### IMPORTANT NOTICE

#### THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE LOCATED OUTSIDE OF THE UNITED STATES.

**IMPORTANT:** You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Company or the Managers (each as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE OFFER SHARES (AS DEFINED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE OFFER SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR OR THIS TRANSMISSION IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE OFFER SHARES DESCRIBED IN THE OFFERING CIRCULAR.

The Offering Circular does not constitute an offer of the securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities. In the United Kingdom, the Offering Circular may only be distributed to, and is directed only at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

Confirmation of your representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Offer Shares, prospective investors must be located outside the United States. The Offering Circular is being sent to you at your request and, by accessing the Offering Circular, you shall be deemed to have represented to the Company and the Managers that:

- (1) you understand and agree to the terms set out herein;
- (2) you consent to delivery of the Offering Circular by electronic transmission;
- (3) you are permitted under applicable law and regulation to receive the Offering Circular;
- (4) you and any customers you represent are purchasing the Offer Shares in an offshore transaction (within the meaning of Regulation S under the U.S. Securities Act), and the electronic mail address that you gave us and to which this transmission has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia;
- (5) if you are located in the United Kingdom, you are (a) a relevant person and/or (b) a relevant person who is acting on behalf of (1) relevant persons in the United Kingdom and/or (2) qualified investors (as defined under Article 2 of the Prospectus Regulation (as defined in the Offering Circular)) in the European Economic Area (the "EEA");
- (6) if you are located in any Member State of the EEA other than Finland (each a "Relevant Member State") you are a qualified investor (as defined under Article 2 of the Prospectus Regulation) or otherwise eligible to participate in the Offering pursuant to the Offering Circular (and/or are acting on behalf of such persons); and
- if you are not located in a Relevant Member State, the electronic mail address that you gave us and to which this transmission has been delivered is not located in any Relevant Member State.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Managers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you upon request from the Company.



#### **Kempower Corporation**

## Listing to Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd Offering of approximately EUR 87 million Subscription Price EUR 5.74 per Offer Share

This offering circular (the "Offering Circular") has been prepared in connection with the initial public offering of Kempower Corporation (the "Company"), a public limited liability company incorporated in Finland. In the share issue, the Company aims to raise gross proceeds of approximately EUR 87.0 million by offering new shares in the Company (the "New Shares") for subscription (the "Offering"). The Company will issue preliminarily up to 15,156,795 New Shares. The subscription price for the Offer Shares (as defined below) is EUR 5.74 per Offer Share (the "Subscription Price").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "Public Offering") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (the "Institutional Offering").

The Company is expected to grant to Carnegie Investment Bank AB, Finland Branch ("Carnegie"), acting as stabilising manager (the "Stabilising Manager"), an over-allotment option, exercisable within 30 days from commencement of trading in the shares in the Company (the "Shares") on the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd ("Nasdaq Helsinki") (the "First North Growth Market"), which would entitle the Stabilising Manager to subscribe for a maximum of 2,273,519 additional new Shares (the "Optional Shares") at the Subscription Price solely to cover over-allotments in connection with the Offering (the "Over-allotment Option"). The Stabilising Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new Shares (the "Additional Shares" and together with the New Shares, the "Offer Shares") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering.

Certain funds managed by WIP Asset Management Ltd, Varma Mutual Pension Insurance Company, Evli Fund Management Company Ltd, for and on behalf of funds under its management and/or asset management clients, Ilmarinen Mutual Pension Insurance Company, Nordea Life Assurance Finland Ltd, Julius Tallberg Corp., Danske Invest Finnish Equity Fund, certain funds managed by Sp-Fund Management Company Ltd and Kempinvest Oy (each a "Cornerstone Investor" and together, the "Cornerstone Investors") have each separately given subscription undertakings in relation to the Offering, under which they commit, subject to certain customary provisions, to subscribe for Offer Shares in the amount of approximately EUR 53 million in total in the Offering, provided that that the value of the Company's outstanding Shares prior to the Offering does not exceed EUR 219 million. For additional information, see "Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Institutional Offering—Subscription Undertakings".

Carnegie has been appointed to act as sole global coordinator and bookrunner for the Offering (the "Global Coordinator"). In addition, the Company has appointed Nordnet Bank AB ("Nordnet") as the subscription place in the Public Offering.

The subscription period for the Public Offering will commence on 2 December 2021, at 10:00 a.m. (Finnish time) and end on or about 10 December 2021, at 4:00 p.m. (Finnish time). The subscription period for the Public Offering may be, in the event of an oversubscription, discontinued earliest on 9 December 2021, at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on 2 December 2021, at 10:00 a.m. (Finnish time) and end on or about 13 December 2021, at 10:00 a.m. (Finnish time). The subscription period for the Institutional Offering may be, in the event of an oversubscription, discontinued earliest on 10 December 2021, at 4:00 p.m. (Finnish time). For directions for subscription and full terms and conditions of the Offering, see "Terms and Conditions of the Offering".

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market with the trading code KEMPOWR (ISIN code: FI4000513593). Trading of the Shares on the First North Growth Market is expected to commence on or about 14 December 2021 (the "First North Listing"). Alexander Corporate Finance Oy will act as the Company's certified adviser (the "Certified Adviser") referred to in the Nasdaq First North Growth Market Rulebook (the "First North Rulebook").

The First North Growth Market is a registered small and medium-sized enterprise ("SME") growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) (the "Directive on Markets in Financial Instruments") as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on the First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in European Union (the "EU") legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on the First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on the First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki approves the application for admission to trading.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S"). This Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

For certain risk factors involved in investing in the Shares, see "Risk Factors".

Sole Global Coordinator and Bookrunner



### IMPORTANT INFORMATION

In this Offering Circular, any reference to the "Company" means Kempower Corporation and "Kempower" and "Group" mean Kempower Corporation and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Kempower Corporation or a particular subsidiary or business unit only. Kempower is a subsidiary of Kemppi Group Oy and, therefore, part of the Kemppi Group Oy group (the "Kemppi Group") (for more information, see "Major Shareholders—Kemppi Group Oy"). References relating to the shares and share capital of the Company or matters of corporate governance refer to the shares, share capital and corporate governance of Kempower Corporation. Carnegie has been appointed to act as the Global Coordinator for the Offering.

The Company has prepared and published this Offering Circular in order to offer Shares to the public and list the Shares on the First North Growth Market. This Offering Circular has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "Finnish Securities Markets Act"), Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "Prospectus Regulation"), Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended, Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Annexes 1 and 11), supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended, and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "FIN-FSA").

This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. This Offering Circular is an English language translation of the Finnish language summary and prospectus (the "Finnish Prospectus"), and they contain the same information, with the exception of certain information directed at investors outside of Finland. The FIN-FSA has approved the Finnish Prospectus as the competent authority under the Prospectus Regulation. The FIN-FSA only approves the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus should not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The record number of the FIN-FSA's approval of the Finnish Prospectus is FIVA 83/02.05.04/2021. The English language Offering Circular has not been approved by the FIN-FSA. In the event of any discrepancies between the Finnish Prospectus and this English language Offering Circular, the Finnish Prospectus shall prevail.

Shareholders and prospective investors should rely solely on the information contained in this Offering Circular as well as on the company releases published by the Company. Neither the Company nor the Global Coordinator have authorised anyone to provide any information or give any statements other than those provided in this Offering Circular. Delivery of this Offering Circular shall not, under any circumstances, indicate that the information presented in this Offering Circular is correct on any day other than the date of this Offering Circular (excluding historical financial information), or that there would not be any changes in the business of Kempower after the date of this Offering Circular. However, if a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares, is discovered in this Offering Circular, the Finnish Prospectus will be supplemented in accordance with the Prospectus Regulation. If the Finnish Prospectus is supplemented, the supplement and its English language translation will be published through a company release. Information given in this Offering Circular is not a guarantee or grant for future events by Kempower or the Global Coordinator, and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to Kempower or its industry are based upon the reasonable estimates of the Company's management.

The validity of the Finnish Prospectus expires when the public offering of the Offer Shares ends. Responsibility to supplement the Finnish Prospectus in accordance with the Prospectus Regulation in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Finnish Prospectus is no longer valid.

In a number of countries, in particular in the United States, the United Kingdom, Australia, Canada or Japan, the distribution of this Offering Circular and the offer of the Offer Shares are subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for or purchase the Offer Shares does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Global Coordinator to permit the possession or distribution of this Offering Circular (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any documents relating to the Offer Shares nor any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Global Coordinator to permit the public offering of the Offer Shares outside Finland. The Company and the Global Coordinator urge that any person who receives this Offering Circular into their possession acquire adequate information of these restrictions and comply with them. Further information with regard to restrictions on offers, sales and deliveries of the Offer Shares and the distribution of this Offering Circular and other offering material relating to the Offer Shares is set out in "Selling and Transfer Restrictions".

The Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S). The Shares are being offered and sold outside the United States in compliance with Regulation S. This Offering Circular may not be published or distributed in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to make an offer of the Shares. The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any such countries.

Neither the Company nor the Global Coordinator accept any legal responsibility for persons who have obtained this Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Shares.

The Company reserves the right, at its sole and absolute discretion, to reject any subscription of the Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

The Global Coordinator is acting exclusively for the Company and no one else in connection with the Offering. It will not regard any other person (whether or not a recipient of this Offering Circular) as its respective client in relation to the Offering. The Global Coordinator will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in this Offering Circular.

Investors must not construe the contents of this Offering Circular as legal, investment or tax advice. Each investor should consult such investor's own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

### TABLE OF CONTENTS

Summary	
Introduction	
Key Information on the Issuer	
Key Information on the Securities	4
Key Information on the Offer of the Securities to the Public	
Risk Factors	
Risks Related to Kempower's Operations	
Risks Related to Kempower's Operating Environment	
Risks Related to Financial Condition and Financing	
Risks Related to the Offering and the First North Listing	
Certain Matters	
Certain Important Dates Relating to the Offering	
Dividends and Dividend Policy	
·	
Reasons for the Offering and Use of Proceeds	
Capitalisation and Indebtedness	
Terms and Conditions of the Offering	
Industry and Market Overview	38
Business	47
Kempower's Background	47
Overview	
History	
Key Strengths	
Kempower's Strategy	
Financial Targets	
Kempower's Purpose and Values	
Customers	
Marketing	
Research and Product Development	
Intellectual Property Rights	
Sales	
Production	
Sustainability	
Information Technology	
Group Legal Structure	
Organisation and Personnel	
Insurance	
Real Estate and Leases  Material Contracts	-
Regulation	
Legal Proceedings	
Selected Financial Information	
Operating and Financial Review  Overview	
Key Factors Affecting Results of Operations	
Recent Events	
Short-term Outlook.	
Explanations of Key Income Statement Items	
Results of Operations for the Nine Months Ended 30 September 2021 and for the Years Ended 31 December 2020,	
2019 and 2018	
Liquidity and Capital Resources	
Balance Sheet Data	
Off-balance-sheet Liabilities	
Investments.	
Financial Risk Management	
Board of Directors, Management and Auditors	83

Major Shareholders	93
Related Party Transactions	
Description of the Shares and Share Capital	
Plan of Distribution	
Selling and Transfer Restrictions	105
The First North Growth Market and the Finnish Securities Markets	107
Taxation	111
Legal Matters	116
Documents on Display	116
Documents Incorporated by Reference into this Offering Circular	116
Annex A: Articles of Association of the Company (Unofficial English Translation)	A-1

### **SUMMARY**

#### Introduction

This summary should be read as an introduction to this Offering Circular. Any decision to invest in the Offer Shares should be based on consideration of this Offering Circular as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular or where it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the Offer Shares.

The identity and contact details of the issuer are:

Company Kempower Corporation

Business identity code 2856868-5

Legal entity identifier ("LEI code") 743700EIG9TDB5QNZS09

Domicile Lahti, Finland

Registered office Hennalankatu 71, FI-15810 Lahti, Finland

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market with the trading code KEMPOWR (ISIN code: FI4000513593). Trading of the Shares on the First North Growth Market is expected to commence on or about 14 December 2021.

The FIN-FSA has, in its capacity as competent authority under the Prospectus Regulation, approved the Finnish Prospectus on the date of approval on 1 December 2021. The record number of the FIN-FSA's approval of the Finnish Prospectus is FIVA 83/02.05.04/2021. The FIN-FSA's address is P.O. Box 103, FI-00101 Helsinki, Finland, its telephone number is +358 9 183 51 and its email address is kirjaamo@finanssivalvonta.fi.

### **Key Information on the Issuer**

### Who is the Issuer of the Securities?

Kempower is a Finnish public limited liability company organised under the laws of Finland and domiciled in Lahti, Finland. Kempower was registered in the trade register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") on 9 October 2017, its business identity code is 2856868-5 and its LEI code is 743700EIG9TDB5QNZS09.

### Principal Activities

Kempower is a Finnish electric vehicle ("EV") fast charging equipment and solutions manufacturer and provider striving for rapid growth. Kempower is a subsidiary of Kemppi Group Oy and, therefore, part of the Kemppi Group, a Finnish family business. Kemppi Oy, founded in 1949, another subsidiary of Kemppi Group Oy, operating in more than 70 countries, is one of the technology leaders in the arc welding industry, and its consolidated revenue was approximately EUR 140,000 thousand in 2020. Kempower designs, manufactures and sells direct current ("DC") fast charging devices, solutions and services for EVs, such as personal and commercial vehicles, mobile off-highway machinery, and electric marine vessels and boats. Kempower offers a wide range of solutions to suit all EV fast charging needs – from public parking spaces to bus depots and end stops, for heavy-duty commercial and other EVs as well as ports and charging of electric marine vessels and boats. The modular, scalable and flexible design of Kempower's products, combined with the systems' ability to handle several vehicles' dynamic fast charging simultaneously, serves in particular customer groups that require or benefit from charging systems with multiple, high-power charging devices. Kempower strives to enable a cleaner and smarter future by providing high-quality charging solutions and its mission is to enable clean mobility by utilizing Kemppi Oy's 70 years of experience in demanding conditions of electric power supply.

Kempower's main geographic markets include Finland, Sweden, Norway and Denmark (together, the "Nordics"), which accounted for 70 percent of Kempower's revenue for the year ended 31 December 2020 and 90 percent of consolidated revenue for the nine months ended 30 September 2021, and the rest of Europe, which accounted for 27 percent of Kempower's revenue for the year ended 31 December 2020 and 10 percent of consolidated revenue for the nine months ended 30 September 2021. Kempower's charging solutions have been delivered to more than 30 countries globally, and revenue outside Europe accounted for 4 percent of Kempower's revenue for the year ended 31 December 2020 and 1 percent of consolidated revenue for the nine months ended 30 September 2021. Kempower's growth during the period under review has been most significant in the Nordics. Kempower's charging devices are designed and manufactured in

Lahti, Finland, where Kempower's headquarters and its two production facilities are located as at the date of this Offering Circular. Kempower aims to transfer certain company functions, including its headquarters and a portion of production, to new business premises in Lahti, Finland, during 2022, replacing the smaller of its two current production facilities. Kempower expects the new business premises to enable it to increase its production capacity manifold by 2025 compared to its production capacity as at the date of this Offering Circular. The other existing production facility neighbours the new business premises, and Kempower aims to, at first, keep it leased as a storage space, in addition to which it intends to potentially expand its production there, if additional production capacity is needed in the future.

For the year ended 31 December 2020, Kempower's revenue was EUR 3,252 thousand, its operating loss (EBIT) was EUR 2,220 thousand and its profit for the period was EUR 103 thousand. For the nine months ended 30 September 2021, Kempower's consolidated revenue was EUR 18,986 thousand, its operating profit (EBIT) was EUR 2,092 thousand and its profit for the period was EUR 961 thousand. As at 30 September 2021, Kempower had a personnel headcount of 103. Kempower had an average personnel headcount of 29 for the year ended 31 December 2020, an average of 13 for the year ended 31 December 2019 and an average of four for the year ended 31 December 2018.

#### Major Shareholders

The Company is controlled by Kemppi Group Oy (the "**Principal Shareholder**") that owns 99.2 percent of the outstanding Shares and the voting rights as at the date of this Offering Circular. Certain members of Kempower's personnel own the remaining 0.8 percent of the outstanding Shares and the voting rights.

#### Chief Executive Officer and the Management Team

The following table sets forth the members of Kempower's management team as at the date of this Offering Circular:

			Year of
	Position	Citizenship	birth
Tomi Ristimäki	Chief Executive Officer	Finland	1975
Sanna Otava	Chief Operating Officer	Finland	1975
Jukka Kainulainen	Chief Financial Officer	Finland	1982
Jussi Vanhanen	Chief Markets Officer	Finland	1972
Mikko Veikkolainen	Chief Technology Officer	Finland	1970
Tommi Liuska	Chief Sales Officer	Finland	1977
Paula Savonen(1)	Director, Communications	Finland	1976
Petri Korhonen <sup>(1)</sup>	Chief Engineer	Finland	1967

<sup>(1)</sup> Member of Kempower's extended management team.

### The Board of Directors

The following table sets forth the members of the Company's Board of Directors as at the date of this Offering Circular:

			Year of
	Position	Citizenship	birth
Antti Kemppi	Chair	Finland	1978
Teresa Kemppi-Vasama	Vice Chair	Finland	1970
Tero Era	Member	Finland	1977
Juha-Pekka Helminen	Member	Finland	1971
Kimmo Kemppi	Member	Finland	1972
Vesa Laisi	Member	Finland	1957
Eriikka Söderström	Member	Finland	1968

### Statutory Auditor

Kempower's statutory auditor is Ernst & Young Oy ("EY"), Authorised Public Accountants, with Authorised Public Accountant Toni Halonen as the auditor with principal responsibility. Toni Halonen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act (tilintarkastuslaki 1141/2015, the "Finnish Auditing Act") maintained by the Trade Register.

