

EXEL COMPOSITES

10/9/2026 11:55 am EEST

This is a translated version of "Kasvuvaihe lähtenyt rivakasti liikkeelle" report, published on 10/9/2026



Aapeli Pursimo, Analyst
+358 40 719 6067
aapeli.pursimo@inderes.fi

INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



Growth phase off to a brisk start

We reiterate Exel Composites' Accumulate recommendation but raise our target price to EUR 18.0 (from EUR 17.5), reflecting the estimate revisions we have made. The implementation of the growth phase of the company's strategy has kicked off at a fast pace, and the measures taken in recent years are bearing fruit. A strong order book, new multi-year framework agreements, and a generally favorable market environment provide, in our view, a solid foundation for the continuation of rapid earnings growth. We believe that the expected return of the share, driven by earnings growth in the coming years, remains attractive.

Shift to growth phase in strategy execution

Exel is a specialist in the design and manufacture of composite products suitable for various demanding industrial applications. The company successfully completed the stabilization and profitability phase of its two-phase strategy as planned by the end of 2025. In 2026, the company has transitioned to a growth phase, within which it aims to achieve its ambitious financial targets set for the end of 2028 (revenue of 200 MEUR, adj. EBIT margin > 10%). During the stabilization phase, the company cut fixed costs and optimized its factory network, among other things. These measures, together with increased factory utilization rates, have already significantly improved profitability (H1'26: adj. EBIT-% 6.2% vs. 2025: 3.5%). In addition to the streamlining of the factory network, the increased capacity utilization rates were driven by commercial successes. By far the largest of the recent contracts is the historically large delivery contract for carbon fiber planks concluded by Exel's joint venture in India in Q3'26 with the wind power customer Suzlon Energy. Additionally, significant wins include the two framework agreements for composite conductor cores announced at the end of 2025. Following the recent Suzlon contract, we believe attention will shift particularly to monitoring the delivery capability and profitability of the Indian plant as production volumes increase significantly in the near future.

We expect rapid growth in the coming years

The company's target market growth picture is forecast to be on a healthy footing, with the market growing by an average of 5–7% per year in the coming years, depending on the source. In our view, the brightest outlook is in the Energy customer industry, which is Exel's most important growth driver, as well as in defense applications. The sectors are supported by both the energy transition and the growth of defense investments. Reflecting recent significant contracts, we expect the company's revenue to grow by as much as 30% this year. We forecast the strong growth to continue in the coming years as well (2027e–2028e: 12–23% per year), but we still do not expect the company to fully reach its target (revenue 2028e: 184 MEUR). We also expect the company's margins to rise alongside revenue, but to remain below the target level (2027e–2028e adj. EBIT-%: 6.4–8.7%), as we estimate that the margin profile of volume applications at the India plant is lower than that of Engineered Solutions. In our view, the most significant forecast risks relate, in addition to investment-driven demand, to the growth rate and profitability of volume growth at Exel's Indian plant, as well as the delivery timing of larger framework agreements.

Earnings growth makes the expected return attractive

In our view, the stock's valuation is high for this year based on EV multiples (EV/EBIT 16x) despite significant earnings growth. However, with the recent order announcement, strong order book, and favorable market environment, we believe it is justified to already shift our focus to next year. With our robust earnings growth forecasts, the EV/EBIT multiple for 2027 (just under 10x) drops slightly below the range we currently consider justified (EV/EBIT 10x–12x). Reflecting the current outlook, however, we believe the stock can be valued closer to the upper end of the range, and we continue to see the risk-adjusted expected return as attractive. Our positive investment view is also supported by our DCF model, which is at the level of our target price.

Recommendation

Accumulate

(was Accumulate)

Target price:

18.00 EUR

(was EUR 17.50)

Share price:

EUR 15.65

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	103	134	165	184
growth-%	4%	30%	23%	12%
EBIT adj.	3.6	8.5	13.8	16.1
EBIT-% adj.	3.5 %	6.4 %	8.4 %	8.7 %
Net income	-5.5	4.8	7.8	9.4
EPS (adj.)	-0.04	0.70	1.09	1.32
P/E (adj.)	neg.	22.5	14.4	11.8
P/B	1.7	3.4	2.7	2.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	1.9 %
EV/EBIT (adj.)	19.5	15.9	9.6	7.8
EV/EBITDA	9.9	10.3	7.0	5.9
EV/S	0.7	1.0	0.8	0.7

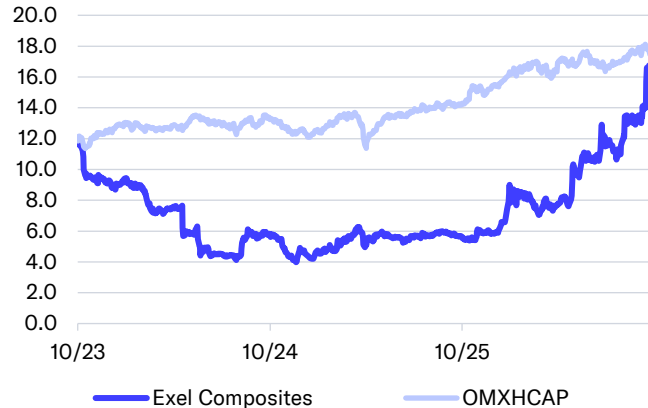
Source: Inderes

Guidance

(Unchanged)

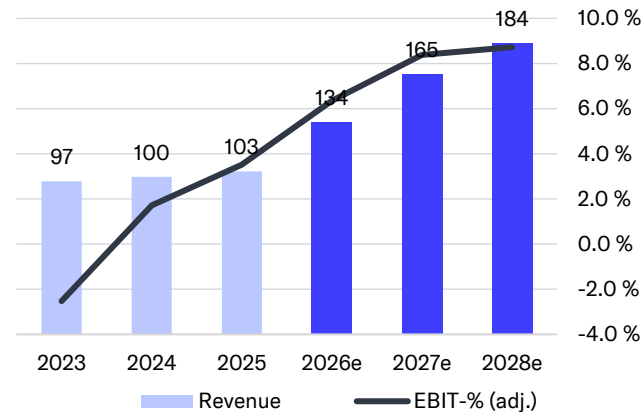
Exel Composites estimates that in 2026, its revenue (2025: 103 MEUR) and adjusted EBIT (2025: 3.6 MEUR) will increase significantly compared to 2025.

Share price



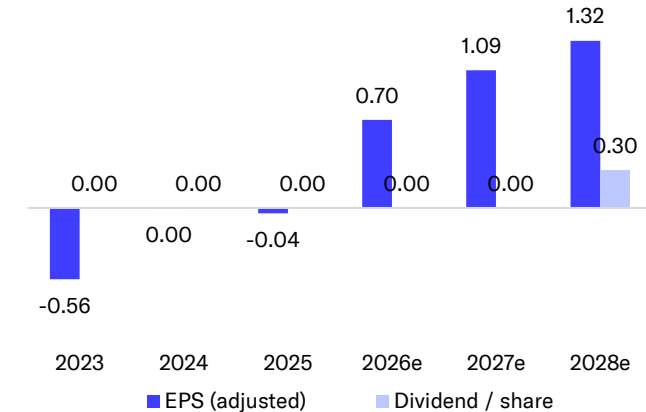
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- A growing composites market provides a solid platform for organic growth
- Securing significant new framework agreements
- Rising utilization rates and declining fixed costs support profitability
- Leveraging the global production structure and relative economies of scale within a more targeted strategy

Risk factors

- Demand is somewhat cyclical and business conditions can deteriorate relatively quickly, although new framework agreements have extended the order book structure
- The partly fixed nature of the cost structure creates sensitivity to demand fluctuations
- The customer portfolio is relatively concentrated
- Deterioration in the relative competitiveness of composites, despite having clear advantages over traditional materials

Valuation	2026e	2027e	2028e
Share price	15.7	15.7	15.7
Number of shares, millions	7.12	7.12	7.12
Market cap	111	111	111
EV	135	132	126
P/E (adj.)	22.5	14.4	11.8
P/E	23.0	14.4	11.8
P/B	3.4	2.7	2.2
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.8	0.7
EV/EBITDA	10.3	7.0	5.9
EV/EBIT (adj.)	15.9	9.6	7.8
Payout ratio (%)	0.0 %	0.0 %	22.7 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

Source: Inderes

Contents

Company description and business model	5-13
Industry and competitive landscape	14-18
Strategy and financial targets	19-24
Cost structure and financial situation	25-27
Estimates	28-33
Investment profile	34
Valuation and recommendation	35-38
Tables	39-42
Disclaimer and recommendation history	43

Exel Composites in brief

Exel is a company specializing in the design, manufacture as well as sales and marketing of composite products and solutions for a range of demanding industrial applications.

1960

Year of establishment

1998

Listing

118 MEUR

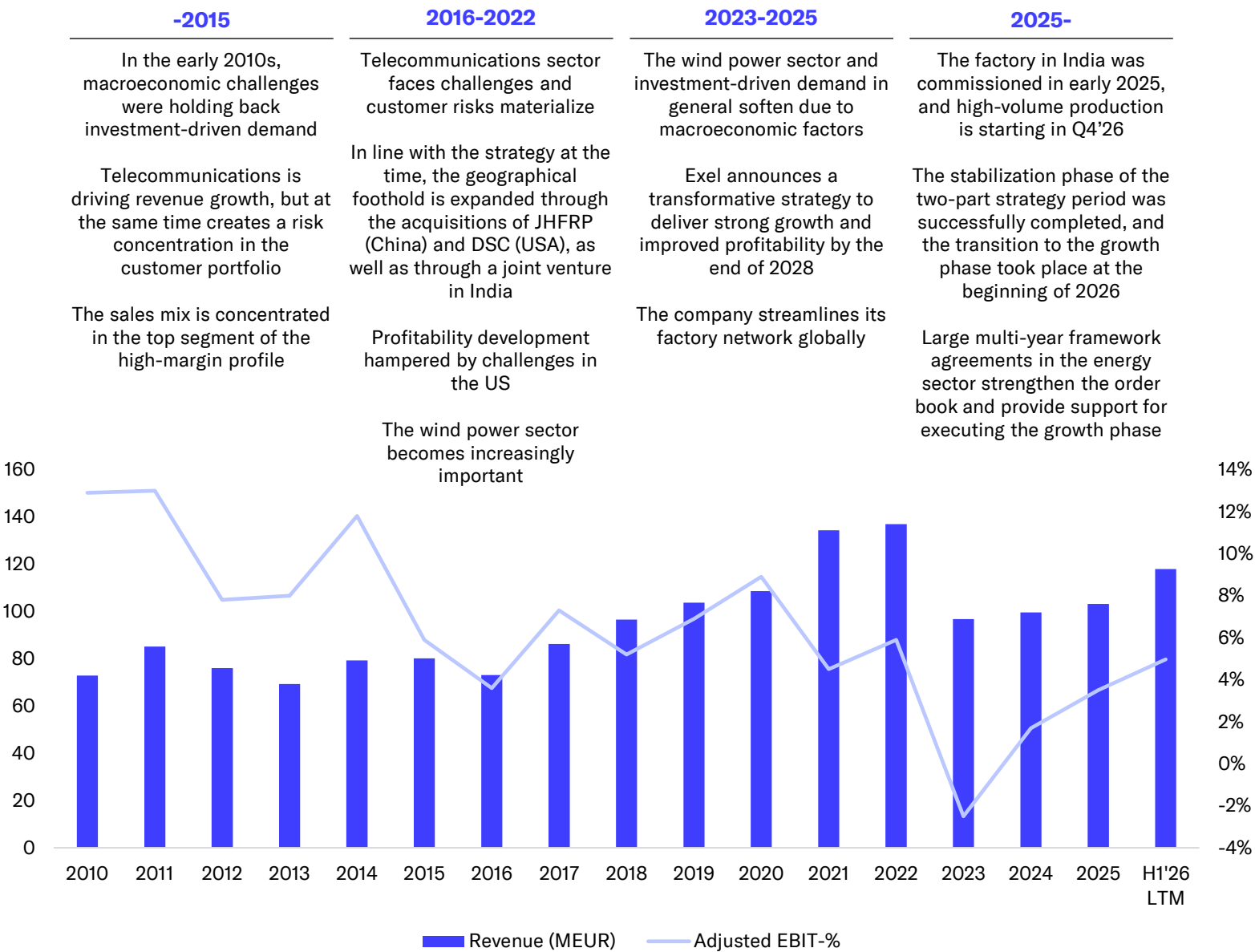
Revenue H1'26 LTM

5.9 MEUR

Adjusted EBIT H1'26 LTM

749

Headcount at end of H1'26



Company description and business model 1/7

Supplier of customized solutions

Exel is a manufacturing company specializing in the design, manufacture, sales and marketing of sophisticated composite products (a compound of two or more materials) suitable for a wide range of industrial end-uses. The composites it manufactures are materials consisting of reinforcements and resins. It uses glass and carbon fibers as its main reinforcements due to their lightness and durability. Accordingly, the company's factory network consists of production lines based on the continuous manufacturing process, i.e. pultrusion or pullwinding, with pultrusion as the main method. We understand that Exel also has a leading market position in this niche segment of the global composites market. The vast majority of products supplied by Exel are designed to meet detailed customer needs, resulting in a relatively high degree of customization in the offering.

Europe largest geographic market

Geographically, Europe has been the most important region for Exel's business by a fairly clear margin. During 2021–2025, the region accounted for an average of around 62% of the company's revenue (2025: 65%). The second largest region for the company over the past five years has been North America with 23% (2025: 22%) and the third largest Asia-Pacific with 14% (2025: 11%). The share of the rest of the world has been minor. The company reports geographic revenue development only on an annual basis, whereas business unit revenue is reported on an ongoing basis.

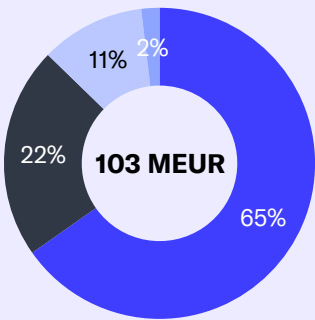
Customer base diversified across several industries

Exel has two business units: Engineered Solutions and Industrial Solutions. Of these, Engineered Solutions concentrates on the production of tailored solutions with a higher degree of customization and therefore generally shorter production runs. Industrial Solutions, in turn, concentrates on the manufacture of selected volume applications. The company has only been reporting on the performance of these business units since 2024, so longer-term trends are difficult to discern. At the end of H1'26, Engineered Solutions accounted for around 79% of LTM revenue.

The company also reports revenue trends by customer industry, whereas earnings are reported only at the group level. Its five current customer industries are: Energy, Other, Buildings and Infrastructure, Transportation, and Industrial, which we have looked at in more detail on this page and the next.

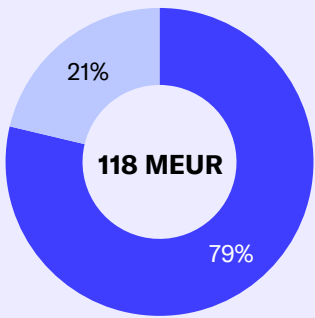
Common end products for **Energy** (28% of H1'26 LTM revenue) are, for example, wind power turbine blade reinforcements and stiffeners, and other power plant support structures such as handrails and service platforms. Energy also includes composite conductor cores, cable trays and insulating rods. Composite cores also acted as a significant driver of orders for the company, supported by two major [framework agreements](#) secured last year. We estimate that customer industry applications are split between both Engineered and Industrial Solutions.

Geographical breakdown of revenue
2025



■ Europe ■ North America ■ Asia-Pacific ■ Rest of World

Revenue distribution by business unit
H1'26 LTM



■ Engineered Solutions ■ Industrial Solutions

Company description and business model 2/7

For now, we understand that wind power solutions account for the majority of Industrial Solutions, as new framework agreements regarding composite conductor cores, for example, are part of Engineered Solutions. As a whole, we expect demand in the customer industry to be investment driven. Meanwhile, we estimate that margin profiles vary within the customer industry between Engineered and Industrial Solutions, with volume applications representing the lower end.

Applications in the **Other customer industry** (25% of H1'26 LTM revenue) encompass various defense, sanitation, and maintenance applications. These include camouflage netting support poles and non-magnetic mine detector handles as well as other telescoping poles. We believe that defense applications accounted for around 10% of the group's revenue in 2025. With a relatively broad portfolio, we estimate that customer industry demand is split between more stable and more investment-driven end uses. We estimate that the applications in this customer industry fall under Engineered Solutions and that their margins are higher than average.

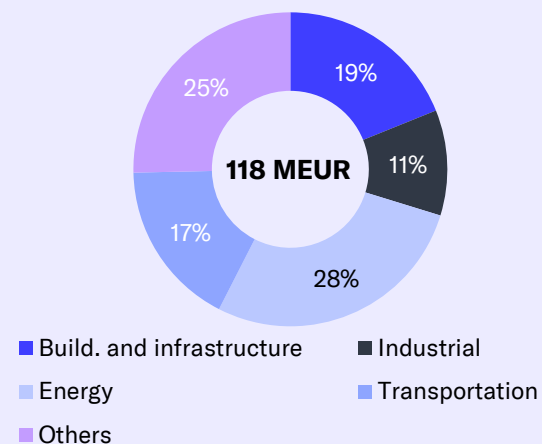
Typical product applications in the **Buildings and Infrastructure customer industry** (19% of H1'26 LTM revenue) include window and door profiles, various other structural profiles, and, for example, UltraRope, which was developed in cooperation with the elevator company KONE. The demand, as we understand it, is largely a continuous flow of deliveries. We estimate that the applications to be manufactured mainly fall within Engineered Solutions and that their product variations are quite extensive.

Typical applications for **Transportation** (17% of LTM revenue in H1'26) include profiles for the transport equipment industry (e.g. side panels for trains and buses, airship body structures, truck floor stiffeners). As we understand it, demand in the customer industry is split between Engineered and Industrial Solutions, the latter of which we also assume includes the previously announced agreement with Foton Bus and Coach for composite profiles for electric buses.

End-use applications in the **Industrial customer industry** (11% of H1'26 LTM revenue) again include a variety of solutions for different industries. Examples of product applications include components for paper and textile machines as well as various masts and radomes. We estimate the applications to be at the more customized end of the spectrum.

Overall, we believe that the business structure is fairly balanced across customer industries. In addition, most of the industries are at an advanced stage of development and their growth prospects are at least reasonable. Reflecting the general demand dynamics of the industrial sector, however, Exel's supply flows are to some extent subject to volatility caused by investment-driven demand. This volatility is mitigated by the diversity of demand drivers and their differing timing across various customer industries, as well as the steadier flow of demand for many applications. However, we estimate that these factors do not protect the company from a potential broad-based weakening of demand, such as that seen with post-pandemic inflation and rising interest rates.

Revenue breakdown by customer industry H1'26 LTM



Examples of potential customers*



*Based on Inderes' estimate of potential customers. Exel itself only occasionally discloses its customers.

Company description and business model 3/7

Engineering and manufacturing at the core

Exel's business model is conventional for an industrial player as the company sells and manufactures the products it designs. The composite products supplied by Exel are individual components in its customer's (or customer's customer's) application (e.g. a wind turbine blade reinforcement). This means that Exel's solutions are usually tailored to the customer's specific needs, making the overall offering highly customizable. Nevertheless, we estimate that the relatively high degree of customization supports Exel's position in the value chain.

We understand that the components supplied by the company represent a relatively low proportion of the total cost of the end-customer's investment. This, combined with the above-mentioned factors, gives the company pricing power, especially in products with a higher degree of customization. However, there is no commonality in customization rates and sourcing logics between customer

sectors, which means that in our view there is also a definite inherent variation in Exel's sectoral pricing ability (cf. wind power vs. defense applications). Consequently, regarding the profitability of wind power applications, for example, we estimate that the focus will shift to achieving sufficiently high production volumes and material efficiency (e.g., raw material procurement and minimizing production waste).

