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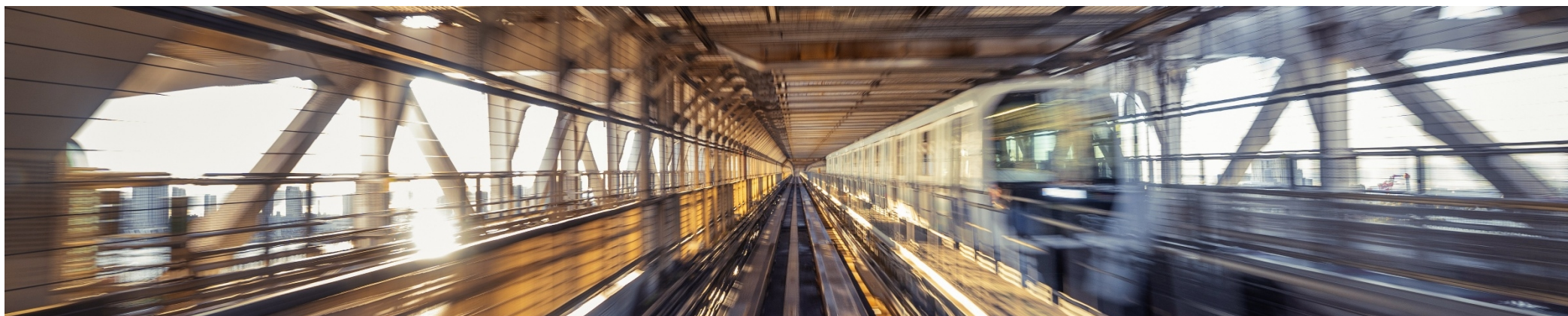
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ANNUAL REPORT

exel
COMPOSITES

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FROM THE CEO

Delivering on our promises – from multi-year customer agreements to record-breaking orders and improved profits



We closed 2025 with a standout fourth quarter and a year of steady progress that strengthened Exel's foundations for growth in 2026. Our customer focus and execution discipline showed clearly by year-end in a much stronger order backlog, better utilization across our factories and a clear improvement in profitability.

For the full year, order intake was EUR 168.6 million (2024: EUR 104.9 million) and order backlog at year-end reached EUR 98.7 million (34.2). Revenue was EUR 103.2 million (99.6) and adjusted operating profit more than doubled to EUR 3.6 million (1.7), corresponding to an adjusted operating profit margin of 3.5% (1.7%).

Several significant customer engagements in strategic customer industries

In 2025, we strengthened our position in the customer industries we prioritize by winning deeper and longer-term customer commitments. The year ended with a particularly important commercial milestone: two multi-year frame agreements in composite conductor cores with De Angeli Prodotti and Tratos, totaling a minimum volume commitment of EUR 47 million for 2026–2029. These agreements demonstrate customer confidence in Exel and increase the

multi-year visibility that supports sustained, organic revenue growth.

We also took important steps in Buildings and Infrastructure. During the year, we strengthened our UltraRope® business, including an agreement on increased deliveries with long-standing customer KONE. In Transportation, we continued to see active customer programs where lightweight composite profiles and tubes help customers improve performance and reduce weight.

We progressed our development work with Flying Whales, towards supplying composite components for its airship program – a good example of how we support customers from early application engineering, industrialization and finally volume production.

Activity in Defense related applications increased, as it is a business where performance, durability and repeatable quality matter – and composites are often the best answer. We supply lightweight composite solutions for portable field equipment and support structures, including our camouflage netting support telescoping poles designed for quick setup and repeated use in harsh environments.

Operational execution and a more focused footprint

Early in the year, we closed our Oudenaarde factory in Belgium. The site had not been profitable, and the wind-down was a necessary step in optimizing our network and increasing utilization across our remaining factories. During 2025, the closure-related customer work in Belgium progressed as planned, and many customers requested supply from other Exel factories. By year-end, the closure was essentially completed.

In parallel, we continued ramping up our manufacturing capability in India. Commercial deliveries continued and volumes scaled in a controlled way, with quality and delivery performance remaining the non-negotiables. Industrial Solutions accelerated during the year, and revenue in the last quarter was approximately 50% higher year-on-year, which is a concrete proof point that the ramp-up is progressing well. Together, these steps – a more focused footprint and a stronger global delivery capability – improved our execution readiness for the next phase of growth.

Orders and profitability strengthened

Record order intake and a materially higher year-end order backlog show that our strategy and customer focus is translating into longer-term commitments in the industries we prioritize. For Exel, this sharpens planning, supports stable utilization and gives us a firmer base to scale responsibly.

Profitability improved clearly in 2025. Adjusted operating profit more than doubled year-on-year, supported by stronger utilization, cost discipline and operational measures across our footprint. These actions are the building blocks of a stronger Exel – one that can grow while strengthening profitability.

This sharpens planning, supports stable utilization and gives us a firmer base to scale responsibly

Operating profit turned positive for the full year in 2025, reversing the negative operating result in 2024, and the year-on-year improvement was clearly larger than in adjusted operating profit. Reported operating profit included a positive non-recurring impact from the sale of an industrial property in the UK as well as closure-related items from Belgium.

Driving profitable growth also in uncertain times

2025 also reminded us that cyberthreats pose serious risks to any business. In July, Exel was the target of a cyberattack that resulted in a confirmed data breach. We responded quickly with internal and external experts to contain the incident, secure our systems and support affected individuals.

At the end of 2025, the Office of the Data Protection Ombudsman in Finland informed us that they have processed our incident report and, based on their assessment, consider that Exel acted appropriately. The Ombudsman did not indicate further investigations. We took the lessons learned from the incident and further strengthened our cyber defenses and awareness across the organization.

Our people make the difference. Safety remains a leadership priority, and we continue working toward our “zero harm” ambition. We have also made a public commitment to continuously work on our employee engagement, because engaged teams deliver consistent execution.

Looking ahead to 2026

Exel Composites expects revenue and adjusted operating profit to increase significantly in 2026 compared to 2025, with a stronger contribution in the second half of the year. This is based on the timing of order backlog conversion, driven by customer call-offs and project schedules.

We enter the year with a stronger order backlog and the core building blocks in place. Timing will vary by customer and delivery phasing, but the long-term drivers in our focus areas remain intact – especially the multi-year investments tied to wind power, buildings and infrastructure, as well as several other recurring revenue partnerships we have with our customers.

Our focus is straightforward: deepen customer partnerships, grow the order backlog in our strategic customer industries and deliver reliably as volumes increase. We will scale with discipline, strengthening production readiness and execution across our global footprint.

I would like to thank our customers for their trust, our partners for their collaboration and the entire Exel team for the focus and commitment shown throughout 2025. I also appreciate the continued support of our shareholders as we build Exel into a stronger company with a clear path to grow and improve profitability.

Sincerely,

Paul Sohlberg

President and CEO
Exel Composites

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.

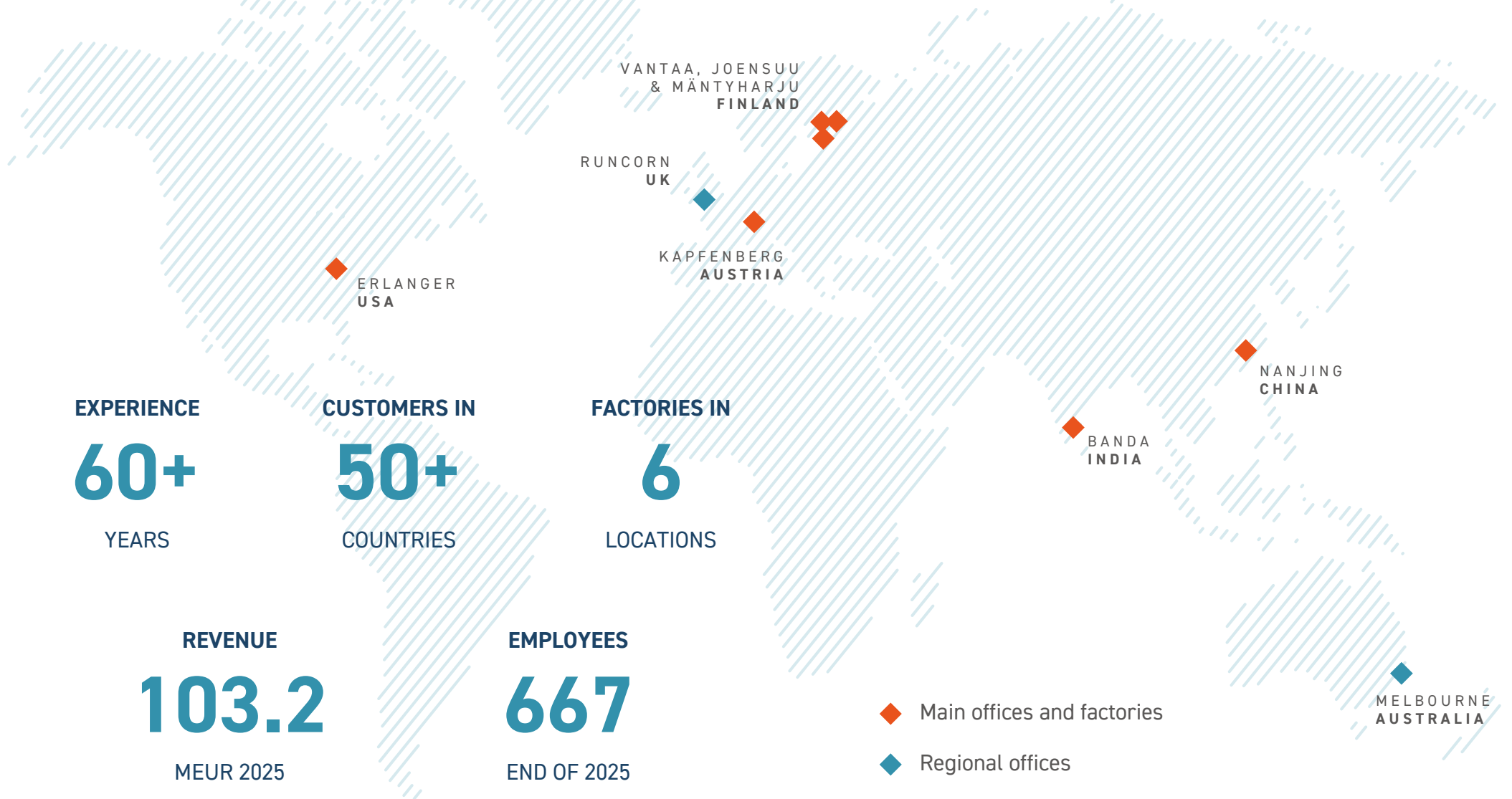
Our R&D expertise, collaborative approach and global footprint set us apart from our competition. Our composite solutions help customers save resources, reduce products' weight, improve performance and energy efficiency, and decrease total lifetime costs. We want to be the first choice for sustainable composite solutions globally.

Headquartered in Finland, Exel Composites employs over 600 forward-thinking professionals around the world and is listed on Nasdaq Helsinki.

www.exelcomposites.com

exel FOR
FORWARD
THINKERS

Exel's global sales, manufacturing and R&D network



OUR PURPOSE is to solve challenges and save resources with composites.

OUR VISION is to be our customer's first choice for sustainable composites solutions globally.

EXEL IS FOR FORWARD THINKERS

OUR VALUES



Customer focused

We're driven by our customers' priorities, not ours. We listen carefully and collaborate with them to make things better.



Integrity

There's always a right way to do something. And that's the way we do it — never cutting corners, always up front with the customer.



One Exel

We bring together vision, goals and people to constantly improve things for our customers — across industries and the globe.



Caring

We care about making the world better, not just our business. And although we don't always have the answers, we're always searching for them.



Innovative

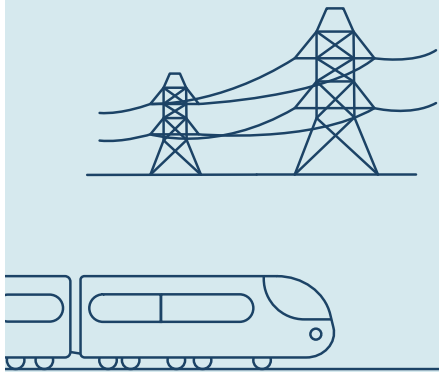
We take no satisfaction in the status quo. We're constantly looking to move forward, because things can always be better, faster and smarter.

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

Strategic focus areas

Organic growth

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

Increased customer value

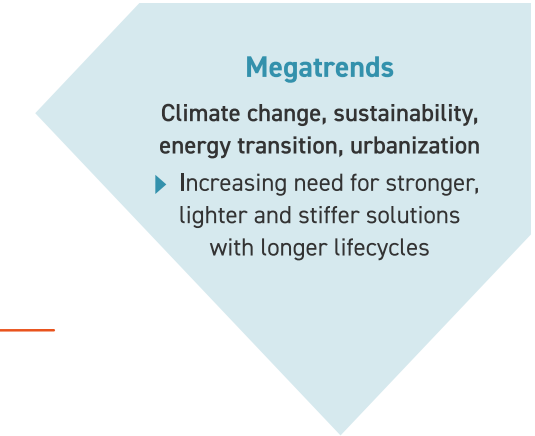
by helping customers choose composites for their applications with engineering support, productization and post-processing

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

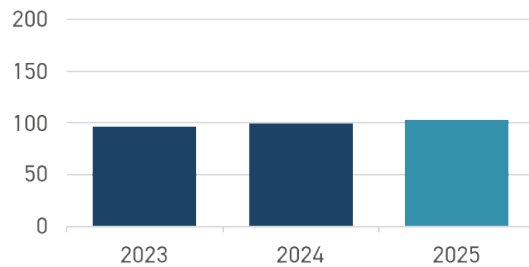


Long-term Group targets

FINANCIAL TARGETS

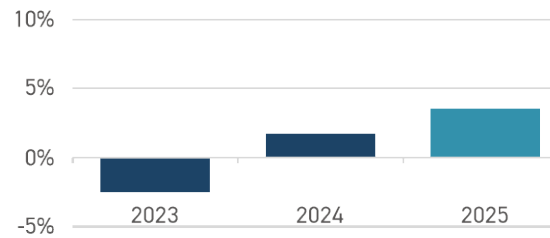
Organic growth

Over EUR 200 million annual revenue by 2028



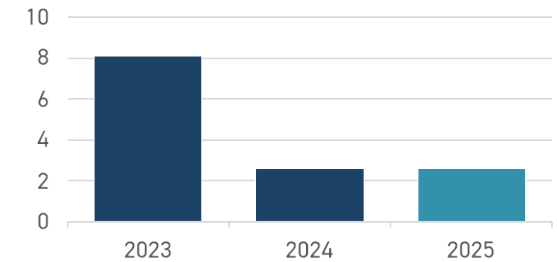
Profitability

Adjusted operating profit margin >10% by 2028



Financial position

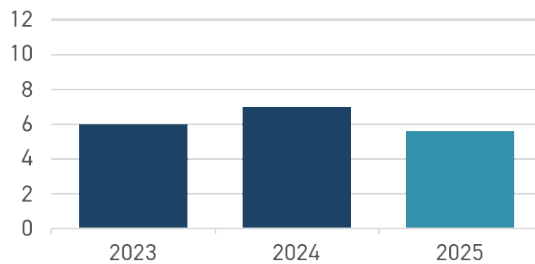
Net debt / adjusted EBITDA* <3x by 2028



SUSTAINABILITY TARGETS

Zero harm

No lost time incidents (LTIR)**



Environmental responsibility

GHG (scope 1 & 2) reduction according to UN established targets: 2025 emissions reduced by 54% from base year 2018

Zero landfill by 2028: 2025 landfill reduced by 73% from base year 2018

100% of research will focus on sustainable composite solutions: 75% in 2025

Employee engagement

Employee NPS score year-on-year improvements based on baseline 2024: the eNPS score improved by 7 points during 2025 from the baseline

*Last 12 months' adjusted EBITDA | ** Number of injuries per million hours worked | 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.

WHY INVEST IN EXEL

Global scale, operational excellence, and a clear path to profitable growth

Exel is a global manufacturer of sustainable pultruded composite solutions. We provide value-adding, high-performance components to leading customers in **Energy, Transportation, Industrial, Buildings & Infrastructure**, and a growing **Defense** business. With long customer relationships, an optimized global footprint and disciplined execution, we are moving towards our organic growth target. As volumes ramp and utilization improves on a lean cost base, our value-adding composite solutions support premium margins and stronger free cash flow – creating higher long-term shareholder value.