### What is the Key Financial Information Regarding the Issuer?

The selected consolidated financial information set forth below has been derived from Kempower's unaudited consolidated financial information as at and for the nine months ended 30 September 2021, prepared in accordance with the Finnish Accounting Act (1336/1997, as amended, the "Finnish Accounting Act"), the Finnish Accounting Ordinance (1339/1997, as amended) and the instructions and statements of the Finnish Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (together, the Finnish Accounting Standards ("FAS")), including the

unaudited comparative financial information as at and for the nine months ended 30 September 2020 (the "Interim Consolidated Financial Information") and Kempower's audited financial statements as at and for the years ended 31 December 2020, 2019 and 2018 prepared in accordance with FAS (the "Audited Financial Statements", and, together with the Interim Consolidated Financial Information, the "Financial Statements").

The following table sets forth Kempower's key figures as at the dates and for the periods indicated:

	As at and for the nine months ended 30 September		the yea	As at and for rended 31 Decei	mber
	2021	2020	2020	2019	2018
	(unau	dited)	(audited, u	nless otherwise in	ndicated)
	(EUR in thousands, unless otherwise indicated)				
Income statement data <sup>(1)</sup>				•	
Revenue	18,986	1,293	3,252	327	20
Revenue growth, percent	1,369	1,144	894(2)	$1,578^{(2)}$	$100^{(2)}$
Operating profit/loss (EBIT)	2,092	(1,879)	(2,220)	(2,221)	(641)
EBIT margin, percent	11	(145)	$(68)^{(2)}$	$(679)^{(2)}$	$(3,289)^{(2)}$
Profit/loss for the period	961	(1,892)	103	215	205
Earnings per share, basic and diluted <sup>(3)</sup> , EUR	0.03	(0.05)	$0.00^{(2)}$	$0.01^{(2)}$	$0.01^{(2)}$
Balance sheet data <sup>(1)</sup>		` ,			
Total assets	17,082	n.a.	6,232	1,318	465
Total equity	1,584	n.a.	526	423	208
Net debt	6,316	n.a.	$2,879^{(2)}$	$(71)^{(2)}$	$(227)^{(2)}$
Cash flow statement data <sup>(1)</sup>				. ,	,
Cash flow from operating activities	(5,150)	(2,235)	(2,482)	(2,487)	(496)
Cash flow from investing activities	(786)	(342)	(467)	(169)	(179)
Cash flow from financing activities	7,100	2,800	3,400	2,500	900

<sup>(1)</sup> The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

There are no qualifications in the audit reports relating to the Audited Financial Statements.

### What Are the Key Risks that are Specific to the Issuer?

- Kempower is a growth-stage company and it may fail in executing its growth strategy;
- if Kempower is not able to substantially scale up its production capacity, sales activities and increase cooperation with business partners, it will be unable to achieve its business targets;
- if Kempower is unable to attract and retain key employees and hire qualified management, technical, engineering, sales and research and development ("R&D") personnel, its ability to compete and successfully grow its business would be harmed;
- Kempower expects to face significant competition in the future as the market for EV charging develops and Kempower might be outplayed by competitors in the competition phase, which could have a material adverse effect on Kempower's business, financial condition and/or results of operations;
- Kempower's ability to execute its growth strategy and to achieve its financial targets is dependent on Kempower's ability to keep up with the rapidly changing technology in the EV charging market;
- Kempower may lose significant customers or fail to build long lasting relationships with market winning customers;
- delays in the delivery of products and projects could have a material adverse effect on Kempower's business and potential technical problems with Kempower's products could result in considerable warranty claims;
- increases in costs, disruption of supply or shortage of critical components or raw materials could harm Kempower's operations;

Unaudited.

The earnings per share, basic and diluted, figures for the nine months ended 30 September 2021 and 2020 and for the years ended 31 December 2020, 2019 and 2018 have been adjusted retrospectively for the effects of the share issues without consideration as resolved unanimously by the shareholders of the Company as at 24 September 2021 and 22 November 2021 and the proportion without consideration of the personnel offering as resolved unanimously by the shareholders of the Company as at 24 September 2021. Taking into account the abovementioned share issues without consideration, the number of Shares used to calculate earnings per share, basic and diluted, for all periods indicated was 38,012,686. As at the date of this Offering Circular, the number of Shares is 38,112,606. No dilutive instruments have been issued.

- Kempower may not be able to ensure compliance with all applicable quality, safety and sustainability requirements throughout its supply chain; and
- changes to fuel economy standards and financial incentives supporting the EV market, changes in macroeconomic conditions or the success of alternative fuels may adversely affect the EV market and fast charging sales opportunities and, thus, the demand for Kempower's products and services.

### **Key Information on the Securities**

### What Are the Main Features of the Securities?

The Shares will be entered into the Finnish book-entry system maintained by Euroclear Finland Ltd ("Euroclear Finland") on 2 December 2021. As at the date of this Offering Circular, Kempower has one share class. Each Share entitles its holder to one vote at the general meetings of shareholders of the Company and Shares carry equal rights to dividends and other distributions by the Company. The rights attached to the Shares include, among others, pre-emptive rights to subscribe for new shares in the Company, the right to participate and exercise voting power at the general meetings of shareholders of the Company, the right to dividend and distribution of other unrestricted equity, and the right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 percent of all the shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "Finnish Companies Act"). The Shares are freely transferrable. The trading code of the Shares will be KEMPOWR and the ISIN code will be FI4000513593. The Company will issue preliminarily 15,156,795 New Shares and, as a result of the Offering, the number of the Shares may increase preliminarily to a maximum of 53,269,401 Shares if all of the New Shares preliminarily offered in the Offering are subscribed for in full and assuming that the Over-allotment Option will not be exercised (and to 55,542,920 Shares assuming that the Over-allotment Option will be exercised in full). Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds (including the distribution of funds in the event of insolvency of the Company) as well as other rights related to the Shares.

Pursuant to Article 13 of the Company's articles of association, after the Shares have been admitted to public trading on a market place, including but not limited to the First North Growth Market, a person whose holdings, either alone or together with other persons in a way defined in the Company's articles of association, in the voting rights attached to all the Shares registered in the Trade Register exceed 30 percent or 50 percent, shall be obliged to make an offer to purchase all the other Shares issued by the Company and options which entitle the holder to new Shares from the other shareholders and holders of such options.

The Board of Directors of the Company has adopted a dividend policy pursuant to which no dividends will be distributed in the short to medium term. In the forthcoming years, the Company will focus on financing the growth and the development its business. The amount of any dividend to be potentially paid by the Company in any given financial years is, thus, uncertain and if the Company does not pay any dividend, an investor's potential return will depend solely on the future development of the share price.

### Where Will the Securities Be Traded?

The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market. Trading on the Shares on the First North Growth Market is expected to commence on or about 14 December 2021.

### What Are the Key Risks that Are Specific to the Securities?

- The Company does not expect to pay any dividend in the short to medium term and the amount of dividends paid by the Company in any given financial year is uncertain;
- the First North Listing will result in additional costs for the Company; the Company may fail to implement functions required from a listed company;
- the interests of the largest shareholder may differ from those of other shareholders;
- the Offering may not be fully subscribed for; and
- the Shares have not been previously subject to public trading, and, thus, the market price of the Shares may be volatile and an orderly and liquid trading market may not develop.

### Key Information on the Offer of the Securities to the Public

### Under which Conditions and Timetable Can I Invest in this Security?

General

In the Offering, the Company aims to raise gross proceeds of approximately EUR 87.0 million by offering preliminarily up to 15,156,795 New Shares for subscription.

The Offering consists of (i) a public offering to private individuals and entities in Finland (*i.e.*, the Public Offering) and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (*i.e.*, the Institutional Offering). Preliminarily a maximum of 871,080 Offer Shares are offered in the Public Offering. Preliminarily a maximum of 14,285,715 Offer Shares are being offered in the Institutional Offering. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and Institutional Offering in deviation from the preliminary number of shares without limitation. Notwithstanding the above, the minimum number of Offer Shares to be offered in the Public Offering will be a number that corresponds to 871,080 Offer Shares or, if the aggregate number of Offer Shares covered by subscription commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by subscription commitments submitted in the Public Offering.

A maximum of 15,156,795 Offer Shares may be issued in the Offering assuming that the Stabilising Manager does not subscribe for Additional Shares (a maximum of 17,430,314 Offer Shares assuming that the Stabilising Manager subscribes for the Additional Shares in full). The Offer Shares represent a maximum of approximately 28.5 percent of the Shares after the Offering assuming that the Over-allotment Option will not be exercised, and assuming that the Company will issue 15,156,795 New Shares (approximately 31.4 percent assuming that the Over-allotment Option will be exercised in full in which case the Company will issue up to 17,430,314 Offer Shares).

Certain funds managed by WIP Asset Management Ltd, Varma Mutual Pension Insurance Company, Evli Fund Management Company Ltd, for and on behalf of funds under its management and/or asset management clients, Ilmarinen Mutual Pension Insurance Company, Nordea Life Assurance Finland Ltd, Julius Tallberg Corp., Danske Invest Finnish Equity Fund, certain funds managed by Sp-Fund Management Company Ltd and Kempinvest Oy (*i.e.*, the Cornerstone Investors) have each separately given subscription undertakings in relation to the Offering, under which they commit, subject to certain customary provisions, to subscribe for Offer Shares in the amount of approximately EUR 53 million in total in the Offering, provided that that the value of the Company's outstanding Shares prior to the Offering does not exceed EUR 219 million.

The Company's Board of Directors will decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares on or about 13 December 2021 (the "Completion Decision"). The above information will be published through a company release after the Completion Decision and be available on the Company's website at *investors.kempower.com/ipo* and in the subscription place of the Public Offering and on the internet at *www.nordnet.fi* no later than the business day following the Completion Decision on or about 14 December 2021.

The Company is expected to grant to Carnegie acting as the Stabilising Manager the Over-allotment Option, exercisable within 30 days from commencement of trading in the Shares on the First North Growth Market, which would entitle the Stabilising Manager to subscribe for a maximum of 2,273,519 Optional Shares at the Subscription Price solely to cover over-allotments in connection with the Offering. The Optional Shares represent approximately 6.0 percent of the Shares and votes vested by the Shares prior to the Offering and approximately 4.1 percent after the Offering assuming that the Company will issue 17,430,314 Offer Shares. However, the number of Optional Shares will not in any case represent more than 15 percent of the aggregate number of New Shares.

The Stabilising Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of Additional Shares equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for the Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company.

### Subscription Price and Period

The Offer Shares are being offered at the Subscription Price of EUR 5.74 per Offer Share. The Subscription Price may be changed during the subscription period so that in the Public Offering the Subscription Price will be no more than the original Subscription Price of EUR 5.74 per Offer Share. Possible change would be communicated through a company release and on the internet at <a href="https://www.nordnet.fi/fi/kempower">www.nordnet.fi/fi/kempower</a>. If the Subscription Price is changed, the Finnish Prospectus will be supplemented and the supplement will be published through a company release.

The subscription period for the Public Offering will commence on 2 December 2021, at 10:00 a.m. (Finnish time) and end on or about 10 December 2021, at 4:00 p.m. (Finnish time). The subscription period for the Public Offering may be, in the event of an oversubscription, discontinued earliest on 9 December 2021, at 4:00 p.m. (Finnish time). The subscription

period for the Institutional Offering will commence on 2 December 2021, at 10:00 a.m. (Finnish time) and end on or about 13 December 2021, at 10:00 a.m. (Finnish time).

The Company's Board of Directors is entitled to extend the subscription periods of the Public and Institutional Offerings. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Public and Institutional Offerings will in any case end on 20 December 2021, at 4:00 p.m. (Finnish time) at the latest. The subscription periods of the Public and Institutional Offerings can be extended independently of one another. A company release concerning the extension of a subscription period must be published no later than on the estimated final dates of the subscription periods for the Public or Institutional Offerings stated above.

The Company's Board of Directors has, in the event of an oversubscription, the right to end the Public Offering at the earliest on 9 December 2021, at 4:00 p.m. (Finnish Time) and the Institutional Offering at the earliest on 10 December 2021, at 4:00 p.m. (Finnish time). The Public and Institutional Offerings may be ended or not ended independently of one another. A company release regarding any ending will be published without delay.

### Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy that arose or was noted after the FIN-FSA has approved the Finnish Prospectus, but before trading in the Offer Shares begins on the First North Growth Market, investors who have given their subscription commitment to subscribe for or purchase Offer Shares in the Public Offering before the supplement or correction of the Finnish Prospectus have, in accordance with the Prospectus Regulation, the right to cancel their subscription commitments within three (3) business days after the supplement has been published. The use of the cancellation right requires that the significant new factor, material mistake or material inaccuracy that led to the supplement or correction arose or was noted prior to the end of the subscription period or the delivery of the Offer Shares to the investors, whichever occurs first. Any cancellation of a subscription commitment must concern the total number of shares covered by the subscription commitment given by an individual investor. If the Finnish Prospectus is supplemented, the supplement will be published through a company release. The company release will also include information on the right of the investors to cancel their subscription commitment in accordance with the Prospectus Regulation.

#### Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market. Trading of the Shares on the First North Growth Market is expected to commence on or about 14 December 2021. The trading code of the Shares is KEMPOWR and the ISIN code is FI4000513593.

When the trading on the First North Growth Market commences on or about 14 December 2021, not all of the Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares purchased or subscribed for by it in the Offering on the First North Growth Market, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

### Fees and Expenses

The Company will pay the Global Coordinator a fee that is determined on the basis of the gross proceeds from the New Shares and Optional Shares. In addition, the Company undertakes to reimburse the Global Coordinator for certain expenses. In connection with the Offering, the Company expects to pay a maximum of approximately EUR 5.9 million in fees and expenses (assuming that the Over-allotment Option will not be exercised and that the discretionary fee will be paid in full).

### Dilution of Ownership

The maximum number of New Shares preliminarily offered in the Offering represents 28.5 percent of the Shares after the completion of the Offering (assuming that the Over-allotment Option will not be exercised) (31.4 percent assuming that the Over-allotment Option will be exercised). In the event that existing shareholders of the Company do not subscribe for Shares in the Offering, their total holdings in the Company would be diluted by 28.5 percent, assuming that the Company will issue 15,156,795 New Shares (31.4 percent assuming that the Over-allotment Option will be exercised).

### Who is the Offeror and/or the Person Asking for Admission to Trading?

The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market. The Company aims to raise gross proceeds of approximately EUR 87.0 million in the Offering by offering New Shares for subscription.

### Why Is this Offering Circular being Produced?

This Offering Circular has been prepared and published by Kempower in order to offer Shares to the public.

### Reasons for the Offer

The objective of the Offering is to enable Kempower to execute its growth strategy (*i.e.*, go-to market and innovation strategy), and to continue to make investments in its production and production capacity, working capital, R&D, and organisation (including, among others, sales and marketing organisations). The Offering and First North Listing will enable the Company to obtain access to capital markets, expand its ownership base and improve the liquidity of the Shares. Additional visibility is also expected to improve Kempower's recognition among the public and as an employer, and thus enhance Kempower's competitiveness. The First North Listing would also allow Kempower to use its Shares more effectively in incentive programmes for Kempower's personnel and as a means of consideration in potential acquisitions.

### Use and Estimated Amounts of Proceeds

The Company aims to raise gross proceeds of approximately EUR 87.0 million in the Offering by offering New Shares for subscription. The Company expects to use the net proceeds from the Offering to support Kempower's growth strategy, to strengthen Kempower's operations, to repay non-current and current loans from Kemppi Group Oy and incurred interests (other than the Capital Loans (as defined below)) (amounting to EUR 4.0 million in total as at the date of this Offering Circular) and to repay the Capital Loans and incurred interests (amounting to EUR 4.1 million in total as at the date of this Offering Circular). According to the Company's preliminary estimate, the implementation of its growth strategy, including investments in production and production capacity, require investments of at least approximately EUR 30 million in total between 2022 and 2025. The Company estimates that the largest monetary investments would be made in 2022, 2023 and 2024.

### Interests Related to the Offering

The fees to be paid to the Global Coordinator are, in part, linked to the proceeds from the Offering. The Global Coordinator, as well as other entities in the same group, may purchase and sell the Shares for their own or their customers' account prior to, during and after the Offering subject to applicable legislation and regulations. The Global Coordinator, as well as other entities in the same group, has provided and may in the future provide to the Company investment or other banking services in accordance with its ordinary business.

### Applicable Laws and Dispute Resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

### RISK FACTORS

An investment in Kempower involves a number of risks, many of which are inherent in Kempower's business and could be significant. Investors should carefully review the information contained in this Offering Circular, and in particular, the risk factors described below. The following description of risk factors is based on information known and assessed on the date of this Offering Circular and, therefore, is not necessarily exhaustive. Some of these factors are potential events that may or may not materialise. Should one or more of the risk factors described in this Offering Circular materialise, it could have a material adverse effect on Kempower's business, financial condition and/or results of operations. Kempower also faces additional risks not currently known or not currently deemed material, which could also have a material adverse effect on Kempower's business, financial condition and/or results of operations. The market price of the Shares could decline due to the realisation of these risks, and investors could lose part or all of their investment.

The risk factors presented herein have been divided into five categories based on their nature. These categories are:

- risks related to Kempower's operations;
- risks related to Kempower's operating environment;
- risks related to financial condition and financing;
- risks related to the Shares; and
- risks related to the Offering and the First North Listing.

Within each category, the risk factor estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of the categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to risk factors in another category.

### Risks Related to Kempower's Operations

### Kempower is a growth-stage company and it may fail in executing its growth strategy.

Kempower is an EV fast charging equipment and solutions manufacturer and provider striving for rapid growth. Kempower designs, manufactures and sells DC fast charging devices, solutions and services for EVs, such as personal and commercial vehicles, mobile off-highway machinery, and electric marine vessels and boats. Kempower's revenue has grown rapidly, growing at a compound annual growth rate ("CAGR") of 1,191 percent between 2018 and 2020. Kempower has ambitious expansion plans that will continue to generate significant expenses and require further investments. Executing Kempower's growth strategy and achieving its business targets involve greater risks and uncertainties than the operations of companies with longer operating history.