In our view, a weakness of a customized offering is the diversification of production (i.e., frequently changing, short production runs), which makes optimizing efficiency levels difficult. As we understand it, the company has suffered from this in the past as well. As a result, as part of its new strategy, the company is seeking to focus production at its manufacturing facilities and standardize its product applications to a greater extent than before. Furthermore, we understand that the company also aims to increase the size of individual orders in its customer-facing sales efforts by promising faster delivery times as an incentive, for

example. We think that longer production runs, larger order batches, and better capacity planning should enable a more efficient production process and support security of supply.

Following the dynamics outlined above, we believe that Exel's core activities are design (incl. material development) and production. From an overall perspective, the role of design in particular is essential as it lays the foundation for a competitive offering, contributing to customer acquisition and retention. We consider design work to be long term, and we understand that the time interval from the first customer contact to the finished product application can be long (1-3 years). We believe that Exel's long operating history and customer relationships, together with a portfolio that extends to multiple customer industries, means that its design expertise is comprehensive and of high quality. We also see customer value and retention as being supported by post-processing services that are emphasized more strongly within the framework of the current strategy.

Exel's production facilities

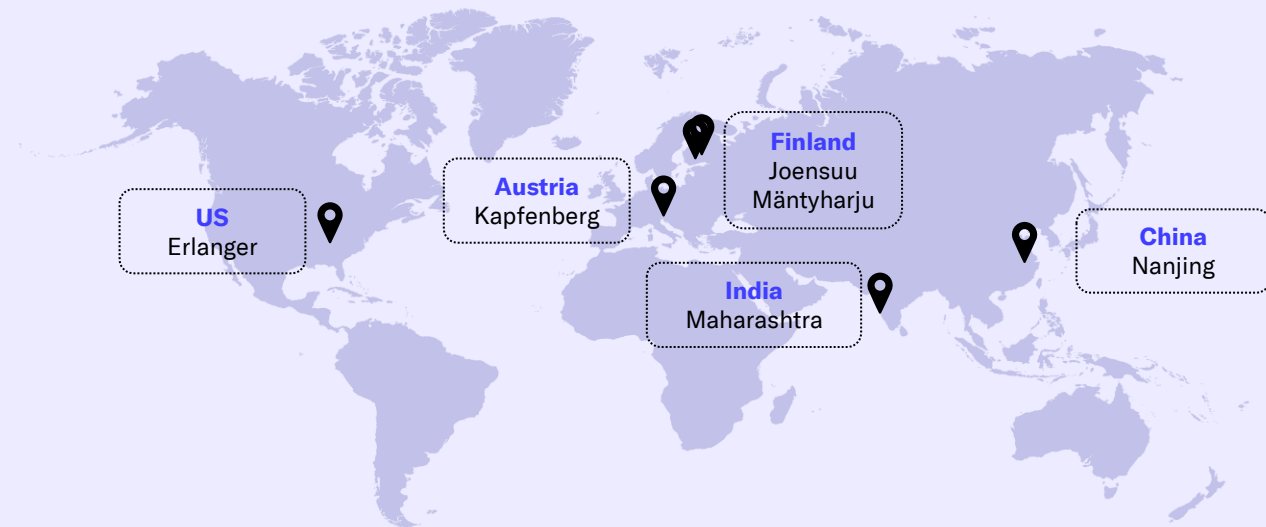
Finland: Engineered Solutions

Austria: Engineered Solutions

US: Engineered Solutions

China: Industrial Solutions

India: Industrial Solutions (particularly wind power, 55% ownership)



Company description and business model 4/7

Production relies on continuous processes

The company uses continuous processes in its manufacturing, in particular pultrusion technology, as well as pullwinding technology and the continuous lamination production method. Thanks to these methods, the company has the ability to manufacture simple rods and tubes as well as more complicatedly shaped profiles. As such, we believe the company has good manufacturing capabilities, which, together with its design expertise, underpins its overall competitiveness in these niche segments of composite manufacturing.

Overall, however, it is worth noting that due to the generic nature of the operating model, we do not believe that it in itself differentiates Exel from other operators or creates clear sustainable competitive advantages. In our view, the company's key strengths, some of which have yet to be fully leveraged, are its broad customer and application portfolio, its global reach and its larger size than many of its competitors.

Global manufacturing network

Exel is headquartered in Vantaa. The company currently has six production facilities, two of which are located in Finland. The other production facilities are in China, Austria, the US, and India (a joint venture with the Kineco Group, in which Exel holds a 55% stake). Consequently, the company's production network is quite global.

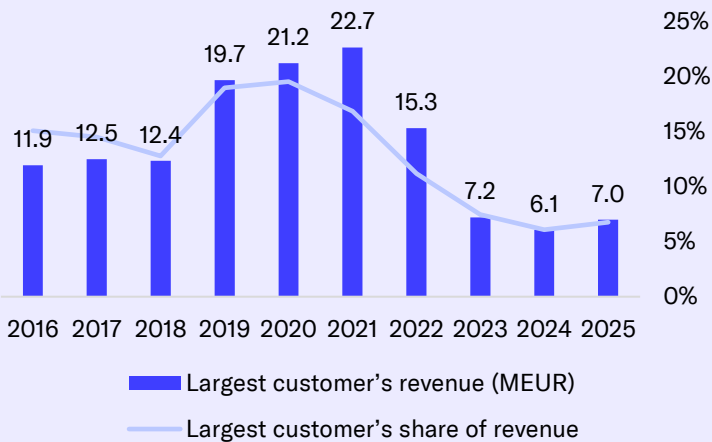
Currently, the company strongly concentrates the manufacturing of volume applications in its Asian production facilities, while the manufacturing of engineered solutions is focused in Europe and the US. In our view, this is also justified, following the geographical distribution of revenue and likely end-use applications, as

well as local cost levels. Nevertheless, the company has not disclosed the specific roles of its various production facilities with respect to customer industries or applications, except for the Indian factory, which has been optimized to strongly serve wind power industry customers both in India and globally.

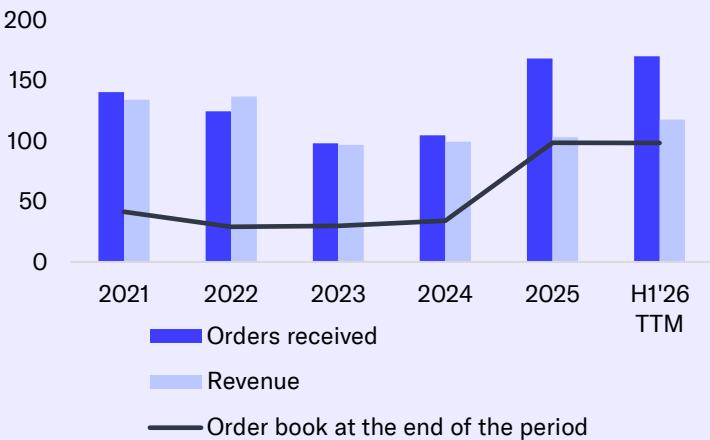
Customer portfolio remains relatively concentrated despite diversification in recent years

We estimate that Exel's customer portfolio consists of several hundred companies in total. In 2025, Exel's largest customer (a wind power customer) accounted for only about 7% of its revenue (2024: 6%). However, it is worth noting that the largest customer still accounted for 17-20% of revenue in 2019-2021. Consequently, the risk level associated with an individual customer has been decreasing in recent years based on the realized figures. We estimate that the declining share of the largest customer is explained, in particular, by inflation and interest rate factors, as well as electricity price trends in some places, which negatively impacted Exel's wind power customers in recent years. Additionally, Exel experienced its own production challenges at the US factory related to large wind power deliveries, which likely affected customers' order volumes in subsequent years. Conversely, wind power construction remains a significant market globally, especially in Asian markets crucial to Exel. Exel is also able to address this market significantly better than before with its own local production through the ramp-up of the Indian factory. Further evidence of this is the supply agreement worth potentially over 100 MEUR announced by the company in Q3'26 (see the next page for more details). Based on the agreement's structure, we expect the largest customer's share to grow again in the coming years.

Significance of largest customer to Exel's revenue



Development of orders received, revenue, and order book (MEUR)



Company description and business model 5/7

Overall, despite the large number of customers, we estimate that the customer portfolio is relatively concentrated, with around 20–25 of the largest customers currently generating about half of Exel's revenue. This being the case, the majority of Exel's customer accounts are relatively small in size, which emphasizes the role of the most important customers. As a result, the loss of a key customer, a substantial reduction in market share per customer, or the customer's own difficulties (cf. investments in the wind power industry) could also hurt Exel's business. However, we understand that key customer relationships are long, which, combined with a tailored offering, limits the risk of customer loss (higher threshold for customers to switch suppliers), provided that delivery schedules and quality meet the agreed-upon terms.

Significant new agreements

In recent years, the company has announced several customer agreements. Some of these agreements are also significant in terms of their size, and we have listed what we consider to be the most important ones in the sidebar. We estimate that larger contracts have increased the number of major customers, at least in part, and reduced risks previously associated with individual customers. On the other hand, [Suzlon](#)'s role is becoming increasingly prominent, particularly with regard to the Indian factory, but also on a group-wide scale. At the same time, the agreements announced so far have focused on a narrow range of applications, which increases both the opportunities for their success and, conversely, the risks involved.

Exel has commented quite sparingly on the more detailed terms of the contracts so far. However, regarding wind power contracts, it is essential to note that Exel's relative position as a supplier to its customers (wallet share) is

pivotal to their value. Thus, the significance of wind power for Exel can differ greatly from market growth or, in the short term, even from customers' operational development, although we see this as central in the long term.

The recent Suzlon agreement is by far the largest of the contracts. We understand that the final value of the contract is determined based on the aforementioned wallet share principle (the agreed share of Suzlon's total procurement received by Exel), meaning that the revenue ultimately realized by Exel depends on Suzlon's performance. To our understanding, the agreement does not include minimum volumes, which increases the range of deliveries in this regard. Distributed evenly, the value of the contract would correspond to an annual revenue of roughly 40 MEUR, but taking the range into account, we estimate the volumes to be 30–50 MEUR per year during the contract period. We believe that volumes should also remain relatively stable on a quarterly basis following the ramp-up period. However, this requires the positive development of Suzlon and wind power construction in India to continue, as well as KECI's delivery capability to be maintained as volumes increase. Following the contract, we believe the focus will shift in particular to the Indian plant's delivery capability (incl. quality) and profitability development as volumes grow into the next size category in the near future. It is also worth noting that the agreement is a continuation of previous cooperation, and thus, in connection with the new delivery agreement, we estimate that Exel has also succeeded in taking a leap in its relative supplier position.

On the other hand, it is difficult to assess more detailed differences in wind power agreements based on scarce information, except for significant differences in size classes.

Significant new customer agreements

Q3'26

- Kineco Exel Composites India (KECI) agreed to supply carbon fiber planks to **Suzlon Energy** until the end of Q1'29. The parties estimate that the potential value of the deliveries will exceed 100 MEUR during the contract period.
 - Deliveries will begin in Q4'26, and KECI is expected to reach full delivery capability no later than the start of Suzlon's new fiscal year in April 2027.
 - The agreement is a continuation of the cooperation that started in 2024, which led to an order of ~10 MEUR announced in February 2025 from a then-unnamed customer.

Q4'25

- Four-year framework agreement worth at least 25 MEUR with **De Angeli Prodotti** for composite conductor cores
 - Deliveries started in Q1'26
- Four-year framework agreement worth at least 22 MEUR with **Tratos** for composite conductor cores
 - The start of deliveries has not been commented on, but we estimate that they also started in Q1'26

Q3'24

- KECI won a tender to supply carbon fiber plants globally to **Vestas**
 - No comment has been made regarding the value of the agreement
 - Commercial deliveries were scheduled to begin in Q4'25

Q1'24

- The company began cooperating with **Foton Bus and Coach Company** on composite profiles to be delivered for electric buses.
 - While the value and duration of the contract were not disclosed in detail, we estimate that its revenue impact will be smaller compared to the aforementioned contracts

Company description and business model 6/7

However, one notable difference is that Exel's partnership with Vestas has lasted significantly longer than with Suzlon, and based on our estimates, Vestas has historically been Exel's largest wind power customer. Exel has not commented further on the exact value or duration of the current agreement with Vestas, but we consider it likely that the initial volume has been low (cf. no separate order announcements). We estimate that the collaboration's potential is significant in a positive scenario (cf. Suzlon). However, we estimate that this will be significantly impacted by whether the company achieves a strong enough supplier position in Vestas' supply chain. Additionally, it is important to note that, according to our estimates, the Suzlon contract occupies a significant portion of the Indian factory's capacity, at least in the short term.

In contrast, we understand that the framework agreements concerning composite conductor cores are largely similar in nature at the contract level. We estimate that delivery volumes related to them will fluctuate during the contract periods in accordance with end customers' project schedules. If spread evenly on an annual basis, however, the contracts would generate a total revenue of around 11.8 MEUR for Exel. It is worth noting regarding these contracts that they are minimum values; thus, the total values could rise higher than currently anticipated. Nevertheless, it is difficult to assess the likelihood of this occurring, nor do we believe it is in Exel's hands. Additionally, we feel that it is positive that the announced composite conductor core orders are showing signs that the market, which has long been one of Exel's potential growth areas, is materializing for the company or that Exel has succeeded in commercializing its applications better than before.

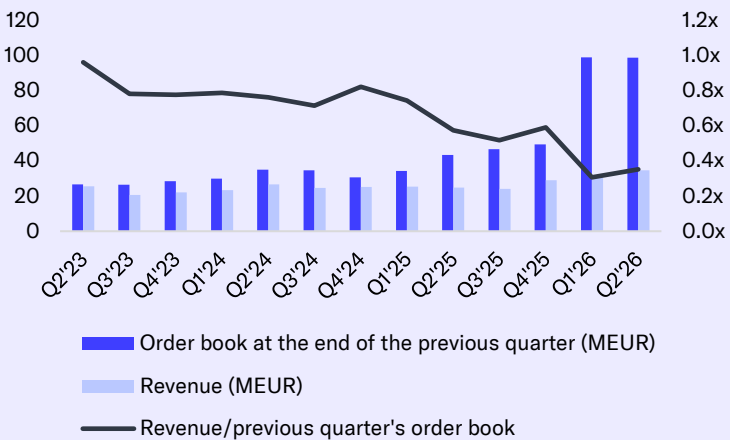
Reflecting energy infrastructure investments, especially in Europe but also globally, we see this market continuing to offer additional opportunities for Exel and other industry players. At this stage, however, a major breakthrough in the technology has yet to occur, despite promising initial developments.

Order book has been quite short structurally, but it has lengthened considerably recently

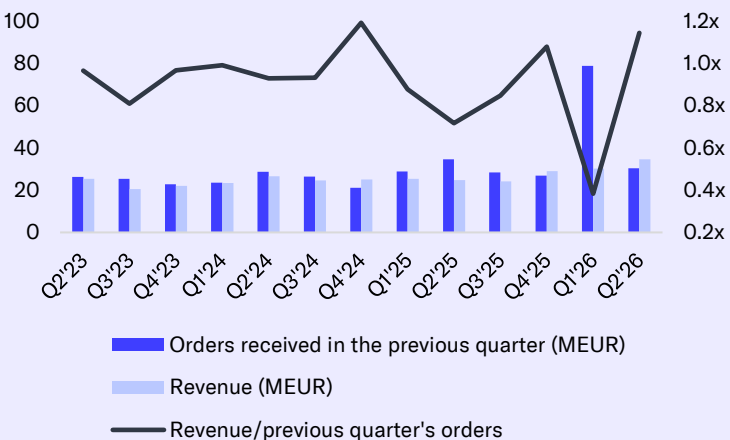
Multi-year contracts signed in recent years have modified Exel's order book structure. Taking these factors into account, we estimate that the order book structure has clearly lengthened in certain respects. Accordingly, we estimate that the company's order book includes both historically typical deliveries, which are recognized as revenue quite quickly, and deliveries through framework agreements extending several years into the future.

In our view, the traditional contracts with a shorter order-delivery cycle are characterized by the fact that Exel typically receives preliminary demand forecasts from its customers for the next 6-12 months. These only turn into firm orders some weeks before the actual delivery. This is what made Exel's hard order book structurally short and in our estimate, an average of only just over a quarter long. We point out, though, that the structure of the order book has not been entirely gapless in the past, as we understand that there can be distinct differences in the way different customer industries and customers operate. In turn, in addition to the order/supply chain, the short structure of the order book also partly reflected on cost management, as there were quite limited short-term flexibility points in capacity and cost structure when order intake forecasts failed.

Revenue and order book at the end of the previous quarter



Revenue and order intake of the previous quarter



Company description and business model 7/7

Instead, due to composite conductor fore framework agreements, the order book now also includes orders that will be delivered several years from now. In our view, however, this has not entirely changed the dynamics of the order book. This is also emphasized by the new Suzlon agreement, which will be entered into the order book gradually over the contract period through separate orders, as we understand it. Exel has also been quite tight-lipped about the delivery schedules of larger framework agreements. We interpret this as meaning that the company's own visibility into delivery requests is somewhat limited as well, since these ultimately depend on customer decision-making. Nevertheless, we view the extension of the order book structure as positive for the company because composite conductor core framework agreements provide visibility into future years through minimum commitments. Still, the quarter-on-quarter fluctuations we estimate remain a challenge for production planning. Compared to the past, though, additional flexibility is provided on the cost side by the narrowed factory network (see the [Strategy and financial targets section](#)).

Cost structure provides operational leverage

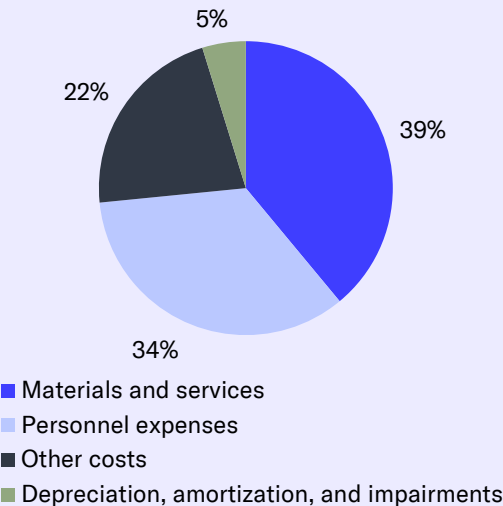
Exel's cost structure is moderately rigid, as we estimate that costs that can be defined as fixed have historically accounted for around 20-30% of total costs. The fixed cost structure is largely explained by the engineering resources required for the business model and the global network of sales and production facilities. Fixed costs (combined with a high material margin) create reasonable operational leverage in Exel's operations. Thus, in situations of idle capacity, the company is able to scale

its fixed costs as its revenue grows and increase its result at a faster rate than revenue growth. However, operational leverage also works in the other direction, and when revenue declines, earnings levels suffer more severely than revenue declines, mirroring the inflexibility of fixed costs. We have discussed the cost structure in more detail in the section [Cost structure and financial situation](#).