1 Attractive demand

Exel's growth is fueled by customer industries Energy, Transportation, Buildings & Infrastructure, and Industrial, where composites offer clear advantages, and a growing demand in Defense business.


2 Proven delivery

Exel's ability to deliver on growth and profitability relies on disciplined, industrial-grade execution with engineered and scaled composite solutions and optimized global footprint.


3 Strong ambition

Exel's strategy for 2024–2028 is built on organic growth from core customer industries, increased customer value, operational efficiency as well as clear and ambitious financial targets.


THE HIGHLIGHTS OF 2025



Exel Composites signed an agreement with French-Canadian airship manufacturer and operator **Flying Whales** for pull-wound carbon tubes for the first full structure of an LCA60T airship manufactured by the company.



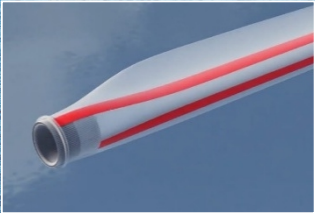
Kineco Exel Composites India received a purchase order of approximately EUR 10 million for pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. The deliveries are expected to extend into 2026.



Exel signed a deal with **KONE** for increased UltraRope® deliveries.



Exel Composites signed multi-year frame agreements with Italian cable manufacturers **De Angeli Prodotti** and **Tratos** for the supply of composite conductor cores for overhead power lines. The agreements include minimum volume commitments of at least EUR 47 million to Exel for deliveries until 2029.



Exel's factory in Banda, India reached **volume production** and began shipping carbon fiber flats for wind turbine blades after customer approvals.

Information to shareholders

Financial reporting in 2026

Exel Composites will publish the following financial reports in 2026:

- Business Review Q1 2026: 6 May 2026 at approximately 9:00 EET
- Half Year Financial Report Q1–Q2 2026: 12 August 2026 at approximately 9:00 EET
- Business Review Q1–Q3 2026: 4 November 2026 at approximately 9:00 EET

Corporate Governance Statement and Remuneration Report

Annual Report 2025, the Corporate Governance Statement and the Remuneration Report are available on the company's website at <https://investors.exelcomposites.com/governance/>

Annual General Meeting 2026

The Annual General Meeting will be held on 26 March 2026 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 2025.

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 six production units located in Austria, China, Finland (two factories), the USA and India (Kineco Exel Composites India). The Oudenaarde factory in Belgium was closed on 31 March 2025 as planned. 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 in 2024, 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.

Global economic growth remained modest in 2025, while inflation continued to ease in many countries and economic areas. Policy uncertainty and higher barriers to trade increased the volatility of customer decision-making and investments in certain markets.

The development of the global composites market correlates with global economic growth, and the composites market's growth rate has been, and is expected to remain, higher than overall economic growth. In the coming years leading up to 2028, 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, buildings and infrastructure, transportation sector, 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. In addition, increasing investments in transmission grid infrastructure are accelerating the build-out and modernization of power networks, creating further demand for composite solutions. 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 2025 increased by 60.8% compared to the previous year and was EUR 168.6 million (104.9).

Order backlog on 31 December 2025 was at EUR 98.7 million (34.2), up by 60.8% year-on-year.

The company signed several new important customer agreements in 2025:

- In the first quarter, Exel Composites signed an agreement with French-Canadian airship manufacturer and operator Flying Whales for pull-wound carbon tubes for the first full structure of an LCA60T airship manufactured by the company. The collaboration moved from R&D toward expanded testing during the third quarter of 2025.
- In the first quarter, Kineco Exel Composites India (KECI) received a purchase order of approximately EUR 10 million for pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. The deliveries are expected to extend into 2026.
- In the third quarter, Exel signed a deal with KONE for increased UltraRope® deliveries.
- In the fourth quarter, Exel Composites signed a frame agreement with De Angeli Prodotti for the supply of composite conductor cores for the period 2026–2029. The agreement includes a minimum volume commitment of at least EUR 25 million to Exel for deliveries through 2029.
- In the fourth quarter, Exel Composites signed a frame agreement with Tratos for the supply of composite conductor cores for the period 2026–2029. The agreement includes a minimum volume commitment of at least EUR 22 million to Exel for deliveries through 2029.

Revenue

The Group revenue for 2025 increased by 3.6% compared to 2024 amounting to EUR 103.2 million (99.6). In 2025, the revenue in Engineered Solutions Business Unit was EUR 83.9 million (82.5) and EUR 19.3 million (17.1) in Industrial Solutions Business Unit. Revenue increased in Energy, Transportation, and Other customer industries, whereas Buildings and infrastructure customer industry remained on the comparison period's level and Industrial customer industry decreased. Towards the year-end, growth was strong especially in Energy and Other customer industries, driven by the increased demand in composite conductor cores, wind power components, and defense applications.

Operating profit

In the full year 2025, operating profit increased to EUR 2.2 million (-2.9). Operating profit margin was 2.1% (-2.9%). Adjusted operating profit increased significantly to EUR 3.6 million (1.7) as a result of implementing strategic actions. Adjusted operating profit margin grew to 3.5% (1.7%). Adjustments to operating profit relate to the sale of the UK factory building and items from the Belgium site closure.

Profit for the period

Profit before taxes in 2025 was EUR -5.7 (-3.8) million and profit after taxes EUR -6.1 million (-5.0). Net financial income/expenses were EUR -7.9 million (-0.9). The change in financial expenses was due to the recent changes in the exchange rates significantly affecting intra-Group financial items and reported profit for the period.

Adjusted operating profit

EUR thousand	2025	2024
Operating profit	2,212	-2,853
Restructuring costs	1,416	4,425
Expenses related to changes in legislation or legal proceedings and other claims	0	132
Adjusted operating profit	3,628	1,704

Financial position

Net cash flow from operating activities for January–December 2025 was EUR -1.0 million (0.6) relating to the change in working capital which was EUR -3.6 million (-0.3). Net cash flow from investing activities amounted to EUR -1.0 million (-2.6). Gross investments totaled EUR 3.1 million (2.7), with the majority allocated to ramping up operations in India, and the cash outflow from investments was largely offset by proceeds from the sale of the UK site.

At the end of the reporting period, the Group's liquid assets stood at EUR 11.9 million (10.9). Total depreciation, amortization and impairment of non-current assets during the reporting period amounted to EUR 4.9 million (7.1).

On 31 December 2025, the Group's consolidated total assets were EUR 89.2 million (89.0). Interest-bearing liabilities, including lease liabilities, amounted to EUR 34.4 million (30.4). Net interest-bearing liabilities were EUR 22.4 million (19.5). Current interest-bearing liabilities were EUR 26.1 million (21.6). EUR 7.0 million (13.0) of current interest-bearing liabilities were commercial papers. On 31 December 2025, net debt to adjusted EBITDA was 2.6x (2.6x).

On 31 December 2025, the Group's equity was EUR 28.1 million (32.3) and equity ratio 32.2 (36.8). Net gearing was 79.8 percent (60.3). Fully diluted earnings per share were EUR -0.05 (-0.07). Return on capital employed was 3.6 percent (-4.3), and return on equity was -20.1 percent (-20.1).

The company paid no dividends in 2025 (0) for the financial year of 2024 calculated for the outstanding number of shares. Dividend per share for the financial year 2024 was therefore EUR 0 (0), which was 0% (0%) 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 83.9 million in 2025 (82.5), with 1,7% increase from the comparison period.

The year started with improving demand across multiple customer industries, with particularly good development in Buildings and Infrastructure. Market conditions for tube-based pultruded profiles also showed encouraging signs, supporting a stronger start to the year. In the first quarter, Exel signed an agreement with Flying Whales for pullwound carbon fiber tubes for an airship

structure, demonstrating the business unit's ability to combine engineered design with scalable manufacturing.

During the second quarter, customer activity remained healthy in several focus areas. Demand showed positive momentum in Energy, and Exel continued to see improvement in tube-based profiles. At the same time, the business unit supported customers in maintaining continuity of supply following the Belgium factory closure by offering the option to source products from other Exel factories, with delivery timing affected by customer decisions and the related ramp-up of alternative supply.

In the third quarter, Exel signed an agreement with KONE for increased UltraRope® deliveries, reflecting sustained demand for lightweight, high-performance composite applications in elevators. Flying Whales contributed positively as the collaboration moved from R&D toward expanded testing, further validating ESBU's design-for-manufacturing and post-processing capabilities.

The fourth quarter brought additional commercial validation for ESBU's strategic focus areas. Exel signed four-year frame agreements with De Angeli Prodotti and Tratos for composite conductor cores, with minimum volume commitments totaling approximately EUR 47 million. With the strengthened order book, ESBU's focus remained on converting the larger backlog into deliveries and increasing utilization through disciplined execution while maintaining quality and on-time delivery.

Industrial Solutions Business Unit

Industrial Solutions Business Unit concentrates on selected applications with significant growth potential. Revenue in Industrial Solutions Business Unit was EUR 19.3 million in 2025 (17.1) with 12,8% increase from the comparison period.

In the first quarter, ISBU's market developed favorably, particularly in the Energy customer industry, reflecting continued demand for wind-related composite components. The quarter also included a significant step in commercial momentum for wind applications as Exel's joint venture in India received a purchase order of approximately EUR 10 million for pultruded carbon fiber planks used in wind turbine spar caps for a major wind turbine manufacturer in South Asia, with deliveries expected to extend into 2026. Alongside this, the business unit continued ramp-up work and customer approval processes at the new India site.

In the second quarter, customer demand increased further, again led by Energy, while the India capacity ramp and approval work continued. ISBU also operated in an environment where customers were closely monitoring global trade conditions, reinforcing the value of a flexible footprint and proximity to growing regional supply chains.

The third quarter marked a turning point operationally as the new India site moved to volume production and volume shipments began in September. This strengthened Exel's ability to serve wind customers with improved proximity and cost-to-serve, while reinforcing global supply capability. ISBU also progressed additional wind programs by advancing audits and preparing trial runs for Vestas, building readiness for new programs as schedules and approvals allow. Demand remained aligned with the unit's strategy, with Energy strong and good activity also in Transportation.

In the fourth quarter, ISBU continued the ramp from qualification toward more regular production in India, with commercial shipments progressing. Established operations remained stable, supported by steady activity in Energy and Transportation, and the unit continued building operational readiness to bring further wind programs into regular production. With expanded series production capability and increasing throughput, ISBU ended the year positioned to support the next phase of growth as customer programs scale.

Research and development

Research and development costs in 2025 totaled EUR 3.8 million (3.7), representing 3.7% (3.8%) of revenue.

Strategy

Exel Composites has a 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 2025

In 2025, strategy implementation progressed as planned:

Belgium factory closing completed

As a result of a strategic factory review at its Oudenaarde factory in Belgium, the company launched consultation process with its employees' representatives regarding intention to discontinue the production at the site. The process was completed in December 2024 and resulted in the decision to close the factory, which was closed on 31 March 2025. The closure of the factory was necessary to address loss-making activities.

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 Kineco Exel Composites India (KECI) near Goa, India was completed on time in December 2024. The new factory manufactures composites with pultrusion and is optimized for serving wind power industry in India and globally. In addition, the factory manufactures solutions for other customer industries, such as buildings and infrastructure. Volume production deliveries began in the third quarter of 2025.

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 factory building was sold in December 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:

- **Zero Harm:** no lost time injuries (LTIR)
- **Environmental responsibility:**
 - Zero landfill by 2028
 - 100% of research will focus on sustainable composite solutions
 - Greenhouse Gas (GHG) emissions (scope 1 and market-based 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 2025 can be found in the Sustainability statement 2025.

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.

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 affected demand in 2025 and may continue to do so in 2026. The import tariffs imposed by Trump may have an impact on Exel's customer orders.

During 2025, Exel's both business units secured new customer engagements that are expected to deliver revenue in 2026, while the timing will be dependent on the ramp up of these engagements.

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.

In July 2025, Exel Composites was the target of a cyberattack that resulted in a confirmed data breach affecting a limited number of servers and workstations. While the company's core operations and business systems were not disrupted, the incident may pose reputational risks.

The risk management and risks related to the operation of Exel Composites are described in detail in the Corporate Governance Statement 2025 and on the company's website at <https://investors.exelcomposites.com/governance/risk-management/>

Governance and General Meetings

Exel Composites Plc's Annual General Meeting was held on 26 March 2025 in Helsinki, Finland. The AGM adopted the financial statements and consolidated financial statements, approved the Remuneration Report 2024 and discharged the members of the Board of Directors and the company's President and CEO from liability for the financial year 2024.

The AGM resolved in accordance with the proposal of the Board of Directors that no dividend be paid for the financial year ended 31 December 2024.

The AGM resolved that the Board of Directors consists of five (5) members and re-elected Jouni Heinonen, Helena Nordman-Knutson and Kirsi Sormunen as members of the Board and elected Christian Busdiecker and Elisabeth Larsson as new members of the Board. The AGM elected Jouni Heinonen as Chairman of the Board of Directors.

The AGM confirmed the annual remuneration for the Board members as follows: for the Chairman of the Board of Directors EUR 45,000 and for each other Board member EUR 21,000. Additionally, a remuneration is to be paid for the Chairman of the Board of EUR 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 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. Travel expenses and other out-of-pocket expenses will be compensated in accordance with the company's established practice and travel rules. Out of the annual remuneration, 60% will be paid in cash and 40% in the company's shares.

Ernst & Young Oy, with Timo Eerola, Authorized Public Accountant (APA) and Authorized Sustainability Auditor having the principal responsibility, was re-elected as auditor and sustainability auditor of the company.

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 number of shares to be acquired is 5,300,000. The authorization is effective until the end of the next AGM, however, no longer than until 30 June 2026.

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 number of new shares to be issued is 10,650,000, which corresponds to approximately 10.0 per cent of all shares of the company, and/or a maximum of 5,300,000 company's own shares. The authorization is effective until the end of the next AGM, however no longer than until 30 June 2026.

In 2025, the Nomination Board comprised persons nominated by the four largest shareholders as of 30 September 2025: Niina Arkko (Aktia Asset Management), Ville Kivipelto (Danske Invest Finnish Equity Fund), Jukka Vähäpesola (Elo Mutual Pension Insurance Company), Petteri Vaarnanen (SP-Fund Management) and Jouni Heinonen, Chairman of the Board of Directors, Exel Composites Plc, as an expert member. 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.

The Shareholders' Nomination Board proposes to the AGM 2026 that the Company's Board of Directors shall have five (5) members. The Shareholders' Nomination Board proposes that Jouni Heinonen, Christian Busdiecker, and Elisabeth Larsson be re-elected as members of the Board of Directors as well as Erkka Repo and Teija Sarajärvi be elected as new members of the Board of Directors, and that Jouni Heinonen will be re-elected as Chairman of the Board of Directors. The Shareholders' Nomination Board proposes that the annual remuneration for the Board members is increased and would be as follows:

- ◆ Chairman: Annual remuneration of EUR 47,000 (previous year: EUR 45,000) and additionally EUR 1,750 (1,500) for attendance at each Board and committee meeting and for each other similar all-day Board assignment.
- ◆ Board member: Annual remuneration of EUR 23,000 (21,000) and additionally EUR 1,250 (1,000) for attendance at each Board and committee meeting and each other similar all-day Board assignments. In addition, for each committee meeting, the meeting fee for the committee chairman shall be EUR 1,750 (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.

Organization and personnel

On 31 December 2025, Exel Composites employed 667 (637) people, of whom 284 (255) in Finland and 383 (382) in other countries. Average number of employees during the reporting period was 632 (632).

Changes in Exel Leadership Team

On 24 February 2025, Exel Composites announced having appointed Kari Loukola as Executive Vice President, Industrial Solutions Business Unit and member of the Exel Leadership Team as of 25 February 2025.

On 31 December 2025, the members of the Exel Leadership team were

Paul Sohlberg, President and CEO

Mikko Rummukainen, CFO

Juha Honkanen, Executive Vice President, Engineered Solutions Business Unit

Kari Loukola, Executive Vice President, Industrial Solutions Business Unit

Kim Sjödaahl, Senior Vice President, Technology and Sustainability

Johanna Tuomisto, Senior Vice President, People and Culture

Incentive programs

Exel Composites' short-term incentive program covers all employees. The 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 the President and CEO, the Exel Leadership Team and selected key employees of the company. The objective of the programs is to align the interests of the leadership with those of the company's shareholders and, thus, to promote shareholder value creation in the long term, to commit the leadership to achieving the strategic targets of the company and to retain the company's key individuals. The Board of Directors decides on the program and the performance measures annually.