In accordance with Kempower's growth strategy, Kempower aims to continue expanding in the European market in the short to medium term. Kempower already has an established presence in its main geographic market, the Nordics, and it has begun expanding into the rest of Europe. Kempower also sees significant potential for Kempower to expand into the United States, with a target of establishing operations there by the end of 2025. The execution of Kempower's growth strategy will place significant strain on Kempower's resources and also increase costs, which is expected to adversely affect Kempower's profitability and liquidity. See also "—Risks Related to Financial Condition and Financing—If Kempower is unable to obtain sufficient financing at favourable terms in the future and/or is unable to generate sufficient revenue or achieve profitability, that may restrict Kempower's ability to achieve its business targets and conduct its business operations in accordance with the set targets" below. If Kempower fails to effectively manage its growth, it could lead to Kempower not achieving its business targets in full or at all or in the need to modify its growth strategy, or even in the need to adopt a different strategy. See "Business—Kempower's Strategy" and "Business—Financial Targets". All of these difficulties associated with Kempower's growth strategy could have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### If Kempower is not able to substantially scale up its production capacity, sales activities and increase cooperation with business partners, it will be unable to achieve its business targets.

Kempower's strategy requires Kempower to substantially scale up its production capacity and the sales and marketing activities carried out by Kempower's personnel. Expansion of production capacity and sales and marketing activities carried out by Kempower requires additional personnel, and Kempower may have difficulty in recruiting qualified personnel. There is also a risk that Kempower's current employees and the management team will not be able to transfer knowledge to new personnel in a timely or otherwise controlled manner, which may result in lowered technical production capacity. See also "—If Kempower is unable to attract and retain key employees and hire qualified management, technical, engineering, sales and R&D personnel, its ability to compete and successfully grow its business would be harmed" below.

There is a risk that as production expands rapidly, Kempower will have difficulties ensuring consistent production, which is essential for executing Kempower's growth strategy and achieving its business targets. The risk of ensuring consistent production becomes more pronounced when entering into new markets and setting up new production facilities. Installation of Kempower's products is performed by Kempower's business partners. These business partners may also sell Kempower's products. Kempower is not responsible for the maintenance work of its products, however, it may offer service and maintenance contracts where the on-site servicing is performed by its business partners. When scaling up its operations, Kempower needs to create a network of these business partners that are able to install, service and potentially sell Kempower's products. Creating this business partner network in new geographic markets of which Kempower has limited knowledge is especially challenging. If Kempower is unable to transfer knowledge to new employees, ensure that its sales activities meet production capacity and ensure that its network of business partners is sufficient, this may have material adverse effects on Kempower's expansion to new markets.

If any of the aforementioned risks were to materialise, it could have a material adverse effect on the sales of Kempower's products and services and could, therefore, have a material adverse effect on Kempower's business, financial condition, operating results and/or future prospects.

### If Kempower is unable to attract and retain key employees and hire qualified management, technical, engineering, sales and R&D personnel, its ability to compete and successfully grow its business would be harmed.

The success of Kempower's business and growth strategy depends on Kempower's ability to attract and retain key management, engineering, sales, R&D and other technical personnel. The loss of the services of any of Kempower's key employees, particularly those with specific technical expertise in the field of fast charging solutions, could have a material adverse effect on Kempower's business, as it may not be able to find suitable individuals to replace such employees on a timely basis, without incurring increased costs, or at all. The loss of the services of any of Kempower's key employees may also result in delays for customer deliveries and product functionalities and, in certain circumstances, the transfer of expertise to Kempower's competitors. In addition, as innovation is an important driver of growth for Kempower in the fast-developing EV charging market, Kempower must be able to hire and retain employees with different skills and professional expectations. In order to achieve its business targets and to continue its growth and expansion, Kempower will focus on accelerating its geographic growth, which imposes new demands on Kempower's management and personnel and requires recruitment of additional personnel, especially within R&D, production, marketing, sales and after sales. If Kempower is not successful in recruiting and retaining qualified key personnel, this may have an adverse effect on Kempower's growth strategy, business, financial condition and/or results of operations.

Kempower expects to face significant competition in the future as the market for EV charging develops and Kempower might be outplayed by competitors in the competition phase, which could have a material adverse effect on Kempower's business, financial condition and/or results of operations.

Kempower operates in the EV fast charging market. By 2030, the DC fast charging equipment markets in Europe and the United States are expected to increase to an aggregate of approximately EUR 4,000 million. However, as the EV charging market is relatively new and developing, there are various uncertainties related to how the market will be structured and how the competitive landscape in the charger market will develop and which companies will ultimately prevail.

Kempower's charging solutions have been delivered to more than 30 countries globally. The EV charging markets in these countries are at varying stages of development, and Kempower believes that the DC fast charging equipment market remains fragmented and immature with more than 20 identified companies. However, Kempower's current main geographic markets, which consist of the Nordics and the rest of Europe, are in the scale-up phase with multiple new and intermediate companies entering the rapidly growing EV charging market. As the EV charging market is looking for its form in the scale-up phase, it is crucial for Kempower to build value-adding solutions and differentiate itself from its competitors. However, the actions of Kempower's competitors could adversely affect Kempower's ability to become a recognised system supplier and, subsequently, its competitive position when the markets in the Nordics and the rest of Europe enter into the competition phase. In the competition phase, the market will mature, and competition will increase, which may further result in many scale-up phase companies either being acquired or even eliminated. Therefore, Kempower continues to invest in its R&D capabilities in order to keep its existing products competitive, to create new innovations in its new products and to maintain financial competitiveness through design improvements that lower the manufacturing costs of its products. Kempower aims to build competitiveness in the scale-up phase through software integration services and to build stickiness when the competition phase begins through advanced estimation and data driven services, up-to-date additional information (for example about charging time) during charging transactions as well as through third-party advertisements shown on charging devices' screens. Staying competitive will require Kempower to build lasting relationships in different parts of the value chain with successful customers so that Kempower is an established market participant by the time the EV charging markets in the Nordics, the rest of Europe and Kempower's other geographic markets enter into the competition phase. However, there can be no assurance that Kempower will be able to identify the right customers, or, even if such potential customers are identified, to gain and maintain the business of such customers, which could result in Kempower being outplayed by competitors in the competition phase, which could have a material adverse effect on Kempower's business, financial condition and/or results of operations. See also "Business—Sales". In addition, Kempower may face more intense competition in the future if its competitors adopt aggressive pricing policies, expand their business partner networks or adapt more quickly to changes in the EV charging market. Kempower's competitors could possess larger purchasing economies of scale or lower cost bases, stronger brand recognition or entrenched relationships with suppliers, any of which may give them a competitive advantage over Kempower and could lead to a decrease in demand for Kempower's products. As Kempower is planning to expand its operations geographically, it will face competition in additional geographic markets.

### Kempower's ability to execute its strategy and to achieve its financial targets is dependent on Kempower's ability to keep up with the rapidly changing technology in the EV charging market.

Innovation is an important driver of growth for Kempower in the fast-developing EV fast charging market. Alternative sources of energy to fossil fuels are continuously being developed, which has set an urgency for the mass adoption of electric power. This has resulted in a growing demand for electric and hybrid vehicles that provide a sustainable alternative to internal combustion engine ("ICE") vehicles. The EV market is relatively new and developing, and consequently, the EV charging market, including the DC fast charging equipment market, is also characterised by continuously and quickly evolving technology. In order to become an established market participant, Kempower must keep up with the development of EV charging technology by developing new innovations as well as develop its existing products.

Kempower's technology risks are related to its technological competencies, R&D, protection and management of intellectual property as well as the competencies and development of its personnel. There can be no assurance that Kempower will be successful in meeting its customers' needs through innovation or in developing new products and/or technologies, or that, if developed, that Kempower will be successful in commercialising such products or technologies. Kempower must also identify and respond to changes in the rapidly growing and changing EV charging market. For example, Kempower is examining adding liquid-cooled charging cables to its product offering even though there are yet no such passenger cars on the market that could receive higher charging power enabled by such cables. Kempower's competitive position could be harmed if it would be unable to add such a feature to its products quickly enough or at all due to technological or other challenges. Furthermore, Kempower may face challenges in the future in keeping up with the digital evolution and software offering of the EV charging market. Kempower expects new digital solutions and the improvement of certain innovations, such as the Kempower ChargEye™ cloud service to play a larger role in the future. Competitors of Kempower may be able to keep up with the development better than Kempower, which may give them a competitive advantage over Kempower and could result in a loss of Kempower's market share.

Any delays in product development could adversely affect the market adoption of Kempower's products and weaken Kempower's competitive position, particularly if Kempower's competitors are able to develop and commercialise similar EV charging technologies and products before Kempower. The materialisation of any of these risks could have a material adverse effect on the demand for Kempower's products and services and, therefore, on Kempower's results of operations. See also "—Risks related to Kempower's Operating Environment —Changes to fuel economy standards and financial incentives supporting the EV market, changes in macroeconomic conditions or the success of alternative fuels may adversely affect the EV market and fast charging sales opportunities and, thus, the demand for Kempower's products and services" below.

### Kempower may lose significant customers or fail to build long lasting relationships with market winning customers.

Kempower's customers mainly consist of CPOs, commercial vehicle and bus fleet operators, original equipment manufacturers ("OEMs") and other customer groups that are served through Kempower's distributor and installer partner network. The loss of one or more of Kempower's major customers, if not replaced on similar terms, could have a material adverse effect on Kempower's business, financial condition and/or results of operations. The importance of Kempower's largest customer and top three customers of Kempower's revenue has historically been notable. Kempower's agreements with its largest customers are typically framework agreements that include price lists for Kempower's products and services for a certain period of time. Deliveries to customers under the framework agreements are based on purchase orders made by customers or orders made through an electronic data interchange link, through which Kempower receives electronic orders. Framework agreements do not necessarily result in actual purchase orders as they do not include minimum purchase obligations. Actual purchase orders may not materialise due to reasons outside of Kempower's control, such as financial difficulties of the customers, or due to technical, regulatory or other challenges that arise following the execution of a framework agreement. Therefore, the number of framework agreements and their potential value is not necessarily an indication of any level of future revenues. For other customers, purchases are typically purchase orders that are based on offers by Kempower. For more information on Kempower's customers, see "Business—Customers".

Kempower currently has many potential customers as many companies seek to be a system operator or provide, install or resell charging solutions in other ways. The current scale-up phase of the EV charging market has created opportunities for intermediate companies that are entering the market and may adjust their position on a case-by-case basis. Kempower operates on the supply side, and many intermediate companies, may either choose the supply side, in which case they would compete with Kempower, or the demand side, in which case they could be potential customers of Kempower. As the EV charging market matures, competition is expected to increase even further and non-value adding intermediate companies

are likely to leave the market, resulting in fewer competitors. Because many scale-up phase companies may be acquired or eliminated in the competition phase, it is crucial for Kempower to build long-lasting relationships with market winning customers. Failure in building long-lasting relationships with market winning customers could adversely affect Kempower's competitiveness and future revenue growth as the market matures to the competition phase.

### Delays in the delivery of products and projects could have a material adverse effect on Kempower's business and potential technical problems with Kempower's products could result in considerable warranty claims.

Any delays or problems in the deliveries of critical materials by third-party suppliers may cause unforeseen delays in Kempower's ability to deliver its products or projects on time, or at all, which could have a material adverse effect on Kempower's business. Kempower's projects typically have relatively short development lead times from the prototype building phase to the deadline to deliver the completed project to the customer. In certain projects, due to the short development lead times, the testing phase of Kempower's products must be kept relatively short, which may result in technical problems once a product or a project has been delivered to the customer. Such technical problems could result in considerable warranty claims and significant maintenance costs and could also result in a loss of customers and harm Kempower's reputation. See also "—Risks Related to Kempower's Operating Environment—Increases in costs, disruption of supply or shortage of critical components or raw materials could harm Kempower's operations" below and "—Potential product or software quality defects, performance issues, product liability or warranty claims associated with Kempower's products could have a material adverse effect on Kempower and its reputation" below. The realisation of any of these risks may have a material adverse effect on Kempower's business, financial condition and/or results of operations.

# Kempower's geographical expansion involves several risks, and failure to identify suitable customers, recruit new employees and benefit from estimated competitive advantages could limit its growth and have a material adverse effect on Kempower.

Kempower's charging solutions have been delivered to more than 30 countries globally. As at the date of this Offering Circular, Kempower's main geographic markets include the Nordics and the rest of Europe. 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 for Kempower to expand into the United States, with a target of establishing operations there by the end of 2025. Geographic expansion and entry into new markets involves various risks that may adversely affect Kempower's business, profitability and growth, such as the competitive situation in the new markets, challenges in establishing new customer relationships, lack of local brand recognition and failure to hire skilled personnel, particularly sales personnel. Also, laws and standards regulating Kempower's products vary among its markets and Kempower has in certain instances been required to make changes to its products in order to comply with local requirements, such as requirements relating to the quality of input energy taken by its chargers and such changes might have to be made also in the future. Such changes may delay the delivery of chargers to its customers and may even result in order cancellation. In addition, adverse developments in economic and political operating environments in these markets could have an adverse effect on Kempower. Furthermore, as Kempower's production facilities are located in Finland, ensuring the functionality and efficiency of Kempower's logistics set-up would be particularly important, should Kempower's business grow rapidly outside of Europe. Geographical expansion also places new demands on Kempower's management, personnel, internal guidelines and control and information systems, and requires recruitment of additional personnel. See also "—If Kempower is unable to attract and retain key employees and hire qualified management, technical, engineering, sales and R&D personnel, its ability to compete and successfully grow its business would be harmed" above. Any failure in pursuing or successfully executing such geographical expansion could stall Kempower's growth, which, in turn, would have a material adverse effect on Kempower's business, financial condition and/or results of operations.

## Potential product or software quality defects, performance issues, product liability or warranty claims associated with Kempower's products could have a material adverse effect on Kempower and its reputation.

Kempower is exposed to various risks relating to the quality and/or safety of its products. In particular, as Kempower's products are still relatively new and subject to ongoing development work, there is an increased risk related to product quality and liability. Although Kempower always aims to ensure the quality and safety of its products, there can be no assurance that Kempower's products work as intended and that Kempower will not become subject to product liability claims or allegations regarding the quality or safety of its products. Any claims, allegations or negative publicity related to Kempower's products, the products of its competitors or the safety of charging stations in general could weaken its brand and harm its overall reputation, even if such claims or allegations are unfounded. This could, in turn, reduce demand for Kempower's products and services, which could adversely affect Kempower's competitive position and delay or even prevent Kempower from pursuing its expansion plans and achieving its financial targets. Although Kempower has several quality control measures in place, there can be no assurance that such measures will always be adequate for detecting potential defects in Kempower's products. Any failures in Kempower's quality control, including internal measures and third-party testing, may lead to the delivery of defective products to Kempower's customers. Any significant product quality issue may require a considerable amount of management resources. In addition, the costs incurred in correcting such defects or errors may be substantial. Responding to detected or suspected quality issues, for example, by onboarding

new suppliers, proactively adjusting production processes or by switching the materials used, usually gives rise to costs that may be significant. Such issues may also lead to product recalls, product liability or warranty claims, and contractual liabilities towards Kempower's customers and/or end customers, or to third-party claims. Kempower is prepared for potential warranty claims by making provisions. The amount of provisions is defined on the basis of Kempower's revenue.

Kempower's product technology may also have undetected defects, errors or bugs, which could reduce the market adoption of Kempower's products, damage Kempower's reputation with current or potential customers, and/or expose it to product liability and/or other claims that could have a material adverse effect on Kempower's business. Kempower has in the past found defects and errors in its products and it may detect new defects or errors in the future. Any real or perceived errors, failures, vulnerabilities, or bugs in its products could result in adverse publicity that could harm Kempower's reputation.

Kempower has experienced, and may in the future experience, malfunctions of internally or externally used software, website disruptions, outages and other performance problems. Such problems may be caused by a variety of factors, including infrastructure changes, human or software errors, data centre failures, viruses, cyberattacks, fraud, spikes in customer usage and denial of service issues. In some instances, Kempower may not be able to identify the cause or causes of such performance problems within an acceptable period of time. If Kempower does not accurately forecast its required operations infrastructure, its customers may experience service outages that may cause Kempower financial liabilities, customer losses and damage to Kempower's reputation, which could have a material adverse effect on Kempower's growth strategy.

The realisation of any of these risks may have a material adverse effect on Kempower's business, financial condition and/or results of operations.

# Significant disruptions in or the suspension of Kempower's production or deliveries, or damage to or destruction or closure of Kempower's production facilities or inventories, would materially undermine Kempower's ability to distribute its products.

Kempower purchases materials, including sub-assemblies, from its suppliers and performs the final assembly of its products at its own two production facilities located in Lahti, Finland. By assembling its products itself, Kempower manages the most critical work stages and enables customised product configurations for its customers. As Kempower's production relies on its own production facilities, events that would cause significant disruptions in or the suspension of Kempower's production facilities could materially affect Kempower's ability to deliver its products to its customers in a timely manner. Kempower's production facilities may be damaged or destroyed or they may be closed or the equipment on the premises may be damaged due to, for example, fire, accident, natural disaster or equivalent events beyond Kempower's control. Similarly, Kempower's inventories stored at its production facilities could be subject to similar events that could destroy all or part of such inventory. Such events or incidents could result in material disruptions and delays in Kempower's production and deliveries and potentially in Kempower not being able to fulfil its obligations to its customers. If Kempower were unable to locate alternative production facilities, transfer production to its other production facilities or repair the damaged premises or equipment in a timely and cost-effective manner, such conditions could have a material adverse effect on Kempower's business, financial condition and/or results of operations. Kempower is also exposed to risks related to site security and occupational health and safety at its production facilities. Any failure to maintain high levels of safety management could result in physical injury, sickness (such as the coronavirus disease ("COVID-19") infection of multiple employees) or impairment of Kempower's reputation or inability to attract and retain skilled employees. In addition, any severe problems in logistics, such as delays in delivery schedules or damage to cargo, may result in increased costs and, ultimately, adversely affect Kempower's business, financial condition and/or results of operations.

Kempower's production facilities in Lahti, Finland, are leased from third parties. If a lessor were to terminate a lease agreement or refuse to renew it on commercially acceptable terms, or at all, this could, in the short term, lead to disruptions in Kempower's production, reduce Kempower's production capacity temporarily or permanently, adversely affect its ability to serve customers and/or give rise to significant costs relating to the closure or transfer of the operations of the production facility in question.

## Kempower may be unable to protect its intellectual property rights or it may be sued by third parties for alleged infringement of their intellectual property rights.