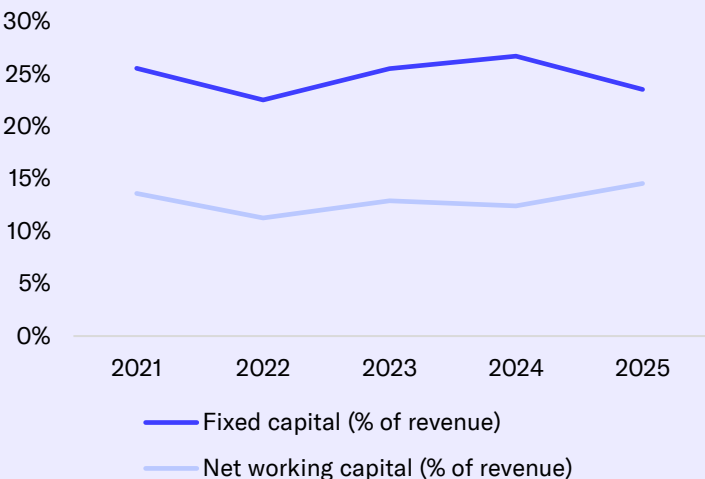
Capital requirements are not huge

Exel's operations don't tie up huge amounts of capital, even though the company operates in a manufacturing industry and has quite a rigid cost structure, as mentioned above. During the last five years, the share of fixed assets (incl. IFRS 16) in revenue has fluctuated between 24% and 27%, which we consider to be a tolerable level. However, we see clear prerequisites for the company to decrease this ratio with revenue growth. In turn, Exel's activities have typically tied up 11-15% of revenue in net working capital, a much more moderate amount than the fixed capital requirement. Working capital over time has also been partly financed by customers, as trade receivables have maintained a cycle time that is consistently faster than that of trade payables. We consider that this contributes to our view that Exel has at least a reasonable position in the value chain (including sufficient bargaining power with customers and material suppliers). Overall, a reasonable commitment of capital is a positive factor, as the limited capital requirements and efficient use of capital set the stage for a good return on capital and shareholder value creation.

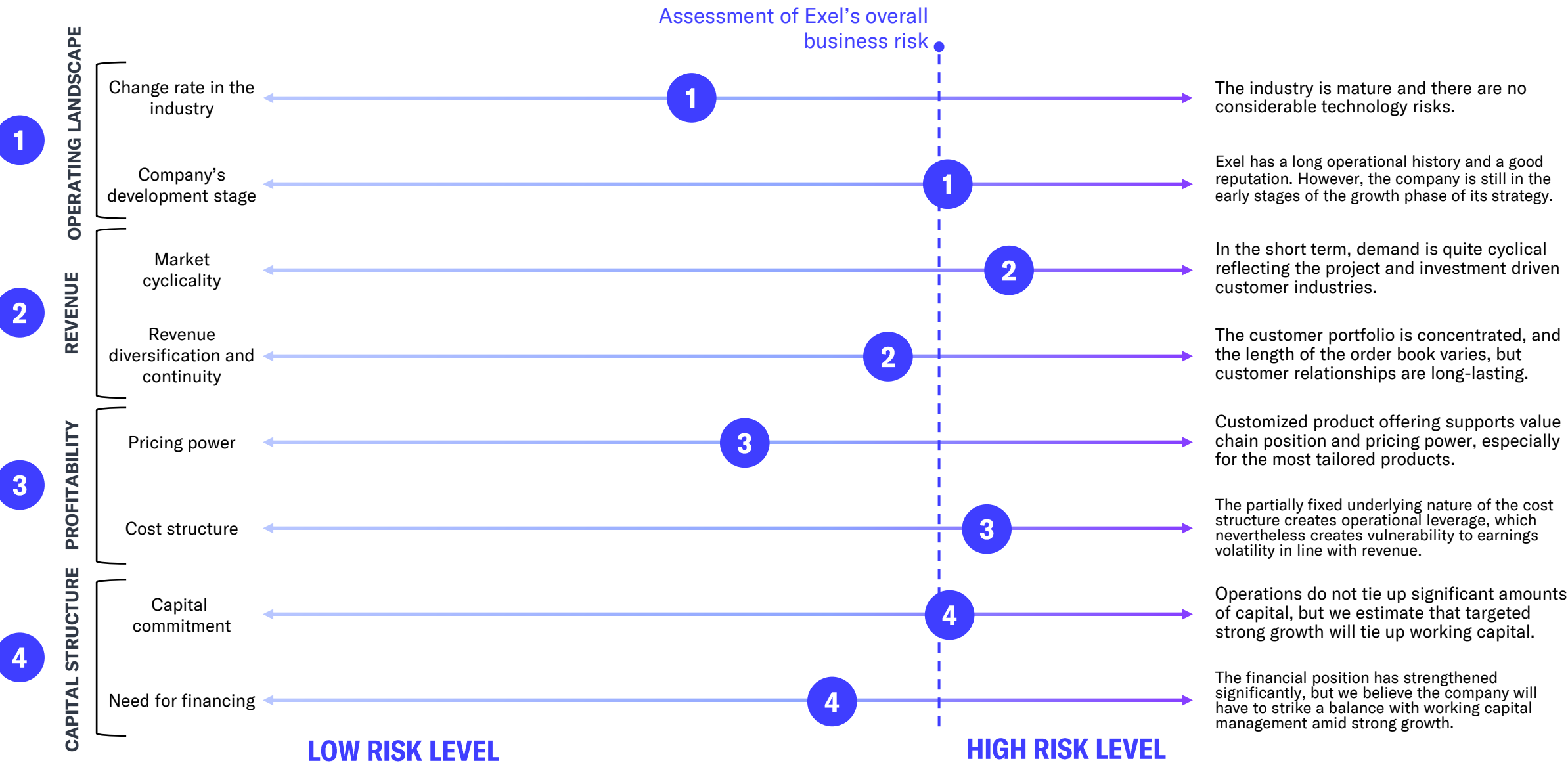
Cost structure 2025



Capital commitment



Risk profile of the business model



Industry and competitive field 1/5

Composites are a small part of the materials market

The size of the composites market varies depending on the classification and source. Exel presented market research at its 2023 Capital Markets Day, according to which the total value of the global composites market (incl. all technologies and material combinations) was estimated to be around 85 BUSD in 2022. In its 2025 annual report, the company estimated that the market size remained unchanged in 2024, based on estimates by industrial associations. However, the composites market is still estimated to account for only about 1% of the materials market, which is dominated by steel, plastic, and aluminum.

The pultrusion technology that Exel primarily uses is a niche technology in the overall composites market. Consequently, relatively little data is available regarding market development. According to market research commissioned by Exel, the size of the pultrusion market was around 4 BUSD in 2022. The company reiterated the same estimate for 2024 in its 2025 annual report. Meanwhile, Lucintel's latest estimate puts the market size in 2023 at approximately 3 BUSD, which supports the scale of the market research commissioned by Exel as well. The pultrusion market is split approximately 70/30 between outsourced independent operators (incl. Exel) and operators that produce internally, according to that same research. As a whole, the pultrusion market as well as the overall composite market are very large compared to Exel's size, and we do not believe that the size of the market will limit its growth potential in any way.

Market emphasis on Western markets and China

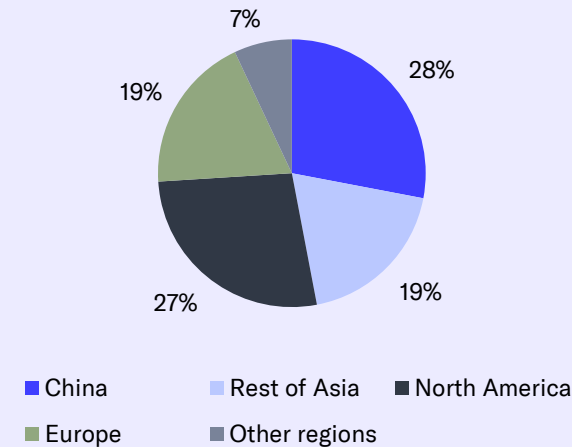
The main advantages of composite materials over

traditional materials can be found in lightness, durability, energy efficiency, long economic life and as combination of these, lower life cycle costs in general. On the other hand, the higher purchase price, especially compared to competing materials, and despite increasing investments, the still limited recycling possibilities in the end-of-life of composite applications, weigh on the other end of the scale.

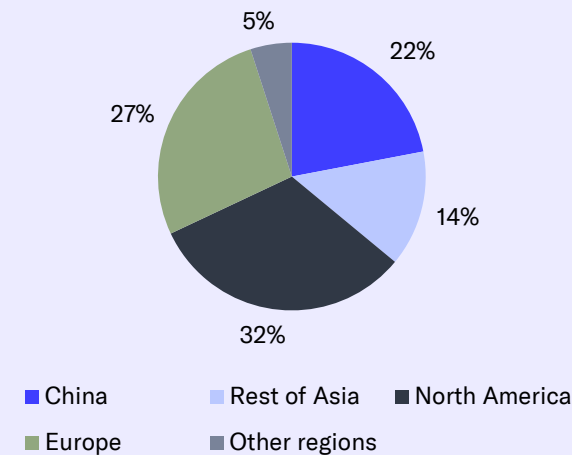
Geographically, therefore, the composites and pultrusion market focuses on areas where their benefits compensate for higher acquisition costs. Instead, we estimate that the foothold of the overall benefits and a life-cycle approach has not been as strong in more price-intensive areas with higher financing costs (i.e. developing economies) . We believe this has driven demand towards competing materials and slowed down the progress of composites on these markets. An exception to this is China, where demand for composites has remained strong throughout history. According to our estimates, the relatively strong development in China is explained by the country having a lot of composite production.

According to the JEC, an organization promoting composite materials, the largest geographic region in 2022, in terms of volume, was Asia (incl. Australia), accounting for just under half of the total composites market. Meanwhile, China accounted for around 60% of the Asian market. The second-largest region was the Americas (about 29% of the total volume), though the volume in this area is virtually entirely concentrated in North America. The remainder of the market (24%) came from Europe, the Middle East and Africa (EMEA), with volumes concentrated in Europe.

Global composites market breakdown, 2022 (volume)



Global composites market breakdown, 2022 (value)



Industry and competitive field 2/5

However, it is worth noting that the market for higher value-added composite applications was primarily concentrated in North America and Europe at that time. These regions accounted for around 60% of the total market in value terms. While we do not anticipate significant changes in the geographical breakdown, we believe that composites have likely gained a stronger foothold in emerging markets (particularly India) in terms of both volume and value, driven by increased wind power production, among other factors.

Growth outlook is good for the market

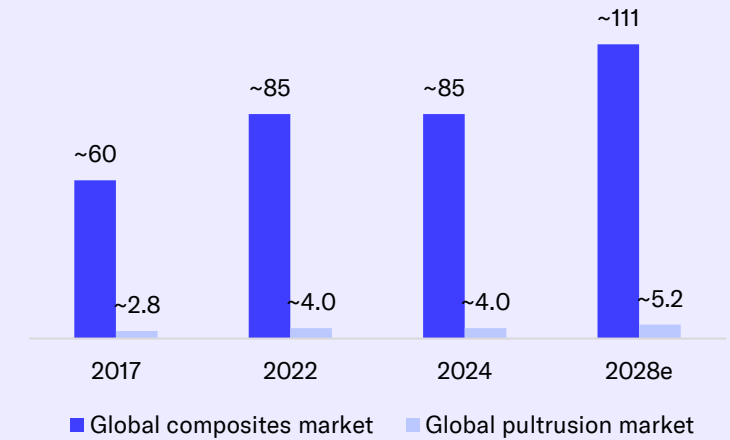
Global megatrends (e.g. sustainability, urbanization, green transition) are directing material choices towards more lightweight solutions with longer operational lives and are growth drivers for the pultrusion market that is relevant for Exel. Against this backdrop, a market research commissioned by Exel, for example, estimated that the international composites market will grow at a rate of around 7% in 2022–2027, with the fastest geographical growth in Asia and North America. In its 2025 annual report, Exel had extended its annual growth forecast through the end of 2028, but it is worth noting that the baseline remained unchanged compared to 2022, as described earlier. We believe that this is due to the market turnaround occurring later than originally expected. Similarly, Lucintel has estimated that the global pultrusion market will grow at a rate of around 5% by the end of the decade and that growth will be quite broad-based across a wide range of application segments (see next page).

These levels are significantly higher than the global GDP growth rate, and in order for this to materialize, composites would need to capture market shares from

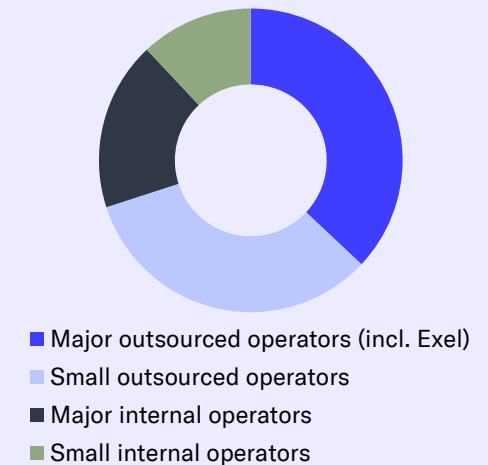
other materials, as we do not assume that the entire material market will grow faster than the global economy. Given the structural advantages of composites and the underlying megatrends, we see a reasonably good basis for this, a view that is further supported by historical data (cf. according to a market study commissioned by Exel, the composites market grew by 7% annually from 2017 to 2022).

In this regard, the outlook is bright for Exel's Energy customer segment, its most significant growth driver, as well as for its defense applications, reflecting the energy transition and growth in defense investments. For instance, the IEA's Electricity 2026 report states that, based on the projected growth in electricity consumption, global electricity grid investments should increase by around 50% from the current level of 400 BUSD by 2030. Naturally, only a small fraction of this market relates to composite conductor cores relevant to Exel, but we still view it as being worth several billion USD in terms of market size. For now, composite solutions are in a challenger position in these applications, which limits the current market size but also offers composites an opportunity to increase their market share thanks to their technical properties (such as light weight and strength, which increase capacity). Additionally, according to an estimate published in 2025 by the Global Wind Energy Council (GWEC), for example, India's wind power capacity could more than double and exceed 100 GW by 2030. Although Exel's Indian factory serves wind power customers globally, we believe this reflects opportunities in the domestic market alone. This is also quite significant, as we understand that Suzlon, for example, serves especially the Indian market.

Estimated market development in the coming years (BEUR)



Breakdown of the pultrusion market



Industry and competitive field 3/5

Despite this overall picture, we expect market demand for and the position of composites in the medium term to be affected by economic cycles and the price development of competing materials. Therefore, the market share development for composites has not been, nor do we expect it to be, linear. We still believe that the industry's growth profile is quite healthy. Nevertheless, we think it should be kept in mind that in addition to the market development of composites alone, key to Exel is its own market share among composite suppliers, which in turn depends on customer growth and relative supplier position.

On a relative basis, we see Exel being better positioned than smaller players in the different scenarios, with its global presence and its application portfolio spanning several industries. Reflecting the company's revenue structure, we estimate that its development will still be closely tied to the economic development of Europe and the progress of the green transition and electrification for the time being.

Different end-uses and fragmentation

The composites and pultrusion market can be divided into several segments based on end-use applications. For example, JEC and Lucintel have divided the pultrusion market into six segments: construction, wind energy, transportation, electrical and electronics, consumer goods, and other applications.

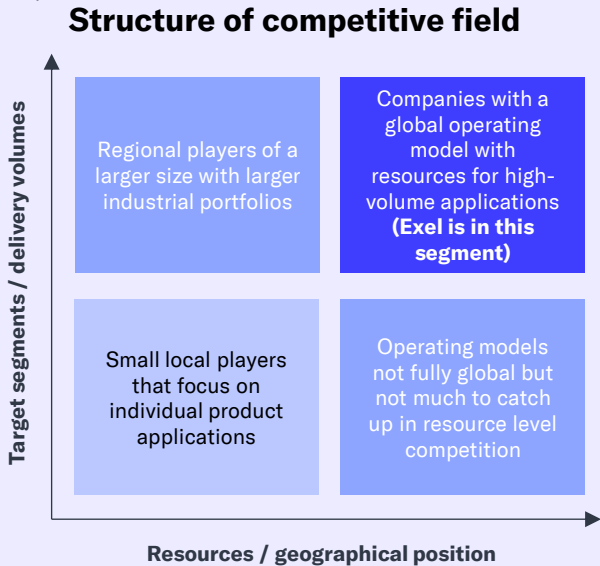
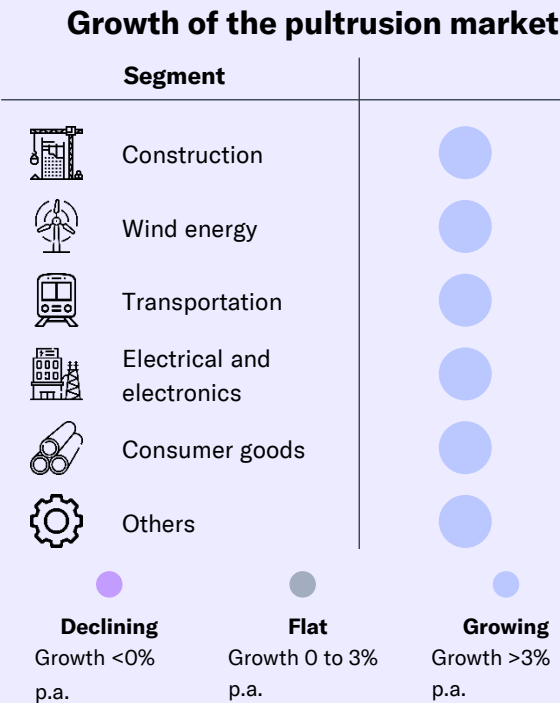
There are differences between the end-uses, such as the degree of customization of the applications and thus also the volumes. For example, the blade reinforcements for the wind power industry are in our opinion high-volume,

low-customization applications, while in certain niche areas (e.g. equipment for process industry) we believe the situation is the opposite. Except at the extremes of low customization demand, the degree of customization is still high, which diversifies manufacturers' production operations and makes it difficult to achieve process-based economies of scale. Due to this dynamic, the structure of the industry is fragmented, as there are many small players and players that only focus on individual industries and/or product applications.

According to market research commissioned by the company and our estimate, Exel is one of the biggest players on the pultrusion market and involved in almost all end use industries. In addition, it is the only pultrusion company with a significant presence in Europe, Asia, and North America. In our view, positioning in several industrial sectors and market areas is smart. This allows for more efficient utilization of the company's extensive design and production resources compared to focusing solely on individual activity fields. At the same time, it is able to serve its customers globally. In addition, we think it makes sense from a risk management perspective, as the underlying industries have different demand drivers and this has a smoothing effect on demand fluctuations.

A rather fragmented competitive field

Due to the fragmented structure, the competitive field is also quite fragmented. As a result, in our understanding, it varies by industry sector, product application, geographic region and customer size.



Industry and competitive field 4/5

Against this backdrop, a majority of the competitors are, according to the market research commissioned by Exel, clearly smaller players (our revenue estimate 5-10 MEUR), primarily local and operating in a relatively narrow industry and customer portfolios.

The pultrusion manufacturers that primarily compete with Exel are unlisted companies, and there is no precise data available on the comparable figures of direct competitors. According to our view, Exel's main competitors in the West are the French Epsilon Composites (composite conductor core products) and the US companies Creative Composites Group, Strongwell, and Marvin Composites (various glass fiber applications in the US market). Additionally, we estimate that several major Chinese companies exist in the market (e.g., Aosheng Hi-Tech, Jiuding New Material, Weihai Guangwei Composites) that compete with Exel, especially in wind power and also in other applications in the Asian market. We also consider Turkish Aksa Carbon to be a competitor, among others. The most significant change in the competitive landscape in recent years has been Swiss Gurit's withdrawal from pultrusion technology (wind power).

Next to the largest pultrusion manufacturers, in our opinion, the company also competes with large material manufacturers that are vertically integrated. We understand that, e.g., Avient Corporation, SGL Carbon, and Hexcel are such players. We also believe it is essential to note that, in many applications, the actual competition is about the choice of material against steel, aluminum, plastics, or other composite technologies.

In our view, the profitability structure of the competitive field of pultrusion manufacturing is polarized both into companies that generate strong profitability (EBIT margin ~10%) and those that battle chronic profitability difficulties (EBIT margin < 5%). Naturally, profitability levels are significantly affected by the cyclical elements of the companies' customers and industries. Due to the basic nature of the manufacturing industry (i.e. relatively fixed cost structures) and due to the diversity of production, building sustainable cost and scale-based competitive advantages is extremely challenging in our opinion. Thus, we feel the factors that drive profitability is positioning oneself in the right industries, product applications and customer types within these segments, as well as managing the capacity of one's own production facilities.

