes	2024	2023
Paul Sohlberg President and CEO (since 20 March 2023)	40,000	0
Jouni Heinonen Chairman (since 10 May 2023, member since 25 March 2022 and Interim President and CEO 1.10.2022-19.3.2023)	177,768	8,804
Petri Helsky Member (since 17 March 2016)	156,483	12,278
Helena Nordman-Knutson Member (since 4 April 2017)	146,205	11,136
Jouko Peussa Member (since 17 March 2016)	156,483	12,278
Kirsi Sormunen Member (since 20 March 2020)	104,796	6,535
Reima Kerttula Chairman (until 10 May 2023)		
<b>Total</b>	<b>741,735</b>	<b>51,031</b>

## NOTE 37 EVENTS AFTER THE REPORTING PERIOD

On 10 January 2025, Exel Composites' Shareholders' Nomination Board's presented its proposals to the Annual General Meeting 2025 regarding the Board composition and remuneration. Further information on the proposals of the Nomination Board can be found under Governance and general meetings.

On 24 February 2025, Exel Composites announced that its joint venture Kineco Exel Composites India (KECI) had received a purchase order worth approximately EUR 10 million for the supply of pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. The purchase order will be recorded in Exel Composites' first quarter 2025 order intake and order backlog. The manufacturing of the planks is expected to begin in the first quarter of 2025, and deliveries to gradually ramp up during 2025, extending into 2026. The products will be delivered from KECI's new factory in India. The purchase order is based on a multi-year agreement announced in the first quarter of 2024, including an annual minimum commitment from the customer to KECI. The parties have agreed not to disclose the customer's name.

On 24 February 2025, Exel Composites appointed Kari Loukola as Executive Vice President, Industrial Solutions business unit and member of the Exel Leadership Team as of 25 February 2025 as Kathy Wang, who previously held the position, had informed the company of her desire to step down.

# PARENT COMPANY FINANCIAL STATEMENTS

## PARENT COMPANY INCOME STATEMENT

For the financial year starting on 1 January and ending on 31 December

EUR	Notes	2024	2023
<b>Revenue</b>	<b>38</b>	<b>46,330,192.74</b>	<b>43,304,498.50</b>
Variation in inventories of finished goods and work in progress		85,335.37	-1,255,832.81
Other operating income	39	2,721,372.88	3,084,083.37
Materials and services	40	-19,978,750.70	-19,535,203.68
Personnel expenses	41	-15,410,702.09	-14,236,350.51
Depreciation, amortization and reduction in value	42	-2,029,488.34	-2,452,518.00
Other operating expenses	43	-8,346,195.12	-8,144,455.96
<b>Operating profit / loss</b>		<b>3,371,764.74</b>	<b>764,220.91</b>
Financial income	45	6,211,807.55	4,950,909.48
Financial expenses	45	-10,956,251.45	-9,954,967.22
<b>Profit/ loss before appropriations and taxes</b>		<b>-1,372,679.16</b>	<b>-4,239,836.83</b>
Income taxes	46	-262,996.52	-1,125.11
Other direct taxes			0.00
<b>Profit/ loss for the period</b>		<b>-1,635,675.68</b>	<b>-4,240,961.94</b>

## PARENT COMPANY BALANCE SHEET

As at the end of the financial year

EUR	Notes	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	47	716,422.89	1,080,153.79
Tangible assets	48	4,580,958.97	5,647,297.50
Investments	49	14,231,209.73	17,398,866.91
Other non-current receivables		445,000.00	0.00
<b>Total non-current assets</b>		<b>19,973,591.59</b>	<b>24,126,318.20</b>
<b>Current assets</b>			
Inventories	51	7,631,054.28	6,981,019.65
Current receivables	52	50,929,433.94	42,228,686.10
Cash at bank and in hand		4,366,663.77	3,410,382.61
<b>Total current assets</b>		<b>62,927,151.99</b>	<b>52,620,088.36</b>
<b>TOTAL ASSETS</b>		<b>82,900,743.58</b>	<b>76,746,406.56</b>

