

Kempower Corporation

BUSINESS REVIEW

1 JANUARY-31 MARCH 2022



Kempower Corporation Business Review, 1 January–31 March 2022 (unaudited)

The financial information presented below has been prepared in accordance with Finnish Accounting Standards (FAS).

January–March 2022 highlights (comparison figures in parenthesis January–March 2021)

- Order backlog increased to EUR 29.1 million (EUR 10.0 million)
- Order intake increased to EUR 26.9 million (EUR 8.5 million)
- Revenue increased by 393% to EUR 11.5 million (EUR 2.3 million)
- Gross margin was 47% (51%)
- EBIT was EUR -0.9 million (EUR -0.5 million)
- Loss for the period was EUR -0.9 million (EUR -0.5 million)
- Cash flow from operating activities was EUR -2.6 million (EUR -1.6 million)
- Headcount grew to 176 employees (57) at the end of the period
- Net debt totaled EUR -87.0 million (EUR 3.8 million)

KEMPOWER GROUP KEY FIGURES

MEUR	Q1/2022	Q1/2021	2021
Order backlog	29.1	10.0	13.7
Order intake	26.9	8.5	37.4
Revenue	11.5	2.3	27.4
Revenue growth %	393%	948%	741%
Gross margin	5.4	1.2	12.7
Gross margin %	47%	51%	46%
EBITDA	-0.8	-0.4	1.2
EBITDA margin %	-7%	-19%	5%
Operating profit/loss (EBIT)	-0.9	-0.5	1.1
EBIT margin %	-8%	-20%	4%
Operative EBIT	-0.9	-0.5	1.1
Operative EBIT margin %	-8%	-20%	4%
Profit/loss for the period	-0.9	-0.5	-4.5
Equity ratio %	89%	2%	92%
Cash Flow from operating activities	-2.6	-1.6	-2.2
Investments	0.6	0.4	1.6
Net Debt	-87.0	3.8	-90.4
Items affecting comparability*	0.0	0.0	6.6
Undiluted earnings per share in EUR	-0.02	-0.01	-0.12
Diluted earnings per share in EUR**	-0.02	-0.01	-0.12
Headcount end of period	176	57	136

* 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 FAS.

** Options granted to personnel in November 2021 have no dilution effect during Q1 2022 or financial year 2021 due to the company's loss for the period.

Revenue

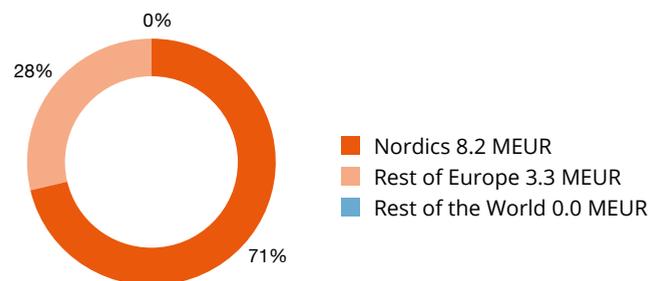
REVENUE BY GEOGRAPHY

MEUR	Q1/2022	Q1/2021	Change %	2021
Nordics	8.2	1.9	324%	23.1
Rest of Europe	3.3	0.3	831%	4.1
Rest of the World	0.0	0.0	-20%	0.2
Total	11.5	2.3	393%	27.4

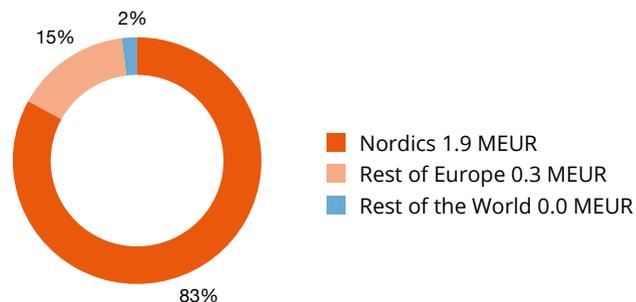
Kempower's revenue in the periods presented was generated through sale of goods and sale of services. Kempower's revenue increased in January-March by 393% to EUR 11.5 million (EUR 2.3 million).