As a leading player in the pultrusion market, Exel is in our view in a position to compete on the fronts of both volume and more customized products through its refocused production facilities. We do not see any structural weaknesses or deficiencies in the company either that would hinder it from joining the ranks of the industry's highly profitable companies if the strategy is executed successfully.

Opportunities for a larger player in the industry

The fragmented structure of the industry offers, in our view, more opportunities than threats for a larger player like Exel. Organically, we believe customers see it as a more credible operator (incl. risk management). Theoretically, the market should also offer opportunities for inorganic expansion of the customer and industrial portfolio. However, we do not

currently consider this relevant for Exel, as the company is focused on implementing its organic growth strategy. Additionally, these involve clear risks, reflecting Exel's history as well. Generally speaking, in our view, the industry has consolidated in recent years, particularly at the smaller end of the spectrum amid more challenging years and through, for example, acquisition-driven Creative Composites. With the structure still fragmented, this is likely to continue in the future as well.

We believe that the fragmented structure's drawback is that the large number of small players can weaken the pricing power of the entire sector (i.e. a wide offering limits cumulative negotiation powers). In addition, the fragmented structure can slow down the final breakthrough of pultrusion into large volume product applications (e.g. transport equipment industry) especially in global market segments, as the number of sufficiently large and credible players is low from the end user's perspective. However, the fragmented structure can act as a small incentive towards companies operating in different parts of the value chain (e.g. equipment and raw material manufacturers). The growth of such a vertical integration could change the structure of the competitive field and create pressure on the players' own relative competitive position. We believe this was the case to some extent in recent years, but many players have since backed away from it.

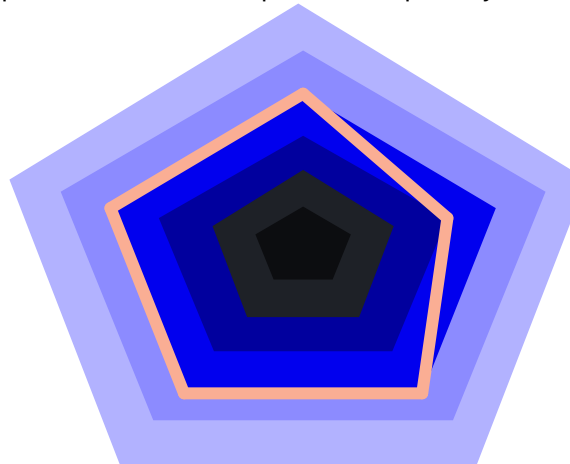
Industry and competitive field 5/5

Current competitive situation (moderate*)

- The amount of manufacturers is large on a global scale, but the position of operators in the value chain is reasonable and customer relationships are often long
- Own rigid cost structures increase price pressure and thus tighten competition
- Healthy long-term growth prospects for the industry provide opportunities for most operators (especially the biggest)

Threat of substitutes (moderate*)

- On product application level, the threat of substitutes mainly comes from the customer portfolios
- On technology level, there is a threat of competing production methods, but it is not alarmingly high
- We believe there is some threat from substitute materials due to relative price competitiveness and the characteristics of potential new materials



Suppliers' bargaining power (low*)

- There are no producers or distributors with a dominant position on the supply side
- The ability to differentiate is not high on the production level, which limits the bargaining power to other levels
- Composite manufacturers typically have long supply chains, and the importance of a single supplier has not been emphasized
- Incentives for vertical integration of material manufacturers are not very high

Threat of new competitors (moderate*)

- Ramping up operations requires reasonable capital investments but the longer-term growth picture is healthy
- Vertical integration a bigger threat than new players entering the field
- Switching costs can be high in established customer relationships, which limits the enthusiasm of new players
- Reaching economies of scale is challenging and even a small player can reach good margins

Buyers' bargaining power (moderate*)

- Customers' supply chains are usually quite long and the dependency on individual suppliers does not become excessive
- Customized product portfolio increases the costs of switching suppliers and weakens the buyer's negotiation power
- The threat of vertical integration among OEM companies is low and it does not increase the customers' negotiating power much
- Composite components represent a modest share of the total cost of the final application, and equipment manufacturers' decisions are not primarily driven by price (note, however, that they play a major role in high-volume products).

Strategy and financial targets 1/6

Focus areas of the transformative strategy

In fall 2023, Exel announced its transformative strategy to become a more integrated designer and manufacturer of composite solutions made with continuous processes, for both volume and customer-specific applications. The strategic focus areas are:

- Capturing organic profitable 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.
- Increasing value to customers by helping them choose composites as part of their applications. This is done by offering engineering support, productization and post-processing
- Leveraging new operating model. The key idea of this and the transformative strategy in general is to extract more from the existing structure by centralizing operations in larger factories, improving capacity utilization rates, and enhancing sales and commercial capabilities, among other things.
- Having high ambition and focusing on rigorous execution.

Transition to two business units

In 2024, as part of its strategy, Exel adopted a new operating model and thus transitioned to the two

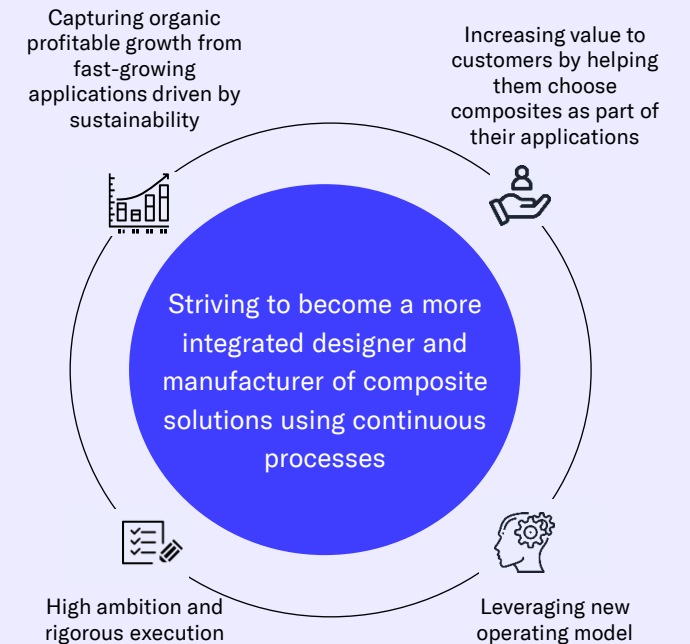
previously mentioned customer-centric business units: 1) Industrial Solutions and 2) Engineered Solutions. According to the company, the change enabled greater customer collaboration and more efficient operations. We believe the key drivers of more efficient operations were clarifying responsibilities, increasing business unit responsibilities, and improving predictability at the group level.

Today, the company serves its volume product customers with dedicated customer service teams and factories designed for efficient, continuous production. Meanwhile, Exel serves its custom and specialty product customers with a local sales network and a global network of factories specializing in custom manufacturing.

Factory footprint reorganized

As part of its strategy, the company has implemented a reorganization of its factory footprint to support the needs of the business units. The company announced that it is conducting a strategic review of its three factories to determine their future roles. Of the three factories, the company has completed reviews of the US and Belgian factories. Prior to these reviews, it had already taken other restructuring actions by centralizing production in China and closing its UK factory. These measures are thus moving the company towards larger production units that are scalable, more efficient, and better resourced. At the same time, it aims to increase factory utilization rates and thereby profitability.

Priority areas of the strategy



Strategy and financial targets 2/6

We believe the key means of achieving them are product standardization and longer production runs. At the same time, they enable factory- and application-specific optimization as well as continuous improvement.

The company completed its first strategic review in fall 2023. At that time, Exel decided to change the role of its US factory by focusing on customized products and transferring its previous wind power production to other factories. The company expected the restructuring to result in annual cost savings of around 3.0 MEUR in the longer term. This was, however, offset by the one-off expenses of 4.3 MEUR recorded by the company.

In the fall of 2024, the company completed its second review and ended up discontinuing production at the Belgian factory, deeming it unprofitable, and transferring profile production to its other factories. Customer profile migrations were carried out in 2025 and incurred additional initial costs due to challenges ramping up production of more complex profiles. Nevertheless, Exel achieved good production levels by the end of 2025. The company estimates that the closure will lead to annual cost savings of around 1.8 MEUR starting in H2'25. Correspondingly, it recorded a one-time expense of approximately 4.2 MEUR related to the closure.

The company has not yet announced its final factory to undergo strategic review. According to our understanding, the company is still in no great hurry regarding this matter. However, we expect the company to take action within the next few years.

Production volumes at the Indian factory will increase significantly in the near future

On the other hand, the new factory of the KECI joint venture was completed on schedule by the end of 2024,

as previously stated, and the company has also announced the aforementioned wind power contracts for the factory. Additionally, while the factory has transitioned to commercial production, we estimate that the ramp-up of high-volume production will begin in Q4'26 with the Suzlon contract. At this point, we feel that the factory's revenue and, in particular, earnings contribution are still somewhat unclear. We expect this to become much clearer over the next 12–18 months, once the capacity ramp-up related to the Suzlon contract is complete and volumes have stabilized. In our view, the recent contract is already a strategically significant success at this point, as the ramp-up of the Indian factory and the increase in wind power sector volumes have been among the core cornerstones of Exel's turnaround strategy. In our view, the increase in the factory's utilization rates also provides fundamental support for profitability.

Overall, we believe the measures taken regarding the factory footprint have been logical and will enable clear efficiency gains for the company (e.g., more focused factory-specific production, longer production runs). The rationale behind this is that we understand that historically, Exel's average factory utilization rates have been far from optimal. By reducing the size of the factory network and refocusing the factories, we thus see opportunities for the company to extract significantly more from existing assets. In our view, the company's operational performance has already shown clear signs of improvement, and the measures taken regarding the factory network have also increased business flexibility. The success of the implemented measures can only be properly assessed as revenue growth continues in the coming years.

Measures taken to implement the strategy

Measure	Stage
Decision to build a factory in India	Completed
Strategic evaluation of the US factory	Completed
New operational model	Completed
Organization of resources by business unit	Completed
Strategic evaluation of the Belgian factory	Completed
Start of production at the Indian factory	Completed
Sale of the UK property	Completed
Strategic evaluation of the 3rd plant	Not yet started

Strategy and financial targets 3/6

Stabilization and profitability phase completed

The company originally divided its strategy period into two phases: 1) a stabilization and profitability phase and 2) a growth phase. The stabilization and profitability phase took place in 2024–2025, and the company successfully completed it on schedule, in our belief. Examples of actions in the first phase included the introduction of a new simplified two-business unit structure, optimizing the factory network, increasing operational efficiency and developing a more standardized offering for selected applications. Of these, however, we believe that increasing operational efficiency and developing a more standardized offering are long-term, continuous improvement processes.

Strategy has moved into the growth phase

In 2026, the company has entered a growth phase in which it aims to achieve its long-term financial targets by the end of 2028 (see next page). In this second phase, Exel is aiming for strong organic growth and increased profitability by taking full advantage of its production facilities and new sales model, as well as its expertise in customized and volume applications. Organic growth will be targeted in large and fast-growing energy and decarbonization applications, in line with the focus of the strategy.

In Engineered Solutions, Exel has stated that it has identified opportunities particularly in buildings and infrastructure (e.g. door and window profiles), transportation profiles and other special applications (e.g. tubes and composite conductor cores). Among these, composite conductor core products have emerged

as one of the company's clearest growth engines, driven by framework agreements launched in late 2025. We anticipate that these will continue to offer significant opportunities as investments in power grids related to the global energy transition continue. In our view, composite conductor core revenue could easily be considered that of a volume products, but we understand that, for the time being, their manufacture will rely on European factories. Thus, we estimate that a potential reclassification would also require successful sales initiatives in markets outside of Europe.

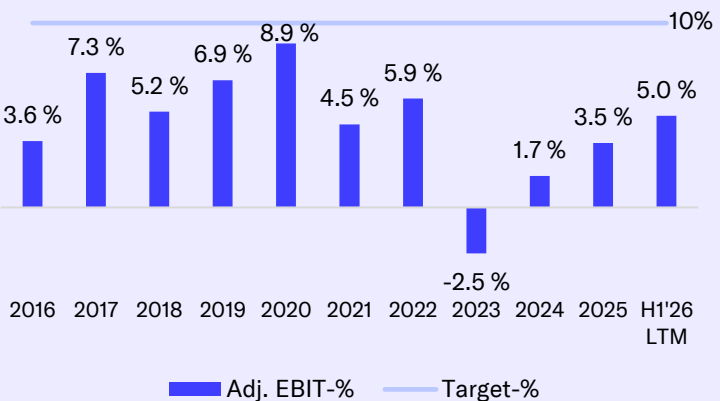
In Industrial Solutions, on the other hand, the most distinct area is in wind power applications and especially the cooperation with Suzlon. In addition, Industrial Solutions includes various profiles for transportation equipment (e.g. Foton contract). The company aims to grow new product application areas into volume applications, which, in our opinion, could include door and window profiles, KONE UltraRope, or defense applications, in addition to composite conductor cores.

Overall, we believe the actions taken within the strategy period have been sensible and successful (e.g., contract wins). In addition, we see that the themes highlighted earlier in the Industry and competitive field section (e.g., global structure and extensive design and material expertise in various industries and applications) provide the company with a strategic advantage over pultrusion competitors. If the company succeeds also in executing the growth phase, we believe it has the potential to create significant shareholder value. At this stage, however, the company still has to prove its ability to transition to a larger scale.

Revenue development and target



Adjusted EBIT-% development and target level in 2028



Strategy and financial targets 4/6

Long-term targets

Exel's long-term financial targets are:

- **Growth:** Annual revenue exceeding 200 MEUR by 2028
- **Profitability:** Adjusted EBIT-% > 10% by 2028
- **Financial position:** Net debt to adjusted EBITDA below 3x by 2028

Successful sales efforts and improvement of utilization rates central to achieving financial targets

At the 2023 CMD, the company's roadmap to double its revenue (LTM Q3'23: 106 MEUR) included the recovery of volumes from existing customers (especially wind power) (30 MEUR) and a significant growth in Industrial and Engineered Solutions (70 MEUR). The company also announced that it was reviewing its portfolio of lower-margin products, which was estimated to have a slight negative impact.

The company has previously stated that, at the target revenue level, around 60% could come from Engineered Solutions and 40% from Industrial Solutions. However, we do not consider this division to be set in stone. Initially, the company stated that it aims to support growth by increasing customer value (advice, engineering support, productization, post-processing), new customer acquisition, product development innovations, partial standardization of products and changes to the organizational model (incl. utilization rates). As far as we can tell, these factors remain unchanged. In our view, composite conductor core products are an example of an application combining several of the aforementioned

elements, despite not being a new product development innovation.

Accordingly, achieving the profitability target is driven, in particular, by increasing the utilization rates of existing production facilities and lines well above historical levels (see also the graph in the sidebar). We estimate that the company has already made good progress in this regard by making production facilities more focused. In addition, it aims to improve profitability through partly through the same themes as revenue, i.e. by increasing customer value (e.g. machining, equipment, surface treatments, painting) and by reducing fixed costs. While we estimate that these measures have already been reflected in the company's profitability, even clearer benefits will emerge through revenue growth.

Ambitious targets, but the level of realism has increased recently

We consider the growth and profitability targets to be very ambitious given the history. For instance, the company's LTM revenue was 118 MEUR at the end of H1'26, and Exel's record revenue dates back to 2022 (137 MEUR vs. 2021-2025: 97–137 MEUR). Meanwhile, the company's LTM adjusted EBIT margin was 5.0%, compared to an average of 2.6% in the years 2021– 2025.

However, we believe that the company's actions and sales successes during the strategy period have created a foundation for strong growth and earnings improvement. Nevertheless, we find the timeline for reaching the target revenue level, in particular, to still be challenging, as reflected by the required average annual growth rate of 25% during 2026–2028.

Illustration of the impact of utilization rates in pultrusion manufacturing

Pultrusion lines: 120

Capacity utilization rate: 40%, 24/5

Revenue: 100 MEUR
Adjusted EBIT -2 MEUR

Pultrusion lines: 90

Capacity utilization rate: 60%, 24/5

Revenue: 100 MEUR
Adjusted EBIT 2 MEUR

Pultrusion lines: 90

Capacity utilization rate: 60%, 24/7
(or 85%, 24/5)

Revenue: 140 MEUR
Adjusted EBIT 14 MEUR

Pultrusion lines: 90

Capacity utilization rate: 85%, 24/7

Revenue: 200 MEUR
Adjusted EBIT 24-28 MEUR

Strategy and financial targets 5/6

Nevertheless, the growth phase of the strategy has gotten off to a fast start, and the company exceeded the required growth pace in H1'26 (29% growth). In addition, the recent Suzlon agreement will provide significant support for growth, especially from 2027 onwards. Even so, achieving the target would still require some significant new framework agreements outside of wind power, in our view, or the expansion of the partnership with Vestas, for example.

Ambitious revenue target

Using the company's illustrative breakdown of revenue distribution, the revenue level for Engineered Solutions would be 120 MEUR in 2028 (vs. 2025: 83.9 MEUR) and 80 MEUR for Industrial Solutions (2025: 19.3 MEUR).

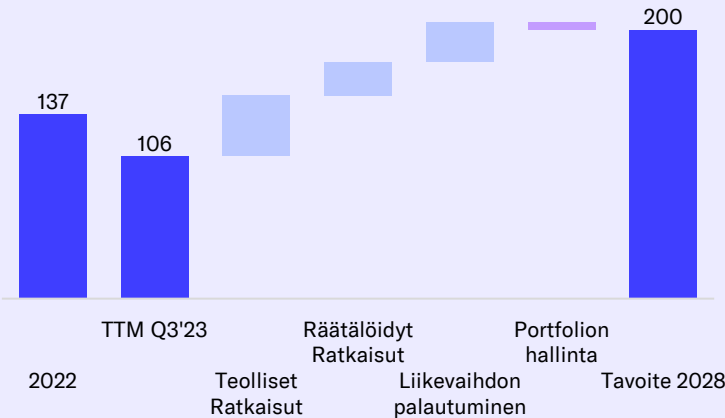
The new framework agreements did not impact Engineered Solutions' revenue in 2025 yet. At the same time, the minimum commitments related to them will positively impact revenue by just under 12 MEUR annually in the coming years. Thus, reaching the unit-specific level of 120 MEUR would necessitate an additional increase of well over 20 MEUR from the end of 2025 onwards, taking framework agreements into account. Conversely, during the record revenue year of 2022, nearly 27 MEUR of Exel's revenue came from the Wind Power customer industry of that time, which we estimate accounted for most of the revenue categorized as volume products at that time. Therefore, we believe that reaching the 120 MEUR level is still within the realm of possibility, taking into account the positive developments in H1'26. However, we believe this requires the favorable market situation in the industry to continue, as well as volume growth from existing customers or successful new customer acquisition. Naturally, not all of this is within the company's control. In our view, credibility in achieving the target level within the target timeframe would be established by new, larger

framework agreements (at least two similar to the one previously announced) or a clear expansion of existing ones.