EUR	Notes	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	53	2,141,431.74	2,141,431.74
Other reserves	53	24,350,535.30	2,539,278.34
Retained earnings/loss	53	16,593,216.10	21,063,836.44
Profit/loss for the period	53	-1,635,675.68	-4,240,961.94
<b>Total equity</b>		<b>41,449,507.46</b>	<b>21,503,584.58</b>
<b>Liabilities</b>			
Non-current liabilities	54	5,073,313.44	4,200,000.00
Current liabilities	55	36,377,922.68	51,042,821.98
<b>Total liabilities</b>		<b>41,451,236.12</b>	<b>55,242,821.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,900,743.58</b>	<b>76,746,406.56</b>

## PARENT COMPANY CASH FLOW STATEMENT

For the financial year starting on 1 January and ending on 31 December

EUR thousands	2024	2023
<b>Cash flows from operating activities</b>		
Profit/loss for the period	-1,636	-4,241
Adjustments to profit/loss for the period	7,855	7,184
Cash flow before working capital changes	6,220	2,943
Working capital changes	-5,432	-2,182
Operating cash flow before financial items and taxes	787	761
Interest and other financial expenses paid relating to operating activities	-5,497	-2,296
Dividends received	2,371	2,351
Interests received	1,402	1,345
Income taxes paid	-271	540
<b>Net cash flow from operating activities (A)</b>	<b>-1,209</b>	<b>2,701</b>

EUR thousands	2024	2023
<b>Cash flows from investing activities</b>		
Purchase of tangible and intangible assets	-599	-1,459
Proceeds from sale of tangible and intangible assets	0	55
Purchased subsidiary shares	-1,132	0
Subsidiary shares sold	0	3,665
<b>Net cash flow from investing activities (B)</b>	<b>-1,732</b>	<b>2,261</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	21,811	
Purchase of own shares	-230	0
Proceeds from short-term borrowings	2,469	1,820
Repayment of short-term borrowings	-21,027	-4,200
Proceeds from long-term borrowings	873	0
Dividends and other distribution of profit paid	0	-2,371
<b>Net cash flow from financing activities (C)</b>	<b>3,897</b>	<b>-4,751</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents (A + B + C)</b>	<b>956</b>	<b>211</b>
Cash and cash equivalents at beginning of period	3,410	3,199
Cash and cash equivalents at end of period	4,367	3,410

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

All figures are in EUR thousands unless otherwise stated.

## NOTE 38 REVENUE BY MARKET AREA

	2024	2023
Europe	35,589	32,999
North America	10,004	9,622
Asia-Pacific	704	605
Rest of world	0	79
<b>Total</b>	<b>46,297</b>	<b>43,304</b>

## NOTE 39 OTHER OPERATING INCOME

	2024	2023
Service invoicing from Group companies	2,682	2,865
Other operating income	40	219
<b>Total</b>	<b>2,721</b>	<b>3,084</b>

## NOTE 40 MATERIALS AND SERVICES

	2024	2023
Purchases during financial period	-19,831	-17,730
Change in inventories	570	-1,388
External services	-717	-417
<b>Total</b>	<b>-19,979</b>	<b>-19,535</b>

## NOTE 41 PERSONNEL

Average number of personnel during the financial year

	2024	2023
Office employees	93	92
Production employees	164	170
<b>Total</b>	<b>257</b>	<b>262</b>

## Personnel expenses

	2024	2023
Wages and salaries	-12,926	-11,791
Pension expenses	-2,196	-1,979
Other social security expenses	-289	-466
<b>Total</b>	<b>-15,411</b>	<b>-14,236</b>

## Paid wages, salaries and other remuneration of directors and management

	2024	2023
President and CEO	-305	-246
Members of the Board of Directors	-217	-238
<b>Total</b>	<b>-522</b>	<b>-484</b>

The accrued pension costs of President and CEO amounted to EUR 56 (38) thousand. The President and CEO's pension plan is pursuant to the employment pension legislation.