On 11 June 2025, the Board of Directors of Exel Composites Plc initiated a new share-based long-term incentive program 2025–2027 for the leadership of the company. The performance targets of the plan commencing in 2025 are total shareholder return (TSR) of Exel Composites' share and progress of reducing greenhouse gas emissions.

Potential share rewards of the long-term incentive programs will be paid annually, provided that the performance targets are achieved and the continuous employment condition is met, and with lock-in applied until spring 2028. Potential rewards will be paid partly in listed Exel Composites shares and partly in cash.

In June 2025, the Board of Directors further harmonized the terms of the LTI 2024–2026 program with those of the 2025–2027 program, including an annual payout and lock-in structure. The performance targets and the performance period of the 2024–2026 program remained unchanged.

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 2025, Exel Composites' share capital was EUR 2.1 million (2.1), and the number of shares was 106,728,395 (106,728,395).

On 31 December 2025, Exel Composites held a total of 1,167,527 (642,899) of its own shares which are part of the share-based long-term incentive programs for the top management.

On the last trading day of the reporting period, the company's share price closed at EUR 0.45 (0.30). During the reporting period, average share price was EUR 0.37 (0.70), highest share price EUR 0.46 (2.70) and lowest share price EUR 0.29 (0.28).

In January–December 2025, a total of 32,189,589 (35,344,343) Exel Composites' shares were traded at Nasdaq Helsinki Ltd., which represents 30.4% (55.5) of the average number of shares. On 31 December 2025, Exel Composites' market capitalization was EUR 47.6 million (29.7).

On 31 December 2025, Exel Composites had a total of 9,697 (9,017) shareholders.

During the review period, Exel Composites did not receive any notifications of changes in holdings in accordance with the Securities Markets Act.

Information on the company's shareholders is available on the company's investor website at <https://investors.exelcomposites.com/share-shareholders/>

According to the company's shareholder register held by Euroclear Finland Oy, on 31 December 2025 Exel Composites' three largest shareholders were Skandinaviska Enskilda Banken AB (nominee registered at 6.44%), Aktia Asset Management (6.35%) and Danske Invest Finnish Equity Fund (5.86%).

On 31 December 2025, 0.59% (0.73) 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.

Significant related-party transactions

The Group follows the same commercial terms in its transactions with related parties as in transactions with third parties. In 2025, 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 2025, 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 <https://investors.exelcomposites.com/governance/>

Events during the reporting period

On 14 February 2025, Exel Composites signed an agreement with French-Canadian airship manufacturer and operator Flying Whales for pull-wound carbon tubes for the first full structure of an LCA60T airship manufactured by the company. The collaboration moved from R&D toward expanded testing during the third quarter of 2025.

On 24 February 2025, Kineco Exel Composites India (KECI) received a purchase order of approximately EUR 10 million for pultruded carbon fiber planks for spar caps to a major wind turbine manufacturer in South Asia. The deliveries are expected to extend into 2026.

On 24 February 2025, Exel Composites announced having appointed Kari Loukola as Executive Vice President, Industrial Solutions business unit and member of the Exel Leadership Team as of 25 February 2025.

On 31 March 2025, Exel closed its Oudenaarde factory in Belgium as planned.

In July 2025, Exel Composites became the target of a cyberattack, and a data breach was confirmed by investigations on 18 July 2025. The unauthorized intrusion affected a limited number of workstations and servers. The company informed about exposure of personal data which primarily includes names, addresses, and personal identity numbers of certain current and former employees and shareholders. The breach also involves company-related business information, including financial data, which led the company to release preliminary information from the half-year report for January–June 2025. The company acted immediately, working with internal and external experts to contain the breach and to protect its systems from further exposure as well as to analyze the extent of the compromised information. The cyberattack did not affect the company's business, manufacturing or the operational capacity of the company's factories.

On 30 September 2025, Exel signed a deal with KONE for increased UltraRope® deliveries.

On 6 November 2025, Exel Composites signed a frame agreement with De Angeli Prodotti for the supply of composite conductor cores for the period 2026–2029. The agreement includes a minimum volume commitment of at least EUR 25 million to Exel for deliveries through 2029.

On 17 December 2025, Exel Composites signed a frame agreement with Tratos for the supply of composite conductor cores for the period 2026–2029. The agreement includes a minimum volume commitment of at least EUR 22 million to Exel for deliveries through 2029.

Events after the reporting period

On 15 January 2026, Exel Composites' Shareholders' Nomination Board's presented its proposals to the Annual General Meeting 2026 regarding the Board composition and remuneration. Further information on the proposals of the Nomination Board can be found under Governance and general meetings.

On 13 February 2026, Exel announced that its Board of Directors proposes a reverse share split to reduce the number of shares by combining each 15 shares into one share. The proposal will be presented to the Annual General Meeting to be held on 26 March 2026 and is subject to a decision by the General Meeting. The purpose of the proposed reverse share split is to improve trading conditions by increasing the value of each share and to enhance the efficiency of share price formation.

On 13 February 2026, Exel announced that its Board of Directors decided to launch a new plan under the company's share-based long-term incentive program 2025–2027 for the leadership team. The performance targets for the plan commencing in 2026 are total shareholder return of Exel Composites' share and progress in reducing greenhouse gas emissions, with potential rewards intended to be paid annually subject to performance and continued employment, and with a lock-in period until spring 2028.

Guidance for the full year 2026

Exel Composites expects revenue and adjusted operating profit to increase significantly in 2026 compared to 2025, with a stronger contribution in the second half of the year. This is based on the timing of order backlog conversion, driven by customer call-offs and project schedules. (Published 13 February 2026)

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 2025, Exel Composites Plc's distributable funds totaled EUR 39.3 million, of which profit for the financial year accounted for EUR 0.2 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 2025.

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 2025

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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. The reporting period coincides with that of financial reporting, that is, the financial period from 1 January 2025 to 31 December 2025.

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 and updated January 2025. 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. Modifications to the ERP system have been completed to simplify this data collection.

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 2025 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 2025.

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 2025, the Board had 5 members, all of which were non-executive members. Three out of five members were female (60%) and two were male (40%). Board's gender diversity ratio (ratio of female to male members) was 1.5. 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.

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 Sustainability Policy as well as 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 2025, one of the six members of the ELT (17%) were female and five were male (83%). The gender distribution ratio (ratio of female to male members) was 0.17. 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 2025, 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, 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 2025 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, including sustainability-related targets.

In 2025, sustainability-related KPIs were included in performance development review for some Group employees, mainly in the finance team, research 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 research 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"> • ESRS 2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies • ESRS 2: Integration of sustainability-related performance in incentive schemes • ESRS 2: Material impacts, risks and opportunities and their interaction with strategy and business model • 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
Engaging with affected stakeholders in all key steps of the due diligence	<ul style="list-style-type: none"> • ESRS 2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies • ESRS 2: Interests and views of stakeholders • ESRS 2: Process to identify impacts, risks and opportunities • Policies under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct
Identifying and assessing adverse impacts	<ul style="list-style-type: none"> • ESRS 2: The process to identify and assess material impacts, risks and opportunities • ESRS 2: Material impacts, risks and opportunities and their interaction with strategy and business model • 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
Taking actions to address adverse impacts	<ul style="list-style-type: none"> • Actions under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct
Tracking the effectiveness of these efforts and communicating	<ul style="list-style-type: none"> • Metrics and Targets under each topical ESRS: E1 Climate change mitigation, E5 Resource use and circular economy, S1 Health and safety, G1 Business Conduct

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 taken into use a 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 trams, 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 defense, 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 renewable, 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 Mäntyhärju, Finland. Exel Composites had 667 employees at the end of 2025, of which 284 in Finland, 167 in China and 216 in other countries, including Austria, United States, India, United Kingdom, and Australia. At the end of 2025 Exel Composites had production facilities located in Austria, China, Finland (two factories), the USA and India (Kineco Exel Composites India). The factory in Belgium was in operation in the beginning of 2025 but the factory was closed 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 (20.7% of revenue in 2025), Industrial (13.5%), Energy (22.4%), Transportation (19.0%) and Other (24.5%). 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 (18.7% of revenue in 2025) concentrates on selected applications with significant growth potential. Engineered Solutions Business Unit (81.3% of revenue in 2025) 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 (unsaturated 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.

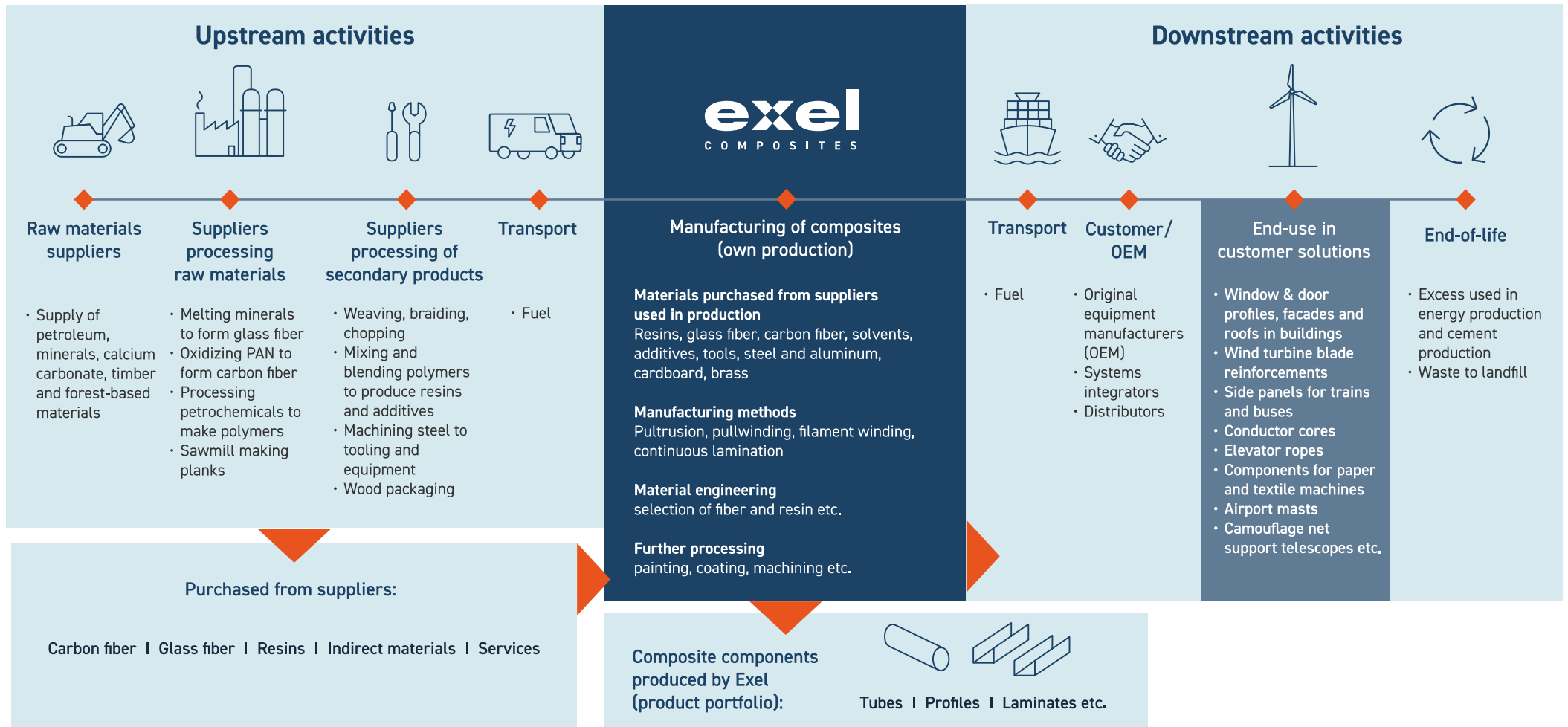
Majority of the company's supply chain is composed of large, international manufacturers or their distributors that have established processes and high sustainability standards. Read more about responsible supply chain under G1 - Management of relationships with suppliers.

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 includes both small and large organizations.

Value chain and operating model



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 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.

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 review in January 2025, 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"> • One-to-one dialogue • Fairs and events • Sharing information through reports, marketing materials, website, and social media channels • Product co-development with customers • Customer experience surveys 	<ul style="list-style-type: none"> • Gaining in-depth understanding of customers' business • Providing expertise on composites and helping customers choose composites for their applications • Long-term partnership and loyal customers • Boosting product quality, safety and reliability, cost-efficiency • Transition to more sustainable solutions and reducing environmental impact 	<ul style="list-style-type: none"> • Developing solutions and materials based on customer needs • Offering value-adding services to customers as a strategic focus area • Developing the recycling of composite waste
Employees	<ul style="list-style-type: none"> • One-to-one dialogue • Regular safety inspections, audits, and safety patrols, local safety committees, safety training and communication • Employee engagement survey • PDR process • Townhall meetings, intranet, newsletters • Whistleblowing channel 	<ul style="list-style-type: none"> • Fostering safety and well-being of employees, and positive and fair workplace culture • Ensuring ethical business conduct • Improving employee engagement • Promoting professional development 	<ul style="list-style-type: none"> • Over 50 Exel employees' views considered in the group strategy work • Zero harm and employee engagement set as Group targets • Global HR policies and HR platform introduced to develop Exel as a workplace • Internal communications developed based on feedback
Suppliers and business partners	<ul style="list-style-type: none"> • One-to-one dialogue • Fairs and events • Supplier Code of Conduct • Whistleblowing channel • Assessment of suppliers' sustainability as part of the supplier selection process and during audits 	<ul style="list-style-type: none"> • Open collaboration and trust • Profitable business and business continuity for both parties • Ensuring high quality and value for both parties • Supporting suppliers with their commitment to responsible and sustainable business conduct • Minimizing any adverse impact of operations on the environment and developing more sustainable materials • Ensuring ethical business conduct 	<ul style="list-style-type: none"> • Target to include more bio-based and recycled raw materials in the offering

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
<p>Investors, shareholders, analysts</p>	<ul style="list-style-type: none"> Website and investor pages, stock exchange releases and financial reports, investor events and meetings, general meetings 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Developing reporting and communications content based on feedback
<p>Industrial associations</p>	<ul style="list-style-type: none"> Active participation in the KiMuRa project led by the Finnish Plastics Industries Federation Active in standardization workgroups Active in various other national and international work groups to share knowledge and develop the industry, such as EuCIA, ACMA Active in ECCA the European Circular Composites Alliance 	<ul style="list-style-type: none"> Access to latest industry knowledge and information, legislation and standards Gaining voice towards legislators and other organizations Collaboration, knowledge-sharing and innovation to develop the industry Working to build networks for a functioning circular economy 	<ul style="list-style-type: none"> Developing recycling waste to cement route in own operations and reaching zero landfill to waste target Targeting a gradual move towards a more circular business model
<p>General community</p>	<ul style="list-style-type: none"> Cooperation with local universities and chambers of commerce Fairs and events Company website, reports, social media channels 	<ul style="list-style-type: none"> Raising awareness of Exel as an employer and community member Promoting research in connection to composites Supporting engineering education and ensuring a steady pipeline of skilled talent for the industry Supporting regional vitality and local employment, aim to be a positive contributor in communities and a responsible corporate citizen 	<ul style="list-style-type: none"> Support to local communities, for example through small donations to local associations and non-political activities.

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. 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 was reviewed and updated 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.

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.

Based on the climate risk assessment, a list of actions for each site was prepared and reviewed in 2025.

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 as 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 45
	E5 Resource use and circular economy	Resource inflows, including resource use	Page 53
		Resource outflows related to products and services	Page 53
		Waste	Page 53
Social			
	S1 Own workforce	Health and Safety	Page 67
Governance			
	G1 Business conduct	Corporate culture	Page 78
		Protection of whistleblowers	Page 78
		Corruption and bribery	Page 79
		Management of relationships with suppliers including payment practices	Page 79

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. Exel is actively working with several companies to evaluate new recycling technologies.

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 5.6 lost time injuries (LTIR) per million hours worked in 2025 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.