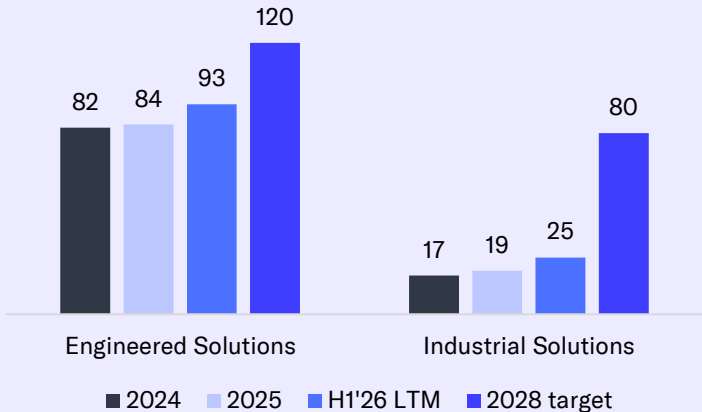
Similarly, reaching the 80 MEUR level for Engineered Solutions requires quadrupling revenue from 2025 within three years, which, in our opinion, illustrates the challenging nature of the target itself. At the same time, the unit's Q2'26 revenue was 8.4 MEUR, and at this pace, the needed relative growth share will decrease significantly. Nevertheless, in absolute terms, this would still require an increase of nearly 50 MEUR. Assuming that the revenue generated from the Suzlon agreement would be approximately 40 MEUR per year, it would account for a significant portion of the required increase. However, it should be noted that, based on previous cooperation, the annual increase could be estimated at approximately 35 MEUR (the previous agreement was for 10 MEUR spread over just under 2 years). Thus, based on these assumptions, achieving the target would require an additional 10–15 MEUR annually.

Considering the current narrow industry structure of Engineered Solutions, achieving the growth target is, for now, tied to the wind power sector and, consequently, the contribution of the Indian factory. We estimate that the Indian factory's share of the 80 MEUR could be approximately 50 MEUR, which also reflects the prominent role of the Suzlon agreement. At the same time, we believe this limits the potential of the partnership with Vestas, at least in the short term. In line with this as well, confidence in achieving the 80 MEUR target would also be boosted by potential new contracts for the Chinese plant. Overall, we still consider the Suzlon contract to be an undeniable demonstration of Exel's competitiveness in the wind power market, and it also reinforces the outlook for achieving the company's growth target.

Exelin esittelemä tiekartta kasvutavoitteen saavuttamiseen (MEUR, CMD 2023)



Development of business units and indicative target level



Strategy and financial targets 6/6

In light of the cyclical nature of the wind power market, we believe the company should also strive to win over new customers from other industries to ensure stable revenue and sustainable growth, looking beyond any single point in time.

In light of Exel's recent order and revenue trends, we estimate the company's annual revenue level with existing customers and under existing contract frameworks to be roughly within the range of 150–170 MEUR. Thus, the company still has some way to go to reach the target, but the upward trend is clear, and we believe the target is within reach if things go well. In our view, achieving the revenue target does not require factory investments. We would estimate that it would still necessitate additional investments in production lines, equipment, and capabilities (e.g., facilities and equipment required for additional services). We understand that these investments would be moderate in size.

Much remains to be achieved before reaching the profitability target, but it is possible

In our view, achieving the margin target requires a clear increase in revenue from realized levels as well as production efficiency optimization. In terms of profitability, we estimate that the lower customization rates and lower margin profile of volume-based applications will pose some challenges that will, in turn, require relatively high utilization rates across the production network, especially for volume applications. Conversely, we find that the company would have the prerequisites to reach the margin target, even with revenue below the target level, by implementing a more customized revenue structure. Reflecting on history, we believe that achieving the margin target should also be

supported by the measures taken to reduce fixed costs and optimize the production network.

For the financial position, the target is at a reasonable level

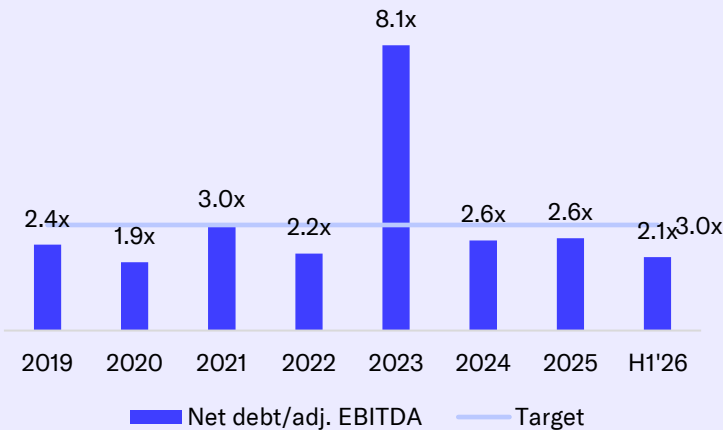
For the financial position, on the other hand, we believe the target is at a reasonable level given the nature of the business, although we estimate the comfort zone to be slightly below the target level (around 2.0x-2.5x). We believe the biggest financing risks in the coming years are related to the likely tie-up of working capital caused by targeted strong growth, particularly during larger deliveries or ramp-up phases of new contracts. In our view, this is also more evident in volume products, reflecting customers' likely greater bargaining power. Therefore, positive profitability development is also central to ensuring financing for growth.

We expect capital to be directed towards organic growth

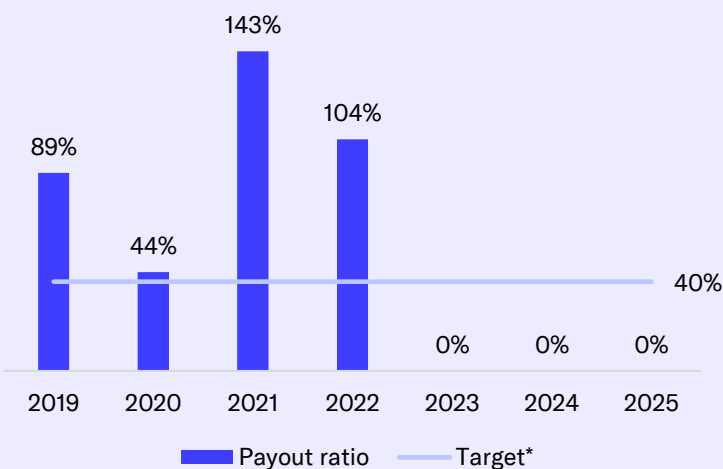
Regarding the distribution of profits, the company has not updated its policy for quite some time, and its aim is to pay an annual dividend of at least 40% of net result, as far as the company's current financial situation and growth opportunities allow. Considering the strategic development phase, we believe the company will allocate capital toward growth for the time being.

Looking at the big picture, we don't expect Exel to be active in the M&A market, but rather to focus on pursuing organic growth in the coming years. In the longer term, however, we see potential for complementary acquisitions to expand the technology portfolio and/or customer base.

Development and target of the financial position



Dividend history



* Provided that the company's financial situation and growth prospects allow

Cost structure and financial situation 1/3

Material margin at a good level

The largest single item in Exel's cost structure is materials and services, having accounted for around 38-49% of total costs in recent years. By their very nature, materials and services are almost entirely variable and therefore non-scalable. Relative to revenue, the share of materials and services has in turn fluctuated between 39% and 47% in 2021-2026, partly due to changes in the sales mix. Consequently, the material margin, which provides some concrete indication of the company's pricing power, has been between 53% and 61%, trending upward in recent years. In our view, the material margin achieved in recent years is a good performance for a manufacturing company and reflects the pricing power and reasonably good value chain position of Exel's offering. On the other hand, we do not consider it realistic to raise the margins above the current level, given the increasing proportion of lower-margin volume applications, partly due to the Suzlon contract. Consequently, we estimate that material margins will come under downward pressure already in the moderately short term when volume growth unfolds as expected.

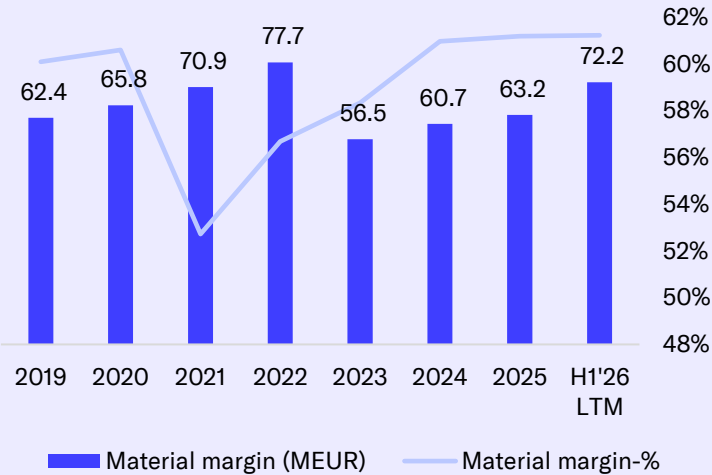
We expect the company to seek efficiencies in the use of production resources

The second largest item in the cost structure is personnel expenses, reflecting the company's moderately personnel-intensive operating model (incl. internal design and sales resources and production). As is typical for personnel costs, the expenses include a relatively high proportion of fixed elements in the short term, while the proportion of variable elements increases in the longer

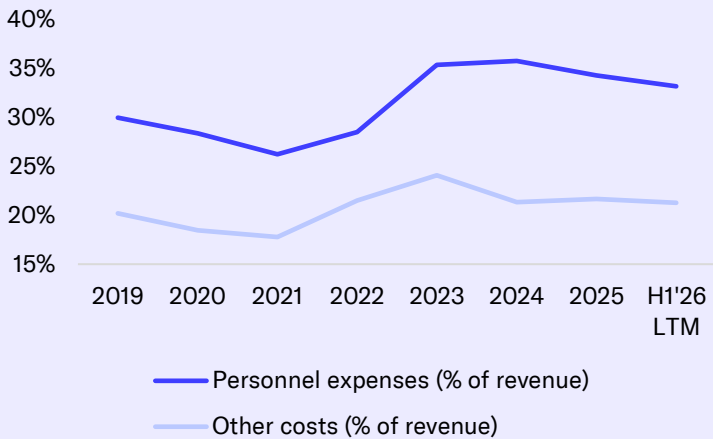
term. At the same time, we expect design expenses in particular to remain relatively fixed in the longer term, offering scalable elements to a certain extent. However, considering the company's growth strategy, we believe it is possible that the company will increase its product development and sales efforts (incl. personnel) in the medium term. We believe the company is still seeking to improve efficiency, particularly in the use of production resources within the framework of its strategy (including headcount). We therefore assume that it will aim to reduce the relative share of personnel expenses in revenue closer to the lower end of the historical range (2021–H1'26 LTM: 26–36%) through growth.

The share of other expenses in Exel's revenue has fluctuated respectively between around 18% and 24%. Other expenses include both fixed and partially variable expenses, the latter consisting of other variable production expenses (e.g. molds and dies, energy and packing costs). Conversely, fixed costs include maintenance and repair costs, travel expenses, and legal and other consulting services. In our view, the share of other expenses is high, which we believe is mainly explained by other variable production expenses (share of other expenses in 2021-2025 38-54%). We believe that this also contributes to limiting the potential for efficiency gains and scaling of other expenses, although we still see room for improvement in this area through strategic measures (e.g. utilization rates). On the other hand, we expect the company to be able to keep the growth of other expenses at a more moderate level than revenue growth in the long term, in line with their fixed components.

Material margin development



Development of personnel and other expenses



Cost structure and financial situation 2/3

The majority of the balance sheet assets are current assets

We have reviewed Exel's balance sheet using figures from the end of H1'26. We estimate that it provides a fairly up-to-date picture of the company's financial position. At the end of H1'26, Exel's balance sheet total was 104 MEUR.

About 2/3 of the balance sheet's non-current assets (40.8 MEUR) consisted of tangible assets (incl. right-of-use assets). Correspondingly, the company had approximately 12.0 MEUR of goodwill on its balance sheet related to previous acquisitions. Exel reports in accordance with IFRS standards and therefore does not remove goodwill from its balance sheet. The remaining non-current assets included other intangible assets, investments, and deferred tax assets. We do not see any material write-down risks related to long-term assets without significant operational setbacks.

Current assets consisted of trade and other receivables (25.6 MEUR), inventories (25.0 MEUR), and cash (12.6 MEUR).

Financial position is moderate overall

Equity, for its part, amounted to 30.2 MEUR in the balance sheet, including a marginal minority interest (0.0 MEUR). Correspondingly, the company had 34.5 MEUR of interest-bearing liabilities (incl. lease liabilities) at the end of H1'26, largely consisting of current liabilities (26.4 MEUR). Of the current liabilities, 14.0 MEUR, in turn, were short-term commercial papers used for working capital management (i.e. not repayments of long-term financial loans), while a larger portion, in our view, consisted of short-term

instruments related to the long-term financing agreement.

In the light of the aforementioned overall picture, the company's net interest-bearing liabilities amounted to 21.9 MEUR at the end of H1'26. Compared to the adjusted EBITDA of the last 12 months, the net debt ratio was 2.1x and below the target level. Accordingly, the equity ratio was 31% and the net gearing ratio 73%. Thus, we believe the company's financial position was already within its comfort zone overall. However, the balance sheet indicators were not yet particularly strong, but we see the company's room for maneuver as sufficient and expect the indicators to improve as the turnaround in earnings gradually progresses. We estimate that the company will still need to balance working capital management.

Interest-free liabilities amounted to 39.4 MEUR, mainly consisting of current trade payables and other non-current liabilities (38.0 MEUR). Thus, the company's net working capital situation was exceptionally favorable compared to historical trends. We will therefore continue to monitor the trend in working capital in the coming quarters, especially as the deliveries of volume products increase.

Cash flow potential should be adequate

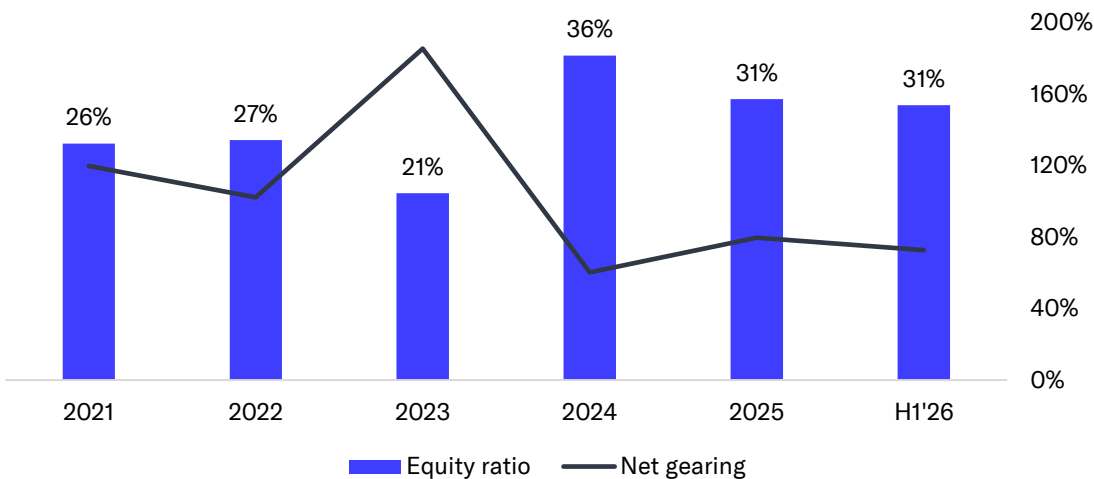
After the normal working capital requirements tied to organic growth and the maintenance investments needed for the production plant network, we believe that Exel should have the potential to generate reasonably good cash flow in the longer term, provided the turnaround is successful and the growth rate moderates. In our view, the company's operational cash flow profile should indeed be favorable, with good levels of volume and profitability.

However, we estimate that, in the coming years, operational cash flow will be weighed down, in part, by working capital commitments associated with strong growth.

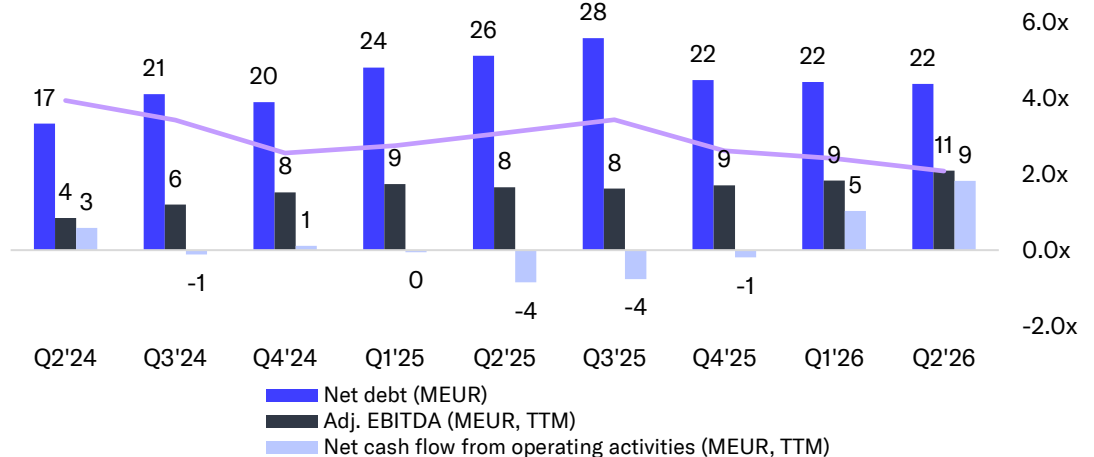
Correspondingly, at the turn of the 2020s and thereafter, Exel has carried out substantial investments for its size class (the factory in Austria and the factory in India). Additionally, its operational earnings have fluctuated significantly, and both reported earnings and cash flow have been disrupted by strategic review-related measures as well. Consequently, it is difficult to find support for our assessment of the cash flow profile and, in particular, its more specific characteristics in recent history. In this regard, we will have to wait for more concrete evidence for the time being. However, we believe that the strategic measures taken by the company (such as the downsizing of the factory network) also contribute to our estimates of future developments.

Cost structure and financial situation 3/3

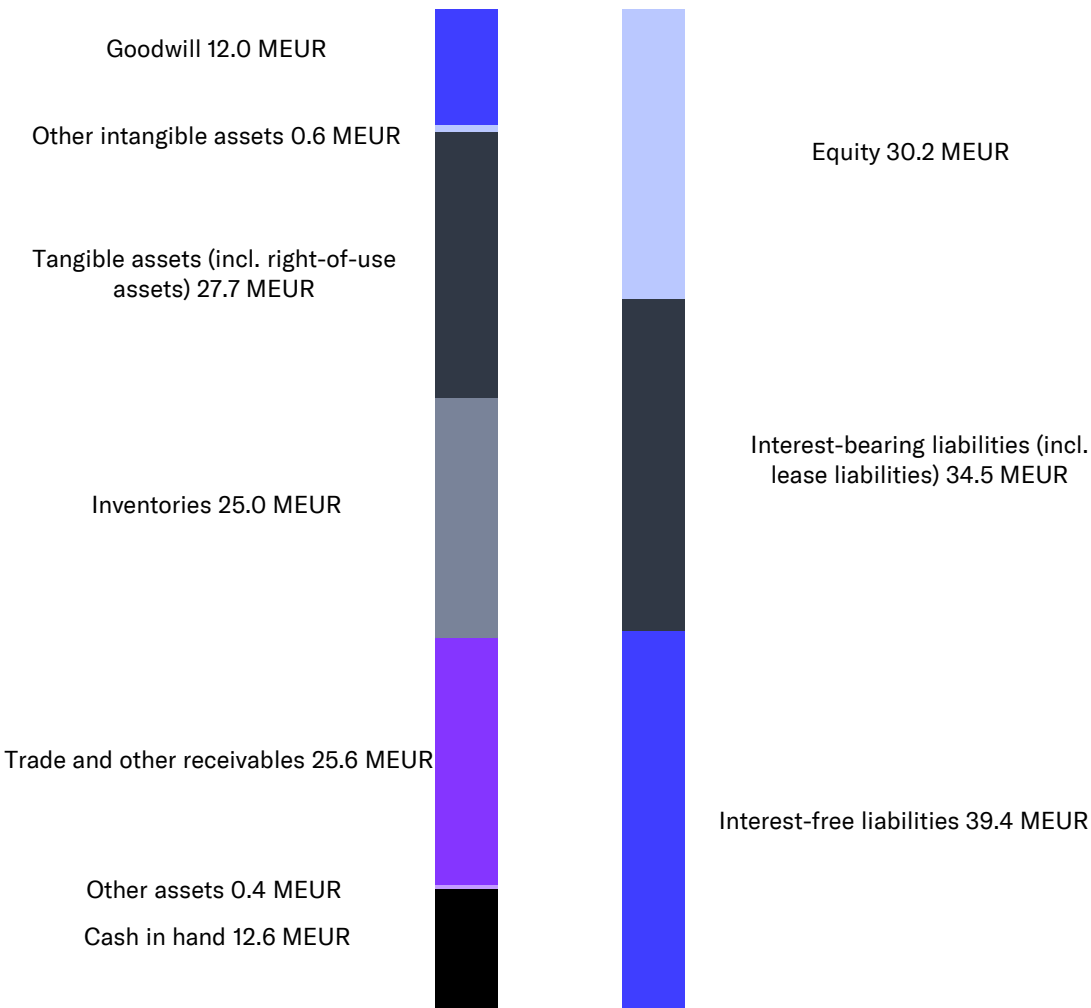
Development of balance sheet indicators



Development of net debt, adj. EBITDA and cash flow from operating activities



Balance sheet at end of H1'26 (104 MEUR)



Estimates 1/4

Estimate model

We forecast the development of Exel's revenue in the short and partly medium term mainly based on the orders received, the size of the order backlog, the estimated developments in the customer industries and the company's own relative competitiveness and position. At the same time, it is good to acknowledge that Exel's progress is also correlated with global industrial investment-driven demand. Our longer-term estimates are largely based on a combination of expected growth in composites and the structural characteristics of the company.