The key factors for Kempower's value creation are its deep know-how of power supply, R&D and its intellectual property rights. Therefore, know-how, intellectual property rights and other intangible property are an important part of Kempower's business. Kempower's success and ability to compete depend in part on its intellectual property rights. Kempower believes that, in addition to protecting its registered intellectual property rights, it is important for it to protect its unregistered intellectual property, such as know-how, trade secrets and copyrights. However, the steps Kempower takes to protect its intellectual property rights may be inadequate. Kempower may be required to spend significant resources to monitor and protect its intellectual property rights. Litigation brought to protect and enforce Kempower's intellectual property rights could be costly and time-consuming and divert management attention and could result in the impairment or loss of portions of its intellectual property rights. Furthermore, Kempower's efforts to enforce its intellectual property rights may be met

with defences, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Kempower's failure to protect its intellectual property rights in a timely manner may also result in Kempower's competitors being able to protect their similar technologies before Kempower.

Kempower's success also depends upon not infringing upon intellectual property rights of third parties. Kempower's competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to Kempower's products or technology. Third parties may also claim that Kempower is infringing on their intellectual property rights. Any claims or litigation could cause Kempower to incur significant expenses and, if successfully asserted against it, could require that Kempower pays substantial damages, prevent Kempower from selling its products or require that it complies with other unfavourable terms. Even if Kempower were to prevail in such a dispute, any litigation regarding its intellectual property rights could be costly and time-consuming and divert management attention.

Any failure to protect and enforce intellectual property rights or any infringement or alleged infringement of third-party intellectual property rights could have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Kempower is dependent on the Kemppi Group as supplier for certain functions.

Kempower and the Kemppi Group have entered into agreements whereby the Kemppi Group provides services to Kempower in a number of areas. These services include, *inter alia*, information technology ("IT"), financial administration, professional services, rental of facilities and financing. In addition to services, Kempower purchases materials and sub-assemblies from Kemppi Oy. See also "—*Risks Related to Kempower's Operating Environment*—*Increases in costs, disruption of supply or shortage of critical components or raw materials could harm Kempower's operations*" below and "*Related Party Transactions*". The Kemppi Group's or Kempower's lack of fulfilment of their commitments in relation to each other, increases in prices of services by the Kemppi Group, potential disagreements regarding services provided or other disturbances in the relationship between the Kemppi Group and Kempower could have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Difficulties in maintaining and updating IT infrastructure, deficiencies in IT systems, and cyber-attacks related to IT systems may have an adverse effect on Kempower.

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. In addition, Kempower's IT systems may be damaged or they may cease to function for numerous reasons, such as ongoing IT system and IT service development projects, third-party service provider disruptions, catastrophes, power failures or major accidents, such as fires and natural disasters, and due to human errors, such as mistakes made by Kempower's own employees. Kempower's IT infrastructure has been, in part, originally developed for the Kemppi Group and Kempower uses the same IT infrastructure, albeit with some modifications, in its operations. In order to find solutions that are better suited for Kempower and to limit its dependence on the Kemppi Group's IT infrastructure, Kempower aims to have its own IT infrastructure in place by the end of 2022. For the aforementioned reasons, there can be no assurance that the new IT infrastructure will function properly at all times and that the separation of Kempower's IT infrastructure from that of the Kemppi Group will not cause disturbances that affect Kempower's operations. Kempower's new IT infrastructure and its potential updates and upgrades may involve wide-ranging transition stage risks or they could increase susceptibility to the risks described below. Kempower's IT systems and infrastructure may be vulnerable to cybersecurity risks, including direct or indirect cyberattacks, such as computer viruses and worms, phishing attacks, and penetrating or bypassing security measures in order to gain unauthorised access to Kempower's information networks and systems. See also "—Potential product or software quality defects, performance issues, product liability or warranty claims associated with Kempower's products could have a material adverse effect on Kempower and its reputation" above. Exploitation of possible weaknesses in Kempower's security controls could disrupt its business and cause leakage of sensitive information, theft of intellectual property and damage to Kempower's reputation. Any of these risks could have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Kempower's risk management and internal controls may not necessarily be able to prevent or detect negligence, mistakes or action contrary to Kempower's guidelines or regulations.

Kempower has adopted and introduced processes, systems and controls to ensure compliance with applicable laws and regulations. These actions may not necessarily be sufficient to prevent or detect any deficient practices, negligence, fraud, mistakes, action contrary to Kempower's guidelines or regulations and illegal activity that may be pursued not only by Kempower's employees and representatives, but also by its suppliers and customers. Although Kempower's internal systems and controls seek to manage such risks and its manufacturers are required to adhere to its code of conduct, these systems and controls may not be sufficient to uncover or prevent or detect negligence, mistakes or action contrary to Kempower's guidelines or regulations. For example, Kempower, its suppliers or its customers could become subject to allegations of non-compliance with acceptable labour practices or applicable laws, including fraud, bribery or corruption, resulting from the sourcing of products in foreign markets. Any acts, wrongdoings or non-compliance with any laws, rules and regulations by Kempower, its employees and representatives or its suppliers and customers could harm Kempower's

business, reputation and brand, and Kempower could be required to expend significant resources in its efforts to rebuild its business, reputation and brand. If Kempower fails to organise or maintain effective internal controls or to introduce the necessary, new or improved control procedures or if it experiences difficulties in their introduction, Kempower may fail in the correctness of reporting or prevention of abuses. Realisation of any of the aforementioned risks may have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Kempower's insurance policies provide limited coverage, potentially leaving Kempower uninsured against certain risks.

As at the date of this Offering Circular, nearly all of Kempower's insurance policies (excluding personnel insurance) are through Kemppi Group Oy in order to achieve cost advantages and administrational efficiency. See also "-Kempower is dependent on the Kemppi Group as supplier for certain functions" above. Kempower's insurance policies include, among others, property damage and business interruption insurance, cargo insurance, general and product liability insurance, accident insurance for employees, directors' and officers' liability insurance, crime insurance and cyber liability insurance for amounts believed to be consistent with industry practices. However, Kempower is not fully insured against all risks, and insurance against all types of risks and catastrophic events may not be available on reasonable economic terms, or at all. For example, Kempower's insurance coverage does not cover claims based on slowly occurring environmental damages on Kempower's properties or other properties, claims based on damages that are a consequence of pandemics, such as COVID-19, or claims based on the realisation of certain business risks that are uninsurable by nature. The occurrence of an accident that causes losses in excess of limits specified under the relevant policy or is subject to material deductibles or self-insured retentions, could have a material adverse effect on Kempower's business, financial condition and/or results of operations. In addition, Kempower could be exposed to accidents arising from events not covered by insurance policies, which are inherently unpredictable in terms of both their occurrence and severity. Moreover, any accidents could, albeit that they are covered by Kempower's insurance policies, lead to increased insurance premiums in the future and, therefore, increase Kempower's operating costs.

### Risks Related to Kempower's Operating Environment

### Increases in costs, disruption of supply or shortage of critical components or raw materials could harm Kempower's operations.

Kempower purchases approximately 600 individual types of materials (i.e., parts and components), including sub-assemblies, from its suppliers. Kempower's purchasing also entails purchasing electronic sub-assemblies, such as circuit board assemblies, that are ultimately used in the final assembly process of its products. Risks relating to the availability of the materials and the price, quality and delivery schedule in the supply chain, in particular in relation to existing important suppliers, are material for Kempower. Kempower relies on a limited number of suppliers, such as Kemppi Oy, to provide certain critical materials, such as circuit board assemblies, for its charging stations, exposing Kempower to third-party sourcing risks. For the year ended 31 December 2020, Kempower's three largest suppliers accounted for 57 percent of Kempower's materials expenses and no individual supplier had a share of more than 38 percent of Kempower's materials expenses. Kempower's largest supplier is Kemppi Oy, its second largest supplier is a mechanical sub-assembly supplier and its third and fourth largest suppliers are electrical component suppliers. For certain materials, Kempower currently relies only on one supplier, but is aiming to secure additional suppliers to limit the dependency on any single supplier. If such a supplier was unable to deliver the required materials to Kempower on time, at a competitive price or at all, Kempower could become subject to substantial additional costs arising out of arranging a substitute delivery with another supplier. Should one of the critical materials suppliers cease to deliver critical materials to Kempower, Kempower would have to find alternative sources for the critical materials. Even if Kempower finds a supplier that is capable of producing the critical materials, moving production to the new supplier is a labour-intensive and lengthy process, possibly resulting in a stoppage in Kempower's production and a decrease in sales. Technologies used in the charging market also develop rapidly, which may result in materials and sub-assemblies procured from Kempower's third-party suppliers expiring quickly. If these materials or sub-assemblies are not used and need to be scrapped, this could have an adverse effect on Kempower's margins.

As at the date of this Offering Circular, there is an ongoing worldwide shortage of semiconductor components, which has been accentuated by problems in supply chains related to the COVID-19 pandemic. Kempower has in the past, and may in the future, encounter problems related to its materials and sub-assembly suppliers. Problems related to Kempower's suppliers can affect the price and availability of the materials used in Kempower's products, such as circuit board assemblies. For example, during the COVID-19 pandemic, Kempower increased its inventory of materials to prepare for problems in its supply chains, which increased Kempower's costs. Additionally, the materials that Kempower procures from its suppliers contain considerable amounts of copper and other metals and, therefore, materials prices may increase if the price of copper or other metals increase. Should supply problems occur or raw material prices increase, materials procurement costs may increase and delivery lead times lengthen. Changes in raw material and component prices may also affect the value of Kempower's inventories. Changes in the prices of materials may also indirectly have a material adverse effect on Kempower, if the price fluctuations decrease its customers' willingness to invest.

### Kempower may not be able to ensure compliance with all applicable quality, safety and sustainability requirements throughout its supply chain.

Kempower has limited or no control over its suppliers, and problems encountered by the suppliers may adversely affect Kempower's operations. If Kempower loses one or several of its key suppliers or if they do not provide Kempower with adequate materials, or do not provide them in a timely manner or at a reasonable price, or if materials contain defects or other quality deviations, this could adversely affect Kempower's business operations. For example, any unforeseen defects in Kempower's products could result in a recall, which could result in significant costs if Kempower is not able to pass the liabilities related to such product defects onto its suppliers, which could have a material adverse effect on Kempower's business, financial position, results of operations and future prospects. In addition, Kempower is exposed to a reputational risk if a supplier does not comply with applicable laws and regulations in its operations or otherwise acts contrary to generally accepted norms.

Kempower has approximately 100 suppliers, which are mainly located in Finland. Kempower aims to ensure that both its suppliers and the products they distribute satisfy certain quality, safety and sustainability requirements, however, Kempower cannot control its third-party suppliers or their business practices and Kempower's contractual remedies with respect to supplier practices are limited. Quality control in purchasing activities is based on the professional skills of Kempower's purchasers and R&D engineers, the terms and conditions of the supply agreements, the supplier audits, the suppliers' references and other customer relationships, and on how suppliers document their activities and components and whether a supplier is a member of well-known cooperation alliances or organisations for improving ethics and sustainability. A lack of compliance with local labour laws or recognised ethical or environmental standards could lead Kempower to seek alternative suppliers, which could increase its costs and result in delayed delivery of its products, product shortages or other disruptions to its operations. Violation of anti-money laundering, bribery, environmental or labour or other laws by Kempower's third-party suppliers or the divergence of a third-party supplier's labour or other practices from those generally accepted as ethical could also lead to liability and attract negative publicity for Kempower and damage Kempower's brand.

Changes to fuel economy standards and financial incentives supporting the EV market, changes in macroeconomic conditions or the success of alternative fuels may adversely affect the EV market and fast charging sales opportunities and, thus, the demand for Kempower's products and services.

Kempower's ability to execute its strategy and to achieve its financial targets is highly correlated with and, thus, dependent upon the continuing rapid adoption of EVs, which is partly driven by political decisions and regulations aiming to replace fossil fuels with alternative sources of energy. Such regulations include global climate initiatives, such as the Paris Agreement and the EU's targets to cut carbon dioxide emissions and ban the sale of new petrol and diesel cars as of 2035.

The EV market currently benefits from the availability of rebates, tax credits and other financial incentives from governments, utilities and others in many countries around the world to offset the purchase or operating cost of EVs and EV charging stations. Kempower's sales and sales growth rely on these incentives to continue the transition towards the electrification of transport, and, therefore, the demand for EV chargers. Because Kempower's business is dependent on its customers' and end customers' ability and willingness to purchase EVs and EV fast charging equipment, the reduction, modification, or elimination of such benefits could cause reduced demand for EVs and EV charging stations, which may adversely affect Kempower's results of operations. Alternatives to ICE vehicles are also constantly being developed and there can be no assurance that alternatives to EVs will not be developed, or that the fuel economy standards will not be amended in a way that will have an adverse effect on the EV market. Any such developments could slow down or even reduce demand for EVs, and, subsequently, Kempower's products, which could have a material adverse effect on Kempower's business, financial condition and/or results of operations. See also "—Kempower is subject to a variety of laws and regulations, and potential violations of such laws and regulations could have an adverse effect on Kempower' below.

As 70 percent of Kempower's revenue for the year ended 31 December 2020 and 90 percent of Kempower's consolidated revenue for the nine months ended 30 September 2021 was derived from the Nordics, Kempower is currently susceptible to changes affecting the Nordics in particular. Demand for Kempower's products may be adversely affected by, among others, macroeconomic drivers such as protectionism, employment levels, salary and wage levels, inflation, interest rates, tax rates and consumer confidence with respect to current and future economic conditions. Kempower cannot predict the timing or duration of any economic slowdown or the timing or strength of a subsequent economic recovery, worldwide or in the markets in which it operates. Economic uncertainty globally or in Kempower's main geographic markets could decrease spending on EVs and EV charging systems and lead to lower demand for Kempower's products. A decrease in sector-specific demand and investment capabilities in Kempower's customers' and potential customers' industrial sectors could decrease spending on EVs and EV fast charging systems, leading to lower demand for Kempower's products. Furthermore, economic conditions may be affected by various additional events that are beyond Kempower's control, such as natural disasters and epidemics (e.g., the outbreak of COVID-19). For example, the ongoing COVID-19 pandemic has caused significant disruptions in the global economy and the geographical markets in which Kempower operates. The COVID-19 pandemic has caused reductions in business activity, lockdowns, quarantines, labour shortages, supply chain

interruptions and overall economic and financial market instability. Any reduced demand for Kempower's products or reduced delivery capabilities by Kempower due to the factors described above could adversely affect Kempower's revenue or otherwise have a material adverse effect on Kempower's business, financial position, results of operations and future prospects.

### Kempower is subject to a variety of laws and regulations, and potential violations of such laws and regulations could have an adverse effect on Kempower.

Kempower must comply with laws and regulations enacted at both the national and EU level concerning its operations in relation to matters including health, EVs, safety, marketing, country-specific technical regulation or certificates, protocols, general product safety, environment, employment, competition, company law, data protection, international trade and taxation in all countries in which it pursues business. In addition, the execution of Kempower's growth strategy and expansion of Kempower's operations to new geographic markets, such as the United States, will require Kempower to comply with laws and regulations in new jurisdictions. Failure to comply with applicable laws and regulations may cause Kempower financial losses, undermine Kempower's business opportunities and harm Kempower's reputation.

Both of Kempower's production facilities have been certified in accordance with the ISO 9001:2015 Quality Management System standard ("ISO 9001"). Kempower aims to complete its ongoing process to certify both of the production facilities with ISO 14001:2015 Environmental Management System standard ("ISO 14001") and ISO 45001:2018 Occupational Health & Safety Management System standard ("ISO 45001") by December 2021. Laws, regulations and certification requirements relating to Kempower's products, its operations and production facilities are subject to change and it is possible that Kempower will have to adapt its products to meet the changed requirements. Changes in legislation concerning EVs and EV charging, for example, may increase the costs relating to Kempower's products or require the design of entirely new product models. It may be difficult for Kempower to foresee certain regulatory or legal changes that may affect its business, and any actions required in order to respond to, or prepare for, such changes could be expensive and time-consuming.

For example, existing and future environmental laws and regulations could result in increased compliance costs or additional operating costs. Failure to comply with such laws and regulations may result in substantial fines or other limitations that may adversely impact Kempower's financial results or results of operations. No environmental permits are required for Kempower's production facilities or premises; however, relevant authorities may impose rehabilitation obligations or other obligations on Kempower based on the environmental conditions of its production facilities or other properties, which could result in material costs. The realisation of any of the aforementioned risks may have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Risks Related to Financial Condition and Financing

If Kempower is unable to obtain sufficient financing at favourable terms in the future and/or is unable to generate sufficient revenue or achieve profitability, that may restrict Kempower's ability to achieve its business targets and conduct its business operations in accordance with the set targets.

Kempower currently finances its business and investments with financing from the Principal Shareholder through group contributions, capital loans as well as non-current and current loans and, to a small extent, revenue from contracts from customers and grants received. There is a risk as to when Kempower will be able to sustain positive cash flow and profitability in the future, if at all. Sufficient cash flow is required for Kempower's existing business and Kempower may need external debt financing, for example, for the possible acceleration or execution of its expansion plans and investments expected to be made in connection with the implementation of its growth strategy. There can be no assurance that Kempower will be able to secure financing to a sufficient extent and on competitive terms to finance its business and investments. Changes in the macroeconomic environment or in the general financial markets may have an adverse effect on the availability, price and other terms of financing. For example, global financial markets have experienced in the past, and may continue to experience in the future, significant volatility and liquidity disruptions, which may adversely affect Kempower's financing costs and access to financing and ultimately affect Kempower's ability to finance its operations. Changes in the availability of equity and debt financing and in the terms of the financing available may have an effect on Kempower's ability to invest in developing and growing its business in the future. If Kempower is not able to obtain financing on competitive terms or at all, this may have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### Fluctuations in foreign exchange and interest rates could have a material adverse effect on Kempower.

