

Kempower Corporation

# FINANCIAL STATEMENT RELEASE

**1 JANUARY–31 DECEMBER 2021**



# Kempower Corporation Financial Statement Release, 1 January–31 December 2021

## October-December 2021 highlights (comparison figures in parenthesis October–December 2020)

- Order backlog increased to EUR 13.7 million (EUR 3.8 million)
- Order intake increased to EUR 11.5 million (EUR 2.2 million)
- Revenue increased by 328% to EUR 8.4 million (EUR 2.0 million)
- Gross Margin was 46% (52%)
- EBIT was EUR -1.0 million (EUR -0.3 million)
- Loss for the period EUR -5.5 million including IPO fees of EUR -5.8 million
- Cash flow from operating activities was EUR 2.9 million (EUR -0.2 million)
- Headcount grew to 136 employees (38) at the end of the period
- Net Debt totaled EUR -90.4 million (EUR 2.9 million) after a successful Nasdaq First North Growth Market IPO and EUR 100.1 million Gross Proceeds.
- Trading with the Kempower shares on the Nasdaq First North Growth Market Finland started on 14 December 2021

## January-December 2021 highlights (comparison figures in parenthesis January–December 2020)

- Order intake increased to EUR 37.4 million (EUR 7.1 million)
- Revenue increased by 741% to EUR 27.4 million (EUR 3.3 million)
- Gross Margin was 46% (54%)
- EBIT was EUR 1.1 million (EUR -2.2 million)
- EBIT margin was 4% (-68%)
- Loss for the period EUR -4.5 million including IPO fees of EUR -6.6 million
- Cash flow from operating activities was EUR -2.2 million (EUR -2.5 million)

## Short term outlook

Kempower anticipates continued good demand and favorable market development for the products it offers. Kempower expects seasonality to affect its revenue on the first quarter and the fourth quarter of the year. Seasonality relates mainly to the slowdown of the installation of chargers in the Nordics caused by the winter season.

Kempower will continue to expand its business in Europe according to set strategic growth targets. During 2021, Kempower established subsidiaries focusing on sales and marketing in Norway, Germany, the Netherlands, the United Kingdom, France and Spain. In 2022, Kempower is in the process of establishing subsidiaries in Sweden and in Italy as well as exploring different alternatives for expansion into the North American markets.

## KEMPOWER GROUP KEY FIGURES

MEUR	Q4/2021	Q4/2020	H2/2021	H2/2020	2021	2020
Order backlog	13.7	3.8	13.7	3.8	13.7	3.8
Order intake	11.5	2.2	17.3	5.9	37.4	7.1
Revenue	8.4	2.0	18.4	2.5	27.4	3.3
Revenue growth %	328%	712%	633%	726%	741%	894%
Gross Profit	3.9	1.0	8.7	1.3	12.7	1.8
Gross Margin %	46%	52%	48%	53%	46%	54%
EBITDA	-1.0	-0.3	1.2	-0.8	1.2	-2.1
EBITDA margin %	-11%	-16%	6%	-32%	5%	-66%
Operating profit/loss (EBIT)	-1.0	-0.3	1.1	-0.9	1.1	-2.2
EBIT margin %	-12%	-17%	6%	-34%	4%	-68%
Operative EBIT	-1.0	-0.3	1.1	-0.9	1.1	-2.2
Operative EBIT margin %	-12%	-17%	6%	-34%	4%	-68%
Profit/loss for the period	-5.5	2.1	-4.3	1.6	-4.5	0.2
Equity ratio %	92%	10%	92%	10%	92%	10%
Cash Flow from operating activities	2.9	-0.2	2.1	-1.2	-2.2	-2.5
Investments	0.8	0.1	1.0	0.2	1.6	0.5
Net Debt	-90.4	2.9	-90.4	2.9	-90.4	2.9
Items affecting comparability*	5.8	-	6.4	-	6.6	-
Undiluted earnings per share in EUR	-0.13	0.05	-0.11	0.04	-0.12	0.01
Diluted earnings per share in EUR**	-0.13	0.05	-0.11	0.04	-0.12	0.01
Personnel headcount, end of period	136	38	136	38	136	38

\* Items affecting comparability include expenses related to the initial public offer and the First North listing, which have been included in financial expenses in accordance with IAS.

\*\* Options granted to personnel in November 2021 have no dilution effect during 2021 due to the company's loss for the period.

## CEO TOMI RISTIMÄKI COMMENTS ON THE Q4 RESULTS:

# Kempower continued strong growth in Q4 2021

In 2021, battery electric vehicle (BEV) registrations in Europe grew to 1.2 million passenger cars, equaling 65% growth compared to 2020. At the same time, we made a breakthrough in the Nordic DC (Direct Current) charging market with our scalable product portfolio.

Our strategy execution progressed well in the Q4 2021 with 328% revenue growth year-on-year. In 2021, our revenue growth was 741% reaching EUR 27.4 million driven by strong demand mainly in the Nordics and also in the rest of Europe. We also maintained our gross margin on a healthy 46% level for the full year.

As part of our growth strategy, we have invested in people and recruited nearly 100 new professionals in 2021. In addition, we invested in the expansion of our production capacity which increased from 500m<sup>2</sup> to 2,800m<sup>2</sup> in only four months. This is a concrete example of our scalable operating model and professional people for managing the growth. In 2022, our new factory space with additional 10,300m<sup>2</sup> capacity will scale up our production capacity even further. In December 2021, we completed the process of certifying both production facilities with ISO 14001 and ISO 45001 certificates in addition to ISO 9001 certification which was received in 2020.

We have intentionally increased our inventory levels due to the global shortage of semiconductor components and we have experienced unit cost increases in some of the components. The overall business impact of the component shortage has been quite limited and hasn't caused any missed customer deliveries. This is a good example of our dual sourcing strategy's success and good work done by our purchasing department.

In 2021, cloud based back-end software ChargeEye™ became a critical part of our offering in the areas of chargers' lifecycle man-

agement, integration platform to customers' systems and as a depot master to bus operators. We also started to deliver totally unique dynamic power sharing solution to our customers which has proven its value by enabling the operator's idle capacity reduction and by shortening the queues at the charging stations. This is especially important for Electric Vehicle (EV) drivers in all fast-growing markets.

In 2021, we were able to strengthen our market position in all main customer groups. In the Charge Point Operators (CPO) and retail chains customer groups our charging systems were widely installed in the Nordics by Recharge Infra. We signed several important frame agreements, for example with Osprey Charging in the United Kingdom, with one of Europe's leading energy companies Vattenfall, and with the biggest retailing cooperative in Finland, S Group.

In the bus and truck operators customer group, we delivered 89 charging points to Malmö in Sweden, which is the largest electric bus depot in the Nordics, and 52 charging points to the bus depot in Jönköping Sweden. In December, Kempower was chosen to deliver electric bus fleet fast charging solutions to Keolis in Gothenburg, Sweden covering approximately 70 fast chargers. Keolis is one of the world's largest operators in public transport.

In the Original Equipment Manufacturers (OEM) customer group, Kempower launched a partnership with Gilbarco Veeder-Root, which is the global leader for technology solutions for retail fueling and convenience market. Kempower has also started a co-operation with Epiroc, a leading productivity and sustainability partner for the mining and infrastructure industries.

At the end of the year, our chargers have been delivered to more than 30 countries and to all inhabited continents of the globe.

Developing emission free business is in our DNA. Our charging solutions could reduce mobility emissions in traffic by 86% and we are committed to 100% carbon neutrality by 2035 and 100% recyclability in our own production by 2025. We are already now reaching a 99% lifetime recyclability rate for our T-Series chargers. The preventive maintenance of our charging solutions is executed through the Kempower ChargeEye™ cloud service. In Q4 2021, our eNPS result reached 83 in the personnel satisfaction survey, highlighting the importance of our commitment of being number one workplace for future professionals.