Our assessment of short and medium-term profitability focuses instead on the effects of both the growth we expect and the benefits of strategic measures (e.g. reducing fixed costs, increasing utilization rates). In the longer term, we assess profitability using Exel's historical levels and the profitability potential (incl. sales mix performance) we estimate for the company. We have not taken into account possible mergers and acquisitions in our estimates, as they are virtually impossible to predict.

Guidance for the current year should be easy to achieve

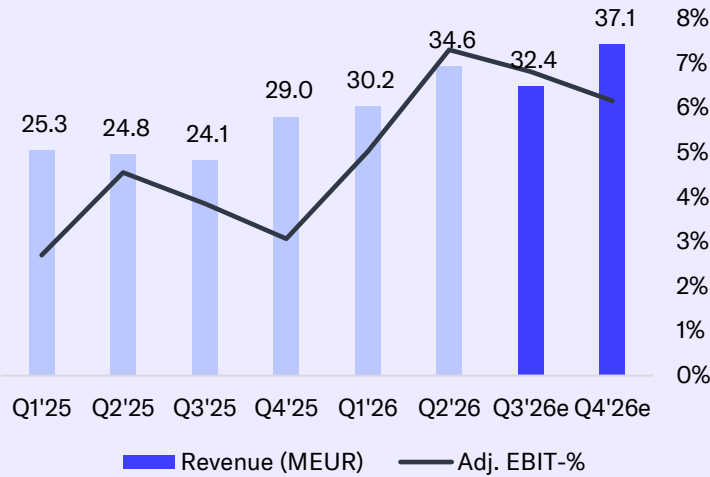
For the current year, Exel has guided for an increase in its revenue (2025: 103 MEUR) and in its adjusted EBIT compared to last year (2025: 3.6 MEUR). There is uncertainty regarding the underlying assumptions of the verbal guidance, but based on historical data, we estimate that significant revenue growth indicates at least double-digit annual growth (the exact lower limit unknown). In terms of earnings guidance, significant growth has historically been considered at least over 40%

earnings growth (2019: +43%).

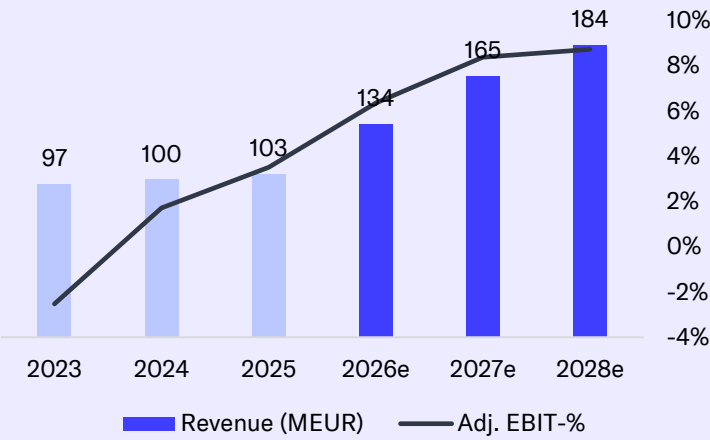
The company's first half of the year got off to a fast-paced start in line with the growth phase of the strategy, supported by a strengthened order book and increased volumes in the commercial production of the Indian factory. In addition, the performance was supported by brought-forward delivery requests related to composite conductor cores, combined with strong execution. For example, in Q2, the impact of delivery requests was ~4 MEUR relative to the company's initial estimate. After H1, Exel had accumulated 64.8 MEUR in revenue (vs. H1'25: 50.1 MEUR) and adjusted operating profit of 4.0 MEUR (vs. H1'25: 1.8 MEUR). Reflecting the advanced delivery requests, the company also removed from its guidance in connection with the Q2 results the original assumption that growth would be more strongly weighted toward H2.

In connection with the Q2 results, the company commented that the market situation had remained good, although demand may have been slightly supported by customers restocking due to the unstable geopolitical situation in the spring. However, it was difficult to draw far-reaching conclusions from this. According to our interpretation, the strongest market situation was in the Energy customer industry and in applications related to the defense industry. In connection with the earnings release, the company also seemed confident regarding its sales pipeline and the gradually increasing volumes of the Indian plant. Confirmation regarding the Indian factory was indeed received in September through the significant Suzlon contract concluded. The company did not comment on other potential new framework agreements other than by stating that it strives to advance new contract projects.

Revenue and EBIT-% (adj.)



Revenue and profitability development



Estimates 2/4

In our view, no other significant changes have taken place in the market environment, and thus the conditions for the continuation of a positive underlying tone remain good, barring any negative surprises in the global economy. This is also supported by, for example, recent industrial economic data (such as purchasing managers' indices) from Exel's key market areas. In our view, the clearest short- and medium-term risks to market development remain geopolitical and trade policy tensions, as well as the resulting elevated inflation and interest rate expectations, which could impact investment activity. In our view, potential headwinds in AI investments could also be reflected more broadly in the industry, although we consider this unlikely in the short term. Instead, we expect electrification, the energy transition (including grid infrastructure), and defense investments driven by the geopolitical situation to support the positive trend in market demand over the long term.

In our view, achieving the guidance should be easy, provided there are no sudden changes in the market situation. This is supported by the strong performance earlier in the year, the record-high order book (99 MEUR, +111% y/y), the Suzlon contract, and the partially low comparison figures for H2.

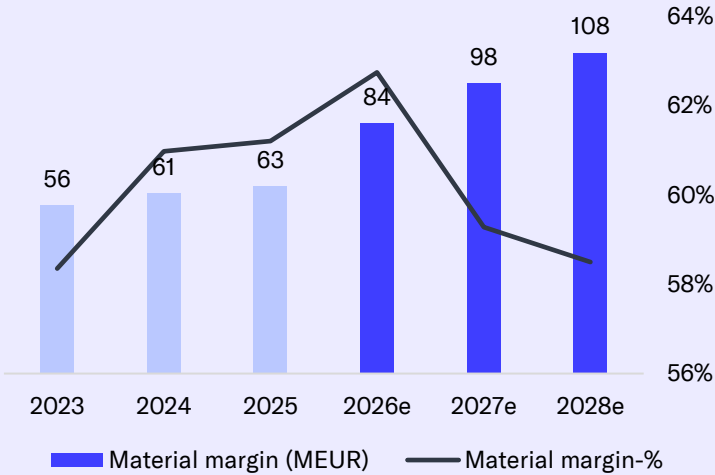
Estimates for 2026

In connection with the report, we have made small positive estimate revisions for the coming years, but their absolute impact remained moderate (see more detailed estimate changes for the coming years on [page 32](#)). Behind the revisions compared to our previous update was our fine-tuning regarding the Suzlon agreement.

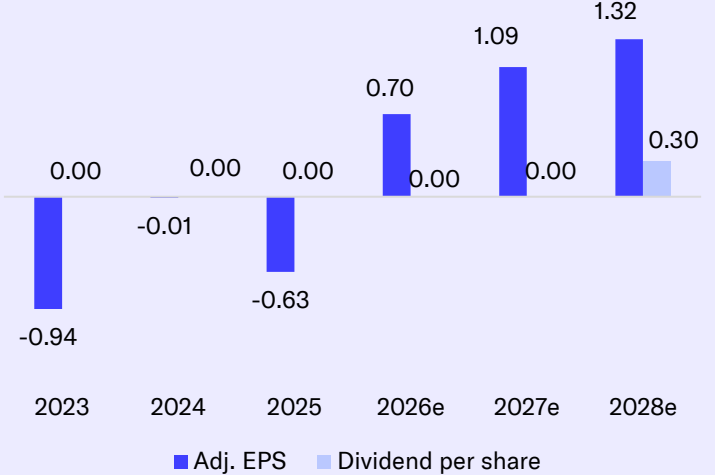
However, our forecasts for the current year remained unchanged, and we expect Exel's revenue to grow to 134 MEUR. We assume that revenue growth will accelerate in Q4 with the ramp-up of the Suzlon contract. In all other respects, we expect H2 revenue to be largely similar to H1. This was driven by the company's refined guidance and earlier-than-expected composite conductor core deliveries, which, based on comments, appear to have been brought forward from the end of the year. We therefore estimate that the development between quarters will be quite similar, even though historically Q3 has been the seasonally quietest quarter. However, we estimate that final delivery requests may still fluctuate. Reflecting the timing of the Suzlon contract announcement (September 2026) and the required ramp-up of high-volume production, we estimate that it will be reflected more clearly in the figures only next year.

Instead, we forecast adjusted EBIT to rise to 8.5 MEUR, corresponding to a margin level of 6.4%. We estimate that the positive development is mainly driven by revenue growth, which improves factory utilization rates and scales fixed costs. We expect the material margin to remain higher than the historical level for the full year. However, we estimate that it will decrease slightly in Q4 as the weight of the Indian plant increases with the ramp-up of the Suzlon contract. We estimate that the material margin, which is stronger than the historical level, is driven by a favorable revenue mix and better-than-usual pricing power resulting from high demand. We expect reported EBIT to settle at 8.4 MEUR instead, reflecting the small non-recurring items from the early part of the year. Our estimates for the rest of the year do not include non-recurring items.

Material margin development



Adjusted EPS and dividend per share*



* Figures for 2023–2025 have been calculated using the current number of shares to improve comparability

Estimates 3/4

On the bottom line of the income statement, we expect net financial expenses to settle at -1.3 MEUR, but for Exel it is worth noting that this item is significantly affected by currency exchange rate movements on intercompany loans with no cash flow effect. Therefore, the financial expenses in the income statement may not correspond very closely to the actual financial expenses to be paid (cf. net financial expenses of -7.9 MEUR in the 2025 income statement vs. net interest and other financial items of -3.3 MEUR in the cash flow statement).

We expect taxes, on the other hand, to settle at around 30% this year, reflecting the early-year developments, but Exel's tax rate is also volatile due to factors such as intercompany items. We estimate that the minority interests related to the Indian plant will remain minor this year. Reflecting this overall picture, we expect the company's adjusted earnings per share to settle at EUR 0.70. We do not expect the company to pay a dividend on its result, but rather to use the capital to implement its strategy for now.

We estimate the company's operating cash flow to be 6.6 MEUR, as we expect growth to tie up working capital in the second half of the year. Reflecting investments made in the factory in India, among other things (incl. lease repayments), we estimate that free cash flow will still dip into negative territory (-0.9 MEUR). We still expect the company's financial position to be within the comfort zone, reflecting our earnings development forecasts (2026e net debt/adj. EBITDA 1.7x).

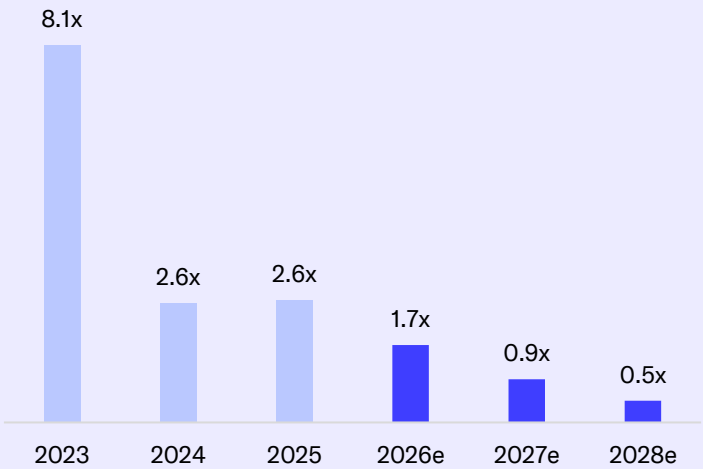
Estimates for 2027-2028

Based on the previously reviewed overall picture, we currently see the company's demand outlook for the coming years as positive, despite partly chronic

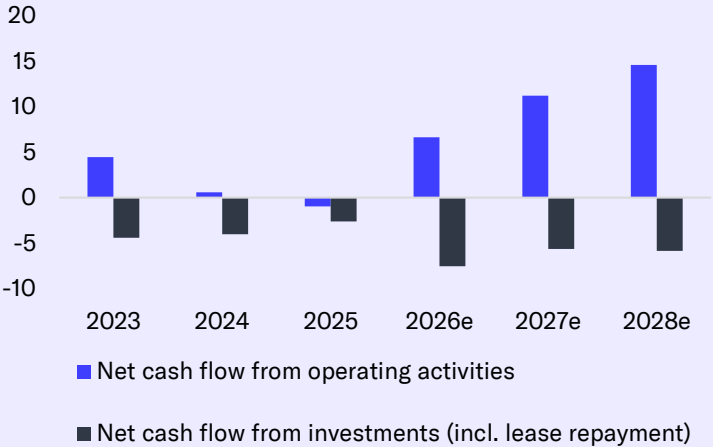
uncertainties. We expect the recent Suzlon agreement to significantly support growth in the coming years, in addition to which the Vestas partnership continues to offer opportunities in the wind power sector. Naturally, the core of the Suzlon partnership, in particular, is that Exel succeeds in maintaining its delivery capability and quality as volumes grow. We also believe the company is well positioned to increase the value of its current framework agreements regarding composite conductor cores or to win new customers in this application front. However, there is uncertainty regarding their final volumes, and we estimate that the revenue generated from them may fluctuate annually, much like the current contracts. We assume that the company is also well-positioned to expand its portfolio of framework agreements to new product applications (e.g., KONE UltraRope, defense applications, door and window profiles), but uncertainties remain regarding the potential contract structures of these as well. In our view, a significant step forward for the company would be to elevate a new product application into the volume category in the coming years.

Reflecting the multidimensional overall picture, but at the same time the favorable demand outlook and the company's successful strategy implementation so far, we forecast the company's revenue to continue growing strongly in the coming years. We now forecast the company's revenue to rise to 165 MEUR next year and to 184 MEUR in 2028. As stated [previously](#), we estimate that the company's current revenue level under existing customers and framework agreements is ~150–170 MEUR on an annual basis. Therefore, in our view, the realization of our forecasts requires successful new sales of the kind mentioned above, the success of existing customers, and Exel's high delivery capability.

Net debt to adjusted EBITDA ratio



Cash flow from operations and investments* (MEUR)



* Estimates of cash flow from operations are based on projected financing costs. Thus, they may differ from the figures in the other tables

Estimates 4/4

In our view, the market environment currently offers the company attractive opportunities to grow with its largest customers and to win new customers. Although our confidence in the company's strategy execution has increased, we do not yet expect the company to reach its ambitious target of 200 MEUR by the end of 2028. In our view, achieving the target on schedule would still require, as previously stated, some larger framework agreements or the expansion of existing ones.

We expect the revenue growth to further improve factory capacity utilization rates and scale fixed costs. We estimate that the volume growth at the Indian plant will still weigh on the company's material margin. Reflecting the overall picture, we forecast the company's adjusted EBIT to settle at 13.8 MEUR next year and at 16.1 MEUR in 2028. We expect the company's operational margin level to rise to 8.4–8.7%, but still remain below the 10% target level.

Further down the P&L, we expect financial expenses to stabilize at around 2 MEUR (excluding FX differences) and the tax rate to settle at around 25%, typical for global industrial companies, driven by growing earnings. Instead, we estimate that the minority interests of the Indian plant will increase gradually, but with very limited data points currently available, this is still associated with heightened uncertainty. Reflecting the overall picture, we forecast earnings per share to be EUR 1.09–1.32 in 2027–2028. We expect the company to return to paying dividends from its 2028 earnings at the end of the strategy period. Of course, this also depends in part on potential future investment needs and growth prospects.

Instead, we expect operating cash flow to fall short of earnings in the coming years, reflecting working capital commitments (we estimate that payment terms for wind power customers are longer than average). However, we estimate that the company's free cash flow will turn positive next year after investments (incl. maintenance investments and possible other smaller investments in line with the strategy) and will strengthen thereafter, also in line with earnings development. As a result, we expect the company's financial position to strengthen further, which would theoretically also allow the company to make inorganic moves or distribute profits during the strategy period. Reflecting on historical performance, however, we estimate that maintaining financial flexibility will remain one of the key themes for the company.

Long-term estimates

In our longer-term forecasts, we expect the expected growth prospects of composites to support Exel's growth. We expect the company's growth to remain brisk until the turn of the decade (growth 2029e–2030e: 5%), although we estimate that growth will become more challenging as Exel's absolute scale increases, reflecting the likely desynchronized investment cycles of product applications. Reflecting our forecasts, we nevertheless assume that Exel will grow clearly faster than the industry on average until the end of the decade. In the longer term, we expect its growth to gradually slow down to roughly the expected long-term growth rate of the global economy (2031e–2035e: 2–5%). In our current forecasts, we expect Exel's revenue to reach the 200 MEUR mark in 2030. In our view, however, achieving the target earlier than this is not ruled out, but it

will require success with existing customers and customer acquisition, as well as the successful implementation of the strategy. In addition, we believe it would require a tailwind from the market and particularly positive development in the wind power sector, considering Exel's current volume application portfolio and the Suzlon contract.

In turn, we expect EBIT margin to settle at 8.7–9.0% at the turn of the decade. Thus, we do not expect the company to reach its target during the current forecast period, although we do expect a clear and more sustainable elevation in the level. However, we do not see any real structural obstacles for the company to reach its target profitability through a leaner cost structure and efficiency improvements. At the same time, historical disappointments, uncertainty regarding the growth of volume applications, and their inherently lower margin level (incl. Chinese competition) still maintain a certain level of caution. We expect the margin level to remain fairly stable also in the longer term (adj. EBIT-% 2031e–2035e: 7.0–8.5%). The levels are somewhat higher than the company's historical levels (especially in recent years), but in our view, it should have the prerequisites to increase profitability through the strategic measures taken. At the same time, it is worth noting that Exel's performance is likely to continue to see fluctuations in the future due to variations in investment-driven demand and changes in the product portfolio.

