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Translation

## **Report on Review of Kempower Oyj's Interim Financial Report for the period January 1, 2021 – September 30, 2021**

**to the Board of Directors of Kempower Oyj**

### **Introduction**

We have reviewed the interim financial report for Kempower Oyj (2856868-5) comprising of the consolidated balance sheet as of September 30, 2021, consolidated statement of income, statement of changes in equity, cash flow statement and certain explanatory notes for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the interim financial information in accordance with applicable effective regulation in Finland concerning the preparation of balance sheet, statement of income, statement of changes in equity and cash flow statement. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the above mentioned interim financial information of Kempower Oyj from period 1.1.-30.9.2021 has not in all material aspects been prepared in accordance with applicable effective regulation in Finland concerning the preparation of the above mentioned interim financial information.

### **Other Matter**

This report has only been issued to be included in Kempower Oyj's prospectus prepared in accordance with the Regulation of the European Parliament (EU) 2017/1129 and of the Council (EU) 2019/980. The prospectus has been prepared in connection with the initial public offering of the shares of Kempower Oyj on the Nasdaq First North Premier Growth Market Finland – marketplace.

Helsinki, 1 December, 2021

Ernst & Young Oy  
Authorized Public Accountant Firm

Toni Halonen  
Authorized Public Accountant

# **Kempower Corporation**

## **Interim Financial Information 1.1.2021 – 30.9.2021**

## INCOME STATEMENT

<b>KEUR</b>	<b>Group</b>	<b>Parent company</b>		<b>Parent company</b>
	<b>9-2021</b>	<b>9-2020</b>	<b>Change</b>	<b>12-2020</b>
<b>Revenue</b>	<b>18 986</b>	<b>1 293</b>	<b>17 693</b>	<b>3 252</b>
Other operating income	152	70	82	100
Change in inventories of finished goods and in work in progress	380	155	225	181
Raw materials and consumables used	-8 483	-634	-7 848	-1 499
External services	-1 432	-3	-1 429	-4
Personnel expenses	-4 235	-1 432	-2 803	-2 223
Depreciation and amortisation	-105	-58	-47	-85
Other operating expenses	-3 172	-1 270	-1 902	-1 941
<b>Total expenses</b>	<b>-17 426</b>	<b>-3 397</b>	<b>-14 029</b>	<b>-5 752</b>
<b>Operating profit/ loss</b>	<b>2 092</b>	<b>-1 879</b>	<b>3 971</b>	<b>-2 220</b>
Financial income	1	0	1	0
Financial expenses	-865	-1	-864	-25
<b>Financial income and expenses total</b>	<b>-864</b>	<b>-1</b>	<b>-863</b>	<b>-25</b>
<b>Profit/ loss before appropriations and taxes</b>	<b>1 228</b>	<b>-1 880</b>	<b>3 108</b>	<b>-2 245</b>
Appropriations	0	-12	12	2 388
Income taxes	-267	0	-267	-41
<b>PROFIT/ LOSS FOR THE FINANCIAL PERIOD</b>	<b>961</b>	<b>-1 892</b>	<b>2 853</b>	<b>103</b>

## BALANCE SHEET

<i>kEUR</i>	<b>Group 9-2021</b>	<b>Parent company 12-2020</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	206	195
Tangible assets	1 156	486
<b>Non-current assets total</b>	<b>1 361</b>	<b>680</b>
<b>Current assets</b>		
Inventories	4 808	1 275
Trade and other receivables	9 229	3 756
Cash and cash equivalents	1 684	521
<b>Current assets total</b>	<b>15 721</b>	<b>5 552</b>
<b>ASSETS TOTAL</b>	<b>17 082</b>	<b>6 232</b>
<hr/>		
<i>kEUR</i>	<b>9-2021</b>	<b>12-2020</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	3	3
Translation differences	0	0
Retained earnings	621	421
Profit/loss for the period	961	103
<b>Equity total</b>	<b>1 584</b>	<b>526</b>
<b>Appropriations</b>		
Cumulative accelerated depreciation	0	122
<b>Provisions</b>		
Other provisions	154	61
<b>Liabilities</b>		
Non-current liabilities	7 039	3 400
Current liabilities	8 306	2 124
<b>Liabilities total</b>	<b>15 345</b>	<b>5 524</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>17 082</b>	<b>6 232</b>