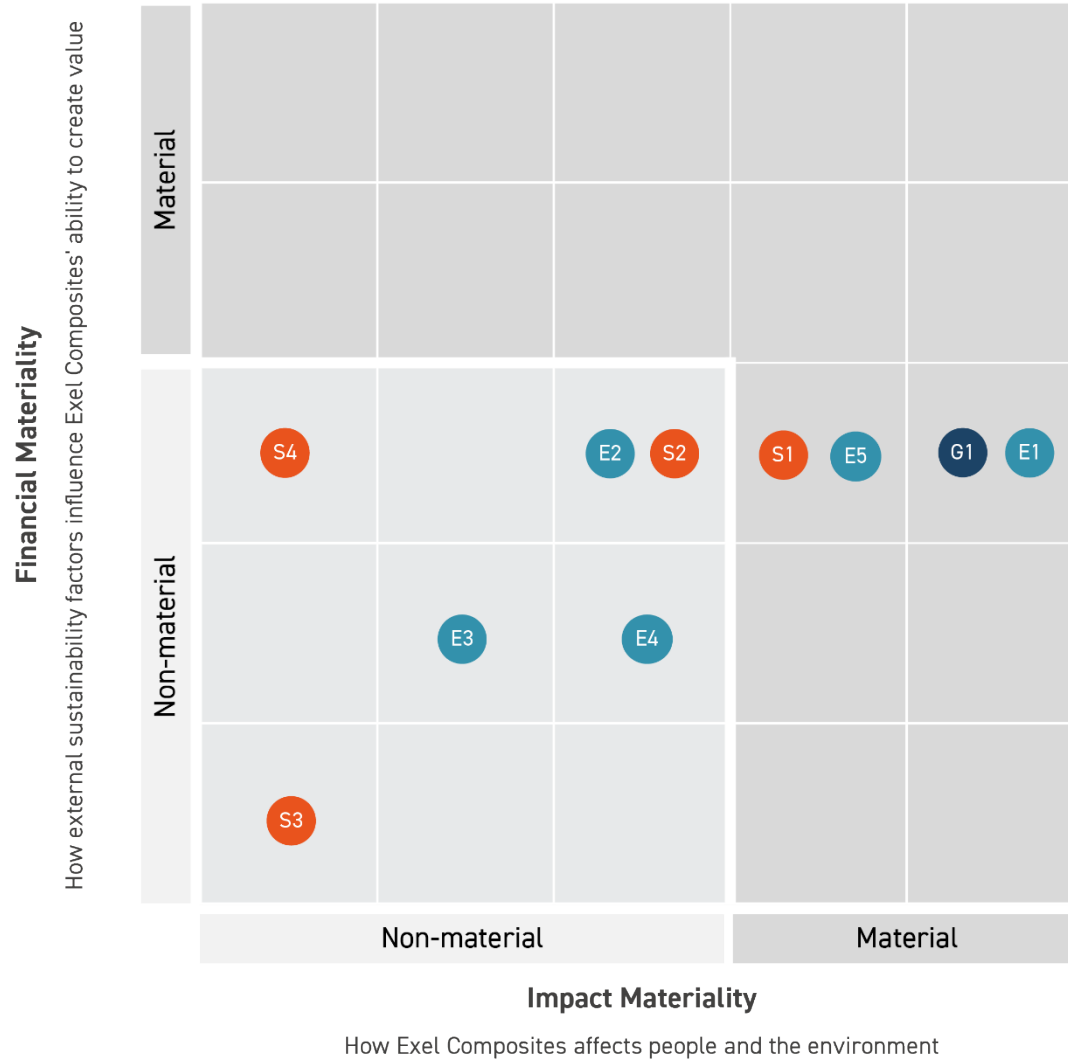
Through the years of systematic and goal-oriented safety development work, the number of occupational accidents has been reduced to almost one-tenth over a 10-year period. The development of occupational health and safety is largely guided by the ISO 45001/2017 standard, which sets high requirements 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. In 2025, Exel initiated an EHS program called "Safety in every fiber" which targets group-wide improvement of safety procedures and awareness.

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. Training on the Code of Conduct is available through our eLearning platform for office workers, and training for factory operators is planned to be delivered in classroom settings, using eLearning training videos as a tool to facilitate learning. 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 2025. Regular supplier audits include compliance with the Code of Conduct.

Overview of Exel's CSRD materiality topics



ESG Topics in the CSRD

Environment

- E1 Climate change
- E2 Pollution
- E3 Water and marine resources
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

People & society

- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end-users

Governance

- G1 Business conduct

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 is involved in industrial initiatives such as the European Circular Composites Alliance (ECCA) where circularity networks are being developed. Exel Composites continuously develops its emission reporting systems and actively uses Scope 3 calculations to determine GHG emissions, both own as well as from the supply chain. In addition, Exel Composites is involved in developing recycling methods for the composites industry. These efforts support the demand for Exel Composites' products.

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 in accordance with "Quick Fix" Delegated Regulation adopted by the European Commission.

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 MDR-P	Policies under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
	ESRS 2 MDR-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
ESRS 2		
	ESRS 2 MDR-M	Metrics under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
	ESRS 2 MDR-T	Targets under E1: Climate change mitigation E5: Resource use & circular economy S1: Own workforce G1: Business Conduct
ESRS E1		
	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
ESRS E5		
	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
ESRS S1		
	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
ESRS G1		
	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
Climate change mitigation			
<p>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.</p>	Actual negative impact	Own operations & value chain, long term	<ul style="list-style-type: none"> Exel's long-term targets for reducing GHG (scope 1 & 2) emissions Code of Conduct, Supplier Code of Conduct, Sustainability Policy, QEHS Policy, Travel Policy ISO 14001/2015 certificate in most of the operating countries and ISO 9001/2015 certificate in all operating countries Operations according to ISO 26000 principles Energy efficiency improvement in own operations Use of renewable energy sources and carbon-neutral electricity 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
<p>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.</p>	Actual positive impact	Own operation & value chain, long term	
<p>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 38.5 million, i.e. 37.3% of total revenue in 2025. Getting these Taxonomy-aligned through meeting the technical screening criteria can attract further investments and increase access to green financing. Out of Exel's revenue in 2025, EUR 27.7 million or 26.8% 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. The transition toward a lower-carbon economy and customers' efforts to reduce emissions are increasing demand for composites, including for applications that support climate change mitigation.</p>	Opportunities	Own operation and value chain	

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. The transition toward a lower-carbon economy and customers' efforts to reduce emissions are increasing demand for composites, including for applications that support climate change mitigation.

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 (methane, nitrous oxide, fluorinated gases) are not material, as they are not typical emissions in the supply chain. The emission factors used are CO₂e, 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. 28% of energy used was from renewable energy sources in 2025 (2024: 24%) such as solar power, wood pellet boilers, local district heating network using wood chips and air ventilation equipped with heat recovery, and 72% (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 CO₂e 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 Sustainability Policy, 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 takes 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 2025	2024	ACTIONS 2025
<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 & 2)* reduction according to UN established targets:</p> <ul style="list-style-type: none"> - Short term, by 2030: 50% reduction of Scope 1 & 2 GHG emissions - Long term, by 2050: Carbon neutrality 	<p>In total, Scope 1 & 2 GHG emissions were 2.7 thousand tons.</p> <p>GHG (Scope 1 & 2) emissions were reduced by 53% from 2018 when GHG (Scope 1 & 2) emissions were 5.8 thousand tons.</p>	<p>In total, Scope 1 & 2 GHG emissions were 3.7 thousand tons.</p> <p>GHG (Scope 1 & 2) emissions were reduced by 35% from 2018 when GHG (Scope 1 & 2) emissions were 5.8 thousand tons.</p>	<ul style="list-style-type: none"> • Actions to reduce energy consumption and improve energy efficiency continued on all sites. • 100% and 47% of electricity consumed in Finland and US respectively was guarantee of origin electricity. 53% of electricity consumed in the entire Group was guarantee of origin electricity (2024: 29%). • Solar power plants in Joensuu and Kapfenberg produced 387 (408 MWh) MWh energy. The share of renewable energy used was 28% (24%).

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 2025, majority (82%) 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 2018–2025 Exel reduced Scope 1 and 2 emissions by 53% from 5.8 thousand tons in 2018 to 2.7 thousand tons in 2025 (2024: 3.7), 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. In 2025 the company was able to further reduce the electricity related carbon emissions in the USA.

The share of renewable energy used in 2025 was 28% (24%). In 2025, Exel Composites' two solar power plants in Joensuu (Finland) and Kapfenberg (Austria) generated approximately 387 MWh/a (408 MWh/a) of renewable energy. 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.

The Austria factory uses only renewable electricity from water, wind, solar energy and biomass. In 2025, energy efficiency measures continued on all sites, and included adjustments of ventilation and lighting.

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 have been calculated and monitored 2025 onwards. Exel initiated Scope 3 emissions calculations and selected a tool for emissions calculations that was taken into use during 2025 to support the reporting. The company evaluates reporting Scope 3 emissions from 2026 onwards based on the data available.

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 Exel is looking for alternatives to advance the use of carbon-neutral energy also in United States, China, and India. 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 was completed during 2025, with possible implementation of plans during 2026–

2027. The plans include solar powerplant in China which was installed but not commissioned in 2025. Where appropriate, Exel will consider own investment in e.g. solar power plants, and purchasing green energy from local providers, among others.

Exel hasn't set any other detailed time horizons for completing each of these actions or quantified the expected overall contribution of each decarbonization lever to achieving the GHG emission reduction targets. Instead, Exel monitors annual progress against a linear reduction pathway and makes the necessary adjustments to its plans to ensure performance remains below (i.e., meets or exceeds) that pathway. 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 2025, Kineco Exel India completed the ramp-up of a new production facility in India focused on serving wind power customers in India and globally.

Energy consumption and mix

	2024	2025
Fuel Consumption from coal and coal products (MWh)	0	0
Fuel Consumption from crude oil and petroleum products (MWh)	356	229
Fuel consumption from natural gas (MWh)	2,091	1,907
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	6,483	5,494
Total fossil energy consumption (MWh)	8,929	7,629
Share of fossil sources in total energy consumption (%)	47	43
Consumption from nuclear sources (MWh)	5,458	5,159
Share of consumption from nuclear sources in total energy consumption (%)	29	29
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	1,661	1,531
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	2,690	3,127
The consumption of self-generated non-fuel renewable energy (MWh)	260	309
Total renewable energy consumption (MWh)	4,611	4,967
Share of renewable sources in total energy consumption (%)	24	28
Total energy consumption (MWh)	18,997	17,755

Energy intensity based on net revenue

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

	2024	2025
Total energy consumption from activities in high climate impact sectors (MWh)	18,997	17,755
Net revenue from activities in high climate impact sectors, EUR	99,613,524	103,194,158
Net revenue (other), EUR	0	0
Total net revenue, EUR (Financial statements)	99,613,524	103,194,158
Energy intensity ratio, MWh/EUR	0	0

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	2024	2025	Change %	2025	2030	2050	Annual % target / Base year
SCOPE 1 GHG EMISSIONS								
Gross Scope 1 GHG emissions (tCO ₂ eq)	904	553	469	-15.1	-30%	-50%	-100%	4.17
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	n/a	n/a	n/a	n/a				
SCOPE 2 GHG EMISSIONS								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	5,741	2,952	2,738	-7.2				
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	4,888	3,194	2,205	-31.0	-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. Each metric is based on the GHG Protocol methodology and validated by the emission accounting platform.

In 2025, total biogenic emissions were 664.9 tCO₂, of which 546.3 tCO₂ were Scope 1 and 118.6 tCO₂ were Scope 2. 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.

The source of the emission factors used for the location-based gross Scope 2 greenhouse gas emissions (tCO₂e) has changed compared to 2024. In 2025, Exel introduced an external emissions calculation platform, which applies different emission factor sources than those used in the company's manual calculations in 2024. The comparable figure for 2024 using the new emission factors is presented in the table. Last year the reported amount was 4,363 tCO₂e.

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"> Research projects for developing fossil free alternative materials in cooperation with suppliers
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	<ul style="list-style-type: none"> Research to improve the properties and durability of products Cooperation with customers in developing products
Customers may be incentivized by market trends and regulations to request products with a higher degree of circularity in projects.	Potential impact		<ul style="list-style-type: none"> Efficient production, and products developed on-demand in close cooperation with customers to avoid unnecessary waste
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	<ul style="list-style-type: none"> Waste reduction targets and waste management process
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	<ul style="list-style-type: none"> Investing in recycling equipment and know how in factories
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	<ul style="list-style-type: none"> Cooperation with customers, suppliers, partners and other industry players to find new recycling solutions
Reduction of waste: In 2025, 46% (2024: 68%) of Exel's composite waste was utilized in energy production and 28% (28%) was recycled. The year-on-year change is mainly explained by an increase in landfill waste at the US manufacturing unit.	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

In 2025, Exel adopted a Group Sustainability Policy that sets the principles for resource use and circular economy. The policy applies to all employees and anyone working for or representing Exel Composites.

It commits Exel to using natural resources responsibly and improving resource-efficient supply chains, including increasing the use of waste- and residue-based raw materials and contributing to the circular economy.

The policy is implemented through innovation and systematic, science-based R&D, including life cycle assessment (LCA), greenhouse gas emission calculations and problem-solving, which support the Exel's sustainability actions and continuous improvement. The company complies with all applicable regulatory requirements, company principles and the voluntary programs to which it subscribes, applying the stricter standard where they differ.

Implementation is coordinated through SVP, Technology and Sustainability, communicated internally and to relevant suppliers, and progress is monitored based on the company's main sustainability targets, with the policy reviewed annually.

Targets related to resource use and circular economy

EXEL'S GOAL	LONG-TERM GROUP TARGET	PROGRESS IN 2025	2024	ACTIONS 2025
<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	73% reduction from approximately 2,500 tonnes to landfill in 2018 to approximately 672 tons in 2025.	Target set for 2028 almost achieved: 99% reduction from approximately 2,500 tonnes to landfill in 2018 to approximately 19 tons in 2024.	<ul style="list-style-type: none"> Exel recycled more than 70% of the composite waste to cement production The company increased the commercial-scale use of bio-based resins introduced in 2024

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 expectation 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.

Targets for Zero waste to landfill is related to resource outflows, focusing on recycling layer in the waste hierarchy. Exel hasn't set any numerical 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 have been evaluated against this target. The target is for long term with no specific target year set. All new research projects initiated in 2025 and six out of eight 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 and taking into account relevant scientific evidence and available methodologies, where applicable. The use of renewable materials is researched together with suppliers, promoting sustainable sourcing and use of renewable resources.

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. 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 oxidized and carbonized. 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 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.

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 use increased during 2025. 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.

During 2024-2025 several partially bio-based unsaturated polyesters have been introduced into

mainstream production, replacing the glycol component of the resin with a bio-based glycol. This reduces the dependence on hydrocarbon sources.

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. 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 determined. 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 or maintenance, 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 during the lifetime of the end product.

Composites are very durable, leading to long lifetimes. The lifetimes can still be further extended 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. Waste is 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 is recycled or distilled at the sites or together with a service provider. The recycled solvents can then be used again.

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.

In 2025, 46% (68%) of Exel's composite waste was utilized in energy re-use, 28% (28%) was recycled and 23% was sent to landfill, majority of which was produced by the manufacturing unit in the United States. Manufacturing units in Austria, China, India, Belgium and UK did not have any landfill waste in 2025. 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 most 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.

Exel has been one of the key players to develop co-processing route for composites waste in Finland in the KiMuRa process lead by the Finnish Plastics Industries Federation. Now all composites profile waste at Exel's sites in Finland is utilized in co-processing in cement manufacturing. Here, end-of-life composites are used as mineral raw material and the rest for energy recovery), 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 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 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).

The packaging materials used by Exel are mainly reusable metal stillages, wooden pallets, cardboard and packaging plastics. 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 the packaging materials.

Carbon fiber composites are recycled mainly through pyrolysis process, where resin is removed and fibers recycled. The recycled fibers are used mainly as short fibers for different applications. 68% of the material (by weight) is recycled.