Due to the international nature of Kempower's business and its ambitious expansion plans, Kempower expects its exposure to transactional and translation risks to increase. Transactional risks arise when the trade currency of the products is other than the domestic currency of the Company and its subsidiaries. Translation risks arise when the funds of the subsidiaries held in different currencies are translated into the Company's operating currency, the euro. In the short to medium term, Kempower expects to be exposed to transactional risk and translation risk related mainly to the Swedish krona, the Norwegian krone and the U.S. dollar. For the year ended 31 December 2020, 100.0 percent of Kempower's revenue was

generated in euros, and for the nine months ended 30 September 2021, 98.5 percent of Kempower's revenue was generated in euros and 1.5 percent in Norwegian kroner. For the year ended 31 December 2020, 95 percent of Kempower's cost of sales was in euros and 5 percent in U.S. dollars, and for the nine months ended 30 September 2021, 82 percent of Kempower's cost of sales was in euros, 13 percent in Swedish kronor and 5 percent in U.S. dollars. The Company's foreign exchange risks will increase further if the sales or costs in foreign currencies increase significantly.

Due to its ambitious expansion plans, Kempower expects its exposure to transactional and translation risks to increase. Kempower has during 2021 established subsidiaries in Norway, Germany, the Netherlands and the United Kingdom, has ongoing processes for establishing subsidiaries in Sweden, France, Italy and Spain and is planning expansion into other European markets as well as to the United States. Kempower may in the future have more subsidiaries outside the euro area, the assets, liabilities, income and expenses of which are converted into euros at appropriate periods for the financial statements purposes, and Kempower's foreign exchange risks will increase further if its sales or costs in foreign currencies increase significantly. Exchange rate fluctuations are, thus, expected to have an effect on Kempower's results of operations and this effect increases as Kempower plans to continue its expansion of operations outside of the Nordics.

As at 30 September 2021, Kempower's interest bearing liabilities amounted to EUR 8,000 thousand. Kempower currently finances its business and investments with financing from the Principal Shareholder through group contributions, capital loans as well as non-current and current loans as well as revenue from contracts from customers and, to a small extent, grants received. Sufficient cash flow is required for Kempower's existing business and Kempower may need external debt financing, for example, for the execution of expected expansion plans and investments made in connection with the possible acceleration or execution of its growth strategy. Therefore, Kempower expects its interest costs to increase in the future, if it is required to obtain external debt financing. Increases in interest rates could also have a material direct effect on the costs of available funding and Kempower's financing costs. An increase in interest rates could, thus, have an effect on the costs of Kempower's debt financing in the future. Interest rates may rise for numerous different reasons beyond Kempower's control, such as policies pursued by states and central banks.

### Kempower's tax costs could increase as a result of changes to tax laws or their application or as a result of a tax audit.

Kempower's tax burden depends on certain tax laws and regulations and their application and interpretation (for example, with regard to transfer pricing rules). Changes in tax laws and regulations or their interpretation and application may increase Kempower's tax costs to a significant degree, which could have an adverse effect on Kempower's financial condition and/or results of operations. See also "—Risks Related to Kempower's Operating Environment—Changes to fuel economy standards and financial incentives supporting the EV market, changes in macroeconomic conditions or the success of alternative fuels may adversely affect the EV market and fast charging sales opportunities and, thus, the demand for Kempower's products and services" above.

Especially expansion to new markets increases tax risks due to different requirements of local tax authorities. Kempower has during 2021 established subsidiaries outside of Finland, which may increase Kempower's tax requirements in the future. Kempower may also not have sufficient resources to monitor changes of applicable tax laws and regulations in each country, which could cause additional costs to Kempower. In addition, Kempower may at times be subject to tax audits conducted by national tax authorities. Tax audits or other auditing measures carried out by tax or other authorities, such as customs officials, could result in an imposition of additional taxes (such as income taxes, taxes at source and property, capital, transfer and value-added taxes), which could lead to an increase in Kempower's tax liability.

### Kempower is exposed to credit and counterparty risks.

Kempower is exposed to credit and counterparty risks in its business, for example, in relation to customers and suppliers. Credit and counterparty risk refers to the risk of a supplier being unable or unwilling to fulfil its obligation to Kempower or a customer not acting according to agreed terms of payment. Credit risk related to Kempower's customers arises from outstanding receivables or long-term agreements and long payment terms. Kempower's customers are generally large corporations and other entities, whose negotiating power is typically high. Therefore, Kempower's customer agreements typically include long payment terms. Although Kempower's customers and suppliers are generally financially stable corporations and other entities, they also include corporations and other entities that have only recently entered the EV charging business. Although Kempower has not recorded any significant credit losses for the nine months ended 30 September 2021 or the years ended 31 December 2020, 2019 and 2018, and it conducts customer due diligence and overall financial risk assessment in connection with larger sales projects, there can be no assurance that Kempower will not be exposed to higher credit losses in the future as a result of a prolonged COVID-19 situation or otherwise. If one or more of Kempower's contractual partners encounters payment difficulties or bankruptcy, the amount of Kempower's credit losses may increase or its production be disturbed due to supply problems, which could result in a reduction of Kempower's liquidity and consequently have a material adverse effect on Kempower's business, financial condition and/or results of operations.

### **Risks Related to the Shares**

### The Company does not expect to pay any dividend in the short to medium term and the amount of dividends paid by the Company in any given financial year is uncertain.

The Company has not distributed dividends since its establishment. Under the provisions of the Finnish Companies Act, the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest unconsolidated parent company audited financial statements adopted by the general meeting of shareholders. Any possible distribution of dividends in respect of a financial period depends on the Company's and its subsidiaries' results of operations, financial condition, cash flow, need for working capital, investments, future outlook, terms of its financing agreements and other factors. Under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardise the Company's solvency. In the forthcoming years, Kempower will focus on financing the growth and the development of its business. The Company has adopted a dividend policy based on which the Company expects to distribute no dividends in the short to medium term. The amount of any dividends to be potentially paid by the Company in any given financial year in the future is, thus, uncertain, and if the Company does not pay any dividend, an investor's potential return will depend solely on the future development of the share price. Furthermore, the dividends paid by the Company for a certain financial period are not an indication of the dividends to be paid for financial periods in the future, if any. See also "Dividends and Dividend Policy".

### The interests of the largest shareholder may differ from those of other shareholders.

If the Offering is carried out as planned, the Principal Shareholder will hold approximately 68.1 percent of all Shares and voting rights in the Company immediately following the Offering (assuming that the Over-allotment Option is exercised in full and that the Company will issue 15,156,795 New Shares). See "Major Shareholders". After the Offering, the Principal Shareholder will continue to have significant ownership in the Company and it will be able to control, among other things, the composition of the Board of Directors of the Company and the distribution of dividends. The Principal Shareholder will also have the ability to block decisions required to be made at the general meeting of the shareholders of the Company, including, among other things, the approval of the financial statements, capital increases, decisions regarding changes to the articles of association and certain corporate transactions, such as mergers and demergers. There can be no assurance that the interests of the Principal Shareholder will be aligned with those of other shareholders of the Company.

### The Shares have not been previously subject to public trading, and, thus, the market price of the Shares may be volatile and an orderly and liquid trading market may not develop.

The Shares have not previously had a public trading market, and there can be no assurance that after the First North Listing, the Shares will be actively traded or that an active trading can be maintained. Therefore, the liquidity of the Shares is uncertain.

The market price of the Shares may fluctuate significantly due to a number of factors, such as realised or anticipated changes in Kempower's results of operations, Kempower's ability to reach its business objectives, developments in the markets Kempower serves, announcements concerning innovations introduced by competitors, changes in the regulatory environment, general market conditions and other factors. In addition, international financial markets have occasionally experienced significant fluctuations in share prices and trading volumes regardless of the business development or future outlook of individual companies. These factors are mainly beyond Kempower's control. Moreover, the prices of shares offered publicly for the first time have been subject to considerable price fluctuations for periods of time, which may not have corresponded to the business or financial success of the particular company issuing such shares. There can be no assurance that the market price of the Shares will not experience significant fluctuations or decline below the Subscription Price. The Subscription Price does not necessarily reflect the market price of the Shares after the First North Listing.

### Future share issues and sales of significant number of Shares may reduce the price of the Shares and the future share issues may dilute the share of ownership of the current shareholders.

The Company and the Principal Shareholder are expected to commit to, subject to certain exceptions, a lock-up period that will end for the Company 180 days and for the Principal Shareholder 360 days from the First North Listing. In addition, the members of the Board of Directors of the Company and the members of the extended management team of Kempower are expected to enter into a lock-up agreement with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. Further, according to the terms and conditions of the Offering, the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy as well as related parties of the members of the Boards of Directors who participate in the Public Offering with allocation preference or participate in the Institutional Offering must agree to comply with the lock-up with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. See "Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Lock-up". Furthermore, certain members of Kempower's personnel have committed to a lock-up period in relation to Shares subscribed by them in a directed share issue in October 2021 (the "Personnel Offering"). See "Description of the Shares and Share Capital—Personnel Offering". After the lock-up period, the Company may issue and other parties may sell Shares. The issuance or

sale of a significant number of Shares, or an understanding that such an issuance or sale may occur in the future, could have an adverse effect on the market price of the Shares and on the Company's ability to raise funds through share issues in the future.

Due to the large percentage of Shares held by the Principal Shareholder, there can be no assurance that the Principal Shareholder will not affect trading and transaction volumes by using its decision-making power in the Company or by making decisions concerning its shareholding in the Company, which could have an adverse effect on the prevailing market price of the Shares. Further, the perception that any such large sell down by large shareholders may occur in the future may have an adverse effect on the development of the price of the Shares. Furthermore, any possible future directed share issue, or a rights issue where any existing shareholders decide not to exercise their subscription rights, could dilute shareholders' relative share of the Shares and voting rights in the Company.

The Company's articles of association include provisions on the obligations to notify the Company on the change of holdings and to make a purchase offer, and non-compliance of such provisions could result in restrictions on the exercise of investors' voting rights and in the non-redemption of Shares.

The provisions of the Finnish Securities Markets Act on mandatory tender offers or notifications of major holdings do not apply to the Company even after the First North Listing. Therefore, the Company has included in its articles of association an obligation to notify the Company of a change of holdings and an obligation to make an offer to purchase Shares if certain criteria are met.

When the shareholdings or proportion of voting rights of a shareholder reach or exceed or limits as specified in the Company's articles of association or decrease under these limits, the shareholder has the obligation to notify the Company of the change of holdings. The obligation to notify changes of holdings applies to both Shares and financial instruments. If a shareholder does not notify the Company of the change of holdings in accordance with the articles of association, the shareholder may not exercise its voting rights attached to the Shares held by the shareholder prior to the change of holdings until the shareholder has made the required notification.

It is possible that a shareholder gains control of the Company without the other shareholders being informed about it. In accordance with the articles of association of the Company, after the Shares have been admitted to public trading on a market place, including but not limited to the First North Growth Market, a person whose holdings, either alone or together with other persons in a way defined in the Company's articles of association, in the voting rights attached to all the Shares registered in the Trade Register exceeds 30 percent, shall be obliged to make an offer to purchase all the other Shares issued by the Company and options which entitle the holder to new Shares from the other shareholders and holders of such options. Enforcement of the obligation to make a purchase offer in accordance with the articles of association of the Company will be the sole responsibility of the Board of Directors of the Company and no securities market supervisory authority is responsible for overseeing the enforcement. Therefore, it is possible that a shareholder, who would be obliged to make a purchase offer in accordance with the articles of association of the Company but who neglects this obligation, cannot be compelled to comply with provisions as efficiently as when such obligation is based on law or an administrative order. If a shareholder does not comply with the provisions of the articles of association of the Company or if the articles of association of the Company are not efficiently enforced by the Board of Directors of the Company, this could result voting rights of a shareholder, who would be obliged to make a purchase offer, being restricted as well as in the non-redemption of the Shares of other shareholders and options of option holders, thus, weakening the rights of the Company's shareholders.

A failure to comply with the above-mentioned obligations included in the articles of association of the Company could have a material adverse effect on the Company's attractiveness as an investment and on the value of the Offer Shares. For more information on the obligation to notify the change of holdings and the obligation to make an offer to purchase Shares, see "Description of the Shares and Share Capital—Shareholder Rights—Redemption Right and Obligation to Purchase Shares" and "Description of the Shares and Share Capital—Shareholder Rights—Notification on the Change of Holdings" as well as the articles of association of the Company included as Annex A to this Offering Circular.

### Holders of nominee-registered Shares cannot necessarily exercise their voting rights.

The holders of nominee-registered Shares cannot necessarily exercise their voting rights unless their ownership has been temporarily registered under their own name in Euroclear Finland prior to the Company's general meeting of shareholders. The Company cannot give any assurances that the holders of nominee-registered Shares would receive a notice to the general meeting of shareholders in time to instruct their account operators to either temporarily register their Shares or otherwise exercise their voting rights as the actual owners wish. See "The First North Growth Market and the Finnish Securities Markets—Finnish Book-entry Securities System".

### Certain foreign shareholders may not necessarily be able to exercise their subscription rights.

Under Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when the Company issues new shares or securities entitling the subscription of new shares. Certain shareholders of the Company who reside

or will reside in, or whose registered address is located in, certain countries other than Finland may not be able to exercise their subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation of the country in question or in an otherwise similar manner, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. This may lead to the dilution of such shareholders' ownership in the Company. Further, if the number of shareholders who are not able to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have an adverse effect on the price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question. See "Description of the Shares and Share Capital—Shareholder Rights".

The companies listed on the First North Growth Market are subject to less extensive securities market regulation than companies listed on regulated markets, and, therefore, investing in such companies may contain more risks than investing in companies listed on regulated markets.

The First North Growth Market is a multilateral trading facility operated by Nasdaq Helsinki. The companies listed on the First North Growth Market are subject to less extensive regulation than companies listed on regulated markets and, therefore, regulation on, for example, provisions on notification of major shareholdings and mandatory public tender offers in the Finnish Securities Markets Act do not apply to securities admitted to trading on the First North Growth Market. However, the Company has included the obligation to notify the changes of holding and obligation to purchase Shares if certain thresholds are reached in its articles of association. See "—The Company's articles of association include provisions on the obligations to notify the Company on the change of holdings and to make a purchase offer, and non-compliance of such provisions could result in restrictions on the exercise of investors' voting rights and in the non-redemption of Shares' above. Due to these and other differences in regulation, the companies listed on the First North Growth Market and the rights and obligations of their shareholders differ from the rights and obligations of the companies on regulated markets and their shareholders. Investing in a company listed on the First North Growth Market may contain more significant risks than investing in a company listed on a regulated market.

### Risks Related to the Offering and the First North Listing

### The First North Listing will result in additional costs for the Company and the Company may fail to implement functions required from a listed company.

The Company will submit a listing application to Nasdaq Helsinki to list the Shares on the First North Growth Market. In addition to non-recurring costs, the First North Listing will result in significant ongoing administrative costs for the Company also after the First North Listing, which could have an adverse effect on Kempower's financial condition and/or results of operations. As a consequence of the First North Listing, the Company will be required to meet regulatory requirements pertaining to entities with shares admitted to trading on the First North Growth Market, in particular with respect to financial reporting, and allocate staff and resources to such purposes. Such additional costs could have a material adverse effect on Kempower's financial condition and/or results of operations.

It is possible that the implementation of the required operations and processes and the staff and resources adjustment requires more resources than planned and these tasks cannot be performed with the same level of quality as previously or that such operations will be suspended. Furthermore, Kempower must assign employees and other resources for these purposes. It is also possible that Kempower will fail to implement and organise the functions required from a listed company or to maintain these functions partly or entirely. If Kempower fails to implement and organise the functions required from a listed company, Nasdaq Helsinki may not accept the Company's listing application.

Tight communication schedules and dependence on data systems and key employees to carry out required operations and processes may pose challenges to the correctness of financial and other information and to the timely release of such information. If information published by the Company turns out to be incorrect, misleading or otherwise not in compliance with all applicable laws, rules and regulations, the Company may lose the trust of its investors and other interest groups and face sanctions as a result of such actions.

### The Offering may not be fully subscribed for and the Company may not raise the full amount of proceeds from the Offering.

There can be no assurance that the Offering will be fully subscribed for and that the Company will raise the full amount of proceeds from the Offering upon the completion of the Offering. In such an event, Kempower could be required to seek additional sources of financing in order to execute its growth strategy. In addition, if the Company and the Global Coordinator do not receive satisfactory amount of subscriptions of the Offer Shares, the Offering will not be executed.

### The conditions for the Offering may not be fulfilled.

The Placing Agreement (as defined below) related to the Offering includes certain customary terms and conditions, including the accuracy and correctness of certain terms and conditions relating to the Company and the Global Coordinator.

If one or more of the terms and conditions of the Placing Agreement are not met, the Placing Agreement may not be entered into or it may be terminated, as a result of which the Offering will not be completed. See "*Plan of Distribution*". The completion of the Offering is also conditional upon that the Company and the Global Coordinator receiving satisfactory amount of subscriptions of the Offer Shares.

### Subscription commitments are irrevocable and there is no certainty of the number or the allocation of the Offer Shares.

The subscription commitments made in the Offering are binding and cannot be cancelled or amended after the subscription has been made, except as described in "Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Cancellation of Commitments".

The Company will decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares to investors. The Company will decide on the procedure to be followed in the possible event of an oversubscription. Subscription commitments may be approved or rejected in whole or in part. The Company aims to approve subscribers' subscription commitments in whole up to a limit to be determined later and, for subscription commitments exceeding this amount, to allocate Offer Shares in proportion to the amount of subscription commitments unmet. The members of the Board of Directors of the Company, the members of the extended management team of Kempower and the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy may be given priority when allocating the Offer Shares in the Public Offering. The Company aims to approve each such subscriber's subscription commitment in whole up to 8,710 Offer Shares. See "Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Public Offering—Approval of Commitments and Allocation", "Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Public Offering—Allocation Right" and "Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Institutional Offering—Approval of Purchase Offers and Allocation".

### **CERTAIN MATTERS**

### Statement Regarding Information in this Offering Circular

The Company is responsible for the information included in this Offering Circular. To the best of the Company's knowledge, the information contained in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

1 December 2021

Kempower Corporation

### Special Cautionary Notice Regarding Forward-looking Statements

This Offering Circular contains forward-looking statements about Kempower that are not historical facts, but statements about future expectations. When used in this Offering Circular, the words "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "may", "plans", "should", "will", "would" and similar expressions as they relate to Kempower or its management, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Offering Circular, including in the sections "Summary", "Risk Factors", "Dividends and Dividend Policy", "Reasons for the Offering and Use of Proceeds", "Capitalisation and Indebtedness", "Industry and Market Overview", "Business", "Operating and Financial Review" and wherever this Offering Circular includes information on the future results, plans and expectations with regard to Kempower, the future growth and profitability of Kempower and the future general economic conditions to which Kempower is exposed.