The year 2021 was historical for Kempower, as we became a public company and our shares were listed on Nasdaq First North Growth Market Finland. The successful listing was an important milestone in Kempower's growth journey, and in the end of 2021 we had almost 27,000 shareholders. Proceeds from the initial public offering will be invested in Kempower's growth in the rapidly growing DC charging market.

I would like to thank the fantastic Kempower personnel for the outstanding work and dedication in developing and growing Kempower's business. I would also like to warmly welcome all new employees who have joined or will join Kempower in 2022. When looking at 2022, we are in an excellent position to continue expanding our business, developing the company and making a difference in global EV charging markets by delivering the best electric vehicle (EV) charging experience in the industry.

# Kempower's strategy

## Go-to-market strategy

- Kempower's target is to continue expanding in the European market in the short to medium term. Kempower already has an established presence in its main geographical market, the Nordics, and it has already started expanding into the rest of Europe.
- Kempower's charging solutions have been delivered to more than 30 countries globally. In addition to the Nordics, Kempower has delivered charging solutions to, for example, the United Kingdom, Germany, the Netherlands, Belgium, Switzerland, Spain, Italy and France.
- Kempower also sees significant potential to expand into the United States, with a target of establishing operations there by the end of 2025.
- In accordance with its strategy, Kempower's main focus is on organic growth.

Kempower's go-to-market strategy is to focus on each of its customer segments in selected geographical markets. When evaluating potential markets for expansion, Kempower assesses the prospective market's characteristics and customers. This assessment comprises a specific set of criteria. For example, market entry into new geographies in public charging is considered separately for each geographical market, and the market attractiveness is estimated by examining, for example, prospective market winning customers, how well the local regulations and political decisions promote EVs, electrification of traffic and the competitive landscape.

- OEM customers are assessed based on their financial standing, competitiveness in EV sales and brand.

- Commercial vehicle fleet operators are assessed based on, for example, customer value potential, level of competition and local political decisions regarding electric traffic.
- Furthermore, depending on the customer type, sales are conducted through direct sales, local sales companies, a key account management model or business partners.

## Kempower's target market

Kempower currently targets the DC fast charging and High Power Charging equipment markets of EVs in Europe and also sees significant potential to expand into the United States. In 2020, the DC fast charging and HPC equipment markets in Europe and the United States amounted to approximately EUR 638 million. Because of the more demanding technology required for DC fast chargers as compared to the "slow" AC chargers, their price points are significantly higher than for AC chargers, and in 2020, with approximately 29,000 units sold in Europe and the United States, the DC fast charging equipment sales volume represented approximately 34 percent of the total charging equipment market in Europe and the United States in terms of turnover but only approximately 2 percent of the total charging equipment sales volume in these geographies.

However, the DC market represented approximately 34 percent of the total charging equipment market in Europe and the United States in terms of turnover. By 2030, the DC fast charging equipment markets in Europe and the United States are expected to increase by EUR 1,988 million (at a CAGR of 17 percent between 2020 and 2030) and EUR 1,307 million (at a CAGR of 27 percent between 2020 and 2030), respectively, to an aggregate of approximately EUR 4,000 million.

In Europe, most of the relative growth in the DC fast charging equipment market between 2020 and 2030 is expected to come from commercial vehicle charging, while the largest relative growth contributor in the United States is expected to be personal vehicle charging.

## Innovation strategy

Kempower's innovation strategy can be divided into three strategic focus areas:

- Current product offering as a basis for targeted future growth
- Cost and capital expenditure efficiency of production and operations
- R&D and innovation of new products and features.

Kempower aims to continue developing its current product offering by maintaining scrutinised product design and management in order to allow mass customisation, which Kempower believes will form the basis for its targeted future growth.

Kempower will continue to focus on cost and capital expenditure efficiency driven by standardisation, outsourcing and the mass customisation principles described above, and enabled by both optimised product design and scrutinized product management.

Kempower considers R&D and innovation to be an essential part of Kempower and its organisational culture, which is built on the technological know-how and heritage of the Kemppi Group.

# Sustainability strategy

Kempower is committed to the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). Kempower has identified six SDGs that best connect with its operations and that it can make the most change with:

- (i) Affordable and Clean Energy
- (ii) Sustainable Cities and Communities
- (iii) Responsible Consumption and Production
- (iv) Good Health and Well-being
- (v) Quality Education
- (vi) Climate Action

Kempower believes that the company is at the forefront of the electrification of mobility. Kempower estimates that its charging solutions could reduce mobility emissions in traffic by 86 per cent. Kempower is committed to 100 percent carbon neutrality by 2035 and 100 percent recyclability in its own operations by 2025. As an ongoing target, Kempower is targeting a 99 percent end of lifetime recyclability rate for EV chargers. According to a recycling rate analysis carried out by Kuusakoski Oy in August 2021, the recycling rate of a Kempower T-Series DC charger is 99.61 percent. Kempower will carry out similar recycling assessments for all its products.

Kempower is aiming for 100 percent fossil-free electricity sources by 2025 in its operations and production and has established a carbon footprint calculation to follow emissions and to set targets according to the Greenhouse Gas Protocol (the "GHG Protocol"). As a long-term target, Kempower is committed to compensate for the carbon footprint of its personnel's business flight travel.

Kempower has a local, short and fast supply chain to minimise emissions, and the majority of Kempower's materials are sourced locally from Finland. Kempower is committed to reducing plastic packaging by 50 percent by 2025 from the level of

2021 and transferring to bio-plastics and biodegradable plastics when economically viable. Kempower aims to reduce its amount of landfill waste to zero by 2025. Kempower's company vehicle fleet is fully electric. Preventive maintenance of Kempower's products is done through the Kempower ChargeEye™ cloud service, extending product lifecycles and reducing maintenance logistics, costs and emissions. Kempower also completed in December 2021 the process to certify its production facilities with ISO 14001 (Environmental Management System standard) and ISO 45001 (Occupational Health & Safety Management System standard). Kempower received the ISO 9001 certification already in 2020.

Kempower is committed to being the number one workplace for future professionals. Kempower's key focus areas for social responsibility are accident reduction, healthcare supporting both physical and mental health, a day of voluntary work annually for each employee, diversity and inclusion, the whistleblower system, cooperation in education, with non-governmental organisations ("NGOs") and other stakeholders. Kempower is committed to reducing the workplace accident rate to zero and to secure high work satisfaction. Kempower's personnel are trained with first aid skills to reduce the serious harm in the case of accidents and other medical emergencies.

## Financial targets

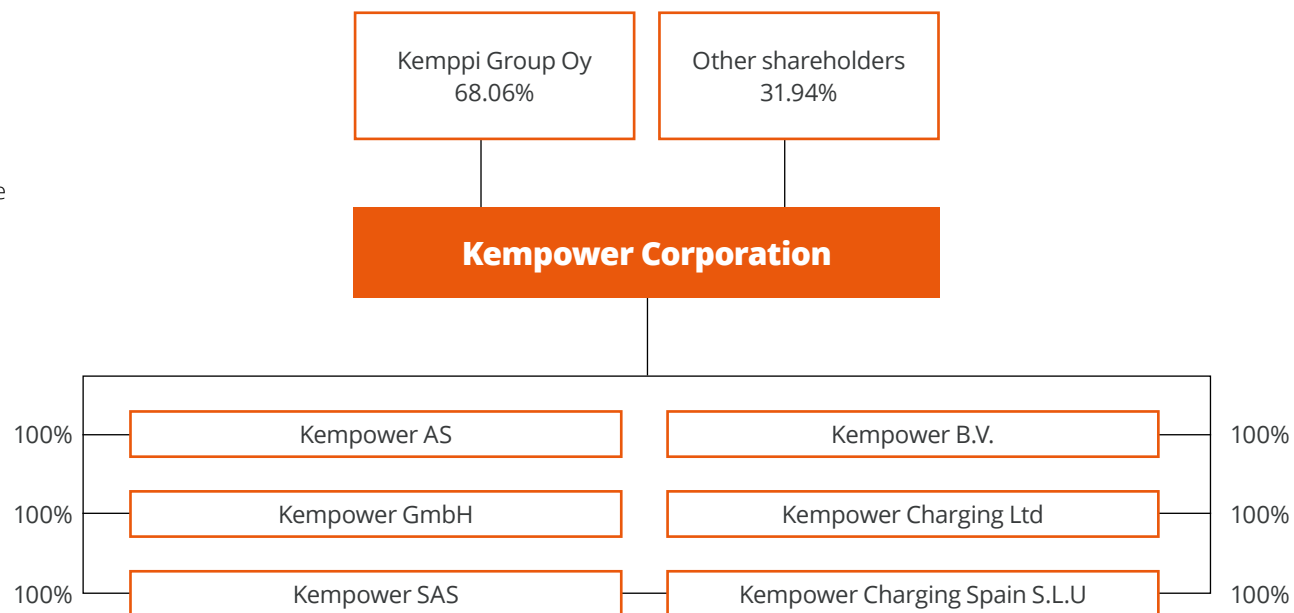
In 2021, Kempower set the following mid- and long-term financial targets:

- Growth: revenue of EUR 200 million in the medium term (4–6 years).
- Profitability: operative EBIT margin of 10 percent reached in the medium term (4–6 years) and operative EBIT margin of at least 15 percent in the long term

# Kempower Group legal structure

Kempower Corporation is the parent company of the Kempower Group. Kempower's parent company is Kemppi Group Oy and Kempower also belongs to Kemppi Group. Kemppi Group Oy owns 68.06% of Kempower shares.

The following chart sets forth the Kempower Group's legal structure



- Kempower AS is Kempower's subsidiary in Norway
- Kempower GmbH is Kempower's subsidiary in Germany
- Kempower SAS is Kempower's subsidiary in France
- Kempower B.V. is Kempower's subsidiary in Netherlands
- Kempower Charging Ltd is Kempower's subsidiary in UK
- Kempower Charging Spain S.L.U. is Kempower's subsidiary in Spain

# Reporting and segments

Kempower's product portfolio covers DC charging solutions and services. The entire product and service portfolio is reported under a single segment.

Kempower reports revenue according to geographical segments below:

- Nordics
- Rest of Europe
- Rest of the World

## Revenue

Kempower's revenue in the periods presented was generated through sale of goods and sale of services. Services mainly included installation services.

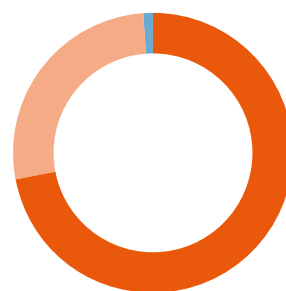
Kempower's revenue for the fourth quarter amounted to EUR 8.4 million (EUR 2.0 million), an increase of 328 percent. Kempower's revenue for the year 2021 amounted to EUR 27.4 million, an increase of EUR 24.1 million, as compared to EUR 3.3 million for the year 2020. The increase was primarily attributable to the increased customer demand which was enabled by the production capacity expansion that started operations in February 2021 in Lahti, Finland.

Kempower's main geographical markets include Finland, Sweden, Norway and Denmark (together, the "Nordics"), which accounted for 84 percent of Kempower's revenue for the year 2021 and 70 percent of revenue for the year 2020, and the

rest of Europe, which accounted for 15 percent of Kempower's revenue for the year 2021 and 27 percent of revenue for the year 2020. Kempower's charging solutions have been delivered to more than 30 countries globally, and revenue outside Europe accounted for 1 percent of Kempower's revenue for the year 2021 and 4 percent of revenue for the year 2020. Kempower's

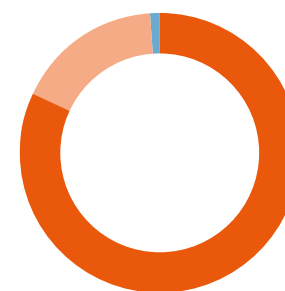
growth during the Q4 2021 and full year 2021 has been most significant in the Nordics.

REVENUE Q4/2021



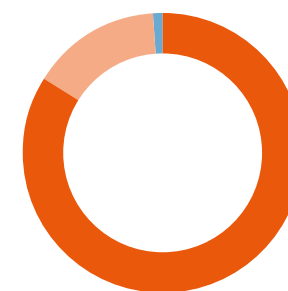
- Nordics 72%
- Rest of Europe 27%
- Rest of the World 1%

REVENUE H2/2021



- Nordics 83%
- Rest of Europe 17%
- Rest of the World 1%

REVENUE 2021



- Nordics 84%
- Rest of Europe 15%
- Rest of the World 1%

## REVENUE BY GEOGRAPHY

MEUR	Q4/2021			H2/2021			2021		
	Q4/2021	Q4/2020	Change, %	H2/2021	H2/2020	Change, %	2021	2020	Change, %
Nordics	6.0	1.4	345%	15.1	1.8	759%	23.1	2.3	919%
Rest of Europe	2.3	0.5	362%	3.1	0.6	402%	4.1	0.9	372%
Rest of the World	0.1	0.1	-43%	0.1	0.1	-22%	0.2	0.1	58%
<b>Total</b>	<b>8.4</b>	<b>2.0</b>	<b>328%</b>	<b>18.4</b>	<b>2.5</b>	<b>633%</b>	<b>27.4</b>	<b>3.3</b>	<b>741%</b>



# Profitability

Kempower's operating loss (EBIT) for the fourth quarter amounted to EUR -1.0 million, a loss increase of EUR 0.7 million, as compared to an operating loss of EUR -0.3 million for the fourth quarter 2020. The increased loss was mainly relating to increased personnel and other operating expenses.

Kempower's operating profit (EBIT) for the year 2021 amounted to EUR 1.1 million, an increase of EUR 3.3 million, as compared to EUR -2.2 million for the year 2020. The increase was mainly due to increased revenue.

Kempower's other operating income for the year ended 31 December 2021 amounted to EUR 0.3 million, an increase of EUR 0.2 million, as compared to 0.1 for the year ended 31 December 2020. Kempower's other operating income comprised governmental grants received from Business Finland.

Kempower's change in inventories of finished goods and in work in progress for the year 2021 amounted to EUR 0.8 million, an increase of EUR 0.6 million, as compared to EUR 0.2 million for the year 2020. During the review period, the increases in Kempower's change in inventories of finished goods and in work in progress were primarily impacted by the increase in sales.

Kempower's total expenses for the year 2021 amounted to EUR 27.4 million, an increase of EUR 21.6 million, as compared to EUR 5.8 million for the year 2020. During the year 2021, the increases in Kempower's total expenses were mainly caused by the increases in materials, personnel expenses and other operating expenses. Material expenses increased due to increase in revenue. Personnel expenses increased due the higher headcount and other operating expenses increased due to production capacity expansion. The production capacity expansion led

to increases in, for example, costs related to rental premises, information and communications technology and administration. Depreciation and amortization and external services also contributed to the increases in Kempower's total expenses during the review period. Depreciations and amortizations increased mainly due to investments in tangible assets and external services increased due to increased subcontracting costs.

Kempower's financial income and expenses for the year 2021 amounted to financial expenses of EUR 6.7 million, an increase of EUR 6.7 million, as compared to EUR 0.0 million for the year 2020. The increase was primarily attributable to EUR 0.1 million interest expenses for the capital loans and other interest-bearing loans and the EUR 6.6 million costs related to Offering and First North Listing.

# Research and development

Research and development expenses for the fourth quarter 2021 amounted to EUR 1.2 million (EUR 0.4 million), the equivalent of 15% (23%) of revenue. Research and development expenses for the year 2021 amounted to EUR 3.6 million (EUR 1.7 million), the equivalent of 13% (52%) of revenue. The company has not capitalized R&D costs for new products.

# Cash flow, financing and balance sheet

Cash flow from operating activities amounted to EUR 2.9 million (EUR -0.2 million) in the fourth quarter. For the full year 2021 cash flow from operating activities amounted to EUR -2.2 million (EUR -2.5 million).