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	2025	2024
Bioresin	tons	214.4	39.5
Wooden packings	tons	764.7	2,389.0
Total weight of biological materials	tons	979.1	2,428.5
Reinforcements	tons	6,802.0	10,189.8
Resins	tons	2,479.3	3,435.9
Other materials and packings	tons	1,633.0	1,985.1
Total weight of technical materials	tons	10,914.2	15,610.8
Total weight of materials	tons	11,893.3	18,039.2
Sustainably sourced biological materials used for production	%	0	0
Secondary reused or recycled materials	%	0	0
Secondary reused or recycled materials	tons	0	0

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

Exel has decided to omit this information in accordance with "Quick Fix" Delegated Regulation adopted by the European Commission.

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

	2025	2024
Non-hazardous waste, tons		
Recycling	834	747
Other recovery operations	1,375	1,808
Landfill	672	19
Total non-hazardous waste, tons	2,881	2,574
Hazardous waste, tons		
Incineration	17	0
Other disposal operations	67	70
Total hazardous waste, tons	85	70
Total waste, tons	2,966	2,644
Total of non-recycled waste	757	89
Percentage of non-recycled waste, %	26	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.

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 2025, 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.

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:

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. Lightning renewal from fluorescent tubes to LED light.
CapEx	CCM 4.1 Electricity generation using solar photovoltaic technology	A remote control system enabling external management and emergency shutdown.

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**

Operational expenditure

The company does not report the related taxonomy-eligible and taxonomy-aligned operational expenditure as the amount is not significant.

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 solar power plant 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, USA, China and India.

The environmental impacts of all production sites assessed are managed within Exel's environmental management system. Both sites in Finland, site in Austria, 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.

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 mid-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. 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 Chemical Policy. 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 2025.

Preparation and accounting policy

The taxonomy-eligible turnover was higher in 2025 than in 2024 as Exel Composites' total turnover was higher. The proportion of taxonomy-eligible of total turnover at 37.3% was higher than in 2024 (31.3%) mainly due to the growth in Energy customer industry that is included in section 3.1. 'Manufacture of renewable energy technologies' as well as Transportation customer industry that is included in section 3.18. 'Manufacture of automotive and mobility components'.

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).

Total of operational expenditure is the total direct expenses presented in the income statement 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

The company has implemented the changes in accordance with Commission Delegated Regulation (EU) 2026/73.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities
Disclosure covering year 2025 (summary KPIs)

Financial year	2025	Breakdown by environmental objectives of Taxonomy aligned activities											Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year	Proportion of Taxonomy aligned activities in previous financial year
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities					
	EUR thousand	%	EUR thousand	%	%	%	%	%	%	%	%	%	%	EUR thousand	%		
Turnover	103,194	37.3	27,702	26.8	26.8						26.0	0.9	0	22,040	22.1		
CapEx	4,045	34.0	1,108	27.4	27.4						27.4	0	0	1,168	14.7		
OpEx	2,883													426	14.0		

Proportion of turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities

Disclosure covering year 2025 (activity breakdown)

Reported KPI	Turnover												
Financial year	2025												
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Environmental objective of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity			
		%	EUR thousand	%	%	%	%	%	%	%	E	T	%
Manufacture of renewable energy technologies	CCM 3.1	9.2	9,513	9.2	9.2						E		100.0
Manufacture of energy efficiency equipment for buildings	CCM 3.5	7.9	5,162	5.0	5.0						E		63.5
Manufacturing of aircraft	CCM 3.21	0.9	886	0.9	0.9							T	100.0
Manufacture of rail rolling stock constituents	CCM 3.19	2.0	2,084	2.0	2.0						E		100.0
Manufacture of automotive and mobility components	CCM 3.18	9.7	10,057	9.7	9.7						E		100.0
Manufacture of other low carbon technologies	CCM 3.6	7.5	0	0	0						E		0
Sum of alignment per objective					26.8	0	0	0	0	0			
Total KPI (Turnover)		37.3	27,702	26.8	26.8						26.0	0.9	

Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities

Disclosure covering year 2025 (activity breakdown)

Reported KPI	CapEx													
Financial year	2025													
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Environmental objective of Taxonomy aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible	
					Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity				
		%	EUR thousand	%	%	%	%	%	%	%	E	T	%	
Manufacture of renewable energy technologies	CCM 3.1	23.3	944	23.3	23.3						E		100.0	
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0.2	6	0.2	0.2						E		100.0	
Manufacture of automotive and mobility components	CCM 3.18	3.9	158	3.9	3.9						E		100.0	
Manufacture of other low carbon technologies	CCM 3.6	5.6	0	0	0						E		0	
Electricity generation using solar photovoltaic technology	CCM 4.1	0.3	0	0	0								0	
Installation, maintenance and repair of renewable energy technologies	CCM 7.3	0.7	0	0	0						E		0	
Sum of alignment per objective					27.4	0	0	0	0	0				
Total KPI (CapEx)		34.0	1,108	27.4	27.4						27.4	0		

SOCIAL RESPONSIBILITY

S1 – Own workforce

Material impacts, risks and opportunities related to own workforce

MATERIAL TOPIC	TYPE	LOCATION & TIME HORIZON	MANAGEMENT
Working conditions - Health and safety			
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 (LTIR) have reduced significantly over a 10-year period.	Positive actual impact	Own operations, short-term	<ul style="list-style-type: none"> • ISO 45001/2017 standard Code of Conduct, Quality, Environment, Health & Safety Policy, Chemicals policy • Group's Integrated QEHS Management Manual • CEO, QEHS manager and the dedicated sustainability team manage H&S • Occupational Health and Safety committees at sites • Reporting of actual accidents, near misses and unsafe conditions, root cause analyses of all actual accidents • Sharing LTIRs to all sites and all employees • Regular safety training sessions and safety communications at sites • Regular safety patrols and audits • Encouraging employees to make safety observations • 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 • Monitoring air quality and volatile organic compounds (VOC) emissions. • Employees' health monitored through medical checks • "Safety in every fiber" safety program
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 2025, Exel Composites' lost time injuries per million hours worked (LTIR) were 5.6 (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 sometimes 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. Office employees' workload is primarily cognitive and influenced by responsibilities, deadlines, and meeting-intensive schedules. As work is largely screen-based, ergonomics and regular movement are important to reduce strain. Workload intensity varies by role and can peak during reporting cycles, projects, and other time-critical periods.

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 over the 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 2025

Material impacts, risks and opportunities related to Exel's own workforce cover all employees and operating countries. In 2025, Exel employed a total of 667 (2024: 637) employees at the end of the year in Finland, China, Austria, United States, India, United Kingdom, and Australia. The average number of employees during the reporting period was 632 (632). The activities at the Belgium unit ceased by the end of the first quarter of 2025, and the employment of approximately 50 employees

ended. 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 office workers and factory operators. In addition, Exel has contracted workers in Finland, India and China, who are not included in the headcount. In 2025, 75% (77%) of Exel's employees were male and 25% (23%) female. 36% (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 labor. 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 subsidiary 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

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 2025, progress regarding the Group strategy was shared with all employees by managers, in internal town hall meetings and through internal newsletters.

Employee survey

Exel conducts global employee surveys annually to measure employee engagement and well-being and to gain an understanding of the development of employee experience. Based on the results, the company identifies focus areas where it aims to improve. The survey enables the company to track employee engagement in a consistent manner across all countries. All Exel employees are included in the survey, which can be answered on a PC, smartphone or tablet. The survey contains 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. The eNPS score improved during 2025 from the baseline.

Occupational health and safety committees

In all Exel's operating countries 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

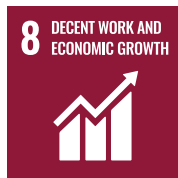
Exel Composites encourages employees and external stakeholders such as customers, suppliers and partners, to report any suspected misconduct or violations to Code of Conduct, company policies or the law through an anonymous whistleblowing channel, managed externally for an objective and confidential 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 2025, no human rights incidents were reported. During the reporting period, two whistleblowing notifications were received through the whistleblowing channel, both concerning internal practices and processes. Each notification was subject to a thorough investigation, which confirmed that corrective actions had already been implemented. Further follow-up actions were conducted to monitor continued progress. No fines, penalties, or compensation were paid or requested in connection with these matters.

Targets related to health and safety

EXEL'S GOAL	LONG-TERM GROUP TARGET	PROGRESS IN 2025	2024	ACTIONS 2025
<p>Providing a safe, fair, and welcoming environment for employees</p>	<p>Zero harm:</p> <p>No lost time injuries measured by LTIR (number of lost time injuries per million hours worked)</p>	<p>LTIR 5.6 / million hours worked</p> <p>Accidents were mainly cuts and manual handling.</p> <p>No fatal injuries occurred at any of the sites in 2025, similarly to earlier years.</p> <p>78 near-miss reports</p> <p>753 unsafe condition reports</p>	<p>LTIR 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 LTIRs 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 report</p>	<ul style="list-style-type: none"> • Monthly reviews of accidents, near misses and unsafe conditions • Regular safety patrols and audits • Investing in advanced equipment and protective gear • A Group-wide SOP (Standard Operating Procedure) on personal protective equipment (PPE) was developed, defining required PPE and the applicable manufacturing standard • Training and communication on H&S were increased, including the "Safety in every fiber" campaign

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 LTIR (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 2025.

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 2025, Exel had 5.6 lost time injuries per million hours worked (2024: 7.0). The target continues to be zero lost time injuries also in 2026.

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 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 LTIR 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

	2025	2024	2023	2022	2021
Target	0	0	5	8	5
Lost-time injuries / million hours worked	5.6	7.0	6.0	10.8	7.8

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.

Finland, Austria and China sites are certified to ISO 45001 standard, and there are plans to acquire the certification also for USA and India 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 investments in 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 2025

During 2025, 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. In addition, Exel developed and implemented a Sustainability Policy during 2025.

Based on the analyses and findings, safety was improved by investing in advanced equipment and protective gear but also developing safety instructions and adding training and communication. The themes covered in the internal awareness campaign in 2025 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.

Exel conducted a Group-level safety awareness campaign targeted to all employees. New safety topics will be introduced every month on the internal company newsletter, intranet and town hall meetings.

Actions planned for the future

Exel will continue a Group-level safety awareness campaign to run through 2026 targeted to all employees. New safety topics will be introduced every month on the internal company newsletter, intranet and town hall meetings.

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 in accordance with "Quick Fix" Delegated Regulation adopted by the European Commission.

Indicator / KPI	2025	2024
LTIR pcs/million working hours	5.6	7.0
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	8	10
Rate of recordable work-related accidents for own workforce	5.6	7.0
Number of days lost to work-related injuries and fatalities from work-related accidents related to employees	84	120
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	82.3 %	84.9 %
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	831	808

Lost time incidents per million working hours (LTIR) and reports on unsafe conditions are not ESRS requirements, but the company's own KPIs. All Exel's sites have been included in LTIR calculations for 2025. Kineco Exel Composites India joint venture has been included in statistics since 2023. The manufacturing at UK factory ended in 2023 and at Belgium factory in early 2025. 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 a lost time incident.

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 lost time incident 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 gender	2025	2024
Male	498	490
Female	169	147
Other	0	0
Not recorded	0	0
Total employees	667	637

Number of employees by countries	2025	2024
Finland	284	255
China	167	157
Austria	80	58
USA	75	60
Other countries	61	107
Total employees	667	637

Metrics related to employees	2025	2024
Rate of employee turnover during the reporting period %	23%	16%
Number of employees who have left the undertaking during the reporting period	149	98

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 from 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.

The calculation principals for employee turnover have been changed. It now includes all leavers, whatever the reason, divided by the average number of employees. The formula to calculate the average number of employees is (headcount 1 January + headcount 31 December)/2, resulting to 660 (631).

In 2024 only voluntary leavers with permanent employment were calculated in the employee turnover and the reported leavers were 57 and turnover rate was 9%. Increased turnover is explained by employee reductions resulting from the closure of the Belgian plant, as well as fixed-term contracts made to offset seasonal fluctuations.

Employees by contract type, broken down by gender	2025					2024				
	Male	Female	Other	Not recorded	Total	Male	Female	Other	Not recorded	Total
Total number of employees	498	169	0	0	667	490	147	0	0	637
Permanent employees	404	130	0	0	534	400	112	0	0	512
Fixed-term employees	92	38	0	0	130	90	35	0	0	125
Non-guaranteed hours employees	2	1	0	0	3	2	2	0	0	4
Full-time employees	490	155	0	0	645	483	133	0	0	616
Part-time employees	8	14	0	0	22	5	12	0	0	17

Employees by contract type, broken down by region	2025						2024					
	Finland	China	Austria	USA	Other countries	Total	Finland	China	Austria	USA	Other countries	Total
Total number of employees	284	167	80	75	61	667	255	157	58	60	107	637
Permanent employees	269	51	80	74	60	534	243	51	58	59	101	512
Fixed-term employees	12	116	0	1	1	130	12	106	0	1	6	125
Non-guaranteed hours employees	3	0	0	0	0	3	4	0	0	0	0	4
Full-time employees	275	167	71	73	59	645	248	157	52	58	101	616
Part-time employees	9	0	9	2	2	22	3	0	6	2	6	17

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"> 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 Internal controls Employment contracts include Code of Conduct and Anti-Corruption Policies as attachments All suppliers are required to commit to Exel's Supplier Code of Conduct Ethical corporate culture is measured with employee engagement surveys Whistleblowing channel is open to all internal and external stakeholders, and the whistleblowers are protected against retaliation 	
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"> Code of Conduct, Supplier Code of Conduct, Anti-Corruption policy, Decision-making and signing policies, Whistleblowing guidelines Internal controls Employment contracts include Code of Conduct and Anti-Corruption Policies as attachments Ethical corporate culture is measured with employee engagement surveys Whistleblowing channel All suppliers are required to commit to Exel's Supplier Code of Conduct Exel has mostly long-term supplier relationships with large global suppliers that comply with strict sustainability and ethical requirements Regular supplier audits include compliance with the Code of Conduct Supplier assessment forms used for audits of existing suppliers and supplier qualification questionnaires for selection of new suppliers 	
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 further during 2025.	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's 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. The Code of Conduct, anti-bribery and whistleblowing videos are already available on the eLearning platform, and the company plans to address the trainings to the employees once a month. Even though trainings did not take place yet in 2025, the Code of Conduct policy is available on the intranet and is part of onboarding for new hires.

The Sustainability Policy provides guidance on Exel Composites' sustainability activities. It signals our commitment to sustainable operations and our ambition to continually improve in this area. This Policy outlines what these commitments mean in our daily work.

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 improved 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 2025, Exel conducted a total of 10 audits in Europe and North America and updated its supplier quality system questionnaire by introducing an ISO 9001 and IATF 16949–based process audit template, separating product and system audit templates, updating the supplier audit work instruction and adding guidance for audit planning. A supplier must score 2 or more 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. Anti-corruption and anti-bribery training was made available to employees in functions-at-risk in 2025 and will be monitored through the global HR platform. As the reporting functionality was implemented at the end of 2025, quantitative training coverage (percentage of functions-at-risk) and completion data is available only from 2026 onwards. The training for members of the administrative, management, and supervisory bodies is provided in a similar way to all employees in general. Typically, these policies are part of the onboarding plan. Therefore, both employees and management are well briefed from the start of employment.

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 2025. 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.

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 47 days in 2025 (2024: 59). 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 8% (2024: 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, Australia, 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 2025.