## NOTE 42 DEPRECIATION, AMORTIZATION AND REDUCTION IN VALUE

Tangible and intangible assets are recognized in the balance sheet at cost less depreciation according to plan. Cost includes variable expenditure relating to the acquisition and production of the assets. Grants received are deducted from the cost. Depreciation according to plan is calculated using the straight-line method based on the useful life of the assets. Depreciation is charged from the month when the asset was placed into service, latest from the following month.

## Planned depreciation periods

• Buildings and structures	5-20 years
• Machinery and equipment	5-15 years
• Other capitalized expenditure	5-8 years
• Goodwill	10 years
• Other intangible assets	5 years

## Planned depreciation, amortization and reduction in value

	2024	2023
Depreciation according to plan	-2,029	-2,453
<b>Total</b>	<b>-2,029</b>	<b>-2,453</b>

## NOTE 43 OTHER OPERATING EXPENSES

	2024	2023
Real estate, machinery and equipment expenses	-1,581	-1,551
External services, insurances and IT expenses	-4,802	-4,711
Other operating expenses	-1,963	-1,882
<b>Total</b>	<b>-8,346</b>	<b>-8,144</b>

## NOTE 44 AUDITOR'S FEES

	2024	2023
<b>Authorized Public Accountants, Ernst &amp; Young</b>		
Audit of financial statements	-170	-137
Other fees	-82	-16
<b>Total</b>	<b>-252</b>	<b>-153</b>



## NOTE 45 FINANCIAL INCOME AND EXPENSES

	2024	2023
Income from Group companies	2,371	2,757
Other interest income and other financial income		
From Group companies	2,213	2,148
From others	1,628	46
	3,841	2,194
<b>Total financial income</b>	<b>6,212</b>	<b>4,951</b>
Interest and other financial expenses		
To Group companies	-5,624	-6,770
To others	-5,332	-3,185
	-10,956	-9,955
<b>Total financial expenses</b>	<b>-10,956</b>	<b>-9,955</b>
<b>Total financial income and expenses</b>	<b>-4,744</b>	<b>-5,004</b>

In 2024, interest and other financial expenses to others included EUR 2,8 million one-time costs related to the share issue and new financial agreement.

In 2024, interest and other financial expenses to Group companies included EUR 4,3 million evaluated impairment loss on tangible asset and EUR 1,1 million evaluated impairment loss on loan receivables from Group companies.

## NOTE 46 INCOME TAXES

	2024	2023
Income taxes from ordinary activities	-263	-22
Income tax relating to previous financial years	0	20
<b>Total</b>	<b>-263</b>	<b>-1</b>

## NOTE 47 INTANGIBLE ASSETS

	Intangible assets	Other long-term expenses	Advance payments	Total
Acquisition cost at	1,068	5,471	104	6,643
Additions	0	0	111	111
Disposals	0	0	0	0
Transfer between items	0	134	-134	0
<b>Acquisition cost at</b>	<b>1,068</b>	<b>5,605</b>	<b>81</b>	<b>6,754</b>
Accumulated amortization and impairment at 1 January	-924	-4,639	0	-5,563
Amortization for the period	-70	-404	0	-475
<b>Accumulated amortization and</b>	<b>-994</b>	<b>-5,044</b>	<b>0</b>	<b>-6,038</b>
Book value at 1 January	145	831	104	1,080
<b>Book value at 31 December</b>	<b>74</b>	<b>561</b>	<b>81</b>	<b>716</b>

## NOTE 48 TANGIBLE ASSETS

	Land and waters	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost at 1 January	90	4,299	21,187	368	25,945
Additions	0	14	6	468	488
Disposals	0	0	0	0	0
Transfer between items	0	82	286	-368	0
<b>Acquisition cost at 31 December</b>	<b>90</b>	<b>4,395</b>	<b>21,480</b>	<b>468</b>	<b>26,433</b>
Accumulated depreciation and impairment at 1 January	0	-2,943	-17,354	0	-20,297
Depreciation for the period	0	-159	-1,396	0	-1,555
<b>Accumulated depreciation and</b>	<b>0</b>	<b>-3,102</b>	<b>-18,750</b>	<b>0</b>	<b>-21,852</b>
Book value at 1 January	90	1,356	3,833	368	5,647
<b>Book value at 31 December</b>	<b>90</b>	<b>1,293</b>	<b>2,730</b>	<b>468</b>	<b>4,581</b>