### No Incorporation of Website Information

The Finnish Prospectus will be published on Kempower's website at *investors.kempower.com/fi/listautuminen* and this Offering Circular at *investors.kempower.com/ipo* on or about 2 December 2021.

This Offering Circular, the documents incorporated by reference as well as possible supplements to this Offering Circular that will form a part of this Offering Circular will be published on Kempower's website. However, other information on Kempower's website or any other website, do not form a part of this Offering Circular, and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

#### **Presentation of Financial Information**

### Historical Financial Statements and Interim Financial Information

The financial information included in this Offering Circular has been derived from Kempower's unaudited consolidated financial information as at and for the nine months ended 30 September 2021 including the unaudited comparative financial information as at and for the nine months ended 30 September 2020 (*i.e.*, the Interim Consolidated Financial Information) and Kempower's audited financial statements as at and for the years ended 31 December 2020, 2019 and 2018 (*i.e.*, the Audited Financial Statements) incorporated by reference into this Offering Circular.

The Audited Financial Statements incorporated by reference in this Offering Circular have been prepared in accordance with the Finnish Accounting Act, the Finnish Accounting Ordinance (1339/1997, as amended) and the instructions and statements of the Finnish Accounting Board operating under the auspices of the Ministry of Economic Affairs and Employment (*i.e.*, together, FAS). The Interim Consolidated Financial Information included in this Offering Circular has been prepared in accordance with FAS and presented to the extent required by Section 4.4 (e) (i)—(iv) of the First North Rulebook.

Kempower's Audited Financial Statements as at and for the years ended 31 December 2020, 2019 and 2018, were prepared for the Company under its previous name, Kempower Oy. Kempower's audited financial statements as at and for the years ended 31 December 2019 and 31 December 2018 presented in this Offering Circular differ from Kempower's statutory audited financial statements as at and for the years ended 31 December 2019 and 31 December 2018 approved by the annual general meeting of shareholders of the Company because these audited statutory financial statements did not include cash flow statements. The cash flow statement information as at and for the years ended 31 December 2019 and 2018 has been prepared for and included in the Kempower's audited financial statements as at and for the years ended 31 December 2019 and 2018 prepared for the purposes of this Offering Circular.

The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

The Audited Financial Statements have been audited by EY, Authorised Public Accountants, with Jari Havukainen, Authorised Public Accountant, as the auditor with principal responsibility. The Interim Consolidated Financial information has been reviewed by EY, Authorised Public Accountants, with Toni Halonen, Authorised Public Accountant, as the auditor with principal responsibility.

### Alternative Performance Measures

Kempower presents in this Offering Circular 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 FAS (together, the "Alternative Performance Measures").

These Alternative Performance Measures are:

- revenue growth;
- gross profit;
- gross profit margin;
- EBITDA;
- EBITDA margin;
- EBIT margin;
- operative EBIT;
- operative EBIT margin;
- equity ratio;
- investments;
- net debt; and
- earnings per share.

For more information on the reasons for the use of the Alternative Performance Measures and definitions and basis of calculation of the Alternative Performance Measures, see "Selected Financial Information".

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 in this Offering Circular may not be comparable with similarly named measures presented by other companies. The Alternative Performance Measures presented in this Offering Circular are unaudited.

### **Market and Industry Information**

This Offering Circular contains statistics, data and other information relating to markets, market sizes, market shares and market positions and other industry data pertaining to Kempower's business and markets. Such information is based on Kempower's estimates and/or analysis of multiple sources, including IHS Markit, the European Federation for Transport and Environment based on data from Chatrou CME Solutions, The International Council on Clean Transportation, various expert panels, Bloomberg, various news outlets, public statements, Orbis, ABB reports, as well as an analysis by the Boston Consulting Group commissioned by Kempower in 2021 ("Third-party market study commissioned by Kempower in 2021"), and information otherwise obtained, unless otherwise indicated.

The Company confirms that third-party information has been reproduced accurately in this Offering Circular, but the Company has not verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Moreover,

market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This Offering Circular also contains estimates regarding the market position of Kempower that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organisations and institutions. The Company believes that its internal estimates of market data and information derived therefrom and included in this Offering Circular are helpful in order to give investors a better understanding of the industry in which Kempower operates as well as its position within this industry. Although the Company believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and the Company cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

#### **Certain Other Information**

Financial information set forth in this Offering Circular has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

All references in this Offering Circular to "euro" and "EUR" refer to the currency of Economic and Monetary Union of the EU, those to the "British pound sterling" and "GBP" refer to the currency of the United Kingdom of Great Britain and Northern Ireland, those to the "Danish krone" and "DKK" refer to the currency of the Kingdom of Denmark, those to the "Norwegian krone" and "NOK" refer to the currency of the Kingdom of Norway, those to the "Swedish krona" and "SEK" refer to the currency of the Kingdom of Sweden and those to the "U.S. dollar" and "USD" refer to the currency of the United States of America.

#### **Future Events**

From the year ending 31 December 2021, the Company's aim is to annually publish an annual report that contains audited consolidated financial statements and an annual report of the Board of Directors (the "Annual Report") as well as from the three months ending 31 March 2022, six months ending 30 June 2022 and nine months ending 30 September 2022, to annually publish interim reports. Annual Reports, interim reports and company releases will be published in Finnish and in English. The financial statement bulletin for the year ending 31 December 2021 is aimed to be published on 16 February 2022, the Annual Report for the year ending 31 December 2021 is aimed to be published in week 12 (*i.e.*, between 21 March 2022 and 27 March 2022), the interim report for the three months ending 31 March 2022 is aimed to be published on 18 May 2022, the interim report for the six months ending 30 June 2022 is aimed to be published on 11 August 2022 and the interim report for the nine months ending 30 September 2022 is aimed to be published on 9 November 2022. The Company is planning to hold its annual general meeting of shareholders on 13 April 2022.

### CERTAIN IMPORTANT DATES RELATING TO THE OFFERING

Subscription period of the Offering commences	2 December 2021	
Subscription period for the Public Offering may be, in the event of an oversubscription, discontinued earliest	9 December 2021	
Subscription period for the Institutional Offering may be, in the event of an oversubscription, discontinued earliest	10 December 2021	
Subscription period of the Public Offering ends	on or 10 December 2021	about
Subscription period of the Institutional Offering ends	on or 13 December 2021	about
Announcement of the final results of the Offering	on or 13 December 2021	about
New Shares are registered in the book-entry accounts in the Public Offering	on or 14 December 2021	about
Trading in the Shares commences on the First North Growth Market	on or 14 December 2021	about
The Offer Shares offered in the Institutional Offering are ready to be delivered against payment through Euroclear Finland	on or 16 December 2021	about

### DIVIDENDS AND DIVIDEND POLICY

The Board of Directors of the Company has adopted a dividend policy pursuant to which no dividends will be distributed in the short to medium term. In the forthcoming years, the Company will focus on financing the growth and the development its business. The amount of any dividend to be potentially paid by the Company in any given financial years is, thus, uncertain and if the Company does not pay any dividend, an investor's potential return will depend solely on the future development of the share price.

The payment of dividends, if any, by the Company and the amounts and timing thereof will depend on a number of factors, including Kempower's capital structure, future revenue, profits, financial position, general economic and business conditions, and future prospects; the ability of the Company's subsidiaries to pay dividends or otherwise transfer funds to the Company; and such other factors as the Board of Directors of the Company may deem relevant.

There can be no assurance that a dividend will be declared in any given year. Moreover, any dividend paid in a given year will not be indicative of any dividends to be paid in any subsequent year. If any dividend is distributed, all of the Shares will be entitled to the same dividend.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited liability company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on the proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited. The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to decide upon payment of dividends and other distribution of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount resolved by the general meeting of shareholders. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial position of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

No dividend has been paid by the Company for the years ended 31 December 2020, 2019 and 2018. See "Certain Matters—Presentation of Financial Information" and "Description of the Shares and Share Capital—Shareholder Rights—Dividends and Other Distributions of Funds".

Dividends paid to shareholders who are non-residents of Finland will generally be subject to Finnish withholding tax. Currently, the withholding tax rate is 20 percent of the dividend paid to non-resident corporate entities and 30 percent for all other non-residents. The amount of withholding tax may be reduced pursuant to an applicable tax treaty to which Finland is a party. For a summary of certain tax consequences for shareholders, see "*Taxation*".

### REASONS FOR THE OFFERING AND USE OF PROCEEDS

### Reasons for the Offering

The objective of the Offering is to enable Kempower to execute its growth strategy (*i.e.*, go-to market and innovation strategy), as set out in "Business—Kempower's Strategy", and to continue to make investments in its production and production capacity, working capital, R&D, and organisation (including, among others, sales and marketing organisations). The Offering and First North Listing will enable the Company to obtain access to capital markets, expand its ownership base and improve the liquidity of the Shares. Additional visibility is also expected to improve Kempower's recognition among the public and as an employer, and thus enhance Kempower's competitiveness. The First North Listing would also allow Kempower to use its Shares more effectively in incentive programmes for Kempower's personnel and as a means of consideration in potential acquisitions.

### **Use of Proceeds**

The Company aims to raise gross proceeds of approximately EUR 87.0 million in the Offering by offering New Shares for subscription. In connection with the Offering, the Company expects to pay a maximum of approximately EUR 5.9 million in fees and expenses (assuming that the Over-allotment Option will not be exercised and that the discretionary fee will be paid in full), resulting in net proceeds for the Company from the Offering of approximately EUR 81.1 million (assuming that all preliminarily offered New Shares are subscribed for and the Over-allotment Option will not be exercised). The Company expects to use the net proceeds from the Offering to support Kempower's growth strategy, to strengthen Kempower's operations, to repay non-current and current loans from Kemppi Group Oy and incurred interests (other than the Capital Loans (as defined below)) (amounting to EUR 4.0 million in total as at the date of this Offering Circular) (see "Operating and Financial Review—Liquidity and Capital Resources—Interest-bearing Liabilities—Loans from Kemppi Group Oy") and to repay the Capital Loans and incurred interests (amounting to EUR 4.1 million in total as at the date of this Offering Circular) (see "Operating and Financial Review—Liquidity and Capital Resources—Interest-bearing Liabilities—Capital Loans"). According to the Company's preliminary estimate, the implementation of its growth strategy, including investments in production and production capacity, require investments of at least approximately EUR 30 million in total between 2022 and 2025. The Company estimates that the largest monetary investments would be made in 2022, 2023 and 2024.

### CAPITALISATION AND INDEBTEDNESS

The following table sets forth Kempower's capitalisation and indebtedness as at September 30, 2021, (i) based on the Company's unaudited consolidated interim financial information for the nine months ended 30 September 2021 and (ii) as adjusted by the estimated gross proceeds of EUR 87.0 million from the Offering, repayment of the Capital Loans (as defined below) of EUR 4.0 million to Kemppi Group Oy, repayment of other non-current and current loans amounting to EUR 4.0 million Kemppi Group Oy, the share capital increase registered on 26 November 2021, the Personnel Offering of EUR 0.6 million and the estimated total expenses of the Offering and the First North Listing of EUR 5.9 million assuming that the discretionary fee will be paid in full and assuming that the events presented as adjustments would have occurred on 30 September 2021. When reading the table, investors should note that there can be no assurance that the Offering will be completed and the realisation of the proceeds of the Offering is not certain.

The following table should be read together with "Selected Financial Information", "Operating and Financial Review" and the Financial Statements incorporated by reference into this Offering Circular.

_	As at 30 September 2021	
	Actual	As adjusted
	(unaudited)	
	(EUR in thousands)	
CAPITALISATION		
Current interest-bearing liabilities		
Guaranteed / secured	=	=
Unguaranteed / unsecured <sup>(1)</sup>	<u>1,000</u>	(2)
Total	1,000	=
Non-current interest-bearing liabilities		
Guaranteed / secured	_	=
Unguaranteed / unsecured <sup>(1)</sup>	<u>7,000</u>	(2)
Total	<u>7,000</u>	
Total interest-bearing liabilities	8,000	_
Equity		
Share capital	3	$80^{(3)}$
Reserve for invested unrestricted equity	_	87,502(3)(4)(5)
Translation difference	(0)	(0)
Retained earnings	621	621
Profit/loss for the period	961	$(4,157)^{(6)}$
Total equity	<u>1,584</u>	84,045
Total equity and interest-bearing liabilities	<u>9,584</u>	84,045
NET INDEBTEDNESS		
Cash and cash equivalents	1,684	75,619(2)(4)(5)(6)
Liquidity (A)	1,684	75,619
Current portion of non-current interest-bearing liabilities <sup>(1)</sup>	1,000	_(2)
Current indebtedness (B)	1,000	<u> </u>
Net current indebtedness (C=B-A)	(684)	(75,619)
Non-current interest-bearing liabilities <sup>(1)</sup>	7,000	(2)
Non-current indebtedness (D)	7,000	
Net indebtedness (E=D+C)	6,316	<u>(75,619</u> )

As at 30 September 2021, the Company's interest-bearing liabilities included the Capital Loans (as defined below) of EUR 4,000 thousand from Kemppi Group Oy, which have been reported in non-current loans, and other loans of EUR 4,000 thousand, of which EUR 3,000 thousand has been reported in non-current loans and EUR 1,000 thousand in current loans. For more information of these loans, see "Operating and Financial Review—Liquidity and Capital Resources—Interest-bearing Liabilities".

The Company expects to use net proceeds from the Offering to repay the Capital Loans (as defined below) of EUR 4,000 thousand and other loans of EUR 4,000 thousand granted by Kemppi Group Oy, in which case the non-current interest-bearing loans have been reduced by EUR 7,000 thousand, current interest-bearing loans by EUR 1,000 thousand and cash and cash equivalents by EUR 8,000 thousand. The adjustments do not take into account the interest of EUR 127 thousand payable in connection with the repayment. For more information of these loans, see "Operating and Financial Review—Liquidity and Capital Resources—Interest-bearing Liabilities".

<sup>(3)</sup> Share capital was increased to EUR 80 thousand in order to change the corporate form to public limited company resolved unanimously by the shareholders of the Company on 22 November 2021. Accordingly, EUR 77.5 thousand has been adjusted to increase share capital and to deduct from reserve for invested unrestricted equity.

<sup>(4)</sup> The Company aims to raise gross proceeds of EUR 87,000 thousand with the Offering (assuming that the Offering will be fully subscribed). The gross proceeds improve the Company's capital structure by increasing the reserve for invested unrestricted equity and cash and cash equivalents with an equal amount.

<sup>(5)</sup> The Company raised gross proceeds of EUR 579 thousand from the Personnel Offering.

The estimated expenses of the Offering and the First North Listing amount to EUR 5,894 thousand (assuming that the discretionary fee will be paid in full), of which EUR 776 thousand has been incurred and expensed for the nine months ended 30 September 2021. Profit for the period has been adjusted with estimated costs related to First North Listing of EUR 5,118 thousand, which will be incurred and expensed after the nine months ended 30 September 2021. Cash and cash equivalents has been adjusted with the unpaid costs of EUR 5,645 thousand.

Note: With respect to adjustments (2), (4) and (6) to cash and cash equivalents, the amount of adjusted cash and cash equivalents does not reflect the actual cash and cash equivalents balance of the Company.

For more information on the Company's off-balance sheet liabilities and given collaterals, see "Operating and Financial Review—Off-balance-sheet Liabilities".

There have been no material changes in the Company's capitalisation and indebtedness between 30 September 2021 and the date of this Offering Circular.

### **Working Capital Statement**

According to Kempower's estimate, its working capital is sufficient for at least 12 months from the date of this Offering Circular. Kempower's estimate has taken into account the subscription undertakings given by the Cornerstone Investors under which they commit, subject to certain customary provisions, to subscribe for Offer Shares in the amount of approximately EUR 53 million in total. For additional information, see "Terms and Conditions of the Offering—Special Terms and Conditions Concerning the Institutional Offering—Subscription Undertakings".

### TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to the investor's offer or commitment to subscribe for or purchase Offer Shares (as defined below) in the Offering (as defined below), and an investor may be allocated either New Shares (as defined below) or Additional Shares (as defined below). Correspondingly, "subscription period", "subscription price", "purchase offer" and "commitment" (and other corresponding terms) refer to both New Shares (as defined below) and Additional Shares (as defined below).

### General Terms and Conditions of the Offering

#### General

Kempower Corporation, a public limited liability company incorporated in Finland (the "Company"), aims to raise gross proceeds of approximately EUR 87.0 million by offering preliminarily a maximum of 15,156,795 new shares (the "New Shares") for subscription (the "Offering"). Unless the context indicates otherwise, the New Shares and the Additional Shares (as defined below) are together referred to herein as the "Offer Shares". The subscription price for the Offer Shares in the Offering is EUR 5.74 per Offer Share (the "Subscription Price").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally (the "**Institutional Offering**").

A maximum of 15,156,795 Offer Shares may be issued in the Offering assuming that the Stabilising Manager (as defined below) does not subscribe for Additional Shares (as defined below) (and a maximum of 17,430,314 Offer Shares may be issued in the Offering assuming that the Stabilising Manager (as defined below) subscribes for the Additional Shares (as defined below) in full). The Offer Shares represent preliminarily a maximum of approximately 28.5 percent of all the shares in the Company (the "**Shares**") and votes vested by the Shares after the Offering assuming that the Over-allotment Option (as defined below) will not be exercised (approximately 31.4 percent assuming that the Over-allotment Option will be exercised in full).

Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") ("Regulation S"), and otherwise in compliance with the said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act).

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering and the Institutional Offering.

### Offering

The shareholders of the Company resolved unanimously on 22 November 2021 to authorise the Company's Board of Directors to decide on an issue of a maximum of 18,000,000 New Shares. Based on this authorisation, the Company's Board of Directors is expected to resolve on or about 13 December 2021 to issue New Shares in the Offering.