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 2026, as the global human resource platform was fully launched in 2025 and there will be 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 2021–2025

Key figures illustrating financial trends

	2025	2024	2023	2022	2021
Revenue	103,194	99,614	96,815	136,988	134,365
Operating profit	2,212	-2,853	-4,863	3,002	3,744
% of revenue	2.1	-2.9	-5.0	2.2	2.8
Adjusted operating profit	3,628	1,704	-2,446	8,029	6,029
% of revenue	3.5	1.7	-2.5	5.9	4.5
EBITDA	7,133	4,246	3,832	10,123	11,946
Adjusted EBITDA	8,548	7,624	4,059	15,149	12,435
Profit before taxes	-5,736	-3,778	-8,254	3,600	4,165
Total assets	89,230	88,983	85,028	113,058	117,698
Return on equity %	-20.1	-20.1	-38.7	7.0	5.5
Return on capital employed, %	3.6	-4.3	-6.8	3.7	4.8
Equity ratio, %	32.2	36.8	20.9	26.9	26.8
Net gearing, %	79.8	60.3	185.7	102.4	119.9
Net debt to adjusted EBITDA 1)	2.6	2.6	8.1	2.1	3
Capital expenditure	3,133	2,658	3,523	4,592	9,989
% of revenue	3.0	2.7	3.6	3.4	7.4
Research and development costs	3,792	3,738	3,711	3,426	3,310
% of revenue	3.7	3.8	3.8	2.5	2.5
Average personnel	632	632	667	732	715
Personnel at year end	667	637	623	721	753

Share data

	2025	2024	2023	2022	2021
Earnings per share (EPS), EUR	-0.05	-0.07	-0.77	0.19	0.14
Adjusted earnings per share (EPS), EUR	-0.05	-0.07	-0.77	0.19	0.14
Equity per share, EUR	0.26	0.49	1.47	2.53	2.58
Dividend per share, EUR 2)	0	0	0	0.20	0.20
Payout ratio, %	0	0	0	103.4	139.8
Effective yield of shares, %	0	0	0	3.7	2.5
Price/earnings (P/E)	-7.84	-5.91	-3.23	29.95	57.87
Price to book ratio, (P/B)	1.69	0.92	1.70	2.11	3.07

¹⁾ Last 12 months' adjusted EBITDA

²⁾ Adjusted for the dilution of option rights

³⁾ Board proposal for dividend to the AGM 2026

Environmentally sustainable activities

	2025	2024	2023	2022	2021
Turnover of taxonomy-eligible economic activities, %	37.3	31.3	28.1	37.8	32.6
Capital expenditure of taxonomy-eligible economic activities, %	34.0	15.5	13.0	13.7	11.6
Operational expenditure of taxonomy-eligible economic activities, %	n/a	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	2025	2024
Revenue	5	103,194	99,614
Other operating income	7	1,717	375
Increase (+) / Decrease (-) in inventories of finished goods and work in progress		-294	-4,697
Materials and services		-39,735	-34,170
Employee benefit expenses	9	-35,382	-35,625
Depreciation	11	-4,920	-5,920
Impairment	11	0	-1,179
Other operating expenses	8, 10	-22,367	-21,252
Operating profit		2,212	-2,853
Financial income	17	462	2,575
Financial expenses	16	-8,410	-3,500
Profit before tax		-5,736	-3,778
Income taxes	15	-336	-1,249
Profit/loss for the period		-6,073	-5,027

EUR thousands	Notes	2025	2024
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations	15	1,821	-983
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains (+) / losses (-), net of tax	15	0	33
Total comprehensive income		-4,251	-5,977
Profit/loss attributable to:			
Owners of the parent company		-5,490	-4,663
Non-controlling interests		-583	-364
Comprehensive income attributable to:			
Owners of the parent company		-3,580	-5,631
Non-controlling interests		-672	-346
Total earnings per share, basic and diluted, EUR	13	-0.05	-0.07

Consolidated statement of financial position

As at the end of the financial year

EUR thousands	Notes	2025	2024
ASSETS			
Non-current assets			
Goodwill	18	11,564	12,494
Other intangible assets	18	783	1,146
Tangible assets	19	20,183	21,620
Right-of-use assets	19	4,095	4,980
Other non-current investments	20	48	48
Other non-current receivables	20	0	454
Deferred tax assets	14	231	165
Total non-current assets		36,904	40,907
Current assets			
Held for sale assets	20	0	571
Inventories	22	17,966	17,373
Trade and other receivables	23	22,417	19,227
Cash at bank and in hand	24	11,942	10,904
Total current assets		52,326	48,076
Total assets		89,230	88,983

EUR thousands	Notes	2025	2024
EQUITY AND LIABILITIES			
Share capital	32	2,141	2,141
Other restricted equity		1,080	1,080
Invested unrestricted equity fund		22,416	22,416
Translation differences		3,047	1,137
Retained earnings		4,755	9,412
Profit for the period		-5,490	-4,663
Equity attributable to the equity holders of parent company		27,950	31,523
Non-controlling interests		142	814
Total equity		28,092	32,337
Non-current liabilities			
Interest-bearing liabilities	25, 30	5,259	4,879
Non-current lease liabilities	25	2,986	3,904
Non-current interest-free liabilities	26	1,233	1,163
Deferred tax liabilities	14	174	304
Total non-current liabilities		9,652	10,249
Current liabilities			
Interest-bearing liabilities	25	24,795	20,054
Current lease liabilities	25	1,331	1,577
Trade and other current liabilities	26	24,871	24,554
Income tax payable		490	211
Total current liabilities		51,487	46,396
Total equity and liabilities		89,230	88,983

Consolidated statement of cash flows

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

EUR thousands	Notes	2025	2024
Cash flow from operating activities			
Profit for the period		-6,073	-5,027
Non-cash adjustments to reconcile profit to net cash flow	35	12,508	9,302
Change in working capital		-3,568	-251
Cash flow generated by operations		2,867	4,024
Interest paid		-1,935	-1,802
Interest received		96	332
Other financial items		-1,455	-1,269
Income taxes paid		-536	-703
Net cash flow from operating activities		-963	581
Cash flow from investing activities			
Purchase of non-current assets		-3,133	-2,716
Proceeds from sale of non-current assets		2,088	122
Net cash flow from investing activities		-1,045	-2,595
Cash flow before financing activities		-2,008	-2,014

EUR thousands	Notes	2025	2024
Cash flow from financing activities			
Proceeds from long-term borrowings		84	5,732
Proceeds from share issue		0	19,876
Capital investment by non-controlling interrests		0	911
Change in short-term loans		5,265	-23,136
Installments of lease liabilities		-1,577	-1,419
Treasury shares		-233	-230
Net cash flow from financing activities		3,539	1,734
Change in liquid funds			
Liquid funds at the beginning of period		10,904	10,952
Exchange rate fluctuations on liquid funds		-493	232
Liquid funds at the end of period		11,942	10,904

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
2024							
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
2025							
Balance at the beginning of the period	2,141	1,080	22,416	1,137	4,749	814	32,337
Comprehensive result				1,910	-5,490	-672	-4,251
Defined benefit plan actuarial gains (+) / loss (-), net of tax					0		0
Other items 3)						0	0
Dividend					0		0
Acquisition / transfer of Treasury shares 2)					72		72
Share-based payments reserve					-64		-64
Share issue			0				0
Share issue costs			0				0
Postings related to previous financial period 1)					-2		-2
Balance at the end of the period	2,141	1,080	22,416	3,047	-735	142	28,092

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 3 March 2026. Final decision to adopt, change or reject the financial statements is made by shareholders in Annual General Meeting on 26 March 2026.

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

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, China, Finland, India 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 2025. 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 2025 financial period

- IAS 21 Lack of Exchangeability

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

- IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments
- IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity
- IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 Annual improvements
- IAS 21 Translation to a Hyperinflationary Presentation Currency
- IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements

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. Basically 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.

For long-term, project-based sales, revenue may be recognized over time using the percentage-of-completion method, provided this approach most accurately reflects the satisfaction of the performance obligation. The measure of progress is typically determined by comparing actual costs incurred to the estimated total costs required to satisfy the performance obligation.

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

	2025	2024
Europe	67,340	65,081
North America	22,719	21,789
Asia-Pacific	11,192	11,241
Rest of world	1,944	1,503
Total	103,194	99,614

Revenue from the biggest customer amounted to EUR 6,998 (6,065) thousand in 2025. The revenue of the biggest customer was reported under the Wind power customer industry.

Revenue from project-based sales, where percentage-of-completion method was used for revenue recognition, was EUR 664 thousand in 2025. Prior to this financial year, the Group did not have long-term project-based sales where revenue would have been recognized over time using the percentage-of-completion method.

Total assets according to geographic location

	2025	2024
Europe	48,537	48,121
North America	10,950	11,439
Asia-Pacific	29,743	29,423
Total	89,230	88,983

Capital expenditure according to geographic location

	2025	2024
Europe	1,421	1,041
North America	209	601
Asia-Pacific	1,503	1,016
Total	3,133	2,658

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	2025	2024	2025	2024
		Average rate	Average rate	Closing rate	Closing rate
Australia	AUD	1.75150	1.63940	1.75810	1.67720
UK	GBP	0.85670	0.84670	0.87260	0.82918
China	RMB	8.11480	7.78610	8.22620	7.58330
India	INR	98.45990	90.52860	105.59650	88.93350
USA	USD	1.12930	1.08200	1.17500	1.03890
Hong Kong	HKD	8.80430	8.44290	9.14640	8.06860

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.

	2025	2024
Insurance compensations	115	30
Grants	352	95
Rental income	16	18
Gain on disposal of fixed assets	1,155	174
Other operating incomes	78	58
Total	1,717	375

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.

	2025	2024
Audit fees	425	232
Tax consultation provided by the Audit company	0	2
Other services provided by the Audit company	7	119
Rents on leases with short lease period	334	489
Rents on leases for assets with low value	74	76
Losses on disposal of assets	217	33
Production variable expenses	10,585	9,504
Other operating expenses	10,726	10,797
Total	22,367	21,252

NOTE 9 Employee benefit expenses

	2025	2024
Wages and salaries	29,240	28,989
Pension costs – defined contribution schemes	3,480	3,168
Pension costs – defined benefit schemes	-12	-27
Other employee benefits	2,675	3,495
Total	35,382	35,625

Average number of personnel	632	632
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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 2025 and 2024.

The income statement includes research and development costs entered as costs amounting to EUR 3,792 (3,738) thousand in 2025. 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

	2025	2024
Intangible assets	412	655
Tangible assets		
Buildings	383	377
Buildings, right-of-use assets	1,258	1,469
Machinery and equipment	2,806	3,361
Machinery and equipment, right-of-use assets	62	58
Total	4,920	5,920

Impairment and write-down of assets

	2025	2024
Intangible assets	0	23
Goodwill	0	209
Tangible assets		
Buildings, right-of-use assets	0	326
Machinery and equipment	0	621
Total	0	1,179

The Group has closed its factory in Belgium during the financial year 2025. The Group recorded a total of EUR 1.2 million write-down on intangible and tangible assets as a provision during 2024.

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 2025 approved the Board's proposal that no dividend be paid for the financial year 2024.

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

Following the balance sheet date, the Board of Directors has proposed to the Annual General Meeting that no dividend be paid for 2025 based on the adopted financial statements for the financial year ended 31 December 2025.

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.

	2025	2024
Profit for the financial year attributable to ordinary equity holders of the parent company, EUR thousands	-5,490	-4,663
Weighted average number of outstanding shares during the financial year, 1,000 shares	105,810	63,729
Basic and diluted earnings per share, EUR/share	-0.05	-0.07

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 assets in 2025

	1 January	Recognized in income statement	Exchange rate differences	31 December
Intercompany profit in inventory	68	73	-5	136
Intercompany profit in fixed assets	3	-2	0	1
Other temporary differences	126	-5	-2	119
Offset with deferred tax liabilities	-67	-3		-70
IFRS16	35	15	-4	45
Net deferred tax assets	165	77	-12	231

Deferred tax liabilities in 2025

	1 January	Recognized in income statement	31 December
Other temporary differences	370	-125	245
Offset with deferred tax assets	-67	-3	-70
Net deferred tax liabilities	304	-129	174

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
Net deferred tax assets	643	-478	-11	12	165

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
Net deferred tax liabilities	311	-8	1	304

The Group had taxable net losses on 31 December 2025 of EUR 36,719 (39,245) thousand, of which the Company has not recorded deferred tax assets. Subsidiaries in which the losses arose are not expected to gain significant taxable profits of which deferred tax assets could be offset in the near future.

IAS 12 Income Tax, cumulated tax losses

Group's subsidiary in USA has cumulated tax losses from 2018 to 2025. 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 2024-2025. The Group has closed the factory in Belgium and therefore will not be able to utilize the taxable losses against future profits.

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.

	2025	2024
Income tax based on taxable income for the financial year	638	647
Income taxes from previous financial periods	-96	132
Deferred taxes	-206	470
Total income taxes reported in the income statement	336	1,249

Income tax recognized in other comprehensive income 2025

	Before tax	After tax
Exchange differences on translating foreign operations	1,821	1,821
Total	1,821	1,821

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
Total	-939	-11	-950

Income tax reconciliation

	2025	2024
Profit before taxes	-5,736	-3,778
Consolidated income taxes at Group's domestic tax rate (20%)	-1,147	-756
Impact of different tax rates of foreign subsidiaries	-163	-273
Tax-exempt income and non-deductible expenses	-42	-16
Tax at source booked as cost	45	102
Income taxes for prior years	-96	132
Effect of deferred tax assets not recognized	1,931	1,819
Other items	-191	241
Income tax recognized in consolidated income statement	336	1,249
Effective tax rate	-5.9	-33.1

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 2025 and 2024, the Group had no assets where the borrowing costs would have been capitalized.

	2025	2024
Interest expenses on debts and borrowings	1,616	1,790
Interest expenses on lease liabilities	197	152
Foreign exchange losses	5,232	384
Other finance expenses	1,366	1,174
Total finance expenses	8,410	3,500

Exchange differences for sales (exchange rate loss EUR -146 thousand) and purchases (exchange rate loss EUR -1 thousand) are entered in the income statement in the appropriate sales and purchase accounts.

NOTE 17 Financial income

	2025	2024
Interest income on loans and receivables	61	181
Foreign exchange gains	400	2,394
Other finance income	1	1
Total finance income	462	2,575

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

	2025	2024
Acquisition cost at 1 January	19,687	19,540
Disposals	-130	0
Exchange rate differences	-1,071	147
Acquisition cost at 31 December	18,486	19,687
Accumulated amortization and impairment at 1 January	-7,193	-6,955
Impairments 1)	0	-209
Disposals	130	0
Exchange rate differences	141	-29
Accumulated amortization and impairment at 31 December	-6,922	-7,193
Book value at 1 January	12,494	12,585
Book value at 31 December	11,564	12,494

1) More details on write-downs in Note 11

Other intangible assets

	2025	2024
Acquisition cost at 1 January	5,818	5,868
Additions	63	0
Disposals	-99	0
Exchange rate differences	-239	-50
Acquisition cost at 31 December	5,543	5,818
Accumulated amortization at 1 January	-5,497	-5,349
Amortization for the period	-175	-204
Impairments 1)	0	-4
Disposals	99	0
Exchange rate differences	220	60
Accumulated amortization at 31 December	-5,353	-5,497
Book value at 1 January	320	519
Book value at 31 December	190	320

1) More details on write-downs in Note 11

Other long-term expenses

	2025	2024
Acquisition cost at 1 January	8,936	8,792
Additions	0	1
Disposals	-414	0
Transfers between asset groups	45	134
Exchange rate differences	-291	9
Acquisition cost at 31 December	8,276	8,936
Accumulated amortization at 1 January	-8,109	-7,639
Amortization for the period	-237	-451
Impairments 1)	0	-19
Disposals	414	0
Exchange rate differences	251	0
Accumulated amortization at 31 December	-7,682	-8,109
Book value at 1 January	825	1,152
Book value at 31 December	593	825

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

	2025	2024
Acquisition cost at 1 January	1,049	1,049
Acquisition cost at 31 December	1,049	1,049
Book value at 1 January	1,049	1,049
Book value at 31 December	1,049	1,049

Buildings and structures

	2025	2024
Acquisition cost at 1 January	14,008	13,902
Additions	129	33
Transfer between asset group	35	82
Exchange rate differences	-15	-10
Acquisition cost at 31 December	14,158	14,008
Accumulated amortization at 1 January	-5,855	-5,488
Amortization for the period	-383	-377
Exchange rate differences	15	10
Accumulated amortization at 31 December	-6,224	-5,855
Book value at 1 January	8,153	8,415
Book value at 31 December	7,934	8,153

Buildings and structures, right-of-use assets

	2025	2024
Acquisition cost at 1 January	12,332	6,729
Additions	748	5,228
Disposals	-1,867	0
Exchange rate differences	-1,007	375
Acquisition cost at 31 December	10,206	12,332
Accumulated amortization at 1 January	-7,438	-5,431
Amortization for the period	-1,258	-1,469
Impairment 1)	0	-326
Disposals	1,867	0
Exchange rate differences	531	-211
Accumulated amortization at 31 December	-6,297	-7,438
Book value at 1 January	4,895	1,298
Book value at 31 December	3,909	4,895

1) More details on write-downs in Note 11

Machinery and equipment

	2025	2024
Acquisition cost at 1 January	63,148	61,279
Additions	2,307	1,118
Disposals	-6,295	-179
Transfers between asset groups	1,362	286
Exchange rate differences	-1,654	643
Acquisition cost at 31 December	58,868	63,148
Accumulated amortization at 1 January	-52,528	-48,167
Amortization for the period	-2,806	-3,402
Impairment 1)	0	-621
Disposals	5,733	112
Exchange rate differences	1,080	-450
Accumulated amortization at 31 December	-48,522	-52,528
Book value at 1 January	10,619	13,112
Book value at 31 December	10,345	10,619

1) More details on write-downs in Note 11

Machinery and equipment, right-of-use assets

	2025	2024
Acquisition cost at 1 January	485	408
Additions	163	72
Disposals	-221	0
Exchange rate differences	-10	5
Acquisition cost at 31 December	417	485
Accumulated amortization at 1 January	-400	-338
Amortization for the period	-62	-58
Disposals	221	0
Exchange rate differences	9	-4
Accumulated amortization at 31 December	-232	-400
Book value at 1 January	85	69
Book value at 31 December	185	85

Advance payments and construction in progress

	2025	2024
Acquisition cost at 1 January	1,799	756
Additions	635	1,506
Transfers between asset groups	-1,443	-502
Disposals	-36	0
Exchange rate differences	-100	40
Acquisition cost at 31 December	855	1,799
Book value at 1 January	1,799	756
Book value at 31 December	855	1,799

NOTE 20 Other non-current assets

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

	2025	2024
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. In the previous consolidated financial statements the property was presented as Held for sale assets with the book value on the closing date. The sale was finalized during 2025.