## CASH FLOW STATEMENT

<i>KEUR</i>	Group 9-2021	Parent company 9-2020	Parent company 12-2020
<b>Cash flow from operating activities</b>			
Net profit/loss before appropriations and taxes	1 228	-1 880	-2 245
Adjustments:			0
Depreciation and amortisation	105	58	85
Unrealised foreign exchange gains and losses	-10	0	1
Change in provisions	93	0	61
Financial income and expenses	863	1	25
<b>Cash flow before changes in working capital</b>	<b>2 279</b>	<b>-1 821</b>	<b>-2 073</b>
<b>Changes in working capital</b>			
Change in inventories	-3 533	-614	-1 079
Change in trade and other receivables	-7 907	75	-503
Change in trade payables and short-term debts	4 960	127	1 199
<b>Cash flow from operating activities before financial items and taxes</b>	<b>-4 201</b>	<b>-2 233</b>	<b>-2 456</b>
Interest paid	-85	-1	-25
Other financing items	-777	0	0
Taxes	-86	-2	-2
<b>Cash flow from operating activities ( A )</b>	<b>-5 150</b>	<b>-2 235</b>	<b>-2 482</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-786	-342	-467
<b>Cash flow from investing activities ( B )</b>	<b>-786</b>	<b>-342</b>	<b>-467</b>
<b>Cash flow from financing activities</b>			
Proceeds from non-current loans	4 600	2 800	3 400
Group contribution received	2 500	0	0
<b>Cash flow from financing activities ( C )</b>	<b>7 100</b>	<b>2 800</b>	<b>3 400</b>
<b>Net change in cash and cash equivalents ( A + B + C )</b>	<b>1 164</b>	<b>222</b>	<b>451</b>
Cash and cash equivalents beginning of the period	521	71	71
Cash and cash equivalents end of the period	1 684	293	521
Effects of exchange rate fluctuations on cash held	-2	0	0
<b>Net change in cash and cash equivalents</b>	<b>1 164</b>	<b>222</b>	<b>451</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### Statement of changes in consolidated shareholders' equity on 30 September 2021

<i>kEUR</i>	Share capital	Retained earnings	Total
Shareholder's equity 31.12.2020	3	523	526
<i>Elimination of cumulative accelerated depreciation</i>		95	95
Shareholder's equity 1.1.2021	3	621	623
Profit/loss for financial period		961	961
Translation differences		0	0
<b>Shareholder's equity 30.9.2021</b>	<b>3</b>	<b>1 581</b>	<b>1 584</b>

### Statement of changes in consolidated shareholders' equity on 30 September 2020

<i>kEUR</i>	Share capital	Retained earnings	Total
Shareholder's equity 1.1.2020	3	421	423
Profit/loss for financial period		-1 892	-1 892
<b>Shareholder's equity 30.9.2020</b>	<b>3</b>	<b>-1 472</b>	<b>-1 469</b>

### Statement of changes in consolidated shareholders' equity on 31 December 2020

<i>kEUR</i>	Share capital	Retained earnings	Total
Shareholder's equity 1.1.2020	3	421	423
Profit/loss for financial period		103	103
<b>Shareholder's equity 31.12.2020</b>	<b>3</b>	<b>523</b>	<b>526</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### BASIS OF PREPARATION

This consolidated interim financial information of Kempower Corporation (“the Company”) and its subsidiaries (together “the Group” or “Kempower”) as at and for the nine-months period ended 30 September 2021 has been prepared solely for the purpose of being included in the Offering Circular, which is prepared in connection with the initial public offering of Kempower Corporation’s shares to the public and listing the company’s shares on the First North Growth Market Finland maintained by Nasdaq Helsinki Ltd.

The consolidated interim financial information 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 interim financial information is unaudited.

The interim financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company’s subsidiaries Kempower GmbH, Kempower AS, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The comparative financial information as at and for the nine months ended 30 September 2020, and as at and for the year ended 31 December 2020, has not been consolidated as the Company had no subsidiaries during these periods.

The figures presented are in thousands 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.

The financial information presented here does not include all the notes presented in the financial statements and this interim financial information must be read in conjunction with the financial statements for the financial years ended 31 December 2020, which is included in the prospectus.

### SIGNIFICANT EVENTS DURING THE PERIOD

- Revenue for the period totaled EUR 18 986 thousand and the profit for the financial period EUR 961 thousand. As at 30 September 2021, Kempower’s interest bearing liabilities amounted to EUR 8 000 thousand.
- 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 during H12021. New subsidiary in UK was opened during the Q3 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 which is 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 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 entered into 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 R&D center at Tampere University Campus.

## GOING CONCERN AND FINANCING

Kempower's management has prepared financial forecast including revenue, costs and investments for the next twelve-month period. The forecast is based on assumption that the Group will continue to invest on growth, production and production capacity, working capital, research and development, and organisation (including, among others, sales and marketing organisations). In addition to this, the key assumption is that the Group achieves the revenue in line with its growth plan and manages to secure additional financing.