Cash flow from investing activities amounted to EUR -0.8 million (EUR -0.1 million) in the fourth quarter 2021. For the full year 2021 cash flows from investing activities were EUR -1.6 million (EUR -0.5 million). Cash flows related to investments is mainly related to office and production expansions.

Net cash flows from financing activities were EUR 93.7 million (EUR 3.4 million) for the full year 2021. During the review period, the net cash flow from financing activities was affected by personnel offering EUR 0.6 million and the gross proceeds from the initial public offering EUR 100.1 million which was received during December.

In addition EUR 6.0 million Nasdaq First North Growth Market listing fees were paid to advisors out of EUR 6.6 million accounted fees in 2021.

Kempower's total assets on the balance sheet at the end of 2021 were EUR 106.4 million (EUR 6.2 million 31 December 2020).

Kempower's cash and cash equivalents at the end of the reporting period amounted to EUR 90.4 million (EUR 0.5 million 31 December 2020).

For the reporting period the equity ratio was 92 percent (10 percent 31 December 2020) and Net Debt EUR -90.4 million (EUR 2.9 million 31 December 2020).

## Investments

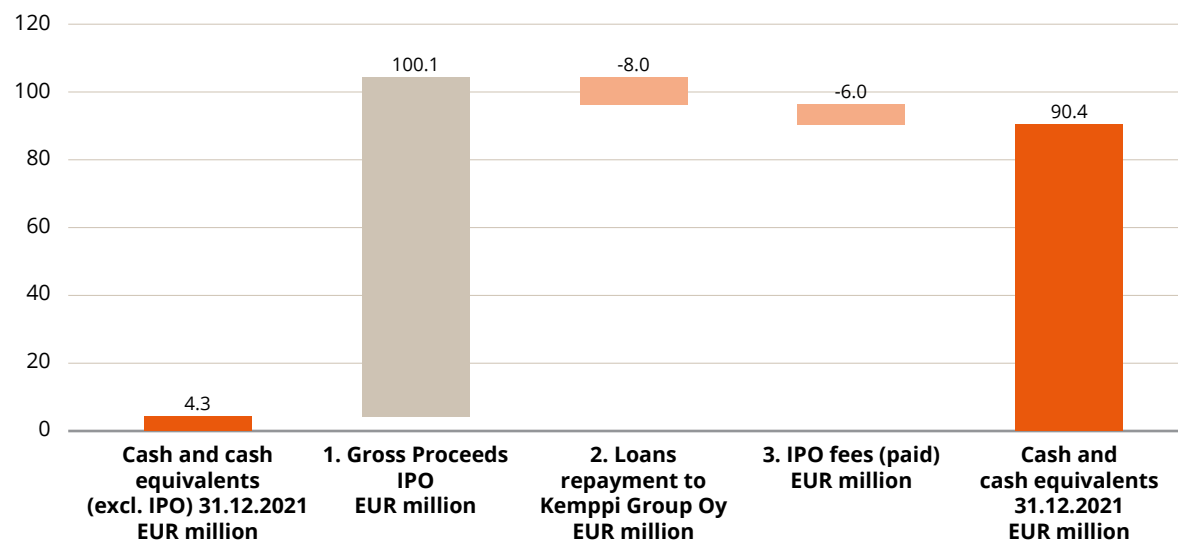
Gross investments during the 2021 reporting period totaled EUR 1.6 million (EUR 0.5 million). Kempower's investments for the year ended 31 December 2021 related mainly to assembly lines, production equipment and tools, office furniture and intangible rights.

# Listing on the Nasdaq First North Growth Market Finland marketplace

In 2021, Kempower's shares were listed to the Nasdaq First North Growth Market Finland and the trading with the Kempower shares started on 14 December 2021.

Kempower received EUR 100.1 million of gross proceed in connection to First North listing resulting to EUR 90.4 million cash and cash equivalents on December 31, 2021. At the end of 2021 Kempower repaid EUR 8.0 million loans and other loans and paid EUR 6.0 million IPO fees to the advisors.

Total IPO fees were EUR 6.6 million of which EUR 5.8 million was accounted in Q4 2021 and EUR 6.0 million was paid in Q4 2021. IPO fees were recognized in the income statement under financial expenses in accordance with the Finnish Accounting Standards Act (FAS).



# Personnel

Kempower Group had an average personnel headcount of 86 (29) for the year ended 31 December 2021, of whom 82 (29) were employed by the parent company and 4 (0) by the subsidiaries.

Kempower Group headcount at the end of the period was 136 (38), of whom 129 (38) were employed by the parent company and 7 (0) by the subsidiaries.

Kempower's headcount growth in 2021 is in line with its strategy. Kempower's employee Net Promoter Score (eNPS) was 83 in the personnel satisfaction survey conducted in Q4 2021.

# Shares

Kempower's share is listed on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki. Kempower's registered share capital is EUR 80,000 and the total number of shares outstanding is 55,542,920.

The company has one series of shares. Each share entitles its holder to one vote at the Annual General Meeting. The shares have no nominal value. The company does not hold any of the company's own shares. Kempower's shares are included in the book-entry system maintained by Euroclear Finland Oy. The trading code of the shares is KEMPOWR and the ISIN code is FI4000513593.

In October 2021, the Company carried out a directed share issue by issuing 312,606 shares (5,789 before the split) new Shares in a Personnel Offering. In December 2021, the Company issued 17,430,314 new shares in Initial Public Offering.

Function	31.12.2021	31.12.2020
Blue collars	28	6
Administration	14	1
Operations	19	5
Research, development and innovations	38	17
Sales and marketing	37	9
<b>Total</b>	<b>136</b>	<b>38</b>

Share indicators	2021
Highest price (EUR)	12.25
Lowest price (EUR)	7.95
Average price (EUR)	9.08
Closing (EUR)	11.55
Turnover (EUR)	50,742,283
Turnover volume	5,590,893
Market capitalization at end of period (MEUR)	642
Amount of shares at end of the period	55,542,920

# Major shareholders

At the end of the reporting period on 31 December 2021 the company had 26,694 shareholders.

Further information on the shares, major shareholders and management shareholdings is available on the company's website <https://investors.kempower.com/share-information/shareholders>.

## 15 LARGEST SHAREHOLDERS ON 31 DECEMBER 2021:

Shareholder	Number of shares	% of shares
1. Kemppi Group Oy	37,800,000	68.06%
2. Varma Mutual Pension Insurance Company	1,742,160	3.14%
3. Ilmarinen Mutual Pension Insurance Company	1,161,621	2.09%
4. Evli Finnish Small Cap Fund	981,680	1.77%
5. Nordea Life Assurance Finland Ltd	585,920	1.06%
6. Julius Tallberg Corp.	532,648	0.96%
7. Danske Invest Finnish Equity Fund	398,227	0.72%
8. Säästöpankki Pienyhtiöt	383,340	0.69%
9. Wipunen Varainhallinta Oy	350,000	0.63%
10. Heikintorppa Oy	350,000	0.63%
11. Kempinvest Oy	348,432	0.63%
12. Veritas Pension Insurance Company Ltd.	300,000	0.54%
13. Fondita European Top Picks Sijoitusrahasto	225,294	0.41%
14. Kirkon Eläkerahasto	189,051	0.34%
15. Elo Mutual Pension Insurance Company	180,000	0.32%

## Annual General Meeting

Kempower Corporation's Annual General Meeting 2021 was held on March 30, 2021. The Annual General Meeting adopted the annual accounts for the financial period ending on 31 December 2020. The members of the Board of Directors as well as the CEO were discharged from liability for the financial period ending on 31 December 2020. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that

no dividend will be paid for the year 2020. Mr. Antti Kemppi, Mrs. Teresa Kemppi-Vasama, Mr Tero Era and Mr. Juha-Pekka Helminen were re-elected as members of the Board and Mr. Kimmo Kemppi was elected as a new member. Ernst & Young Oy, Authorized Public Accounting Firm, was elected as the company's auditor.