Land and water areas, held for sale

	2025	2024
Acquisition cost at 1 January	392	374
Disposals	-379	0
Exchange rate differences	-13	18
Acquisition cost at 31 December	0	392
Accumulated amortization at 1 January	-158	-151
Disposals	153	0
Exchange rate differences	5	-7
Accumulated amortization at 31 December	0	-158
Book value at 1 January	233	223
Book value at 31 December	0	233

Buildings and structures, held for sale

	2025	2024
Acquisition cost at 1 January	1,079	1,029
Disposals	-1,044	0
Exchange rate differences	-35	49
Acquisition cost at 31 December	0	1,079
Accumulated amortization at 1 January	-741	-707
Disposals	717	0
Exchange rate differences	24	-34
Accumulated amortization at 31 December	0	-741
Book value at 1 January	338	322
Book value at 31 December	0	338

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 4.637% from 1 January 2025, 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	2025	2024
Depreciation expense of right-of-use assets (note 11)	-1,319	-1,527
Rental expenses relating to short-term leases (note 8)	-334	-489
Rental expenses relating to leases of low value assets (note 8)	-74	-76
Rental income (note 7)	16	18
Interest expenses on lease liabilities (note 16)	-197	-152
Deferred tax assets and liabilities relating to lease contracts (note 14)	15	12
	-1,893	-2,215
Cash outflow for leases, continued and discontinued operations	2025	2024
Paid interest expenses on lease liabilities (note 35)	-197	-152
Repayment of lease liabilities	-1,577	-1,419
Rental expenses	-408	-566
	-2,182	-2,136

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.

	2025	2024
Raw materials	8,599	8,672
Work in progress	3,020	2,951
Finished products and goods	6,348	5,751
Total inventories	17,966	17,373

During 2025 an expense of EUR 9 (784) thousand was recognized to reduce the book value of inventories to their net realizable value. In the comparison year 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.

	2025	2024
Trade receivables	16,823	13,999
Deferred income	1,079	967
Other receivables	3,975	4,012
Tax receivables	541	248
Total receivables	22,417	19,227

During the 2025 financial year credit losses of EUR -191 (-308) thousand were recorded, consisting of actual credit losses amounting to EUR -439 (-117) thousand and change in the bad debt provision amounting to EUR 249 (-190) thousand covering all overdue trade receivables which are over 90 days overdue.

Other receivables include EUR 328 thousand of receivables related to revenue recognition using the percentage-of completion method.

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
2025	16,823	13,649	1,942	722	509
2024	13,999	11,550	1,343	584	523

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 11,942 (10,904) 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

	2025	2024
Loans from financial institutions	5,358	5,073
Financial arrangement costs	-99	-195
Lease liabilities	2,986	3,904
Total	8,244	8,783

Current interest-bearing loans and borrowings

	2025	2024
Loans from financial institutions	23,000	19,569
Financial arrangement costs	-99	-584
Lease liabilities	1,331	1,577
Cheque account with overdraft facility	1,846	1,069
Loans from others	47	0
Total	26,126	21,631

In December 2025, Exel Composites renewed its 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 7.0 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 22.3 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 2025 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)

	2025	2024
2026	0	4,879
2027	235	0
2028	5,024	0
2029	0	0
2030	0	0
Total	5,259	4,879

Maturity of non-current lease liabilities

	2025	2024
2026	0	1,107
2027	1,087	944
2028	1,106	971
2029	772	881
2030	20	0
Total	2,986	3,904

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.

	2025	2024
Trade payables	10,887	11,721
Accrued expenses	7,965	7,080
Advance payments	2,053	1,200
Other current interest-free liabilities	3,965	4,553
Non-current interest-free liabilities	1,233	1,163
Total	26,104	25,717

NOTE 27 Impairment testing of goodwill and intangibles with indefinite lives

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

Distribution of goodwill

	2025	2024
Engineered Solutions business unit	822	822
Industrial Solutions business unit	4,551	5,182
Exel Composites Group	6,191	6,489
Total	11,564	12,494

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 (5 years + residual). 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 10.5% (11.4).

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 1.8%, or alternatively, the average discount rate increases to over 14.2% (15.1) there would be a situation where the recoverable value would not exceed the carrying amount.

Discount rate that was used in the impairment tests varied depending on the business unit between 10.2% and 11.5%. Depending on the business unit a decrease by 1.0–3.0 percentage points to the EBITDA margin or alternatively an increase by 2.1–7.6 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 Group did not hedge its net foreign investments exposure during 2025 or 2024. 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

	2025	2024
AUD	4,369	4,461
GBP	7,331	6,798
RMB	5,165	4,622
INR	316	1,809
HKD	980	2,075
USD	-31,102	-30,773

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

2025	AUD	GBP	RMB	INR	HKD	USD
Increase in currency rate vs. EUR, %	5%	5%	5%	5%	5%	5%
Effect on equity, EUR	218	367	258	16	49	-1,555

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	-1539

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	28,160	94%
INR	1,894	6%

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 301 (249) 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 2025 amounting to EUR 22.3 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 2025 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.

2025	Less than 3 months	3-12 months	1-5 years	Total
Interest-bearing liabilities	21,000	5,126	8,244	34,370
Trade and other current payables (excl. accrued liabilities)	16,905			16,905

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

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 2025, 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.

	2025	2024
Interest-bearing liabilities	34,370	30,414
Cash and cash equivalents	11,942	10,904
Net interest-bearing liabilities	22,428	19,509
Shareholders' equity	28,092	32,337
Net gearing, %	79.8	60.3

NOTE 29 Contingent liabilities

	2025	2024
Commitments on own behalf		
Mortgages	177,410	177,410
Floating charges	57,720	57,720
Operating leases		
Not later than one year	112	189
1-5 years	59	81
Other liabilities	1,000	1,200

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 appealed against the decision and the appeal process in the court started in December 2025.

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

	2025	2025	2024	2024
	Net fair value	Nominal value	Net fair value	Nominal value
Trade and other receivables	22,417	22,417	19,227	19,227
Cash and cash equivalents	11,942	11,942	10,904	10,904
Bank loans	28,162	28,160	23,967	23,864
Current credit facilities	1,846	1,846	1,069	1,069
Trade and other payables (excl. accrued liabilities)	18,139	18,139	18,637	18,637

During the reporting period, or the comparative period, the Group had no derivative financial instruments of which the changes in the fair value would be 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

	2025	2024
Pension cost for the financial year	3,480	3,168
Changes in benefit schemes	-12	-27
Total included in personnel expenses	3,468	3,141

Amounts recognized in the balance sheet

	2025	2024
At the beginning of financial period	276	347
Pension expenses in the income statement	-12	-27
Defined benefit plan actuarial gains (+) / losses (-)	0	-44
At the end of financial period	264	276

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. 2024	11,897	2,141	2,539	4,681
31.12. 2024	106,085	2,141	22,416	24,557
31.12. 2025	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 2025 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 2024 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 2026.

Exel Composites held 1,167,527 own shares at the end of 2025, 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 2025 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 2024 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 2026.

These authorizations were not exercised in 2025.

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 2025 the Group had three ongoing share-based long-term incentive (LTI) plans (2023–2025) and one plan (2022) for which the planned payout date was in 2025:

The 2022 plan (earning period 2022–2024)

The 2022 plan was part of a share-based long-term incentive program for the earning period 2022–2024 and was targeted at approximately 20 executives. The President and CEO and the Group Management Team were included in the target group. The performance measures were 75% cumulative adjusted operating profit (EBIT) and 25% total shareholder return (TSR) of the Company's share. The maximum aggregate number of shares to be delivered under the plan was 100,000 shares, corresponding to a maximum notional value of approximately EUR 0.7 million based on the fair value at the measurement date (EUR 6.68 per share). The planned payout date was in 2025; however, the payout was zero. The plan included a one-year lock-up period and the total length of the earning and vesting periods was four years.

The 2023 plan (earning period 2023–2025)

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. The performance measure is the relative TSR of Exel Composites' share, where Exel's TSR is compared against the TSR of shares listed on Nasdaq Helsinki. The maximum aggregate number of shares to be delivered under the plan is 140,000 shares, corresponding to a maximum notional value of approximately EUR 0.6 million based on the fair value at the measurement date (EUR 3.95 per share). The potential share reward would have been payable in spring 2026, but based on the performance development as at 31 December 2025 and confirmed by the Board, no payment will occur. The plan includes a one-year lock-up period and the total length of the earning and vesting periods is four years.

The 2024 plan (earning period 2024–2026)

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 for the period 2024–2026. 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 Exel's TSR is compared to the OMX Helsinki Gross Index (OMXHGI). The plan is targeted at a 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 plan was approximately EUR 0.8 million, corresponding 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 decided to adjust the maximum number of shares to 2,650,000 while maintaining the program value due to the effect of the rights issue on the prevailing number of shares and share price. In 2025, the Board harmonized the terms of the LTI 2024–2026 plan with those of the 2025–2027 plan, including an annual payout and lock-in structure. In 2025, there was a payout under the 2024 plan of EUR 74 thousand for all participants combined.

The 2025 plan (earning period 2025–2027)

The Board of Directors of Exel Composites Plc decided to initiate a new share-based long-term incentive program 2025–2027 for the leadership of the Company. The performance targets applied to the plan commencing in 2025 are (i) total shareholder return (TSR) of Exel Composites' share and (ii) progress of reducing greenhouse gas emissions. Potential share rewards will be paid annually, provided that the performance targets are achieved and the continuous employment condition is met, and with lock-in applied until spring 2028. The potential reward will be paid partly in listed Exel Composites shares and partly in cash. The cash proportion is intended to cover taxes and statutory social security contributions arising from the reward to the participant. If the performance targets set for the 2025 plan are fully achieved, the aggregate value of the plan, estimated based on the

volume-weighted average share price on the trading day preceding the program allocation, is approximately EUR 0.8 million (including the portion to be paid in cash), corresponding to approximately 2,100,000 shares.

Valuation and profit and loss impact of share-based incentive plans

In each plan, 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 plan, adjusted for estimated dividends to be paid during the plan. The profit and loss of 2025 includes EUR 286.5 thousand of costs related to these incentive programs. The profit and loss impact is based on modelled fair value estimates as required by IFRS 2, which was EUR 1.10 per share for the 2023 plan, EUR 0.08 per share for the 2024 plan, and EUR 0.376 per share for the 2025 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 Finnish Companies Act (Chapter 13, Section 10, Subsection 2) relating to financing the purchase of own shares for incentive plans. As part of this arrangement, EAM founded EAM EXL1V Holding Oy, 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 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.

The Board has decided that any bonus payouts can be made only to a participant who is employed by Exel, has not submitted a resignation, and has not been made redundant on personal grounds at the time of payment.

NOTE 34 Distributable funds

The parent company's distributable funds on 31 December 2025 were EUR 39,264 thousand.

NOTE 35 Cash flow from business operations

Non-cash adjustments to the result for the financial year

	2025	2024
Depreciation, impairment charges and write-offs	4,920	7,099
Profit/loss on sales of tangible and intangible assets	-936	-13
Taxes	336	1,249
Financial expenses	8,213	3,349
Interest expenses on lease liabilities	197	152
Financial income	-462	-2,575
Other adjustments	239	42
Total	12,508	9,302

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 2025, 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.

Minority owner's share of assets, liabilities and cash flows of Kineco Exel Composites India Limited has not been material to the Group during the financial year 2025.

Management remuneration

Accrued salaries, fees and bonuses of the Board of Directors and CEO

	2025	2024
President and CEO	389	341
Members of the Board of Directors	220	216
Total	609	557

Salaries and fees per person

	2025	2024
President and CEO and Board of Directors		
Paul Sohlberg President and CEO (since 20 March 2023)	389	341
Jouni Heinonen Chairman (since 10 May 2023, member since 25 March 2022)	75	71
Helena Nordman-Knutson Member (since 4 April 2017)	36	38
Kirsi Sormunen Member (since 20 March 2020)	34	33
Christian Busdiecker Member (since 26 March 2025)	32	0
Elisabeth Larsson Member (since 26 March 2025)	31	0
Petri Helsky Member (until 26 March 2025)	8	41
Jouko Peussa Member (until 26 March 2025)	5	34
Total	609	557

The accrued pension costs of President and CEO amounted to EUR 67 (56) 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 2025

Number of shares and votes	2025	2024
Paul Sohlberg President and CEO (since 20 March 2023)	69,262	40,000
Jouni Heinonen Chairman (since 10 May 2023, member since 25 March 2022)	223,546	177,768
Helena Nordman-Knutson Member (since 4 April 2017)	167,568	146,205
Kirsi Sormunen Member (since 20 March 2020)	126,159	104,796
Christian Busdiecker Member (since 26 March 2025)	21,363	0
Elisabeth Larsson Member (since 26 March 2025)	21,363	0
Petri Helsky Member (until 26 March 2025)	*	156,483
Jouko Peussa Member (until 26 March 2025)	*	156,483
Total	629,261	781,735

*not reported

NOTE 37 Events after the reporting period

On 15 January 2026, Exel Composites' Shareholders' Nomination Board's presented its proposals to the Annual General Meeting 2026 regarding the Board composition and remuneration. Further information on the proposals of the Nomination Board can be found under Governance and general meetings.

On 13 February 2026, Exel announced that its Board of Directors proposes a reverse share split to reduce the number of shares by combining each 15 shares into one share. The proposal will be presented to the Annual General Meeting to be held on 26 March 2026 and is subject to a decision by the General Meeting. The purpose of the proposed reverse share split is to improve trading conditions by increasing the value of each share and to enhance the efficiency of share price formation.

On 13 February 2026, Exel announced that its Board of Directors decided to launch a new plan under the company's share-based long-term incentive program 2025–2027 for the leadership team. The performance targets for the plan commencing in 2026 are total shareholder return of Exel Composites' share and progress in reducing greenhouse gas emissions, with potential rewards intended to be paid annually subject to performance and continued employment, and with a lock-in period until spring 2028.