## NOTE 49 INVESTMENTS

	Group companies	Other shares and holdings	Total
Acquisition cost at 1 January	17,351	48	17,399
Additions	1,132	0	1,132
Disposals	-4,300	0	-4,300
Transfer between items	0	0	0
<b>Acquisition cost at 31 December</b>	<b>14,183</b>	<b>48</b>	<b>14,231</b>
Book value at 1 January	17,351	48	17,399
<b>Book value at 31 December</b>	<b>14,183</b>	<b>48</b>	<b>14,231</b>

## NOTE 50 COMPANIES OWNED BY PARENT COMPANY

### Shares in subsidiaries

Name of company	Registration country	Owned by the parent company	Parent company 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 (Australia) Pty. Ltd.	Australia	100	100
Pacific Composites (Europe) Ltd.	UK	100	100
Exel Composites Store Oy	Finland	100	100
Exel Composites (HK) Holding Limited	Hong Kong	100	100
Jianhui FRP Trading Co. Limited	Hong Kong	100	100
Exel Composites USA Holdings Inc.	USA	100	100
Kineco Exel Composites India Private Limited	India	55	55

All Group companies are consolidated in the parent company's consolidated financial statements.

## NOTE 51 INVENTORIES

	2024	2023
Raw materials and consumables	3,678	3,109
Work in progress	1,811	1,631
Finished products/ goods	1,642	1,646
Other inventories	501	595
<b>Total</b>	<b>7,631</b>	<b>6,981</b>

## NOTE 52 CURRENT RECEIVABLES

### Receivables from Group companies

	2024	2023
Trade receivables	16,226	10,746
Loan receivables	28,276	25,051
Other receivables	901	873
<b>Total</b>	<b>45,404</b>	<b>36,670</b>

### Receivables from others

	2024	2023
Trade receivables	3,771	4,020
Other receivables	1,451	1,096
Prepayments and accrued income	304	443
<b>Total</b>	<b>5,526</b>	<b>5,559</b>
<b>Total current receivables</b>	<b>50,929</b>	<b>42,229</b>

Deferred tax assets amounting to EUR 38 (24) thousand have not been booked from cumulative depreciation exceeding the maximum tax depreciations by EUR 191 (121) thousand.

### Material items included in prepayments and accrued income

	2024	2023
Tax receivables	234	227
Other receivables	69	216
<b>Total</b>	<b>304</b>	<b>443</b>

## NOTE 53 EQUITY

	2024	2023
<b>Restricted equity</b>		
Share capital 1 January	2,141	2,141
Share capital 31 December	2,141	2,141
<b>Total restricted equity</b>	<b>2,141</b>	<b>2,141</b>
<b>Unrestricted equity</b>		
Reserve for invested unrestricted equity fund 1 January	2,539	2,539
Share issue	21,811	0
<b>Reserve for invested unrestricted equity fund 31 December</b>	<b>24,351</b>	<b>2,539</b>
Retained earnings 1 January	16,823	23,407
Distribution of dividends	0	-2,371
Purchase/redemption of treasury shares	-230	0
Correction of a previous financial year error	0	28
<b>Retained earnings 31 December</b>	<b>16,594</b>	<b>21,064</b>
<b>Profit/loss for the financial year</b>	<b>-1,636</b>	<b>-4,241</b>
<b>Total unrestricted equity</b>	<b>39,308</b>	<b>19,362</b>
<b>Total equity</b>	<b>41,450</b>	<b>21,504</b>

## Calculation of distributable unrestricted equity 31 December

	2024	2023
Profit from previous financial years	16,594	21,064
Profit /loss for the financial year	-1,636	-4,241
Reserve for invested unrestricted equity fund	24,351	2,539
<b>Total</b>	<b>39,308</b>	<b>19,362</b>

## NOTE 54 NON-CURRENT LIABILITIES

### Liabilities to others

	2024	2023
Loans from financial institutions	5,073	4,200
<b>Total</b>	<b>5,073</b>	<b>4,200</b>
<b>Total non-current liabilities</b>	<b>5,073</b>	<b>4,200</b>