Income statement and estimate revisions

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	99.6	25.3	24.8	24.1	29.0	103	30.2	34.6	32.4	37.1	134	165	184	194
Konserni	99.6	25.3	24.8	24.1	29.0	103	30.2	34.6	32.4	37.1	134	165	184	194
EBITDA	4.2	1.5	2.0	1.6	2.0	7.1	2.6	3.6	3.4	3.5	13.1	19.0	21.5	22.8
Depreciation	-7.1	-1.3	-1.2	-1.2	-1.2	-4.9	-1.1	-1.2	-1.2	-1.2	-4.7	-5.2	-5.4	-5.6
EBIT (excl. NRI)	1.7	0.7	1.1	0.9	0.9	3.6	1.5	2.5	2.2	2.3	8.5	13.8	16.1	17.2
EBIT	-2.9	0.1	0.8	0.4	0.9	2.2	1.5	2.4	2.2	2.3	8.4	13.8	16.1	17.2
Net financial items	-0.9	-2.4	-3.7	-0.9	-1.0	-7.9	0.3	-0.2	-0.7	-0.7	-1.3	-2.2	-1.9	-1.7
PTP	-3.8	-2.2	-2.9	-0.4	-0.1	-5.7	1.8	2.2	1.6	1.6	7.1	11.6	14.2	15.5
Taxes	-1.2	0.0	0.0	-0.1	-0.3	-0.3	-0.6	-0.7	-0.4	-0.4	-2.1	-2.7	-3.4	-3.8
Minority interest	0.4	0.2	0.2	0.2	0.1	0.6	0.1	0.0	-0.1	-0.2	-0.2	-1.2	-1.4	-1.4
Net earnings	-4.7	-2.1	-2.7	-0.3	-0.4	-5.5	1.3	1.5	1.1	1.0	4.8	7.8	9.4	10.3
EPS (adj.)	0.00	-0.02	-0.02	0.00	0.00	-0.04	0.18	0.22	0.15	0.14	0.70	1.09	1.32	1.45
EPS (rep.)	-0.04	-0.02	-0.03	0.00	0.00	-0.05	0.18	0.21	0.15	0.14	0.68	1.09	1.32	1.45

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	2.9 %	8.2 %	-6.7 %	-2.0 %	15.7 %	3.6 %	19.4 %	39.7 %	34.5 %	28.0 %	30.2 %	22.6 %	12.0 %	5.0 %
Adjusted EBIT growth-%	169.7 %	222.9 %	-17.9 %	31.3 %	399.4 %	112.9 %	122.3 %	124.1 %	137.5 %	157.2 %	135.3 %	61.5 %	16.7 %	6.9 %
EBITDA-%	4.3 %	5.7 %	8.1 %	6.7 %	7.0 %	6.9 %	8.8 %	10.3 %	10.5 %	9.5 %	9.8 %	11.5 %	11.7 %	11.8 %
Adjusted EBIT-%	1.7 %	2.7 %	4.5 %	3.9 %	3.1 %	3.5 %	5.0 %	7.3 %	6.8 %	6.2 %	6.4 %	8.4 %	8.7 %	8.9 %
Net earnings-%	-4.7 %	-8.2 %	-11.0 %	-1.4 %	-1.3 %	-5.3 %	4.2 %	4.3 %	3.3 %	2.8 %	3.6 %	4.7 %	5.1 %	5.3 %

Source: Inderes

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	134	134	0%	163	165	1%	182	184	1%
EBITDA	13.1	13.1	0%	18.7	19.0	2%	21.2	21.5	2%
EBIT (exc. NRIs)	8.5	8.5	0%	13.5	13.8	2%	15.8	16.1	2%
EBIT	8.4	8.4	0%	13.5	13.8	2%	15.8	16.1	2%
PTP	7.1	7.1	0%	11.3	11.6	3%	13.9	14.2	2%
EPS (excl. NRIs)	0.70	0.70	0%	1.06	1.09	3%	1.29	1.32	3%
DPS	0.00	0.00		0.00	0.00		0.30	0.30	0%

Source: Inderes

The full-year EPS was calculated using the number of shares at the end of the year.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	40.9	36.9	39.7	40.2	40.6
Goodwill	12.5	11.6	11.6	11.6	11.6
Intangible assets	1.1	0.8	0.8	0.9	0.9
Tangible assets	26.6	24.3	27.0	27.4	27.8
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.5	0.0	0.0	0.0	0.0
Deferred tax assets	0.2	0.2	0.2	0.2	0.2
Current assets	48.0	52.3	65.0	78.9	87.4
Inventories	17.3	18.0	23.4	28.7	32.1
Other current assets	0.6	0.0	0.0	0.0	0.0
Receivables	19.2	22.4	28.2	33.8	36.9
Cash and equivalents	10.9	11.9	13.4	16.5	18.4
Balance sheet total	89.0	89.2	105	119	128

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	32.3	28.1	32.9	40.7	50.1
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	4.7	-0.7	4.1	11.9	21.3
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	24.6	26.5	26.5	26.5	26.5
Minorities	0.8	0.1	0.1	0.1	0.1
Non-current liabilities	10.3	9.7	17.6	17.1	14.8
Deferred tax liabilities	0.3	0.2	0.2	0.2	0.2
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	8.8	8.2	16.2	15.7	13.4
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.2	1.2	1.2	1.2	1.2
Current liabilities	46.4	51.5	54.2	61.3	63.1
Interest bearing debt	21.6	26.1	19.3	18.5	15.1
Payables	24.8	25.4	34.9	42.8	48.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	89.0	89.2	105	119	128

Investment profile

- 1 One of the leading companies in pultrusion manufacturing
- 2 Favorable growth outlook, driven in particular by energy investments
- 3 The strategic measures taken and operational levers should enable margins to rise as revenue grows
- 4 Cyclical demand driven by investment-led demand, even as megatrends support the demand outlook
- 5 Pultrusion is a niche technology, for better or for worse

Potential

- Growing composite market creates a good base for organic growth
- Securing new significant framework agreements
- Higher utilization rates and lower fixed costs boost profitability
- Materializing the global structure of production and relative economies of scale in a new, more focused strategy

Risks

- Demand is somewhat cyclical and business conditions can deteriorate relatively quickly, even though new framework agreements have extended the structure of the order book
- The somewhat fixed nature of the cost structure creates sensitivity to changes in demand
- Customer portfolio is relatively concentrated
- Weakening of the relative competitiveness of composites, despite having some clear advantages over traditional materials

Valuation and recommendation 1/4

Earnings-based approach to valuation

We believe that Exel should be valued primarily on the basis of earnings-based multiples. In our view, the most useful multiples are the P/E ratio and the EV/EBITDA and EV/EBIT multiples, which take into account the balance sheet structure. It is worth noting, however, that the ownership structure of the India plant and its still uncertain future earnings contribution (incl. the value of the minority interest) somewhat affect the usefulness of EV multiples. On the other hand, short-term P/E ratios are significantly affected by internal non-cash flow related exchange rate changes, which the company does not separate in its continuous reporting.

As absolute levels, we have used our estimated neutral multiples based on our view of the company's growth, profitability (incl. return on capital) and risk profile and the related sustainable elements. To some extent, we also apply Exel's historical valuation levels to determine the neutral multiple range. However, we don't use relative valuation to determine an acceptable valuation because there is no peer group of sufficient size and quality for the company.

We focus our multiple analysis primarily on current- and next-year estimates, as visibility into Exel's business remains limited despite the new multi-year framework agreements. Given the volatile historical earnings trend, cyclical end markets, and the forecast uncertainty this creates further out, the total return expectation and DCF model play a more supportive role in the valuation.

In addition to earnings multiples, the price of a company

like Exel that operates in the manufacturing industry can be examined through a balance sheet-based P/B ratio. Admittedly, the company's business is significantly more capital-light than companies operating in the more traditional process industry that are thus even better suited to a balance sheet-based pricing environment. However, in our judgment, the balance sheet valuation can be used as one of the valuation thermometers in the face of potential changes in stock market sentiment.

Factors to be considered in valuation

In our view, factors affecting the acceptable valuation level of Exel in the short and medium term include:

- + Good growth prospects projected for the market
- + Earnings growth outlook and strengthening confidence in the sustainability of profitability (incl. return on capital)
- + New framework agreements or order confirmations that would improve business predictability
- + We estimate the business cash flow profile and return on capital to be reasonably good, especially after the most rapid growth phase has leveled off
- Demand drivers are partly investment-driven, which exposes the company's revenue and earnings level to economic fluctuations
- Historical earnings disappointments and fluctuations in the earnings level
- Building sustainable competitive advantages in the industry is extremely difficult
- The company's small size class

Valuation	2026e	2027e	2028e
Share price	15.7	15.7	15.7
Number of shares, millions	7.12	7.12	7.12
Market cap	111	111	111
EV	135	132	126
P/E (adj.)	22.5	14.4	11.8
P/E	23.0	14.4	11.8
P/B	3.4	2.7	2.2
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.8	0.7
EV/EBITDA	10.3	7.0	5.9
EV/EBIT (adj.)	15.9	9.6	7.8
Payout ratio (%)	0.0 %	0.0 %	22.7 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

Source: Inderes

Valuation and recommendation 2/4

Acceptable valuation range

Over the past eight years, Exel has traded at a median 12-month forward P/E of around 13x and EV/EBIT of around 11x (source: Bloomberg), broadly in line with the longer-term median multiples of Nasdaq Helsinki (P/E 14x–15x, EV/EBIT 11x–14x) – though we do not directly compare Exel's valuation to the broader market.

That said, Exel has historically struggled with end-market cyclicity and volatile earnings, which has occasionally pushed multiples higher when earnings improvement expectations fell short. Despite the promising signs of recent quarters, the company has yet to build a sustained track record of earnings growth and/or returns on capital above historical levels. On balance, we continue to see historical valuation as a reasonable anchor.

Reflecting these factors and current interest rate levels, we consider an acceptable P/E of 11x–15x (prev. 10x–14x) and EV/EBIT of 8x–12x. The valuation is supported by H1'26 earnings that reinforced confidence in the company's potential, a strong order book, the Suzlon contract, and a broadly favorable market environment. Given these factors and our strong earnings growth forecasts, we believe near-term valuation is justified toward the midpoint to upper end of the range. At the same time, further re-rating of the absolute multiple ranges is still constrained by the early and uncertain growth phase (including the commercial ramp-up of the India plant). We also note that cash flow is expected to remain below earnings in the coming years as strong growth ties up working capital. For now, however, we would still see slight upside in the ranges as evidence of

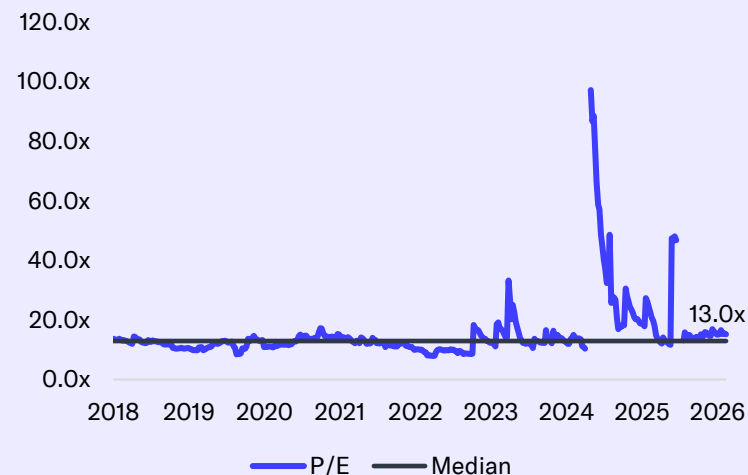
earnings growth and improving returns on capital accumulates.

The valuation ranges we apply are not fixed: they carry flexibility to reflect both operational and strategic developments and changes in risk profile – including potential shifts in customer or application concentration and order backlog length. Earnings growth and interest rate expectations also play a clear role in determining acceptable valuation levels.

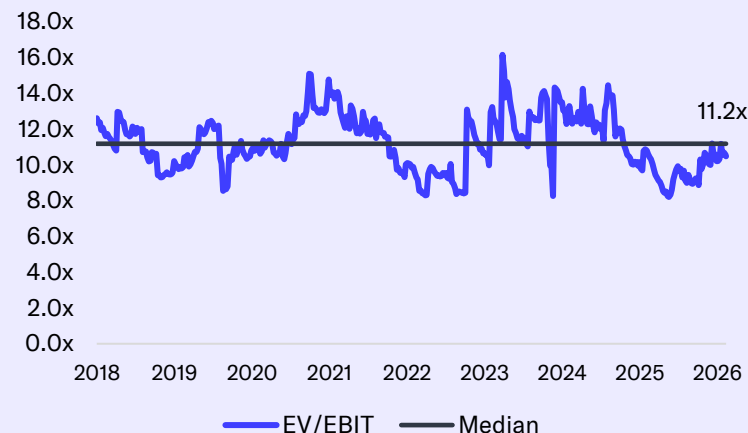
Absolute multiples

We forecast Exel's P/E ratios for 2026 and 2027 to be 23x and 14x, while the corresponding EV/EBIT ratios are 16x and just under 10x. The share is admittedly trading at elevated multiples for the current year (EV/EBITDA ~10x) relative to the ranges we consider neutral. However, given the strong order book, the progressed profitability turnaround, and strengthening conditions for earnings growth, we believe it is justified to lean more heavily on next year's valuation. On that basis, the valuation turns attractive – particularly on EV-based multiples – as long as robust earnings growth materializes broadly in line with our forecasts. With strategy execution tracking in line with the company's own targets, we see grounds to rely on that potential.

Exel's historical NTM P/E multiple



Exel's historical NTM EV/EBIT multiple



Valuation and recommendation 3/4

The most significant forecast risks relate to investment-driven demand, the growth trajectory of volumes at Exel’s Indian plant (including wallet share development), the plant’s profitability, and the timing of deliveries under larger framework agreements.

The central role of earnings growth in the expected return is also evident in the share’s trailing valuation. On realized earnings, the valuation is notably high (H1’26 LTM adj. EV/EBIT 23x), meaning the share is priced for continued strong earnings growth. While we see this as justified, it underscores how much share performance depends on that growth materializing.

Total expected return on the share in the coming years

Given the company’s strategic development phase and successful strategy execution, we believe it is appropriate to outline the medium-term potential. We have assessed the investor’s expected return for the coming years in simplified form, using an acceptable valuation and our 2029 earnings estimates. In our view, Exel could be valued at end-2028 on a forward P/E of 13x–15x and EV/EBIT of 10x–12x, provided development progresses broadly in line with our expectations. Prevailing earnings growth prospects and the required return (including the general interest rate outlook) would naturally influence the applicable multiples.

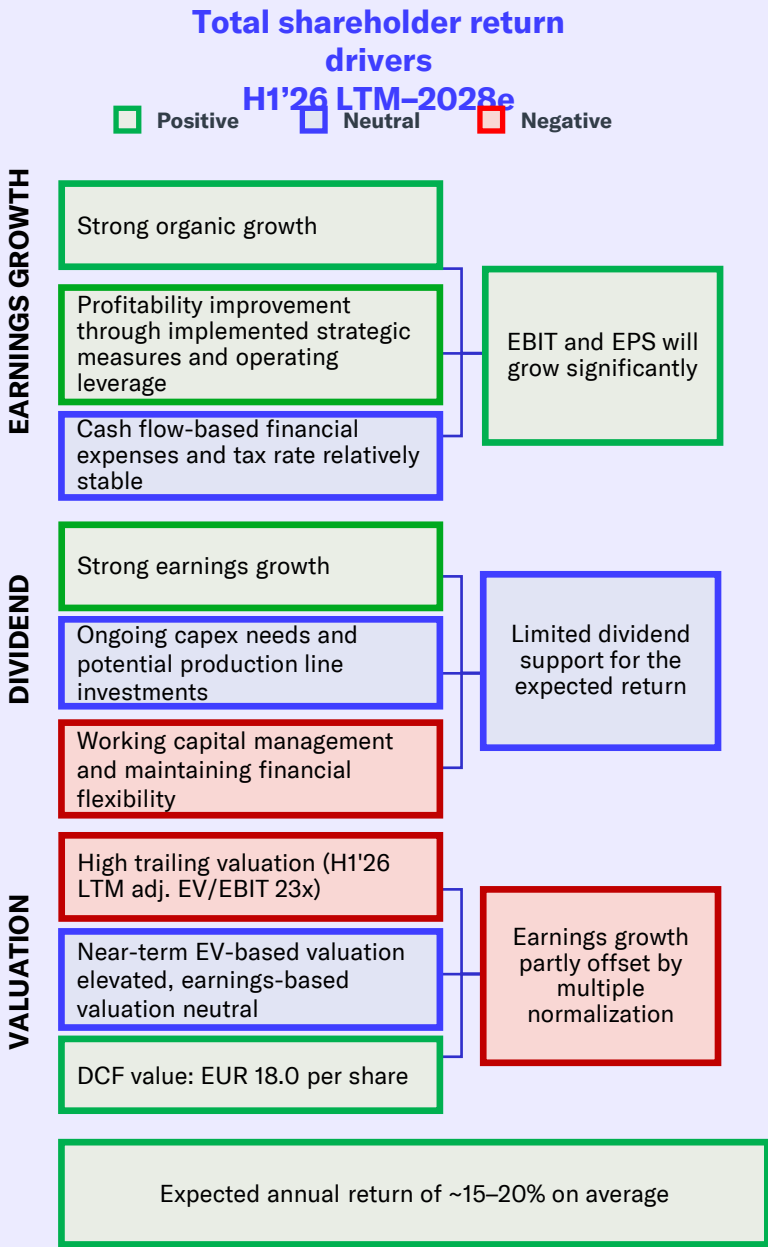
On this basis, we estimate the current business could be priced at roughly EUR 20.8–24.7 per share at end-2028. At the current share price of EUR 15.65, we estimate that the expected annual return would be in the range of about 18%. Against the current share price of EUR 15.65, this implies an expected annual return of around 18%,

with no meaningful dividend support at current levels. We do not lean heavily on this calculation, however, given the limited visibility that is partly structural to the business and the strategic development phase noted earlier. The expected return is also boosted in particular by the EV-based valuation, and considerable uncertainty remains around working capital intensity and the resulting net debt trajectory. Even so, the calculation gives a useful indication of return potential should our forecasts materialize.

We believe it remains premature to lean on the company’s ambitious financial targets (2028 revenue of 200 MEUR, adj. EBIT margin >10%), as the stronger growth phase is only beginning. That said, it is clear that in such a scenario the expected return would become very attractive.

Balance sheet and volume-based valuation

Exel’s P/B ratio (2026e: 3.4x) is clearly above the level of recent years (2021–2025 median: 1.7x). This is, in our assessment, driven by the loss-making results of recent years, the 2024 rights issue, and recently elevated earnings growth expectations. Instead, when compared further back in history, the valuation appears slightly more neutral (P/B 2012–2021 median of 2.6x).



Valuation and recommendation 4/4

The current balance sheet valuation is also high in absolute terms, with no support from recent years' return on equity given the loss-making results. We expect the balance sheet to strengthen and balance sheet-based valuation to decline relatively quickly, however, as strong earnings growth lifts returns on capital clearly above the required return (2026e–28e ROE: 16–21%). We therefore do not yet see the near-term balance sheet valuation as an obstacle, but rather as an indication of the earnings growth expectations already priced into the share.

EV/S multiples on our current forecasts sit at around 0.7–1.0x for the coming years, which cannot be considered notably high in absolute terms, and these levels are broadly in line with medium-term history. In our view, however, revenue-based valuation offers no support for the share either without earnings growth and improving returns on capital materializing.

Cash flow based valuation

We have also determined Exel's value using a cash flow based model (DCF). Due to the company's volatile history and current strategic development phase, forecasting its longer-term development is quite difficult, which increases risks in both directions. The DCF is also sensitive to the parameters to which it is set, in particular the variables of the terminal period. However, we have used what we consider to be sufficiently conservative estimates of the terminal period parameters in our DCF model, which we see as providing sufficiently relevant support for the other methods we use, and in particular for the longer-term potential analysis.

Our model draws on the forecasts we have discussed earlier in the Estimates section. We have set the terminal growth rate, for its part, at 2% and the EBIT margin at 7.0% cf. We estimate that our currently applied cost of capital (WACC 9.0% and CoE 10.5%) is roughly at the stock market's median level. In our view, the WACC is reduced in particular by the share and thus far reasonable cost of short-term debt (e.g., commercial papers), which has historically been a very significant financing channel for Exel. However, we do not see any significant downside in the required return in the short term from the current level, given the current business model or the company's size, without a clearer decline in interest rates.