## **Extraordinary General Meeting**

Kempower Corporation's held Extraordinary General Meeting on September 1, 2021. The Extraordinary General Meeting elected Ms. Eriikka Söderström and Mr. Vesa Laisi as new members of Board of Directors.

## **The unanimous shareholder resolution**

On 22 November 2021, the unanimous shareholder resolution resolved to authorize the Board of Directors to decide on a share issue for the completion of the First North listing. Pursuant to the authorisation, up to 18,000,000 New Shares can be issued in one or several instalments in deviation from the shareholders' pre-emptive subscription right.

## **Authorisation to decide on the issuance of shares and the issuance of special rights entitling to shares**

On 22 November 2021, the Board of Directors of the Company was also authorised with the unanimous resolution of the shareholders of the Company to resolve upon the issuance of new Shares and the issuance of special rights entitling to Shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of new Shares to be issued on the basis of the authorisation shall not exceed an aggregate maximum of 1,029,040 Shares, which corresponds to approximately 2.7 percent of all the current Shares in the Company. The Board of Directors of the Company is entitled to decide on all the terms and conditions of the issuance of Shares and special rights entitling to Shares and is entitled to deviate from the shareholders' pre-emptive subscription rights (directed issue). The authorisation of the Board of Directors of the Company will remain in force until 22 November 2026. The Board of Directors of the Company is authorised to resolve upon an option class the dilution effect of which can be no more than 2 percent.

## **Authorisation to decide on a directed share issue**

On 22 November 2021, the Board of Directors of the Company was authorised with the unanimous resolution of the shareholders of the Company to resolve upon a directed share issue. The number of Shares to be issued in one or several instalments on the basis of the authorisation shall not exceed an aggregate maximum of 2,700,000 New Shares. The authorisation of the Board of Directors of the Company will remain in force until 30 November 2022.

The above-mentioned authorisation was related to the Over-allotment Option and share issue and share return arrangement in connection with the Offering. On December 17th of 2021 Kempower announced that Carnegie Investment Bank AB has decided to exercise the Over-allotment Option granted by the Company in full. After having exercised the Over-allotment Option, the total number of shares in Kempower was 55,542,920.

## **Share issue without the payment**

On 30 November 2021, the Board of Directors of the Company resolved on a share issue without payment to the Company's shareholders in proportion of the holding of existing shares. In the share issue without payment 37,406,817 new shares were issued so that each current share entitled the holder of existing shares to 53 new shares.

## **The Board of Directors decision on the completion of the initial public offering**

The Board of Directors of Kempower Corporation decided on 13 December 2021, on the completion of the Offering. The subscription price for the Offer Shares was EUR 5.74 per share in the Offering. The Company issued 15,156,795 new shares. In addition, the Company granted Carnegie Investment Bank AB, Finland Branch acting as stabilising manager, the right to subscribe for a maximum of 2,273,519 Shares at the subscription price solely to cover over-allotments in connection with the Offering (the "Over-Allotment Option").

The Over-Allotment Option was exercised in full and the Offering comprised a total of 17,430,314 Shares, which represented approximately 31.4 percent of all the Shares and votes in the Company after completion of the Offering.

# Kempower Oyj's Management Team and Board of Directors

## The members of Kempower's Management Team are:

- Chief Executive Officer Tomi Ristimäki
- Chief Financial Officer Jukka Kainulainen
- Chief Operating Officer Sanna Otava
- Chief Sales Officer Tommi Liuska
- Chief Technology Officer Mikko Veikkolainen
- Chief Marketing Officer Jussi Vanhanen
- Director, Communications Paula Savonen -member of extended management team
- Chief Engineer Petri Korhonen -member of extended management team

## The members of Kempower's Board of Directors are:

- Chairman of the Board Antti Kemppe
- Vice Chairman of the Board Teresa Kemppe-Vasama
- Member of the Board Tero Era
- Member of the Board Juha-Pekka Helminen
- Member of the Board Kimmo Kemppe
- Member of the Board Vesa Laisi
- Member of the Board Eriikka Söderström

## Short-term risks and uncertainty factors

Kempower's annual risk management process consists of risk identification, risk assessment, risk management, risk monitoring and risk reporting. The risk management framework fosters awareness of risk and control throughout the organization and supports informed decision making. Continuous communication and dialog are necessary to promote risk awareness throughout Kempower and to ensure successful integration of risk management into strategic planning, budgeting, daily decision-making and operations.

As a result of the risk management process, Kempower's main risks have been identified for which mitigation plans and activities have been defined, implemented and further monitored

throughout the year. According to the annual cycle, the Group management risk workshop has concluded on the main risks for Kempower, and those have been reported to the Board of Directors.

Kempower's business is global and the Company is therefore exposed to macroeconomic risks and other macro-level trends, such as cyclical fluctuations or a slowdown in global economic growth. The global operating model also exposes Kempower to risks related to the supply chain, which may thus affect the company's operations for example in the form of risks related to the availability of raw materials and components.

Kempower has a growth strategy, of which implementation involves risks, especially with regard to the scaling of operations. Failure of Kempower to effectively increase its production capacity and supply chain could have a negative impact on the company's ability to meet its short-term growth targets. To manage the risk, Kempower has significantly expanded its production capacity, and the capacity expansion will continue also in 2022. Due to the change in the current pandemic situation, the risk of illness for personnel has increased and possible increasing restrictions on movement may make it more difficult to sell, assemble and deliver Kempower's products.



Kempower's business success and implementation of its strategy depend on the company's ability to recruit and engage qualified, motivated and skilled individuals. The availability and loss of key personnel could have a material adverse effect on Kempower's business. The shortage of skilled people in the labor market may also have a detrimental effect on the availability and retention of labor in Kempower.

Achieving Kempower's strong growth targets depends on the company's ability to respond to market changes and the actions of competitors. The company's business may also be affected if new or changed laws and regulations are introduced in the

market of which the company would not have been aware and thus prepared for the changes.

A failure of IT systems to perform as designed could disrupt Kempower's business and have a material adverse effect on its revenue and results of operations.

Risks related to Kempower's business are described in more detail in the company's prospectus published on December 1, 2021 and on Kempower's investor pages in the governance section.

## The Board's proposal for the distributions of profit

The parent company's distributable funds (unrestricted equity) on 31 December 2021 are EUR 94,856,978.70 of which the period net loss is EUR 6,217,680.50. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year.