## NOTE 55 CURRENT LIABILITIES

### Liabilities to Group companies

	2024	2023
Loan from Group companies	4,793	2,216
Trade payables	2,373	1,993
<b>Total</b>	<b>7,166</b>	<b>4,208</b>

### Liabilities to others

	2024	2023
Loans from financial institutions	19,569	37,200
Advances received	874	337
Trade payables	4,741	4,526
Other liabilities	662	2,062
Accruals and deferred income	3,366	2,710
<b>Total</b>	<b>29,212</b>	<b>46,835</b>
<b>Total current liabilities</b>	<b>36,378</b>	<b>51,043</b>

### Material items included in accruals and deferred income

	2024	2023
Accrued personnel expenses	2,824	2,298
Other accruals and deferred income	542	412
<b>Total</b>	<b>3,366</b>	<b>2,710</b>

## NOTE 56 COMMITMENTS AND CONTINGENT LIABILITIES

### Liabilities secured by real estate mortgages and enterprise mortgages

	2024	2023
Loans from financial institution	11,642	0
Mortgages given on land and buildings	177,410	0
Business mortgages given	57,720	0
<b>Total mortgages</b>	<b>235,130</b>	<b>0</b>

## Other guarantees/commitments/collaterals given on own behalf

	2024	2023
Pledged intra group receivables at bok value	10,525	0
Pledged group company shares at bok value	18	0
<b>Total</b>	<b>18</b>	<b>0</b>

## Credit facilities

	2024	2023
Total amount of credit granted	39,298	40,300
In use	6,200	4,003

## Pension liabilities

The pension liabilities are covered via the insurance company as prescribed by legislation.

## Leasing liabilities

	2024	2023
Payable during the following financial year	76	66
Payable in later years	73	106
<b>Total</b>	<b>149</b>	<b>173</b>

## Commitments on behalf of Group companies

	2024	2023
Other guarantees	4,859	8,803
Guaranteed debt	1,000	531

## NOTE 57 SHARE OWNERSHIP

### Distribution of share ownership on 31 December 2024

	%
Private companies	18.42
Financial and insurance institutions	27.38
Public sector entities	6.41
Non-profit making entities	0.07
Private households	47.14
Foreign countries	0.58
<b>Total</b>	<b>100.00</b>
Nominee registered	6.86

### Distribution of share ownership on 31 December 2024

Number of shares	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of total number of shares
1 - 1,000	4,757	52.76	1,392,083	1.30
1,001 - 10,000	3,185	35.32	12,125,539	11.36
10,001 - 50,000	867	9.62	18,189,476	17.04
over 50,000	208	2.31	75,021,297	70.29
<b>Total</b>	<b>9,017</b>	<b>100.00</b>	<b>106,728,395</b>	<b>100.00</b>

## NOTE 58 SHAREHOLDERS

### Major shareholders on 31 December 2024

Shareholder	Number of shares	Percentage of shares and votes
Aktia Asset Management	6,781,556	6.35
Danske Invest Finnish Equity Fund	6,475,503	6.07
Elo Mutual Pension Insurance Company	5,223,275	4.89
SP-Fund Management	4,496,410	4.21
Phoebus Fund	3,780,000	3.54
Proprius partners micro finland (non-ucits)	2,930,971	2.75
Etola Group Oy	2,500,000	2.34
Nelimarkka Heikki Antero	1,913,463	1.79
Veritas Pension Insurance Company Ltd	1,600,000	1.50
Suutarinen Timo	1,440,000	1.35
Nominee registered		
Skandinaviska Enskilda Banken AB	6,801,480	6.37
Citibank Europe PLC	235,467	0.22
Other nominee registered	281,845	0.26
Others	62,268,425	58.34
<b>Total</b>	<b>106,728,395</b>	<b>100.00</b>