Kempower's profit for the first nine months of the year was positive by EUR 961 thousand and equity 30.9.2021 was EUR 1 584 thousand. Cash flow from operating activities was EUR -5 150 thousand and cash flow from investing activities was EUR -786 thousand. Capital loans and interest-bearing loans from parent company Kemppi Group Oy totaled EUR 8 000 thousand at the end of the reporting period. In addition Kempower has EUR 7 000 thousand undrawn loan facility from Kemppi Group Oy. Cash at bank was EUR 1 684 thousand.

Based on the company's financial forecast and including the subscription undertakings received from Cornerstone Investors to subscribe for the company's shares in the planned First North -Listing for a total of EUR 53 million, management estimates that the company has sufficient working capital for its current needs for the next 12 months from the date of approval.

## 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. 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.

The following table sets forth Kempower's related party transactions with the Kemppi Group Companies for the periods indicated:

<b>KEUR</b>	<b>1-9/2021</b>	<b>1-9/2020</b>	<b>2020</b>
<b>Sales and purchases of goods and services to and from Kemppi Group companies</b>			
Products sold	28	0	5
Purchased materials	-4 568	-434	-871
Purchased support services	-488	-464	-584
Office and facility lease	-375	-161	-231
<b>Financial expenses</b>			
Interest expenses paid to Kemppi Group companies	-84	-	-24
<b>Other transactions</b>			
Group contribution received from Kemppi Group companies	-	-	2 500
<b>Purchases of services from other related parties</b>			
Purchased services	-36	-10	-19



The following table sets forth Kempower's outstanding balances in relation to transactions with related parties with Kemppi Group companies at the dates indicated:

<b>KEUR</b>	<b>1-9/2021</b>	<b>2020</b>
<b>Outstanding balances with Kemppi Group companies</b>		
Trade and other receivables	30	101
Group contribution receivables	-	2 500
<b>Total current receivables</b>	<b>30</b>	<b>2 601</b>
Capital Loan	4 000	3 400
Non-current interest-bearing loan	3 000	-
<b>Total non-current liabilities</b>	<b>7 000</b>	<b>3 400</b>
Current interest-bearing loan	1 000	-
Trade and other payables	1 880	728
Other current liabilities	369	-
<b>Total current liabilities</b>	<b>3 250</b>	<b>728</b>

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. Additionally, Kempower has purchased from cooperative Kipinä Terveys occupational health services. Kemppi Group Oy is one of the owners in Kipinä Terveys. Kipinä Terveys healthcare business was sold to Mehiläinen in July 2021. Related party transactions have been carried out on an arm's length basis.

Kempower's headquarters and its two production facilities are situated in Lahti, Finland, and are located on leased properties. One of the production facilities is leased from Kemppi Oy until 2023 and the other from a third party until 2023. Kempower's headquarters are leased from Kemppi Oy until 2022, 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 financed Kempower's business operations by paying group contributions and granting the Capital Loan and other loans. The current Capital Loan with a 4 percent interest rate and other loan agreement with a Euribor plus 1.5 percent interest rates to be repaid to Kemppi Group if any change in ownership will occur.

**COLLATERAL, CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

<b>KEUR</b>	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
<b>Other liabilities</b>			
<i>Leasing commitments</i>			
Due for payment in less than one year	153	176	126
Due for payment in more than one year but less than five years	156	18	8
<b>Leasing commitments total</b>	<b>310</b>	<b>194</b>	<b>133</b>
<i>Rental commitments</i>			
Due for payment in less than one year	1 546	399	445
Due for payment in more than one year but less than five years	6 053	102	517
Due for payment beyond five years	4 910	-	-
<b>Rental commitments total</b>	<b>12 509</b>	<b>501</b>	<b>962</b>
<b>Collateral, contingent liabilities and other commitments total</b>	<b>12 819</b>	<b>695</b>	<b>1 095</b>

Leasing and rental liabilities which are due for payment in more than one year 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. The agreement also includes a commitment for the future investment rent to be paid for the renovation work. The landlord will determine the final monthly amount of the investment rent after all renovation costs are realized.

## EVENTS AFTER THE BALANCE SHEET DATE

- In October 2021 Kempower launched 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.
- In October 2021 a share issue for all 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 its 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 wins 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 which was opened at Kuopio Juustoportti.
- On 22 November 2021, the unanimous shareholder resolution resolved to change the company form of the Company to a public limited liability company and to implement an increase in share capital by a capital increase to meet the required EUR 80 thousand limit for a public limited liability company through a fund increase.
- 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.
- In 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 Company has received in November 2021 subscription undertakings from Cornerstone Investors to subscribe shares amounting to EUR 53 million at maximum ahead of the Company's contemplated First North -Listing.

Apart from the above mentioned events, there have not been significant changes in the Company's financial performance or financial position since 30 September 2021.

### Lahti 30<sup>th</sup> of November 2021

Kempower Corporation  
Board of Directors