Kempower's main geographical markets include Finland, Sweden, Norway and Denmark (together, the "Nordics"), which accounted for 71 percent of Kempower's revenue for the Q1/2022 and 83 percent of revenue for the comparison period Q1/2021 and the Rest of Europe, which accounted for 28 percent of Kempower's revenue for the Q1/2022 and 15 percent of revenue for the comparison period. Revenue outside Europe accounted for 0 percent of Kempower's revenue for the Q1/2022 and 2 percent of revenue for the comparison period.

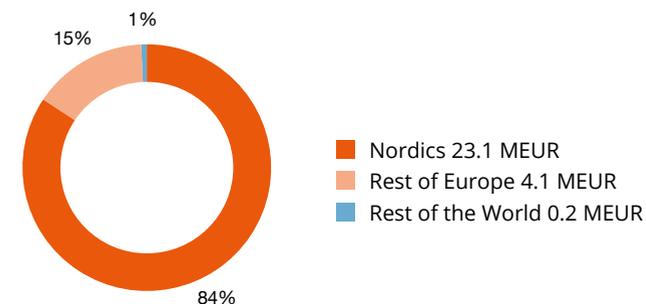
REVENUE Q1/2022



REVENUE Q1/2021



REVENUE 2021



CEO TOMI RISTIMÄKI COMMENTS ON THE Q1 RESULTS:

Strong growth and successful strategy execution continued

Our go-to-market strategy execution progressed according to our plan in Q1 of 2022 and I am happy with our performance. Our revenue grew by 393% reaching EUR 11.5 million driven by strong growth in the Nordics and Rest of Europe. The revenue in Rest of Europe grew by 831% year-on-year. Our order backlog reached record high EUR 29.1 million at the end of the quarter. In Q1 of 2022, our loss for the period EUR -0.9 million was driven by the planned spend to people, R&D and capacity expansion according to the existing growth strategy.

We signed several important customer contracts during the quarter. In the charging point operators (CPO) and retail chains customer group, we received orders worth of EUR 3 million from Power Dot to deliver EV fast charging systems in Spain, Portugal and France, in addition to EUR 2 million order received in December 2021. Power Dot is a Southern European charging point operator.

In the bus and truck operators customer group, we signed a contract with Finland's largest bus operator, Koiviston Auto, to deliver DC fast charging technology to electric bus depots in Vantaa and Helsinki, including 61 electric buses and 3MW of total power. We also received an order worth of EUR 2.5 million from Minusines S.A. including several bus depots in Luxembourg. In addition, we signed a contract with GodEnergi A/S for the delivery of DC fast charging technology to a new electric bus depot in Aalborg, Denmark. The depot is the biggest electric bus depot in the Nordic countries.

In the original equipment manufacturers (OEM) customer group, we signed a frame agreement with a world-leading provider of transport solutions, Scania, for the delivery of Kempower's DC

fast charging technology and solutions to Scania's electric buses and electric trucks globally.

Cloud-based software, Kempower ChargeEye™, has strengthened its position as a key Depot Master for bus and truck operators. The ChargeEye Depot Master is a charging management and optimization system that completes the Kempower charging system offering by making it a full-scale depot charging solution. ChargeEye's intelligent, peak-balancing feature reduces peak power at the depot which reduces operator's costs. In addition, it monitors and ensures that all buses and trucks are preheated, fully charged and ready for use when required.

We opened new subsidiaries in Sweden and Italy in addition to our already existing subsidiaries in Germany, the UK, the Netherlands, France, Spain, and Norway. We took a strategically important step by launching the Kempower C- and S-Series products to the North American markets. At the moment we are operating in North America through our partners, but we also continue exploring different options for expansion in the region.