As a result of the Offering, the number of the Shares may increase preliminarily to a maximum of 55,542,920 Shares if all of the New Shares preliminarily offered in the Offering are subscribed for in full and assuming that the Over-allotment Option (as defined below) will be exercised in full.

The Offer Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the First North Growth Market (the "First North Growth Market") maintained by Nasdaq Helsinki Ltd ("Nasdaq Helsinki") (the "First North Listing"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Therefore, the Company's share capital will not increase in connection with the Offering.

### Sole Global Coordinator, Sole Bookrunner and Subscription Place

Carnegie Investment Bank AB, Finland Branch ("Carnegie") acts as sole global coordinator and sole bookrunner for the Offering (the "Global Coordinator"). In addition, the Company has appointed Nordnet Bank AB ("Nordnet") to act as the subscription place in the Public Offering.

### Over-allotment Option

The Company is expected to grant to Carnegie, acting as stabilising manager (the "Stabilising Manager"), an over-allotment option, which would entitle the Stabilising Manager to subscribe for a maximum of 2,273,519 additional

new Shares (the "Optional Shares") at the Subscription Price solely to cover over-allotments in connection with the Offering (the "Over-allotment Option"). The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on the First North Growth Market (*i.e.*, on or about the period between 14 December 2021 and 12 January 2022) (the "Stabilisation Period"). The Optional Shares represent approximately 6.0 percent of the Shares and votes vested by the Shares prior to the Offering and approximately 4.1 percent after the Offering assuming that the Company will issue 17,430,314 Offer Shares. However, the number of Optional Shares will not in any case represent more than 15 percent of the aggregate number of New Shares.

### Stabilisation

The Stabilising Manager may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilising Manager may allocate a larger number of Shares than the total number of New Shares, which will create a short position. The short position will be covered if it does not exceed the number of Optional Shares. The Stabilising Manager is entitled to close the covered short position by exercising the Over-allotment Option and/or by buying Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilising Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilising Manager may also bid for and purchase Shares in the market to stabilise the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a price higher than the Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilising Manager or the Company on behalf of the Stabilising Manager will publish information regarding the stabilisation required by legislation or other applicable regulations at the end of the Stabilisation Period. The stabilisation Period.

Any stabilisation measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "Market Abuse Regulation") and Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

The Stabilising Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new Shares (the "Additional Shares") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for the Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company. See "Plan of Distribution".

### Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**") on or about 13 December 2021. For further information, see "*Plan of Distribution*".

### Subscription Period

The subscription period for the Public Offering will commence on 2 December 2021 at 10:00 a.m. (Finnish time) and end on or about 10 December 2021 at 4:00 p.m. (Finnish time).

The subscription period for the Institutional Offering will commence on 2 December 2021 at 10:00 a.m. (Finnish time) and end on or about 13 December 2021 at 10:00 a.m. (Finnish time).

The Company's Board of Directors is entitled to extend the subscription periods of the Public and Institutional Offerings. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Public Offering and the Institutional Offering will in any case end on 20 December 2021 at 4:00 p.m. (Finnish time) at the latest. The subscription periods of the Public Offering and the Institutional Offering can be extended independently of one another. A company release concerning the extension of a subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering or the Institutional Offering stated above.

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering earliest on 9 December 2021, at 4:00 p.m. (Finnish time) and to discontinue the Institutional Offering earliest on 10 December 2021, at 4:00 p.m. (Finnish time). The Public Offering and the Institutional Offering may be discontinued or not discontinued independently of one another. A company release regarding any discontinuation will be published without delay.

# Subscription Price

The subscription price for the Offer Shares in the Public Offering and Institutional Offering is EUR 5.74 per Offer Share.

The Subscription Price may be changed during the subscription period, however, so that in the Public Offering the Subscription Price will be no more than the original Subscription Price of EUR 5.74 per Offer Share. If the Subscription Price is changed, the Finnish language prospectus published by the Company in connection with the Offering (the "Finnish Prospectus") will be supplemented and the supplement will be published through a company release. The possible change would also be communicated through a company release. If the Finnish Prospectus is supplemented, investors who have given their Commitments (as defined below) before the supplement or correction of the Finnish Prospectus have the right to cancel their Commitments as described in "—Cancellation of Commitments" below.

# Conditionality, Execution and Publishing of the Offering

The Company's Board of Directors will, in consultation with the Global Coordinator, decide on the execution of the Offering, the final number of Offer Shares and the allocation of Offer Shares on or about 13 December 2021 (the "Completion Decision"). The above information will be published through a company release after the Completion Decision and be available on the Company's website at *investors.kempower.com/ipo* and in the subscription place of the Public Offering no later than the business day following the Completion Decision on or about 14 December 2021. In case the Offering does not result in a number of subscriptions for the Offer Shares satisfactory to the Company and the Global Coordinator, the Offering will not be completed. The execution of the Offering is also conditional upon the signing of the Placing Agreement and the Placing Agreement remaining in force.

# **Cancellation of Commitments**

A commitment to subscribe for or purchase Offer Shares in the Public Offering (a "Commitment") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation").

Cancellation in Accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy which may affect the assessment of the Offer Shares (the "Grounds for Supplement"), investors who have subscribed for Offer Shares before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to withdraw their Commitments within three (3) business days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the subscription period.

The Company will announce cancellation instructions through a company release. The company release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

## Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified to Nordnet, within the time limit set for such cancellation.

A cancellation of a Commitment applies to the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment. The payment is refunded as soon as possible after the cancellation, approximately within five (5) banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount.

Investors who have submitted their subscriptions via Nordnet must send a written cancellation request within the set time limit by email to operations.fi@nordnet.fi or deliver the cancellation to Nordnet's office, however, a Commitment submitted by Nordnet's own customers via Nordnet's online service can be cancelled also through an authorised representative or via Nordnet's online service by accepting a separate cancellation of Commitment by using Nordnet's bank codes. To Nordnet's own customers who have given their Commitments, the amount to be refunded will be paid to Nordnet cash accounts.

## Entry of Offer Shares into Book-entry Accounts

Investors who have submitted a Commitment must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and investors must specify the details of their book-entry account in their Commitments.

Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet.

The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision, on or about 14 December 2021. In the Institutional Offering, investors should contact the Global Coordinator with respect to the book-entry accounts. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 16 December 2021 through Euroclear Finland Ltd.

# Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, registered in the trade register maintained by the Finnish Patent and Registration Office and recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares and they will entitle their holders to dividends and other distributions of funds (including the distribution of funds in the event of insolvency of the Company) as well as other rights related to the Shares when the title has been transferred.

# Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. The Additional Shares are being allotted in connection with commencement of trading in the Shares on the First North Growth Market, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Company will pay or procure the payment of any transfer tax levied on the allotment of Additional Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares.

# Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market. Trading of the Shares on the First North Growth Market is expected to commence on or about 14 December 2021. The trading code of the Shares is KEMPOWR and the ISIN code is FI4000513593.

When the trading on the First North Growth Market commences on or about 14 December 2021, not all of the Offer Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

## Right to Cancel the Offering

The Company's Board of Directors has the right to cancel the Offering at any time before the Completion Decision on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Offering is cancelled, the Subscription Price paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. To Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the refunded amount will be paid to Nordnet cash account. No interest will be paid on the refunded amount.

# Lock-up

The Company and Kemppi Group Oy (the "Principal Shareholder") are expected to commit during the period that will end for the Company 180 days and for the Principal Shareholder 360 days from the First North Listing, subject to certain exceptions, without the prior written consent of the Global Coordinator, not to issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. The lock-up does not apply, among other things, to the measures related to the execution of the Offering.

The members of the Board of Directors of the Company and the members of the extended management team of Kempower Corporation and its subsidiaries on a consolidated basis ("**Kempower**") are expected to enter into a lock-up agreement with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. Further, according to the terms and conditions of the Offering, the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy as well as related parties of the members of

the Boards of Directors who participate in the Public Offering with allocation preference or participate in the Institutional Offering must agree to comply with the lock-up with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. In addition, certain members of Kempower's personnel have committed to a lock-up period in relation to the shares subscribed by them in a directed share issue in October 2021. See "Description of the Shares and Share Capital—Personnel Offering".

In aggregate, the terms of lock-up agreements apply to approximately 71.5 percent of the Shares after the Offering without the Over-allotment Option and the possible Offer Shares subscribed for by the members of the Board of Directors of the Company, the extended management team of Kempower as well as by the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy in the Offering (approximately 68.6 percent with the Over-allotment Option) assuming that all the New Shares preliminary offered in the Offering are subscribed for in full.

#### **Other Matters**

The Board of Directors of the Company will, together with the Global Coordinator, decide on other issues and practical matters related to the Offering and on the practical arrangements resulting therefrom.

# **Documents on Display**

The Company's latest financial statements, annual report and the auditor's report as well as the other documents pursuant to Chapter 5, section 21 of the Finnish Limited Liability Companies Act (624/2006, as amended), are available during the subscription period at the Company's offices at Hennalankatu 71, FI-15810 Lahti, Finland.

## Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

#### Special Terms and Conditions Concerning the Public Offering

#### General

Preliminarily a maximum of 871,080 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 871,080 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments. In the Public Offering, the members of the Board of Directors of the Company, the members of the extended management team of Kempower and the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy will have an allocation preference of up to 8,710 Shares per person. Allocation preference of the Public Offering is applicable to 33 persons, in which case the allocation preference described above is equal to a maximum of approximately 33.0 percent of the maximum number of shares preliminarily offered in the Public Offering and a maximum of approximately 1.6 percent of Offer Shares (assuming that all persons to whom the allocation preference is applicable to would subscribe for the Offer Shares at the full amount of the allocation preference and that the Over-allotment Option will be exercised).

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

# Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. In addition, the members of the Board of Directors of the Company and the extended management team of Kempower and the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy domiciled in the European Economic Area may participate in the Public Offering. Entities submitting a Commitment must have a valid legal entity identifier code ("**LEI code**"). Commitments in the Public Offering must be no less than 100 Offer Shares and no more than 17,500 Offer Shares. If an investor provides more than one Commitment in the Public Offering, the Commitments will be combined into one Commitment, which will be subject to the abovementioned maximum limit.

#### Allocation Preference

The members of the Board of Directors of the Company, the members of the extended management team of Kempower and the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy may be given preference in the allocation of the Offer Shares in the Public Offering. These persons must agree to comply with the lock-up with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360

days from the First North Listing in order to participate in the Public Offering with the allocation preference. The Company aims to approve each such subscriber's Commitment in whole up to 8,710 Offer Shares.

# Places of Subscription and Submission of Commitments

A Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or when the investor has confirmed the Commitment with bank codes in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted as a web subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription or has confirmed the Commitment with his or her bank codes and paid for the share subscription price in accordance with the Commitment. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment.

Commitments may only be cancelled in the manner and situations referred to under "—General Terms and Conditions of the Offering—Cancellation of Commitments" above.

The place of subscription in the Public Offering for Nordnet and other banks' book-entry account customers is:

- Nordnet's online service at www.nordnet.fi/fi/kempower. The subscription can be made through online service with the bank codes of Nordnet, Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Bank, S-Bank, Säästöpankki as well as Ålandsbanken. In addition, when separately agreed, the subscription commitment in the Public Offering can be made at Nordnet Bank AB, Finnish Branch's office at Yliopistonkatu 5, FI-00100 Helsinki, Finland, on weekdays from 1.00 p.m. to 5.00 p.m.
- Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet.

Submitting a Commitment via Nordnet's online service requires personal bank codes. The Commitment can also be made on behalf of a corporation through Nordnet's online service. Estates of a deceased person or persons under guardianship, who are not Nordnet's own customers, cannot submit a subscription commitment through Nordnet's online service, but instead they have to submit the Commitment at the office of Nordnet.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians. A guardian may not subscribe for Offer Shares without the permission of the local guardianship authority, as the Offer Shares are not yet subject to trading at the time of the Commitment.

## Payment of Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares is the Subscription Price (*i.e.*, EUR 5.74 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment. If the Subscription Price is decreased, the new Subscription Price will be applied to the Commitments submitted thereafter.

The payment of a Commitment submitted via Nordnet's online service will be charged from Nordnet's own depository customers from their cash account in Nordnet and from other investors from a bank account in another bank when the investor confirms the Commitment with his or her bank codes.

# Approval of Commitments and Allocation

The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the Completion Decision. The Company will decide on the procedure to be followed in any over-demand situations. Commitments may be approved or rejected in whole or in part. In the event of an oversubscription, the Company aims to approve subscribers' Commitments in whole up to a limit to be determined later and, for Commitments exceeding this amount, to allocate Offer Shares in proportion to the amount of Commitments unmet.

The members of the Board of Directors of the Company, the members of the extended management team of Kempower and the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy may be given preference in the allocation of the Offer Shares in the Public Offering. The Company aims to approve each such subscriber's Commitment in whole up to 8,710 Offer Shares.

Confirmations regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and at the latest on or about 20 December 2021. Nordnet's own customers who have made their Commitments via Nordnet will see their Commitments as well as the Offer Shares allocated to them on the transaction page of Nordnet's online service.

# Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Subscription Price is changed and the new Subscription Price is lower than the amount paid at the time of submitting the Commitment, the excess amount paid will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth (5<sup>th</sup>) banking day after the Completion Decision, on or about 20 December 2021. To Nordnet's own customers who have given their Commitments, the amount to be refunded will be paid to Nordnet cash accounts. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If Commitments submitted by the same investor have been combined, any refund will be paid to the same bank account from which the subscription payment was made. No interest will be paid on the refunded amount. See also "—General Terms and Conditions of the Offering—Cancellation of Commitments—Procedure to Cancel a Commitment" above.

## Entry of Offer Shares into Book-entry Accounts

Parties submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the party must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Completion Decision on or about 14 December 2021.

#### Special Terms and Conditions Concerning the Institutional Offering

#### General

Preliminarily a maximum of 14,285,715 Offer Shares are being offered in the Institutional Offering to institutional investors through private placements in Finland and, in accordance with the applicable laws, internationally on the terms and conditions set forth herein. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 871,080 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with the U.S. Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act). For more information on restrictions concerning the offering of the Offer Shares, see "Important Information".

The Global Coordinator has the right to reject a purchase offer of an institutional investor in the Institutional Offering (a "Purchase Offer"), either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

# Right to Participate and Place of Subscription

An investor, whose Purchase Offer is at least 17,501 Offer Shares, may participate in the Institutional Offering. Entities submitting a Purchase Offer must have a valid LEI code.

The Purchase Offers of institutional investors will be received by the Global Coordinator.

# Approval of Purchase Offers and Allocation

The Company will decide on the acceptance of Purchase Offers submitted in the Institutional Offering in connection with the Completion Decision. The Company will decide on the procedure to be followed in any over-demand situations. Purchase Offers may be approved or rejected in whole or in part. A confirmation of the approved Purchase Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

## Payment of Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Purchase Offers in accordance with the instructions issued by the Global Coordinator on or about 16 December 2021. If necessary in connection with a Purchase Offer being made or before the approval of a Purchase Offer, the Global Coordinator has the right, provided by the duty of care set for securities intermediaries, to require that the investor provides information concerning its ability to pay for the Offer Shares corresponding to its Purchase Offer or require that the payment for the Offer Shares concerned by

the Purchase Offer be made in advance. The amount to be paid in this case is the Subscription Price (*i.e.*, EUR 5.74 per Offer Share) multiplied by the number of Offer Shares covered by the Purchase Offer. If the Subscription Price is changed, the new Subscription Price will be applied to the offers submitted thereafter. Possible refunds will be made on or about on the fifth (5<sup>th</sup>) banking day following the Completion Decision, on or about 20 December 2021. No interest will be paid on the refunded amount.

# Subscription Undertakings

Certain funds managed by WIP Asset Management Ltd, Varma Mutual Pension Insurance Company, Evli Fund Management Company Ltd, for and on behalf of funds under its management and/or asset management clients, Ilmarinen Mutual Pension Insurance Company, Nordea Life Assurance Finland Ltd, Julius Tallberg Corp., Danske Invest Finnish Equity Fund, certain funds managed by Sp-Fund Management Company Ltd and Kempinvest Oy (each a "Cornerstone Investor" and together, the "Cornerstone Investors") have each separately given subscription undertakings in relation to the Offering, under which they commit, subject to certain customary provisions, to subscribe for Offer Shares in the amount of approximately EUR 53 million in total in the Offering, provided that that the value of the Company's outstanding Shares prior to the Offering does not exceed EUR 219 million. According to the terms and conditions of the subscription commitments, the Cornerstone Investors are guaranteed the amount of Offer Shares covered by the commitments.

The Cornerstone Investors have given the following subscription undertakings:

- certain funds managed by WIP Asset Management Ltd EUR 15.0 million;
- Varma Mutual Pension Insurance Company EUR 10.0 million;
- Evli Fund Management Company Ltd, for and on behalf of funds under its management and/or asset management clients EUR 8.0 million;
- Ilmarinen Mutual Pension Insurance Company EUR 7.0 million;
- Nordea Life Assurance Finland Ltd EUR 3.0 million;
- Julius Tallberg Corp. EUR 3.0 million;
- Danske Invest Finnish Equity Fund EUR 2.5 million;
- certain funds managed by Sp-Fund Management Company Ltd EUR 2.5 million; and
- Kempinvest Oy (a holding company partly owned by the Chair of the Board of Directors of the Company, Antti Kemppi) EUR 2.0 million.

Subscription undertakings of the Cornerstone Investors equal to approximately 60.9 percent of the Offer Shares assuming that the Over-allotment Option will not be exercised (approximately 53.0 percent assuming that the Over-allotment Option will be exercised in full).

## INDUSTRY AND MARKET OVERVIEW

In this section, Kempower makes certain statements regarding markets in which it currently operates, expected growth in such markets and its competitive and market position. The information is based on Kempower's estimates and/or analyses relying on multiple sources, including IHS Markit, the European Federation for Transport and Environment, based on Chatrou CME Solutions' data, The International Council on Clean Transportation, several expert panels, Bloomberg, several news agencies, public statements, Orbis, ABB reports, as well the Third-party market study commissioned by Kempower in 2021. See "Certain Matters—Market and Industry Information".