# Significant events during the period

- In February 2021 Kempower opened a new production facility in Lahti, adding approximately 2 300 m<sup>2</sup> production space and increasing the total production space to approximately 2800 m<sup>2</sup>.
- In the beginning of the 2021 Finland's biggest retailing cooperative S Group decided to build a nationwide charging network with Kempower's chargers.
- Kempower opened new subsidiaries in Norway, Germany and Netherlands in H1 2021. New subsidiary in the UK was opened in Q3 2021 and in France and in Spain in Q4 2021.
- In May 2021, Kempower was chosen as charger supplier for Norway's largest electric bus depot above the polar circle with 50 charging points for 32 electric buses, built by Omexom.
- In June 2021, Kempower's fast-charging systems were opened at several McDonald's restaurants in Finland. The charging stations are owned and operated by Recharge, the largest charge point operator in the Nordics.
- In June 2021, Chief Financial Officer Jukka Kainulainen was appointed to Kempower Management Team.
- In June 2021, the world's first electric speedboat fast HPC charger was launched in Florø, Norway, featuring Kempower S-Series system.
- In July 2021, Kempower announced to establish a new facility for EV chargers to meet global e-mobility demand, including 10,300 m<sup>2</sup> of factory space.
- In September 2021, new members Eriikka Söderström and Vesa Laisi were elected to Kempower's Board of Directors, bringing their strong expertise to the company's growth and expansion of the electric fast charging network.
- In September 2021, Kempower announced that it had signed a framework agreement with Osprey Charging in the United Kingdom.
- In September 2021, Kempower's S-Series charging technology was launched at the Greenstation pilot in Straume, Norway, featuring a new EV charging station concept with convenient user authentication and smooth operating by tapping a standard bank/credit card prior to fast DC charging session.
- In September 2021, Kempower opened a R&D center at Tampere University Campus.
- In October 2021, Kempower launched a partnership with Gilbarco Veeder-Root to Offer EV Charging Solutions. Gilbarco Veeder-Root (GVR) is the global leader for technology solutions for retail fueling and convenience market with 150 years of history.
- In October 2021, the new Chief Marketing Officer Jussi Vanhanen was appointed to Kempower Management Team.
- In October 2021, a share issue for all Kempower employees was published. This was the first employee share issue organized by Kempower. By organizing the share issue, Kempower aims to foster employee commitment.
- In October 2021, Kempower agreed to provide funding for Finland's first professorship in e-mobility at Lappeenranta-Lahti University of Technology LUT (LUT University).
- In October 2021, Kempower released its first-ever sustainability statement featuring three headline commitments. The pledges include reaching total carbon neutrality by 2035. Kempower has set a target of reaching a 99% end of lifetime recyclability rate for all its products, with Kempower T-Series charger already achieving a recyclability rate of 99.61%.
- Kempower initiated cooperation with Epiroc, a leading productivity and sustainability partner for the mining and infrastructure industries. Epiroc will offer Kempower's EV chargers as part of its mining and construction machinery offering globally.
- In November 2021, Kempower launched a stock option program to its key employees working mainly in the Company's subsidiaries outside of Finland.
- In November 2021, the Design from Finland mark's Design Deed of the Year 2021 title was awarded to Kempower.
- In November 2021, Kempower won 2021 AluINNO competition for innovative use of aluminum in its S-Series EV charging system.
- In November 2021, Kempower supplied S-Series dynamic charging system to Finland's largest high power charging hub for electric cars, opened at Juustoportti Kuopio
- In November 2021, Kempower and Junttan, the leading manufacturer of hydraulic pile driving rigs, announced the world's first electric pile driving rig charged by Kempower's movable EV fast charger
- In November 2021, Kempower's T-Series movable DC chargers were used to charge the electric vehicles used to transport world leaders and dignitaries to and from COP26 – the world's largest climate change event at Glasgow. The UK distributor of Kempower's products, Vital EV, supplied Sunbelt Rentals with the chargers.
- In December 2021, Kempower completed its Initial Public Offering and trading of the shares on the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd started on 14 December 2021.
- In December 2021, Vattenfall, one of Europe's leading energy companies chose Kempower as one of its new electric vehicles (EV) fast charging partners for Vattenfall's InCharge charging services. The order value of the first stage deployment is over EUR 5 million.
- In December 2021, Kempower was chosen to deliver electric bus fleet fast charging solutions to Keolis in Gothenburg, Sweden. The delivery will cover approximately 70 fast chargers, including Kempower S-Series and C-Series fast charging systems.
- In December 2021, Kempower announced it has received a pilot order to deliver EV fast charging systems to a Southern European customer. The value of the first order was over EUR 2 million.
- In December 2021, Kempower was awarded two new ISO certifications including ISO14001: 2015 (environment) and ISO45001:2018 (personnel)

# Events after the balance sheet date

- In January 2022, Kempower announced co-operation with Jet Charge accelerating the rollout of electric mobility in Australia. JET Charge is Australia's largest EV charging infrastructure specialist.
- In January 2022, Kempower was chosen to deliver electric bus fleet fast charging solutions to bus operator Bergkvarabuss AB's electric bus depot in Strängnäs, Sweden. The charging infrastructure is included in a total delivery that Scania carries out to Bergkvarabuss.
- In January 2022, Kempower announced it has become an official supplier of DC fast charging equipment to Scania worldwide
- In January 2022, Kempower was chosen to deliver fast charging technology to Scania for Swedish Falkenklev Logistik's new electric truck depot in Malmö. The Malmö truck depot will be Sweden's largest electric truck charging station
- In February 2022, Kempower confirmed an order to deliver EV fast-charging systems to Power Dot, an EV charging operator based in Portugal. The delivery of the fast-charging systems for electric passenger cars will take place in Q2 2022. The value of the order is over EUR 3 million.
- In February 2022 Kempower confirmed a delivery of DC fast charging technology to the electric bus depots of Helsingin Bussiliikenne Oy, owned by Koiviston Auto Group, in Vantaa and in Helsinki, Finland. The delivery includes Kempower C- and S-Series DC fast charging solutions and Kempower ChargeEye backend and cloud solutions for 61 electric buses

## 2022 Financial calendar

- FY 2021 Annual Report: released during Week 12
- Business Review January–March (Q1): May 18, 2022
- Half-year financial report, January–June (H1): August 11, 2022
- Business Review, January–September (Q3): November 09, 2022
- Annual General Meeting is planned for Wednesday 13th of April 2022 at 5:00 pm. The Board of Directors will call the General Meeting at a later date

### Lahti 15th of February, 2022

Kempower Oyj  
Board of Directors

# Calculation of key figures

<b>Key figure</b>	<b>Definition</b>
Order backlog	Received legally binding orders from external customers not yet delivered to customer
Order intake	Received legally binding orders from external customers during the period
Revenue growth	Change in Kempower's revenue for the period divided by revenue for the previous period presented in percent
Gross profit	Revenue - Cost of goods sold
Gross margin	Gross profit as percentage of revenue
EBITDA	Earnings before interest, taxes and depreciation and amortisation
EBITDA margin	EBITDA as percentage of revenue
EBIT margin	Operating profit/loss (EBIT) as percentage of revenue
Operative EBIT	Operating profit/loss (EBIT) - Items affecting comparability affecting operating profit/loss
Operative EBIT margin	Operative EBIT as percentage of revenue
Equity ratio	Total equity / (Total assets - advance payments received)
Investments	Investments in intangible and tangible assets
Net debt	Short-term interest-bearing debt + Long-term interest-bearing debt - Cash and cash equivalents
Items affecting comparability	Unusual material items outside the ordinary course of the business, which relate to external advisory costs related to capital reorganisation, strategic projects and expenses related to the First North Listing
Earnings per share, basic	Profit/loss for the period divided by the weighted average number of shares outstanding during the period
Earnings per share, diluted	Profit/loss for the period / weighted average number of shares outstanding during the period+ potential dilutive shares

# Alternative performance measures

Kempower presents certain performance measures of historical financial performance, financial position and cash flows, which in accordance with the “Alternative Performance Measures” guidance by the European Securities and Markets Authority are not accounting measures defined or specified in Finnish Accounting Standards (FAS). Kempower presents Alternative Performance Measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows prepared in accordance with FAS.

In Kempower’s view, the Alternative Performance Measures provide the management and investors, securities analysts and other parties with significant additional information related to Kempower’s results of operations, financial condition or cash flows and are widely used by analysts, investors and other parties. The Alternative Performance Measures should not be considered in isolation or as substitute to the measures under FAS. All companies do not calculate Alternative Performance Measures in a uniform way, and, therefore, the Alternative Performance Measures presented may not be comparable with similarly named measures presented by other companies.