Our capacity expansion project with additional 10 300 square meters is proceeding according to the plan in Finland. The first production lines are open, and the factory is already producing EV chargers and solutions to Kempower's customers. Some of the personnel in Finland has already moved to the new facility and the rest will follow by the end of the Q3 of 2022. The global shortage of electronic components is an ongoing challenge in the whole industry. In Q1 of 2022, we managed the shortage well, but the component shortage continues to be a significant risk for our deliveries in next quarters. Increases in material and component prices did not have an impact on our production

costs in Q1. In H2 of 2022 cost inflation is creating pressure on the unit costs which we target to mitigate with cost savings and price increases.

The EV charging industry is growing rapidly and several trends are supporting the increased demand for EV charging infrastructure. We are in a strong position in the existing markets with our modular and scalable product portfolio combined with a totally unique dynamic charging solution and highly skilled personnel. Looking back at the first quarter of 2022, I am especially proud of the strong growth, successful recruitments, new significant partnerships and opening the new factory on schedule. Kempower's brand has become stronger, and we are known on the market, which in turn drives sales in the growth markets. I would like to thank our customers, partners and the Kempower employees for the successful start to the year.

War in Ukraine and its impact on Kempower

Kempower does not have customers or employees neither in Russia nor in Ukraine. Kempower has no direct suppliers or production in Ukraine, Russia or Belarus. Kempower has stopped business development regarding Russian market.

Delays in international logistics may cause a risk to certain components. We have identified these a few critical components and have already taken the necessary steps to re-route the logistics.

Short term outlook unchanged

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 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. In 2022, Kempower is exploring different alternatives for expansion into the North American markets.

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 QUARTERLY AND HALF-YEAR KEY FIGURES 2021, MEUR

MEUR	Q1/2021	Q2/2021	Q3/2021	Q4/2021	H1/2021	H2/2021
Order backlog	10.0	14.9	10.6	13.7	14.9	13.7
Order intake	8.5	11.6	5.8	11.5	20.1	17.3
Revenue	2.3	6.7	10.0	8.4	9.0	18.4
Revenue growth %	948%	1,175%	1,726%	328%	1,107%	633%
Gross margin	1.2	2.8	4.9	3.9	3.9	8.7
Gross margin %	51%	41%	49%	46%	44%	48%
EBITDA	-0.4	0.5	2.1	-1.0	0.0	1.2
EBITDA margin %	-19%	7%	22%	-11%	1%	6%
Operating profit/loss (EBIT)	-0.5	0.5	2.1	-1.0	0.0	1.1
EBIT margin %	-20%	7%	21%	-12%	0%	6%
Operative EBIT	-0.5	0.5	2.1	-1.0	0.0	1.1
Operative EBIT margin %	-20%	7%	21%	-12%	0%	6%
Profit/loss for the period	-0.5	0.2	1.2	-5.5	-0.3	-4.3
Equity ratio %	2%	3%	10%	92%	3%	92%
Cash Flow from operating activities	-1.6	-2.7	-0.8	2.9	-4.3	2.1
Investments	0.4	0.2	0.2	0.8	0.6	1.0
Net Debt	3.8	5.3	6.3	-90.4	5.3	-90.4
Items affecting comparability*	0.0	0.2	0.5	5.8	0.2	6.4
Undiluted earnings per share in EUR	-0.01	0.01	0.03	-0.13	-0.01	-0.11
Diluted earnings per share in EUR**	-0.01	0.01	0.03	-0.13	-0.01	-0.11
Headcount end of period	57	87	103	136	87	136

* 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 Q4 2021 or H2 2021 due to the company's loss for the period.

Calculation of key figures

Key figure	Definition
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 margin	Revenue - Cost of goods sold
Gross margin %	Gross margin 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 - Current financial assets
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)



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