According to our DCF model, the share value is EUR 18.0, and the weight of the terminal period in the distribution of cash flows is, in our view, at a reasonable level of 54%. Thus, our DCF calculation also supports the view of the share's valuation provided by other methods. At the same time, our current estimates for the entire forecast period are below the company's margin target, for example, which means that exceeding the estimates is not impossible either.

Valuation summary

Across several valuation approaches, we view the share's current pricing as reasonable. Clear earnings growth expectations are already priced in, though we see this as well justified given the strategic development phase and the track record so far. The risk-adjusted expected return, which rests on strong earnings growth materializing, reaches a sufficiently attractive level. We therefore reiterate

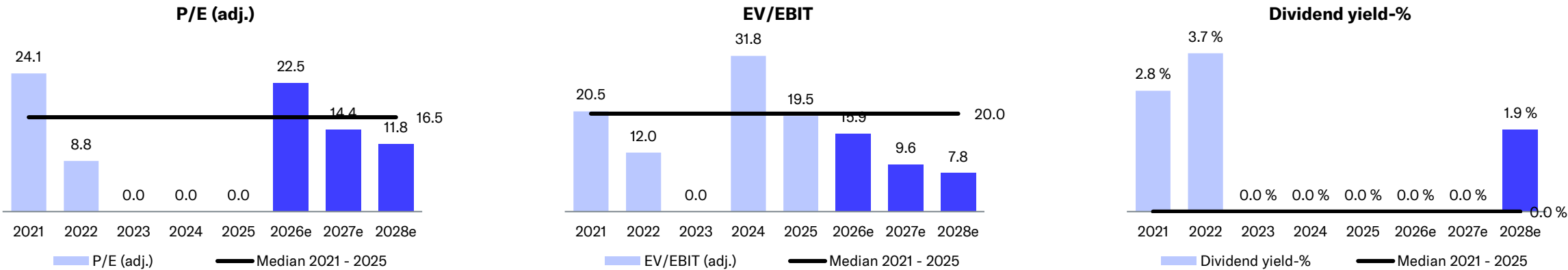
our Accumulate recommendation and raise our target price to EUR 18.0 (prev. EUR 17.5), reflecting minor positive estimate revisions.

We estimate the current fair value of Exel's share at around EUR 15–20, based on our forecasts for the coming years, the acceptable valuation multiples we apply, and our cash flow model. The key drivers of fair value would be faster-than-expected earnings growth and/or additional multi-year binding framework agreements, which would improve predictability. The latter could also translate into a modestly lower required return for the share.

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	7.10	5.42	2.54	0.32	0.45	15.7	15.7	15.7	15.7
Number of shares, millions	11.9	11.9	11.9	106.7	106.7	7.12	7.12	7.12	7.12
Market cap	84	64	30	34	48	111	111	111	111
EV	124	97	63	54	71	135	132	126	120
P/E (adj.)	24.1	8.8	neg.	neg.	neg.	22.5	14.4	11.8	10.8
P/E	50.9	28.1	neg.	neg.	neg.	23.0	14.4	11.8	10.8
P/B	2.8	2.2	1.7	1.1	1.7	3.4	2.7	2.2	1.9
P/S	0.6	0.5	0.3	0.3	0.5	0.8	0.7	0.6	0.6
EV/Sales	0.9	0.7	0.7	0.5	0.7	1.0	0.8	0.7	0.6
EV/EBITDA	10.3	6.7	15.6	12.7	9.9	10.3	7.0	5.9	5.3
EV/EBIT (adj.)	20.5	12.0	neg.	31.8	19.5	15.9	9.6	7.8	7.0
Payout ratio (%)	143.3 %	103.8 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	22.7 %	31.0 %
Dividend yield-%	2.8 %	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.9 %	2.9 %

Source: Inderes



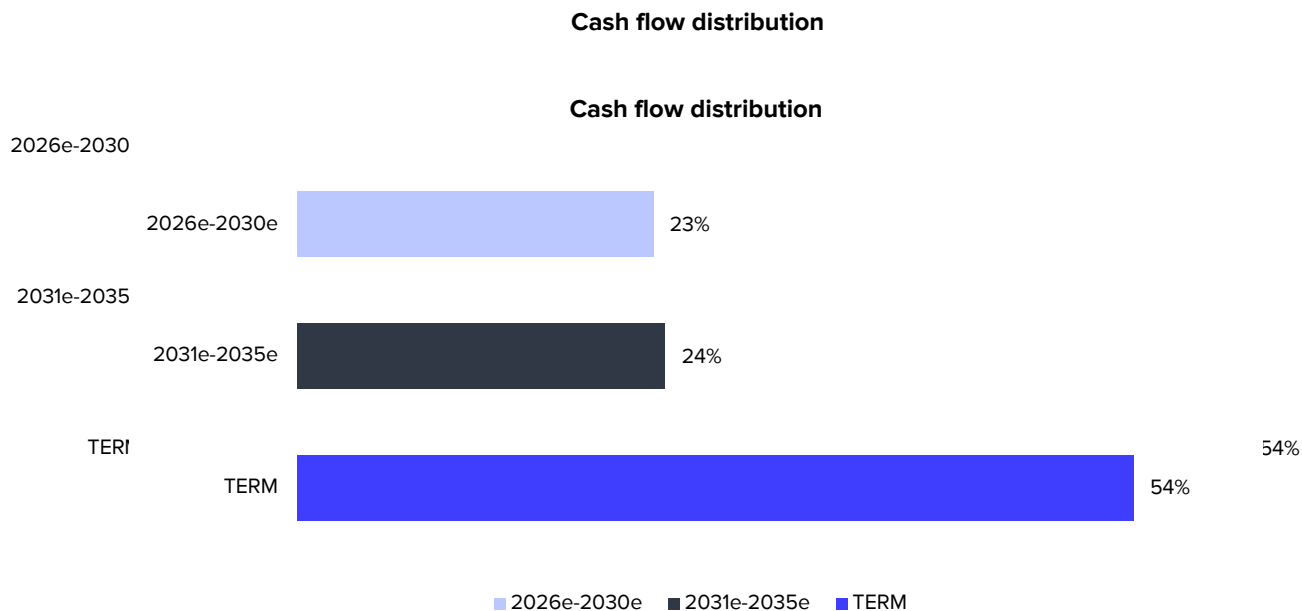
The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

DCF calculation

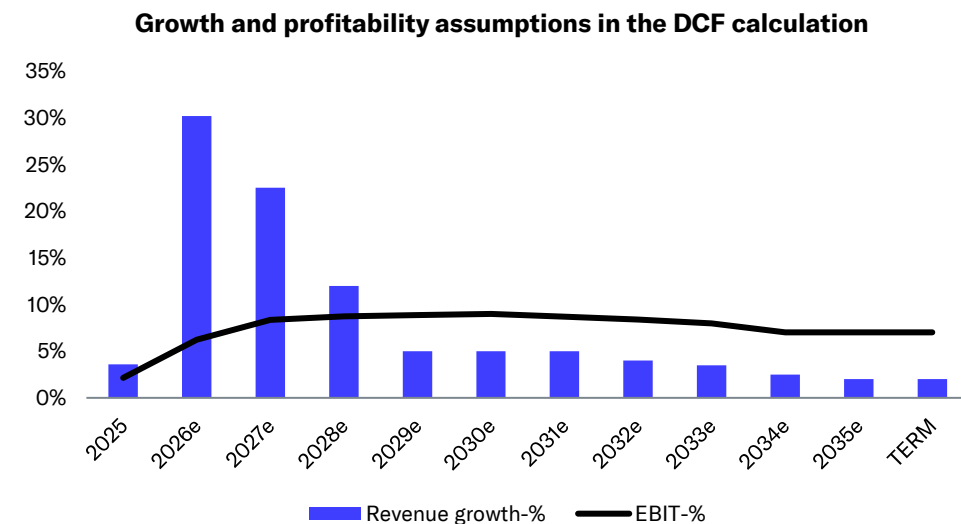
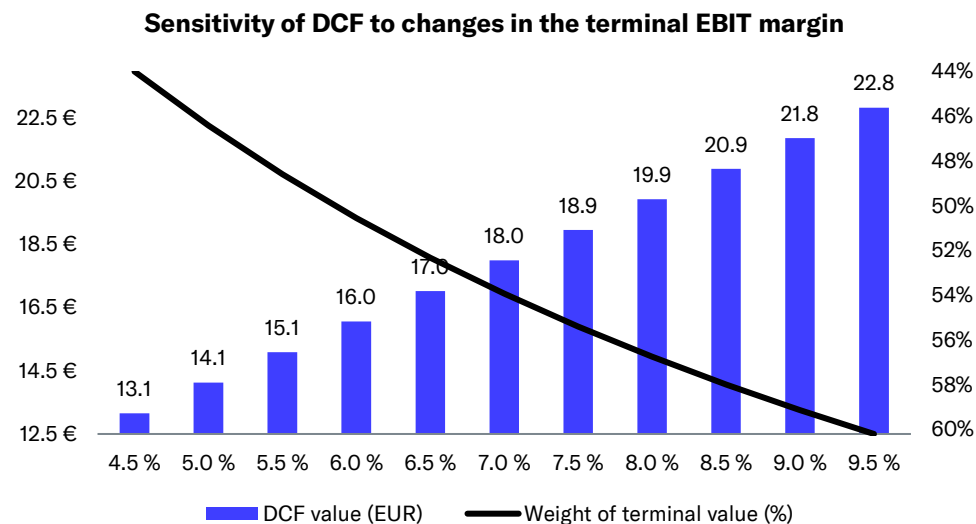
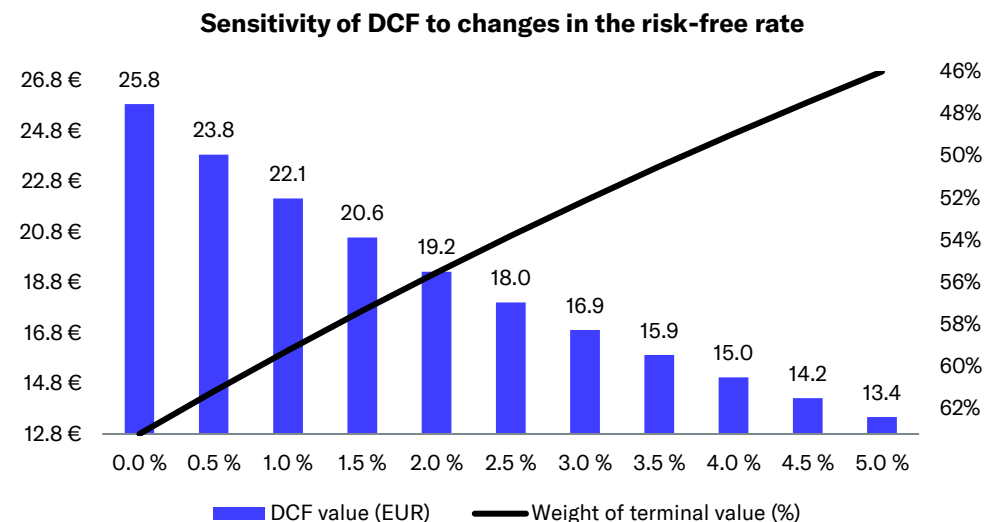
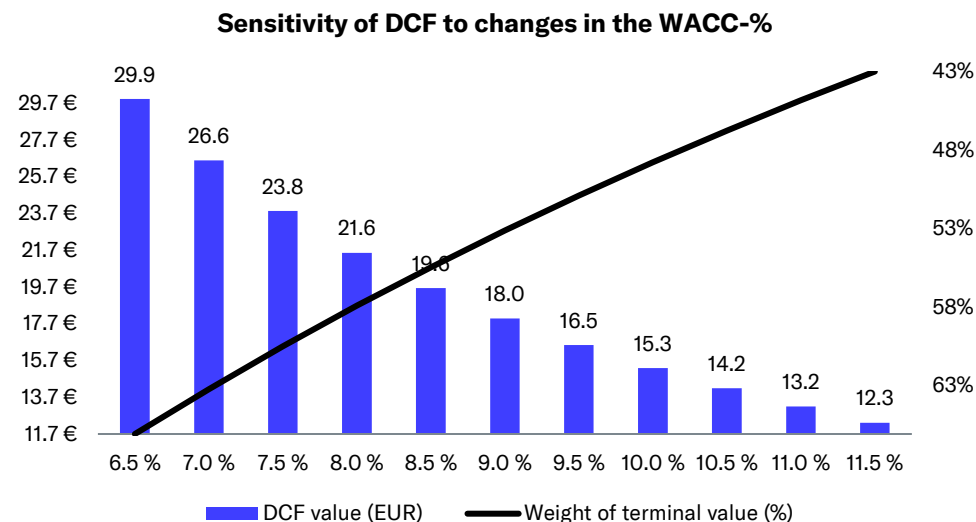
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	3.6 %	30.2 %	22.6 %	12.0 %	5.0 %	5.0 %	5.0 %	4.0 %	3.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	2.1 %	6.2 %	8.4 %	8.7 %	8.9 %	9.0 %	8.7 %	8.4 %	8.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	2.2	8.4	13.8	16.1	17.2	18.3	18.6	18.7	18.4	16.6	16.9	
+ Depreciation	4.9	4.7	5.2	5.4	5.6	6.1	6.2	6.4	6.6	6.8	6.8	
- Paid taxes	-0.5	-2.1	-2.7	-3.4	-3.8	-4.1	-4.4	-4.5	-4.4	-4.0	-4.1	
- Tax, financial expenses	0.5	-0.4	-0.5	-0.5	-0.4	-0.4	-0.2	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-2.6	-1.6	-2.9	-1.4	-0.5	-0.5	-0.2	-0.2	0.1	0.4	-0.4	
Operating cash flow	4.4	9.0	12.9	16.2	18.1	19.4	20.0	20.3	20.6	19.7	19.2	
+ Change in other long-term liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-0.9	-7.6	-5.7	-5.9	-6.1	-6.3	-6.5	-6.7	-6.9	-7.0	-6.9	
Free operating cash flow	3.6	1.4	7.2	10.4	12.0	13.2	13.6	13.6	13.8	12.7	12.3	
+/- Other	-2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	1.2	1.4	7.2	10.4	12.0	13.2	13.6	13.6	13.8	12.7	12.3	180
Discounted FCFF		1.4	6.5	8.6	9.1	9.2	8.7	8.0	7.4	6.3	5.6	81.7
Sum of FCFF present value		152	151	145	136	127	118	109	101	93.6	87.3	81.7
Enterprise value DCF		152										
- Interest bearing debt		-34.4										
+ Cash and cash equivalents		11.9										
+ Associated companies		0.0										
-Minorities		-2.0										
-Dividend/capital return		0.0										
Equity value DCF		128										
Equity value DCF per share		18.0			2026e-2030e			23%				

WACC	
Tax-% (WACC)	25.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	6.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	1.30%
Risk free interest rate	2.5 %
Cost of equity	10.5 %
Weighted average cost of capital (WACC)	9.0 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	96.8	99.6	103.2	134.4	164.7	EPS (reported)	-0.77	-0.04	-0.05	0.68	1.09
EBITDA	3.8	4.2	7.1	13.1	19.0	EPS (adj.)	-0.56	0.00	-0.04	0.70	1.09
EBIT	-4.9	-2.9	2.2	8.4	13.8	OCF / share	0.59	0.04	0.04	1.26	1.81
PTP	-8.3	-3.8	-5.7	7.1	11.6	OFCF / share	0.46	-0.05	0.01	0.20	1.02
Net Income	-9.1	-4.7	-5.5	4.8	7.8	Book value / share	1.47	0.30	0.26	4.61	5.70
Extraordinary items	-2.4	-4.6	-1.4	-0.1	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	85.0	89.0	89.2	104.8	119.0	Revenue growth-%	-29%	3%	4%	30%	23%
Equity capital	17.7	32.3	28.1	32.9	40.7	EBITDA growth-%	-62%	11%	68%	84%	45%
Goodwill	12.6	12.5	11.6	11.6	11.6	EBIT (adj.) growth-%	-130%	170%	113%	135%	61%
Net debt	32.8	19.5	22.4	22.0	17.7	EPS (adj.) growth-%	-192%	100%	-5824%	1749%	57%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	4.0 %	4.3 %	6.9 %	9.8 %	11.5 %
EBITDA	3.8	4.2	7.1	13.1	19.0	EBIT (adj.)-%	-2.5 %	1.7 %	3.5 %	6.4 %	8.4 %
Change in working capital	2.9	0.1	-2.6	-1.6	-2.9	EBIT-%	-5.0 %	-2.9 %	2.1 %	6.2 %	8.4 %
Operating cash flow	7.0	3.9	4.4	9.0	12.9	ROE-%	-38.5 %	-19.0 %	-18.5 %	16.0 %	21.2 %
CAPEX	-1.6	-8.8	-0.9	-7.6	-5.7	ROI-%	-6.9 %	-4.6 %	3.6 %	12.9 %	19.3 %
Free cash flow	5.5	-5.1	1.2	1.4	7.2	Equity ratio	20.9 %	36.4 %	31.5 %	31.4 %	34.2 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	185.7 %	60.3 %	79.8 %	66.9 %	43.4 %
EV/S	0.7	0.5	0.7	1.0	0.8	Net debt/EBITDA	8.6	4.6	3.1	1.7	0.9
EV/EBITDA	15.6	12.7	9.9	10.3	7.0	EBITDA/net financials	1.1	4.6	0.9	10.3	8.8
EV/EBIT (adj.)	neg.	31.8	19.5	15.9	9.6						
P/E (adj.)	neg.	neg.	neg.	22.5	14.4						
P/B	1.7	1.1	1.7	3.4	2.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/19/2021	Accumulate	9.20 €	8.76 €
5/2/2021	Accumulate	11.50 €	10.88 €
7/21/2021	Accumulate	11.50 €	10.32 €
9/2/2021	Accumulate	11.50 €	9.95 €
9/17/2021	Accumulate	9.50 €	8.59 €
11/5/2021	Accumulate	8.40 €	7.52 €
2/16/2022	Reduce	7.50 €	7.15 €
5/2/2022	Accumulate	7.00 €	6.30 €
Analyst changed			
7/21/2022	Accumulate	7.00 €	6.58 €
9/28/2022	Accumulate	6.00 €	5.30 €
11/4/2022	Accumulate	6.00 €	5.20 €
2/15/2023	Accumulate	6.00 €	5.32 €
2/20/2023	Accumulate	6.00 €	5.10 €
5/3/2023	Accumulate	4.50 €	4.05 €
8/21/2023	Reduce	3.50 €	3.38 €
10/19/2023	Sell	2.50 €	3.04 €
11/6/2023	Reduce	2.50 €	2.67 €
2/19/2024	Reduce	2.20 €	2.29 €
4/26/2024	Reduce	1.60 €	1.74 €
5/20/2024	Reduce	0.38 €	1.62 €
6/12/2024	Accumulate	0.38 €	0.33 €
8/16/2024	Accumulate	0.38 €	0.32 €
10/8/2024	Reduce	0.38 €	0.39 €
11/1/2024	Reduce	0.35 €	0.35 €
2/7/2025	Reduce	0.35 €	0.32 €
2/14/2025	Reduce	0.35 €	0.36 €
5/9/2025	Reduce	0.38 €	0.40 €
8/12/2025	Accumulate	0.43 €	0.38 €
11/4/2025	Accumulate	0.43 €	0.36 €
11/7/2025	Accumulate	0.45 €	0.40 €
2/9/2026	Reduce	0.55 €	0.56 €
2/16/2026	Reduce	0.55 €	0.56 €
Reverse split 15:1			
5/7/2026	Accumulate	10.50 €	9.26 €
8/17/2026	Accumulate	15.00 €	13.45 €
9/25/2026	Accumulate	17.50 €	15.70 €
10/9/2026	Accumulate	18.00 €	15.65 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**