# Reconciliation of alternative performance measures

MEUR	Q4/2021	Q4/2020	H2/2021	H2/2020	31.12.2021	31.12.2020
<b>Gross profit</b>						
Revenue	8.4	2.0	18.4	2.5	27.4	3.3
Material and services	-4.5	-0.9	-8.8	-1.2	-14.4	-1.5
Change in inventories of finished goods and in work in progress	0.4	0.0	-0.2	0.1	0.8	0.2
Variable personnel expenses	-0.3	-0.1	-0.6	-0.1	-0.9	-0.1
Sales freight costs	0.0	0.0	-0.1	0.0	-0.1	0.0
Gross profit	3.9	1.0	8.7	1.3	12.7	1.8
Gross margin, percent	46	52	48	53	46	54
<b>Items affecting comparability</b>						
Items affecting comparability affecting operating profit/loss	-	-	-	-	-	-
Costs related to the Offering and the First North Listing (included in financial expenses)	5.8	-	6.4	-	6.6	-
Items affecting comparability	5.8	0.0	6.4	0.0	6.6	0.0
<b>Operative EBIT</b>						
Operating profit/loss (EBIT)	-1.0	-0.3	1.1	-0.9	1.1	-2.2
Items affecting comparability, EBIT	-	-	-	-	-	-
Operative EBIT	-1.0	-0.3	1.1	-0.9	1.1	-2.2
Operative EBIT margin, percent	-12	-17	6	-34	4	-68
<b>Investments</b>						
Investments in intangible assets	0.2	0.0	0.2	0.0	0.2	0.0
Investments in tangible assets	0.7	0.1	0.9	0.2	1.4	0.4
Investments	0.8	0.1	1.0	0.2	1.6	0.5
<b>Earnings per share</b>						
Profit attributable to owners of the parent company	-5.5	2.0	-4.3	1.5	-4.5	0.2
Weighted average number of ordinary shares in issue during the period	41,310,623	38,012,686	39,643,731	38,012,686	38,834,911	38,012,686
Earnings per share, basic and diluted, EUR	-0.13	0.05	-0.11	0.04	-0.12	0.01

\*Items affecting comparability include expenses related to the Offering and the First North Listing, which have been included in financial expenses in accordance with FAS.

# Financial information of financial statements

## 1 January–31 December 2021

### Consolidated income statement

MEUR	H2/2021	H2/2020	Change	2021	2020	Change
<b>Revenue</b>	<b>18.4</b>	<b>2.5</b>	15.9	<b>27.4</b>	<b>3.3</b>	24.1
Other operating income	0.3	0.0	0.3	0.3	0.1	0.2
Change in inventories of finished goods and in work in progress	-0.2	0.1	-0.3	0.8	0.2	0.6
Raw materials and consumables used	-8.4	-1.2	-7.2	-12.9	-1.5	-11.4
External services	-0.4	0.0	-0.4	-1.5	0.0	-1.5
Personnel expenses	-4.9	-1.3	-3.6	-7.4	-2.2	-5.2
Depreciation and amortisation	-0.1	0.0	-0.1	-0.2	-0.1	-0.1
Other operating expenses	-3.6	-1.0	-2.6	-5.4	-1.9	-3.5
<b>Total expenses</b>	<b>-17.4</b>	<b>-3.5</b>	-13.5	<b>-27.4</b>	<b>-5.8</b>	-21.6
<b>Operating profit/loss (EBIT)</b>	<b>1.1</b>	<b>-0.9</b>	1.9	<b>1.1</b>	<b>-2.2</b>	3.3
Financial income	0.0	-	0.0	0.0	-	0.0
Financial expenses	-6.5	0.0	-6.4	-6.7	0.0	-6.7
<b>Total financial income and expenses</b>	<b>-6.5</b>	<b>0.0</b>	-6.4	<b>-6.7</b>	<b>0.0</b>	-6.7
<b>Profit/loss before appropriations and taxes</b>	<b>-5.4</b>	<b>-0.9</b>	-4.5	<b>-5.6</b>	<b>-2.2</b>	-3.4
Appropriations	-	2.5	-2.5	-	2.5	-2.5
Income taxes	1.1	-0.1	1.2	1.1	-0.1	1.2
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-4.3</b>	<b>1.6</b>	-5.8	<b>-4.5</b>	<b>0.2</b>	-4.7

# Consolidated balance sheet

MEUR	2021	2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	0.4	0.2
Tangible assets	1.7	0.5
<b>Non-current assets total</b>	<b>2.1</b>	<b>0.7</b>
<b>Current assets</b>		
<b>Long-term receivables</b>		
Deferred tax assets	1.3	-
<b>Long-term receivables total</b>	<b>1.3</b>	<b>-</b>
<b>Short-term receivables</b>		
Inventories	6.1	1.3
Trade and other receivables	6.5	3.8
Cash and cash equivalents	90.4	0.5
<b>Short-term receivables total</b>	<b>103.0</b>	<b>5.6</b>
<b>Current assets total</b>	<b>104.3</b>	<b>5.6</b>
<b>ASSETS TOTAL</b>	<b>106.4</b>	<b>6.2</b>

MEUR	2021	2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	0.1	0.0
Translation differences	0.0	-
Invested Unrestricted equity fund	100.6	-
Retained earnings	0.6	0.4
Profit/loss for the period	-4.5	0.2
<b>Equity total</b>	<b>96.7</b>	<b>0.6</b>
<b>Provisions</b>		
Other provisions	0.2	0.1
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	-	3.4
Deferred tax liabilities	0.1	0.0
<b>Non-current liabilities total</b>	<b>0.1</b>	<b>3.4</b>
<b>Current liabilities</b>		
Advances received	0.8	0.2
Trade payables	5.5	1.2
Accruals and other payables	3.1	0.7
<b>Current liabilities total</b>	<b>9.4</b>	<b>2.1</b>
<b>Liabilities total</b>	<b>9.5</b>	<b>5.5</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>106.4</b>	<b>6.2</b>



# Statement of changes in shareholders' equity

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY ON 31 DECEMBER 2021

MEUR	Share capital	Invested Unrestricted equity fund	Retained earnings	Total
Shareholder's equity 1.1.2021	0.0		0.6	0.6
Profit/loss for the period			-4.5	-4.5
Personnel Offering		0.6		0.6
Initial Public Offering for Nasdaq First North Growth Market		100.1		100.1
Share capital increase	0.1	-0.1		0.0
Translation differences			0.0	0.0
<b>Shareholder's equity 31.12.2021</b>	<b>0.1</b>	<b>100.6</b>	<b>-3.9</b>	<b>96.7</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY ON 31 DECEMBER 2020

MEUR	Share capital	Invested Unrestricted equity fund	Retained earnings	Total
Shareholder's equity 1.1.2020	0.0		0.4	0.4
Profit/loss for the period			0.2	0.2
<b>Shareholder's equity 31.12.2020</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>0.6</b>

# Cash flow statement

MEUR	H2/2021	H2/2020	Change	2021	2020	Change
<b>Cash flow from operating activities</b>						
Net profit/loss before appropriations and taxes	-5.4	-0.9	-4.5	-5.6	-2.2	-3.4
Adjustments:						
Depreciation and amortisation	0.1	0.0	0.1	0.2	0.1	0.1
Unrealised foreign exchange gains and losses	0.0	0.0	0.0	0.0	0.0	0.0
Change in provisions	0.1	0.1	0.1	0.2	0.1	0.1
Financial income and expenses	6.5	0.0	6.4	6.7	0.0	6.7
<b>Cash flow before changes in working capital</b>	<b>1.3</b>	<b>-0.7</b>	<b>2.1</b>	<b>1.4</b>	<b>-2.1</b>	<b>3.5</b>
<b>Changes in working capital</b>						
Change in inventories	-2.3	-0.8	-1.5	-4.9	-1.1	-3.8
Change in trade and other receivables	-0.8	-0.8	-0.1	-5.2	-0.5	-4.7
Change in trade payables and short-term debts	3.7	1.2	2.5	6.5	1.2	5.3
<b>Cash flow from operating activities before financial items and taxes</b>	<b>1.8</b>	<b>-1.1</b>	<b>3.0</b>	<b>-2.2</b>	<b>-2.5</b>	<b>0.3</b>
Interest paid	0.0	0.0	0.0	0.0	0.0	0.0
Other financing items	0.2	-	0.2	0.0	-	0.0
Taxes	0.0	-	0.0	-0.1	0.0	-0.1
<b>Cash flow from operating activities ( A )</b>	<b>2.1</b>	<b>-1.2</b>	<b>3.2</b>	<b>-2.2</b>	<b>-2.5</b>	<b>0.2</b>
<b>Cash flow from investing activities</b>						
Investments in tangible and intangible assets	-1.0	-0.2	-0.9	-1.6	-0.5	-1.2
<b>Cash flow from investing activities ( B )</b>	<b>-1.0</b>	<b>-0.2</b>	<b>-0.9</b>	<b>-1.6</b>	<b>-0.5</b>	<b>-1.2</b>
<b>Cash flow from financing activities</b>						
Proceeds from issue of share capital	100.6	-	100.6	100.6	-	100.6
Paid finance costs	-6.0	-	-6.0	-6.0	-	-6.0
Proceeds from non-current loans	-2.6	1.4	-4.0	-	3.4	-3.4
Repayment of non-current borrowings	-3.4	-	-3.4	-3.4	-	-3.4
Group contribution received	0.0	-	0.0	2.5	-	2.5
<b>Cash flow from financing activities ( C )</b>	<b>88.6</b>	<b>1.4</b>	<b>87.2</b>	<b>93.7</b>	<b>3.4</b>	<b>90.3</b>
<b>Net change in cash and cash equivalents (A + B + C)</b>	<b>89.7</b>	<b>0.1</b>	<b>89.6</b>	<b>89.9</b>	<b>0.5</b>	<b>89.4</b>
Cash and cash equivalents beginning of the period	0.7	0.5	0.3	0.5	0.1	0.5
Cash and cash equivalents end of the period	90.4	0.5	89.9	90.4	0.5	89.9
Effects of exchange rate fluctuations on cash held	0.0	-	0.0	0.0	-	0.0
<b>Net change in cash and cash equivalents</b>	<b>89.7</b>	<b>0.1</b>	<b>89.6</b>	<b>89.9</b>	<b>0.5</b>	<b>89.4</b>