## NOTE 59 SHARE PRICE AND TRADING

### Share price

EUR	2024	2023	2022	2021	2020
Average price	0.40	3.60	6.30	8.58	5.55
Lowest price	0.26	2.42	5.02	6.58	3.40
Highest price	2.70	5.70	8.20	11.60	7.38
Share price at the end of financial year	0.28	2.54	5.42	8.10	7.38
Market capitalization, EUR million	29.7	30.1	64.2	95.9	87.3

### Share trading

	2024	2023	2022	2021	2020
Number of shares traded	35,344,343	5,373,123	3,103,680	3,356,992	4,820,621
% of the average number of shares	55.5	45.2	26.2	28.4	40.8

### Number of shares

	2024	2023	2022	2021	2020
Average number	63,728,649	11,853,944	11,850,080	11,832,712	11,827,648
Number at end of financial year	106,728,395	11,853,944	11,853,944	11,833,506	11,829,693

Exel Composites Plc's share was quoted on Helsinki Stock Exchange I List from 19 October 1998 to 1 May 2000. As from 2 May 2000, Exel Composites Plc's share has been quoted on Helsinki Exchange Main List. Exel Composites Plc's share was split on 21 April 2005. Exel Composites Plc's share is quoted on Nasdaq Helsinki Ltd's Nordic List.

Based on an authorization granted by the Extraordinary General Meeting on 17 May 2024 Exel Composites' Board of Directors resolved on a rights offering. As a result of the rights issue, the total number of shares increased by 98,831,552 following the registration of shares on 14 June 2024. Trading in the offer shares commenced on the official list of Nasdaq Helsinki Ltd on 17 June 2024.



# PROPOSAL FOR DISTRIBUTION OF PROFIT

Exel Composites Plc's distributable funds amount to EUR 39,308,421.31, of which the loss for the financial year is EUR -1,635,675.68.

The Board proposes to the Annual General Meeting that no dividend will be paid.

## Signatures of the Financial Statements and the Report of the Board of Directors

These financial statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and of the companies included in its consolidated financial statements. The report of the Board of Directors includes a fair review of the development and performance of the Group and of the companies included in its consolidated accounts, together with a description of the principal risks and uncertainties and the financial position of the Company. The sustainability statements included in the Report of the Board of Directors have been prepared in accordance with the reporting standards referred to in Chapter 7 of the Finnish Accounting Act and Article 8 of the Taxonomy Regulation.

Vantaa, 3 March 2025

Jouni Heinonen  
Chairman of the Board of Directors

Petri Helsky  
Member of the Board of Directors

Helena Nordman-Knutson  
Member of the Board of Directors

Jouko Peussa  
Member of the Board of Directors

Kirsi Sormunen  
Member of the Board of Directors

Paul Sohlberg  
President and CEO

## Auditors' note

An auditor's report based on the audit performed has been issued today.

Vantaa, 4 March 2025

Ernst & Young  
Authorized Public Accountants

Timo Eerola  
Authorized Public Accountant

# AUDITOR'S REPORT

(Translation of the Finnish original)  
To the Annual General Meeting of Exel Composites Plc

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Exel Composites Plc (business identity code 1067292-7) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

#### In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Risk Committee.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

## KEY AUDIT MATTER

### Valuation of Goodwill

*We refer to notes 4, 18 and 27 of the consolidated financial statements.*

Goodwill amounted to 12,5 million euros as of 31 December 2024 comprising 14,0 % of total assets and 38,6 % of equity (2023: 12,6 million euros, 14,8 % of total assets and 42,8 % of equity). Valuation of goodwill was a key audit matter because

- the assessment process related to the annual impairment test is complex and judgmental;
- the process contains significant estimates and assumptions relating to market or economic conditions extending to the future; and
- because of the significance of the goodwill to the financial statements.

There are a number of assumptions used to determine the value-in-use, including revenue growth, operating margin before depreciation and amortization and discount rate applied on cash-flows. Estimated values-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill.

### Revenue Recognition

*We refer to note 5 of the consolidated financial statements.*

Revenue is recognized when the control of the underlying products has been transferred to the customer.

Revenue is a key performance measure which could create an incentive for revenue to be recognized before the risks and rewards as well as control over the goods have been transferred.

Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) due to the risk attached to correct timing of it.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit procedures regarding valuation of goodwill included among others:

- We involved valuation specialists to assist us in evaluating the assumptions and methodologies used by the management.
- Testing of the mathematical accuracy of the impairment calculations.
- Comparing the key assumptions applied by management in impairment tests to approved strategic plans and forecasts, information available in external sources and our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows.
- Assessment of the Group's disclosures in respect of impairment testing.

Our audit procedures to address the risk of material misstatement relating to timing of revenue recognition included among others:

- Analysis of the accounting principles applied as well as comparing them to the IFRS standards;
- Assessment of the nature of revenues, level of automatization related to revenue recognition process and deviating contract terms, as well as identification of controls related to revenue recognition.
- Testing revenue recognition, which included for example obtaining external confirmations, reconciliation of revenue recognized to agreements and verification of client acceptances of received goods when relevant.
- Substantive analytical procedures and test of details, and
- Evaluation of the disclosures provided on revenues.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 6.4.2007 and our appointment represents a total period of uninterrupted engagement of 18 years.

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of

this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinions based on assignment of the Board of Directors

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the President and CEO of the parent company should be discharged from liability for the financial period audited by us.

Vantaa 4.3.2025

Ernst & Young Oy

Authorized Public Accountant Firm

Timo Eerola

Authorized Public Accountant



# ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

(Translation of the Finnish original)

## To the Annual General Meeting of Exel Composites Plc

We have performed a limited assurance engagement on the group sustainability report of Exel Composites Plc (1067292-7) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.-31.12.2024.

## Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

- 1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
- 2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Exel Composites Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to

comply with that provision in the absence of the ESEF regulation or other European Union legislation.

## Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matter

We draw attention to the fact that the group sustainability report of Exel Composites Plc that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.-31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

## Authorized group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Exel Composites Plc are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

## Inherent Limitations in the Preparation of a Sustainability Report

The preparation of the sustainability report requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

## Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the [group] sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the sustainability report.
- Through interviews, we gained an understanding of the company's control environment related to the sustainability reporting process.

- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the sustainability report in material respect meets the requirements of ESRS standards for material sustainability topics:
  - We have tested the accuracy of the information presented in the sustainability report by comparing the information on a sample basis with supporting company documentation.
  - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the sustainability report.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 4.3.2025

Ernst & Young Oy

Authorized Sustainability Audit Firm

Timo Eerola

Authorized Sustainability Auditor

# INDEPENDENT AUDITOR'S REPORT ON THE ESEF CONSOLIDATED FINANCIAL STATEMENTS OF EXEL COMPOSITES PLC

(Translation of the Finnish original)

## To the Board of Directors of Exel Composites Plc

We have performed a reasonable assurance engagement on the financial statements 743700205JAMGM80QD88-2024-12-31-fi.zip of Exel Composites Plc (y-identifier: 1067292-7) that have been prepared in accordance with the Commission's regulatory technical standard for the financial year ended 31.12.2024.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the company's report of Board of Directors and financial statements (the ESEF financial statements) in such a way that they comply with the requirements of the Commission's regulatory technical standard. This responsibility includes:

- preparing the ESEF financial statements in XHTML format in accordance with Article 3 of the Commission's regulatory technical standard
- tagging the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission's regulatory technical standard and
- ensuring the consistency between the ESEF financial statements and the audited financial statements

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of the Commission's regulatory technical standard.

## Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

## Auditor's Responsibilities

Our responsibility is to, in accordance with Chapter 7, Section 8 of the Securities Markets Act, provide assurance on the financial statements that have been prepared in accordance with the Commission's technical regulatory standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000.

The engagement includes procedures to obtain evidence on:

- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor's judgement. This includes an assessment of the risk of material deviations due to fraud or error from the requirements of the Commission's technical regulatory standard.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Exel Composites Plc 743700205JAMGM80QD88-2024-12-31-fi.zip for the financial year ended 31.12.2024 have

been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of Exel Composites Plc for the financial year ended 31.12.2024 has been expressed in our auditor's report 4.3.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 4.3.2025

Ernst & Young Oy

Authorized Public Accountant Firm

Timo Eerola

Authorized Public Accountant