Parent company financial statements

Parent company income statement

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

EUR	Notes	2025	2024
Revenue	38	50,152,233.44	46,330,192.74
Variation in inventories of finished goods and work in progress		-602,205.02	85,335.37
Other operating income	39	3,811,062.15	2,721,372.88
Materials and services	40	-22,138,064.73	-19,978,750.70
Personnel expenses	41	-17,487,030.96	-15,410,702.09
Depreciation, amortization and reduction in value	42	-1,516,268.07	-2,029,488.34
Other operating expenses	43	-9,365,064.20	-8,346,195.12
Operating profit / loss		2,854,662.61	3,371,764.74
Financial income	45	2,889,065.39	6,211,807.55
Financial expenses	45	-5,555,040.69	-10,956,251.45
Profit/ loss before appropriations and taxes		188,687.31	-1,372,679.16
Income taxes	46	0.00	-262,996.52
Profit/ loss for the period		188,687.31	-1,635,675.68

Parent company balance sheet

As at the end of the financial year

EUR	Notes	2025	2024
ASSETS			
Non-current assets			
Intangible assets	47	454,632.28	716,422.89
Tangible assets	48	4,266,591.62	4,580,958.97
Investments	49	15,104,209.73	14,231,209.73
Other non-current receivables		0.00	445,000.00
Total non-current assets		19,825,433.63	19,973,591.59
Current assets			
Inventories	51	7,209,651.97	7,631,054.28
Current receivables	52	57,537,573.91	50,929,433.94
Cash at bank and in hand		2,763,753.18	4,366,663.77
Total current assets		67,510,979.06	62,927,151.99
TOTAL ASSETS		87,336,412.69	82,900,743.58

EUR	Notes	2025	2024
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	53	2,141,431.74	2,141,431.74
Other reserves	53	24,350,535.30	24,350,535.30
Retained earnings/loss	53	14,724,356.22	16,593,216.10
Profit/loss for the period	53	188,687.31	-1,635,675.68
Total equity		41,405,010.57	41,449,507.46
Liabilities			
Non-current liabilities	54	5,357,781.48	5,073,313.44
Current liabilities	55	40,573,620.64	36,377,922.68
Total liabilities		45,931,402.12	41,451,236.12
TOTAL EQUITY AND LIABILITIES		87,336,412.69	82,900,743.58

Parent company cash flow statement

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

EUR thousands	2025	2024
Cash flows from operating activities		
Profit/loss for the period	189	-1,636
Adjustments to profit/loss for the period	2,301	7,855
Cash flow before working capital changes	2,489	6,220
Working capital changes	-4,531	-5,432
Operating cash flow before financial items and taxes	-2,042	787
Interest and other financial expenses paid relating to operating activities	-2,549	-5,497
Dividends received	1,281	2,371
Interests received	1,731	1,402
Income taxes paid	-306	-271
Net cash flow from operating activities (A)	-1,885	-1,209

EUR thousands	2025	2024
Cash flows from investing activities		
Purchase of tangible and intangible assets	-940	-599
Purchased subsidiary shares	0	-1,132
Net cash flow from investing activities (B)	-940	-1,732
Cash flow from financing activities		
Proceeds from issuance of share capital	0	21,811
Purchase of own shares	-233	-230
Proceeds from short-term borrowings	3,545	2,469
Repayment of short-term borrowings	-2,374	-21,027
Proceeds from long-term borrowings	284	873
Dividends and other distribution of profit paid	0	0
Net cash flow from financing activities (C)	1,222	3,897
Net increase (+) / decrease (-) in cash and cash equivalents (A + B + C)	-1,603	956
Cash and cash equivalents at beginning of period	4,367	3,410
Cash and cash equivalents at end of period	2,764	4,367

Notes to the parent company financial statements

The parent company's financial statements have been prepared in accordance with the Finnish accounting legislation (FAS, Finnish Accounting Standards). All figures are in EUR thousands unless otherwise stated.

NOTE 38 Revenue

Revenue by market area

	2025	2024
Europe	41,789	35,589
North America	6,584	10,004
Asia-Pacific	1,780	704
Rest of world	0	0
Total	50,152	46,297

Revenue recognized over time

The Company applies the percentage of completion method for revenue recognition in long-term projects. This method was selected because it best reflects the progress of the projects and the allocation of revenue to the financial periods. The stage of completion is determined by comparing costs incurred to the estimated total costs of the project. Based on the stage of completion, a proportional share of the total project revenue is recognized.

	2025	2024
Revenue based on completion	664	0
Other revenue	49,489	46,330
Total	50,152	46,330

The total amount of revenue from long-term projects that has not yet been recognized is EUR 2 037 thousand.

NOTE 39 Other operating income

	2025	2024
Service invoicing from Group companies	3,501	2,682
Other operating income	310	40
Total	3,811	2,721

NOTE 40 Materials and services

	2025	2024
Purchases during financial period	-21,490	-19,831
Change in inventories	181	570
External services	-829	-717
Total	-22,138	-19,979

NOTE 41 Personnel

Average number of personnel during the financial year

	2025	2024
Office employees	93	93
Production employees	176	164
Total	269	257

Personnel expenses

	2025	2024
Wages and salaries	-14,648	-12,926
Pension expenses	-2,469	-2,196
Other social security expenses	-371	-289
Total	-17,487	-15,411

Paid wages, salaries and other remuneration of directors and management

	2025	2024
President and CEO	-397	-305
Members of the Board of Directors	-221	-217
Total	-618	-522

The accrued pension costs of President and CEO amounted to EUR 67 (56) 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

	2025	2024
Depreciation according to plan	-1,516	-2,029
Total	-1,516	-2,029

NOTE 43 OTHER Operating expenses

	2025	2024
Real estate, machinery and equipment expenses	-1,421	-1,581
External services, insurances and IT expenses	-5,992	-4,802
Other operating expenses	-1,952	-1,963
Total	-9,365	-8,346

NOTE 44 Auditor's fees

Authorized Public Accountants, Ernst & Young	2025	2024
Audit of financial statements	-368	-170
Other fees	-7	-82
Total	-375	-252

In 2025, the company changed its accounting policy for audit fees so that the fees are recognized based on the total annual agreed audit remuneration rather than on an invoicing basis as previously. The audit fees for the 2025 financial year include the agreed audit remuneration for 2025 as well as those 2024-related audit costs that were invoiced during 2025. As a result of the change in accounting policy, the audit fees are not comparable with the previous financial year.

NOTE 45 Financial income and expenses

	2025	2024
Income from Group companies	1,281	2,371
Other interest income and other financial income		
From Group companies	1,942	2,213
From others	-335	1,628
	1,608	3,841
Total financial income	2,889	6,212
Interest and other financial expenses		
To Group companies	-274	-5,624
To others	-5,281	-5,332
	-5,555	-10,956
Total financial expenses	-5,555	-10,956
Total financial income and expenses	-2,666	-4,744

In the comparative year 2024, interest and other financial expenses to Group companies included EUR 4,3 million impairment loss on tangible asset and EUR 1,1 million impairment loss on loan receivables from Group companies.

NOTE 46 Income taxes

	2025	2024
Income taxes from ordinary activities	0	-263
Total	0	-263

NOTE 47 Intangible assets

	Intangible assets	Other long-term expenses	Advance payments	Total
Acquisition cost at 1 January	1,068	5,605	81	6,754
Additions	0	0	10	10
Disposals	0	0	0	0
Transfer between items	0	45	-45	0
Acquisition cost at 31 December	1,068	5,650	47	6,765
Accumulated amortization and impairment at 1 January	-994	-5,044	0	-6,038
Amortization for the period	-62	-210	0	-272
Accumulated amortization and impairment at 31 December	-1,056	-5,254	0	-6,310
Book value at 1 January	74	561	81	716
Book value at 31 December	13	396	47	455

NOTE 48 Tangible assets

	Land and waters	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost at 1 January	90	4,395	21,480	468	26,433
Additions	0	0	26	940	966
Disposals	0	0	0	-36	-36
Transfer between items	0	35	759	-794	0
Acquisition cost at 31 December	90	4,430	22,265	578	27,363
Accumulated depreciation and impairment at 1 January	0	-3,102	-18,750	0	-21,852
Depreciation for the period	0	-159	-1,085	0	-1,244
Accumulated depreciation and impairment at	0	-3,261	-19,836	0	-23,096
Book value at 1 January	90	1,293	2,730	468	4,581
Book value at 31 December	90	1,170	2,429	578	4,267

NOTE 49 Investments

	Group companies	Other shares and holdings	Total
Acquisition cost at 1 January	14,183	48	14,231
Additions	873	0	873
Disposals	0	0	0
Transfer between items	0	0	0
Acquisition cost at 31 December	15,056	48	15,104
Book value at 1 January	14,183	48	14,231
Book value at 31 December	15,056	48	15,104

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

	2025	2024
Raw materials and consumables	3,859	3,678
Work in progress	1,431	1,811
Finished products/ goods	1,354	1,642
Other inventories	565	501
Total	7,210	7,631

NOTE 52 Current receivables

Receivables from Group companies

	2025	2024
Trade receivables	19,957	16,226
Loan receivables	28,768	28,276
Other receivables	80	901
Total	48,805	45,404

Receivables from others

	2025	2024
Trade receivables	5,027	3,771
Other receivables	2,703	1,451
Prepayments and accrued income	1,002	304
Total	8,732	5,526
Total current receivables	57,538	50,929

Deferred tax assets amounting to EUR 43 (38) thousand have not been booked from cumulative depreciation exceeding the maximum tax depreciations by EUR 214 (191) thousand.

Material items included in prepayments and accrued income

	2025	2024
Tax receivables	541	234
Other receivables	462	69
Total	1,002	304

Other receivables for the financial year 2025 include EUR 328 thousand of receivables related to long-term projects.

NOTE 53 Equity

	2025	2024
Restricted equity		
Share capital 1 January	2,141	2,141
Share capital 31 December	2,141	2,141
Total restricted equity	2,141	2,141
Unrestricted equity		
Reserve for invested unrestricted equity fund 1 January	24,351	2,539
Share issue	0	21,811
Reserve for invested unrestricted equity fund 31 December	24,351	24,351
Retained earnings 1 January	14,958	16,823
Distribution of dividends		0
Purchase/redemption of treasury shares	-233	-230
Retained earnings 31 December	14,724	16,593
Profit/loss for the financial year	189	-1,636
Total unrestricted equity	39,264	39,308
Total equity	41,405	41,450

Calculation of distributable unrestricted equity 31 December

	2025	2024
Profit from previous financial years	14,724	16,593
Profit /loss for the financial year	189	-1,636
Reserve for invested unrestricted equity fund	24,351	24,351
Total	39,264	39,308

NOTE 54 Non-current liabilities

Liabilities to others

	2025	2024
Loans from financial institutions	5,358	5,073
Total	5,358	5,073
Total non-current liabilities	5,358	5,073

NOTE 55 Current liabilities

Liabilities to Group companies

	2025	2024
Loan from Group companies	4,668	4,793
Trade payables	1,966	2,373
Total	6,634	7,166

Liabilities to others

	2025	2024
Loans from financial institutions	23,000	19,569
Advances received	1,298	874
Trade payables	4,211	4,741
Other liabilities	1,388	662
Accruals and deferred income	4,044	3,366
Total	33,940	29,212
Total current liabilities	40,574	36,378

Material items included in accruals and deferred income

	2025	2024
Accrued personnel expenses	3,507	2,824
Other accruals and deferred income	537	542
Total	4,044	3,366

NOTE 56 Commitments and contingent liabilities

Liabilities secured by real estate mortgages and enterprise mortgages

	2025	2024
Loans from financial institution	21,358	11,642
Mortgages given on land and buildings	177,410	177,410
Business mortgages given	57,720	57,720
Total mortgages	256,488	235,130

Other guarantees/commitments/collaterals given on own behalf

	2025	2024
Pledged intra group receivables at book value	11,596	10,525
Pledged group company shares at book value	18	18
Total	11,614	10,542

Credit facilities

	2025	2024
Total amount of credit granted	38,342	39,298
In use	16,000	6,200

Pension liabilities

The pension liabilities are covered via the insurance company as prescribed by legislation.

Leasing liabilities

	2025	2024
Payable during the following financial year	73	76
Payable in later years	77	73
Total	150	149

Commitments on behalf of Group companies

	2025	2024
Other guarantees	4,513	4,859
Guaranteed debt	1,000	1,000

NOTE 57 Share ownership

Distribution of share ownership on 31 December 2025

	%
Private companies	18.02
Financial and insurance institutions	27.05
Public sector entities	6.16
Non-profit making entities	0.07
Private households	48.20
Foreign countries	0.50
Total	100.00
Nominee registered	6.93

Distribution of share ownership on 31 December 2025

Number of shares	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of total number of shares
1 - 1,000	5,232	53.95	1,532,719	1.44
1,001 – 10,000	3,406	35.12	12,968,254	12.15
10,001 – 50,000	865	8.92	18,051,494	16.91
over 50,000	194	2.00	74,175,928	69.50
Total	9,697	100.00	106,728,395	100.00

NOTE 58 Shareholders

Major shareholders on 31 December 2025

Shareholder	Number of shares	Percentage of shares and votes
Aktia Asset Management	6,781,556	6.35
Danske Invest Finnish Equity Fund	6,257,666	5.86
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)	2,472,179	2.32
Etola Group Oy	2,400,000	2.25
Nelimarkka Heikki Antero	1,913,463	1.79
Suutarinen Timo	1,440,000	1.35
The estate of Greta Von Julin	1,420,000	1.33
Nominee registered		
Skandinaviska Enskilda Banken AB	7,009,578	6.57
Citibank Europe PLC	208,284	0.20
Others	63,325,984	59.33
Total	106,728,395	100.00

NOTE 59 Share price and trading

Share price

EUR	2025	2024	2023	2022	2021
Average price	0.37	0.40	3.60	6.30	8.58
Lowest price	0.29	0.26	2.42	5.02	6.58
Highest price	0.46	2.70	5.70	8.20	11.60
Share price at the end of financial year	0.45	0.28	2.54	5.42	8.10
Market capitalization, EUR million	47.6	29.7	30.1	64.2	95.9

Share trading

	2025	2024	2023	2022	2021
Number of shares traded	32,189,589	35,344,343	5,373,123	3,103,680	3,356,992
% of the average number of shares	30.4	55.5	45.2	26.2	28.4

Number of shares

	2025	2024	2023	2022	2021
Average number	105,809,662	63,728,649	11,853,944	11,850,080	11,832,712
Number at end of financial year	105,560,868	106,728,395	11,853,944	11,853,944	11,833,506

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 39,263,704.33, of which the loss for the financial year is EUR 188,687.31.

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 2026

Jouni Heinonen
Chairman of the Board of Directors

Christian Busdiecker
Member of the Board of Directors

Helena Nordman-Knutson
Member of the Board of Directors

Elisabeth Larsson
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 2026

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, 2025. 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 11,6 million euros as of 31 December 2025 comprising 13,0 % of total assets and 31,5 % of equity (2024: 12,5 million euros, 14,0 % of total assets and 38,6 % 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.

The recoverable amount of the Group's cash-generating units has been determined using value-in-use calculations, the results of which may vary significantly if the assumptions underlying the calculations change. The determination of value-in-use is affected by several assumptions, such as revenue growth, operating margin before depreciation and amortization, and the discount rate applied to the cash flows. Changes in these assumptions may result in an impairment of goodwill.

Valuation of goodwill 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).

Revenue Recognition

We refer to note 5 of the consolidated financial statements.

The group recognizes most of its revenue at a point in time 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 due to the risk attached to correct timing of it when the revenue is recognized at a point in time.

In addition, revenue recognition concerning orders for which the delivery term is fulfilled, when the goods have been delivered to a named place of delivery, is a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

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 applied accounting 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 19 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 4.3.2026

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 statement of Exel Composites Plc (business identity code 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 reporting period 1.1.–31.12.2025.

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 statement 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), and
- 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).

Our opinion does not cover the tagging of the group sustainability statement 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 requirement in the absence of requirements for the tagging of sustainability information in the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement 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 Group 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.

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 statement 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
- the compliance of the group sustainability statement 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, and for
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group sustainability reporting is also characterized by the fact that reporting of this type of information involves estimates and assumptions, as well as measurement and assessment 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.

When reporting future-related information in accordance with the ESRS standards, the company's management must present assumptions regarding possible future events and disclose the company's potential future actions related to these events, as well as prepare future-related information based on these assumptions. The actual outcome is likely to differ, as predicted events often do not 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 statement 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 statement.

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 statement, 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 management of the group as well as key personnel responsible for collecting and reporting of the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided from the double materiality assessment is in material respects in accordance with the ESRS standards.
- We assessed whether the group sustainability statement in material respects meets the requirements of the ESRS standards regarding material sustainability topics:
 - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis to the documentation and records prepared by the company and assessed whether they support the information included in the group sustainability statement.
 - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculations and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- Regarding EU Taxonomy data, we gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided.

Vantaa 4.3.2026

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 743700205JAMGM80QD88-2025-12-31-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 31.12.2025.

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 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 with 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

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 743700205JAMGM80QD88-2025-12-31-fi.zip for the financial year ended 31.12.2025 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 31.12.2025 has been expressed in our auditor's report dated 4.3.2026. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Vantaa 4.3.2026

Ernst & Young Oy
Authorized Public Accountant Firm

Timo Eerola
Authorized Public Accountant