# Notes to the financial statements information

## Basis of preparation

This consolidated financial statements information of Kempower Corporation (“the Company”) and its subsidiaries (together “the Group” or “Kempower”) as at and for the twelve-months period ended 31 December 2021 has been prepared in accordance with Finnish Accounting Standards (FAS). The information is presented to the extent required by Section 4.4 (e) (i) - (iv) of the Nasdaq First North Growth Market Rules. This financial statements release is unaudited.

The financial statements information as at and for the twelve-months ended 31 December 2021 has been consolidated to include the Company's subsidiaries Kempower GmbH, Kempower AS, Kempower B.V., Kempower Charging Ltd, Kempower SAS and Kempower Charging Spain S.L.U which were incorporated during 2021. The comparative financial information as at and for the twelve-months period ended 31 December 2020, has not been consolidated as the Company had no subsidiaries during these periods. To ensure comparability between 2021 and 2020 accelerated depreciations have been eliminated and deferred tax liabilities recognized for Kempower Oyj financial statements 31.12.2020.

The figures presented are in millions of euros and have been rounded to the nearest figure. Thus, in certain cases, the sum of the figures in a column or row does not always exactly match the figure presented as the total of the column or row.

## Related party transactions

Parties are considered to be related to each other if one party has the ability control the other party or exercise significant influence or joint control over the other party in making financial or operational decisions. Kempower's related parties consist of its subsidiaries and the Kemppi Group Oy and its subsidiaries other than Kempower and its subsidiaries. Related parties also include members of the Board of Directors, the CEO and Kempower's management team and their close family members

as well as companies controlled by them. Kempower's related parties also includes the members of the Board of Directors of Kemppi Group Oy and their close family members as well as companies controlled by them.

During the financial year 2021 following related party transactions were accounted:

MEUR	H2/2021	H2/2020	2021	2020
<b>Sales and purchases of goods and services to and from Kemppi Group companies</b>				
Products sold	0.0	0.0	0.0	0.0
Purchased materials	-4.2	-0.7	-6.7	-0.9
Purchased support services	-0.3	-0.3	-0.6	-0.6
Office and facility lease	-0.3	-0.1	-0.5	-0.2
<b>Financial expenses</b>				
Interest expenses to Kemppi Group companies	-0.1	0.0	-0.1	0.0
<b>Other transactions</b>				
Group contribution from Kemppi Group companies	-	2.5	-	2.5
<b>Sales and purchases of goods and services to and from other related parties</b>				
Purchased services	0.0	0.0	0.0	0.0
Products sold	0.0	-	0.0	-

Business transactions between Kempower and the Kemppi Group Companies have been presented as related party transactions. Such related party transactions comprise the material purchases from Kemppi Oy, purchases of management and support services (such as IT, finance transactional services, other professional services) from Kemppi Group Companies, leases of premises from the Kemppi Group Companies and financing received from Kemppi Group Oy. Related party transactions have been carried out on an arm's length basis.

Kempower's headquarters and production facilities are located on leased properties. One of the production facilities is leased from Kemppi Oy until 2023. Kempower's headquarters are leased from Kemppi Oy with one month notice period, with a portion of the outdoor area being leased until 2023. Kempower has signed a lease agreement with Kemppi Group Oy for a new production facility in Lahti, Finland. This new production facility is leased until 2031.

Kemppi Group Oy has earlier financed Kempower's business operations by paying group contributions and granting the Capital Loan and other loans.

## Personnel offering and stock option programs

### Personnel offering

In October 2021, the Company carried out a directed share issue made in deviation from the shareholders' pre-emptive subscription rights to engage personnel of Kempower by issuing 5,789 new Shares in a Personnel Offering. The subscription price in the Personnel Offering was EUR 100.00 per Share before the share issue without consideration registered on 26 November

2021, in which for each existing Share, 53 new Shares were given. The Subscription Price per Offer Share in the Offering being EUR 5.74. The members of Kempower's personnel who participated in the Personnel Offering have signed a shareholder agreement in which they have, among others, committed to sell their Shares to the Company if their employment with Kempower ends in certain situations and committed to a lock-up period based on which they cannot sell, transfer, donate or pledge the Shares subscribed by them without a permission granted by the Board of Directors of the Company until 31 December 2024. Of Kempower's personnel, 88.3 percent subscribed for Shares in the share issue.

### Existing stock option program

In November 2021, Kempower launched a stock option programme, the target group of which is key employees working in Kempower's subsidiaries outside of Finland as well as selected employees who have been employed after the Personnel Offering. The programme aims to foster employee commitment, broaden the Company's ownership base and give the opportunity to Kempower's personnel to benefit from the potential increase in the Company's value. The number of options per employee is set so that the subscription price of the options does not exceed the respective employee's two months' combined gross salary. The subscription period for stock options is between 1 January 2025 and 15 December 2025 and the subscription price is EUR 1.85 per option. In total 107,946 options (post IPO amount) were given.

## New long term incentive program in planning

Kempower is also considering a long-term incentive programme for Kempower's management team and key employees. The objective of the programme would be to incentivise the participants to implement Kempower's growth strategy, improve shareholder's value, stay engaged and motivate them to improve their performance. New programmes would be issued on a yearly basis and the binding time and size of the programme would follow the market practice of Finnish long-term incentive programmes.

## COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

MEUR	31.12.2021	31.12.2020
<b>Other liabilities</b>		
<b>Leasing commitments</b>		
Due for payment in less than one year	0.4	0.1
Due for payment in more than one year but less than five years	0.8	0.0
<b>Leasing commitments total</b>	<b>1.1</b>	<b>0.1</b>
<b>Rental commitments</b>		
Due for payment in less than one year	2.5	0.4
Due for payment in more than one year but less than five years	8.2	0.5
Due for payment beyond five years	9.7	-
<b>Rental commitments total</b>	<b>20.4</b>	<b>1.0</b>
<b>Collateral, contingent liabilities and other commitments total</b>	<b>21.6</b>	<b>1.1</b>

Rental commitments are primarily related to Kempower's new production facility in Lahti, Finland. Kempower signed a lease agreement with Kemppi Group Oy in 2021 which is valid until the end of 2031. Rental liability related to this agreement was EUR 19.5 million at the end of the 2021 including investment rent EUR 7.9 million



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