# Introduction to Kempower's Market

The EV charging market is comprised of the following three different types of EV chargers differentiated based on current and voltage: slow chargers based on alternating current ("AC"), fast chargers based on DC and so-called high-power chargers ("HPCs") based on DC. Another commonly used framework to categorise the EV charging market is the use of the chargers. From this viewpoint, the first differentiator is whether the charger is used publicly or privately. Within public chargers, a further differentiation can be made depending on the location where the charger is installed. These locations can be categorised into: En-route, Retail and Hospitality and Street and Public places. Similarly, the private charger market can also be divided into Fleet (comprised of commercial vehicle fleets, such as buses, and mobile off-highway machinery, such as excavators), Workplace and Home chargers.

Slow chargers are mostly used in personal vehicles at Homes and Workplaces, but can also be used at times for Commercial Vehicle Fleet charging, as well as for various public applications, including Retail and Hospitality and Street and Public spaces. Fast chargers focus mainly on the En-route, Retail and Hospitality, Street and Public spaces and Commercial Vehicle Fleet charging segments of the market, with limited activity in Workplace charging. The main focus of the HPC market is in the En-route charging segment, with limited activity in Retail and Hospitality and Commercial Vehicle Fleet charging segments. Kempower's focus is in the fast charging and HPC market segments, which form a separate sector from the slow charging equipment that is primarily used for personal vehicles at Home and at the Workplace and is becoming commoditised.

The following chart (for illustrative purposes only) sets forth categorisation of EV charging equipment between slow, fast and high-power charging by user segment:

			Charging speed				
	Segment	Slow	Fast	HPC			
	En-route		X	X	1		
Public	Retail & Hospitality	X	X	X	Kempower		
	Street & Public space	X	x		focus		
	Commercial Vehicle Fleet (incl. off-highway)	X	X	X	<u></u>		
Private	Workplace	X	X				
	Home	X			_		
	x Main	activity X	Limited activit	ty			

Source: Kempower.

Slow charging uses AC when charging EVs and is in Kempower's view generally the primary charging method for personal vehicles. According to Kempower, the typical price for a slow charger is approximately between EUR 500 and EUR 2,000 with a standard power output of 3.6 kilowatts to 22 kilowatts (a typical maximum AC charging power in fully electric vehicles is 11 kilowatts), meaning that it takes approximately between one and six hours to charge 100 kilometres' worth of range to a personal EV. The slow charging equipment is rather simple by its technical design and, as a consequence, to a large extent commoditised. Kempower believes that there are hundreds of slow charger manufacturers.

Fast chargers use DC, and, according to Kempower, they cost approximately from EUR 20,000 to EUR 40,000 on average (and typically include two or more charging points each) and usually have a maximum power output of 50 kilowatts to 80 kilowatts, meaning that it takes approximately from 10 minutes to 30 minutes to charge a 100 kilometre range to a typical personal EV. Fast charging is required for full overnight charging of heavier vehicles, and is also used for quick top-up charging of lighter (e.g., personal) EVs En-route or at destinations. Fast charging equipment includes specialised

power electronics that require deep technological know-how, and especially larger and more complex solutions have significant space for differentiation. The HPC market is an emerging market in which charging current is based on DC. HPCs usually have a power output of more than 100 kilowatts and take only approximately from three to ten minutes to charge a 100 kilometre range to a typical personal EV. According to Kempower, the price of HPCs ranges from approximately EUR 50,000 to EUR 150,000 (and includes typically two or more charging points each). An HPC is used to quickly add range to EVs, primarily En-route, and to charge heavier (*e.g.*, commercial) vehicles during operation. HPC equipment is similar to fast charging equipment, but is capable of handling higher electrical power. According to the view of Kempower, there are more than 20 identified companies on the DC fast charging equipment market.

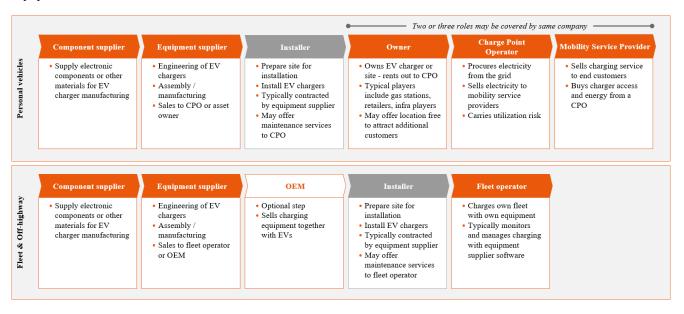
Because of Kempower's modular and scalable product offering, Kempower does not differentiate between the fast charging and HPC equipment markets, but instead recognises them as a single DC fast charging equipment market. This is primarily because Kempower's DC fast charging equipment and solutions are well suited for both below 100 kilowatt (and above 22 kilowatt) fast charging and above 100 kilowatt HPCs.

## Overview of the DC Fast Charging Equipment Value Chain

The value chain for DC fast charging equipment varies slightly between personal vehicle charging and commercial vehicle fleet operators and OEMs. Charging equipment manufacturers and solution providers, including Kempower, are situated in the middle of the value chain and deliver the charging systems to various customer groups. In personal vehicle charging, the typical clients of charging equipment manufacturers and solution providers, such as Kempower, include asset owners, such as CPOs, retail chains and mobility service providers. In contrast, customers in Kempower's OEM customer segment are typically commercial vehicle or mobile machinery original equipment manufacturers that sell EVs and charging equipment as a whole to their own end customers. Commercial vehicle fleet operators are typically, for example, bus fleet operators that have invested in electric buses and require fast charging equipment for its bus depots or En-route charging points.

The installation work is generally a separate part of the value chain with dedicated companies that specialise in site preparation and installation. Hence, the actual project risk for the installation work is borne by third-party service providers, which limits Kempower's risks in its deliveries.

The following chart (for illustrative purposes only) sets forth an example of the value chain in DC fast EV charging equipment:



Source: Kempower.

## Megatrends Behind EV Demand are Expected to Drive EV Charging Market Growth

## Tightening Emissions Regulations

Vehicle emissions regulations are becoming stricter globally, forcing personal vehicle ("PV") manufacturers to manufacture vehicles with less emissions than traditional ICE vehicles. In practice, this is leading PV manufacturers to manufacture more EVs to avoid potentially substantial fines or other negative consequences. There are a number of regulations that are expected to continue driving increased EV demand, which can be divided into the following three categories: are (i) emission standards, (ii) credit programmes and (iii) limits on the use of ICE vehicles.

It is estimated that emissions targets placed on PV manufacturers cannot be met without increasing the adoption of EVs and plug-in hybrid electric vehicles ("PHEVs"). In Europe, PV manufacturers must reduce their carbon dioxide emissions by approximately 20 percent from 2020 figures to meet the 2021 targets. These emission standard regulations include both passenger cars and light commercial vehicles ((EU) 2019/631) and heavy-duty vehicles ((EU) 2019/1242). In addition, emission standards also sometimes include certain incentive mechanisms, such as credit programmes.

Multiple jurisdictions have set out requirements and incentive systems in the form of credit programmes for vehicle manufacturers to manufacture and sell a certain number of EVs within a specified timeframe, or a certain share of their sold vehicles to be EVs. For example, California's Zero Emission Vehicle ("ZEV") programme includes a credit incentive system, where vehicle manufacturers must collect a certain amount of credits to avoid substantial fines. The ZEV programme allows vehicle manufacturers that collect excess credits for manufacturing low- or zero-emission vehicles to sell the excess credits to vehicle manufacturers that have not met the targets. 

1

Finally, multiple larger cities have already announced plans to ban gasoline and diesel-powered ICE vehicles from city centres. These cities include, amongst others, Paris, where ICE vehicles are intended to be banned from city centre by 2030, and Rome, where a similar ban on diesel vehicles is being planned to be effective from 2024 onwards<sup>2</sup>. Under Boris Johnson's green plan, the sale of new diesel and gasoline vehicles will be banned from 2030 onwards in the United Kingdom<sup>3</sup>.

The tightening emissions restrictions are expected to continue to drive the demand for EVs, which, in turn, is expected to drive further investments in EV charging infrastructure to meet the charging needs of the growing EV stock. For example, the European Commission released its "Fit for 55" legislation package in 2021, supporting its commitment to reduce net greenhouse gas emissions by at least 55 percent by 2030. In the United States, president Joe Biden has announced that the United States is targeting to achieve a 50–52 percent reduction from 2005 levels of economy-wide net greenhouse gas pollution by 2030.

## **Declining Battery Prices**

In the coming years, the total cost of ownership ("**TCO**") for EVs is expected to decrease driven by decreasing battery prices<sup>4</sup>. Battery pack prices are expected to fall from USD 143 per kWh in 2020 to less than USD 100 per kWh in 2030<sup>5</sup>. More than 50 percent of this decrease is expected to take place in the next five years, increasing the economic benefits of EV ownership and usage, which, in turn, is expected to accelerate EV penetration in car fleets. Lithium-ion battery pack prices decreased by 87 percent from 2010 to 2020 from USD 1,100 per kWh in 2010 to USD 143 per kWh in 2020. An EV manufacturer, Tesla, is even expecting battery pack prices to decline to below USD 70 per kWh battery pack by 2025, and has steadily announced new investments in gigafactories, large-scale battery pack manufacturing facilities, and EV manufacturing facilities<sup>6</sup>. Declining battery prices are making EVs increasingly competitive versus ICE vehicles, as it is expected that the five-year TCO of EVs will become favourable compared to alternatives around 2023 in most markets<sup>7</sup>.

\_

Source: California Air Resource Board, Zero Emission Vehicle Program (ww2.arb.ca.gov/our-work/programs/zero-emission-vehicle-program).

<sup>2</sup> Source: Who Will Drive Electric Cars to the Tipping Point?, June 2021 (www.bcg.com/publications/2020/drive-electric-cars-to-the-tipping-point).

Source: Ban on new petrol and diesel cars in UK from 2030 under PM's green plan, November 2020 (www.bbc.com/news/science-environment-54981425).

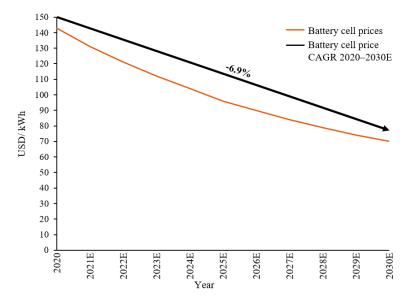
<sup>4</sup> Source: Who Will Drive Electric Cars to the Tipping Point?, June 2021 (www.bcg.com/publications/2020/drive-electric-cars-to-the-tipping-point).

<sup>5</sup> Source: Bloomberg: Better batteries, 2019 (www.bloomberg.com/quicktake/batteries).

<sup>6</sup> Source: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration).

<sup>7</sup> Source: Who Will Drive Electric Cars to the Tipping Point?, June 2021 (www.bcg.com/publications/2020/drive-electric-cars-to-the-tipping-point).

The following graph sets forth battery cell prices that are expected to fall by 50 percent in the coming years:<sup>8</sup>



E Estimate.

# Vehicle Manufacturers and Decision Makers have Pledged to Electrify<sup>9</sup>

Vehicle manufacturers are taking action to respond to the tightening regulation and increasing EV demand. The vehicle manufacturers' ultimate owners, often institutional investors, are also pressuring vehicle manufacturers to act quickly to maintain or increase the market position in the shift from ICE vehicles to EVs. As a result, numerous vehicle manufacturers have expanded their factory capacities by investing heavily in EV engineering, production and support. <sup>10</sup> Vehicle manufacturers have announced plans to bring nearly 400 EV models to the personal vehicle market by 2025, increasing the number of EV alternatives available to consumers with regards to vehicle powertrain and size. This increase in options, in turn, is expected to accelerate the penetration of EVs. Ultimately, the increase in passenger EV stock is expected to increase demand for EV charging infrastructure, and, therefore, demand for DC fast charging equipment. <sup>11</sup>

-

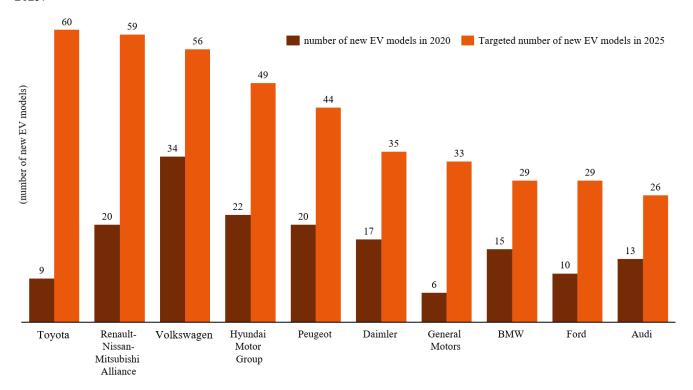
<sup>8</sup> Source: Bloomberg: Better batteries, 2019 (www.bloomberg.com/quicktake/batteries).

<sup>9</sup> Source: IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html) and public announcements made by OEM decision-makers.

Source: Third-party market study commissioned by Kempower in 2021.

Source: IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html) and public announcements made by OEM decision-makers.

The following graph sets forth the number of EV models manufactured by manufacturers in 2020 and their targets by 2025:12



Note: The number of EV models consists of fuel cell vehicles ("FCEV"), battery electric vehicles ("BEV") and PHEVs.

Furthermore, public decision makers have pledged for wider electrification of commercial vehicles in the C40 Cities Clean Bus Declaration of Intent. In this declaration, the cities that have signed on to the C40 Cities Clean Bus Declaration of Intent have collectively committed to reducing the emissions of the transportation sector, and to procure only zero-emission buses from 2025 onwards. Twenty-six cities, including London, Madrid, Oslo, Paris, Copenhagen and Amsterdam, had signed the declaration by September 2021. <sup>13</sup>

# The Number of Personal Electric Vehicles and Commercial Electric Vehicles is Expected to Grow

# Growth in Personal and Commercial EV stocks

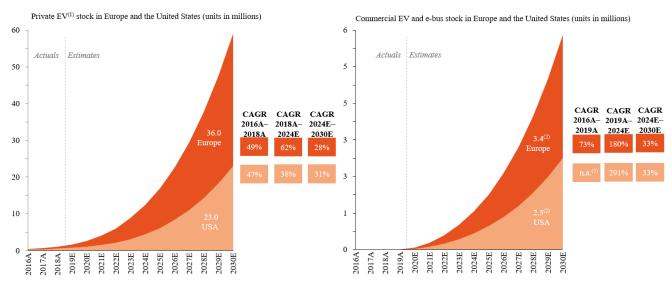
The aforementioned megatrends are expected to drive the increase of personal and commercial EV stocks in both Europe and the United States, and the total EV stock, including both personal and commercial EVs, in the two markets, which are expected to amount to approximately 65 million EVs by 2030 (only including battery EVs)<sup>14</sup>. This increase in EV stock is expected to lead to a similar increase in EV penetration (share of EVs of total European personal vehicles). Electric personal vehicles are expected to reach a penetration rate of approximately 41 percent in Europe by 2040, while hybrid electric personal vehicles are expected to reach a penetration rate of approximately 5 percent in Europe by 2040.

<sup>12</sup> Source: IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html) and public announcements made by OEM decision-makers.

Source: C40 Cities Clean Bus Declaration of Intent (c40-production-images.s3.amazonaws.com/other\_uploads/images/884\_C40\_CITIES\_CLEAN\_BUS\_DECLARATION\_OF\_INTENT\_FINAL\_DEC1.original\_EC2.original.original.pdf?1479915583).

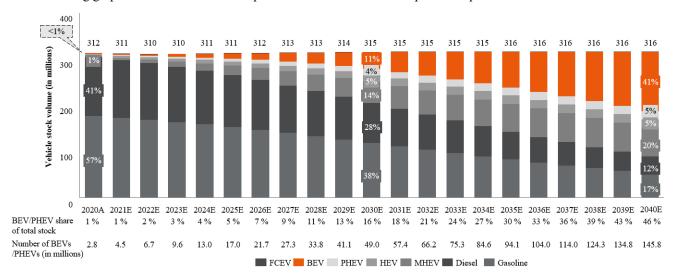
Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html) and public announcements made by OEM decision-makers; International Council on Clean Transportation: Zero emission bus and truck market in the United States and Canada: a 2020 update, May 2021 (theicct.org/publications/canada-race-to-zero-FS-may2021); Transport Environment: EVs will be cheaper than petrol cars in all segments by 2027, BNEF analysis finds, May 2021 (www.transportenvironment.org/discover/evs-will-be-cheaper-than-petrol-cars-in-all-segments-by-2027-bnef-analysis-finds/); Global Commercial Vehicles: Mapping Alternative Powertrain Adoption 3/2021, Morgan Stanley.

The following graphs set forth the estimated personal and commercial EV stock and their CAGR in Europe and the United States for the periods indicated: 15



- E Estimate.
- (1) Only battery EVs included.
- (2) Total of e-buses and commercial vehicles.
- (3) United States commercial vehicle stock not available for 2016.

The following graph sets forth the estimated personal vehicle stock in Europe for the periods indicated: 16



Note: HEV means full hybrid electric vehicle and MHEV means mild hybrid electric vehicle.

E Estimate.

#### **Kempower's Target Market**

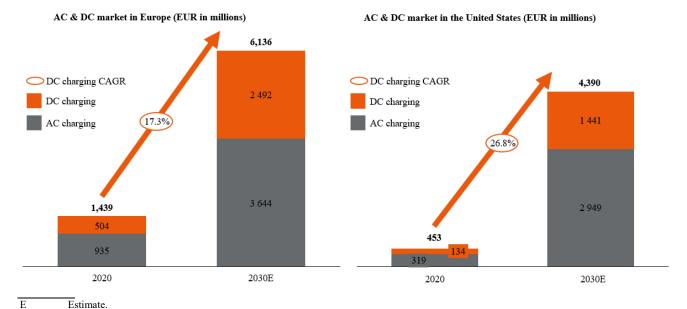
Kempower currently targets the DC fast charging and HPC equipment markets of EVs in Europe and also sees significant potential to expand into the United States. In 2020, the DC fast charging and HPC equipment markets in Europe and the United States amounted to approximately EUR 638 million. Because of 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 only approximately 2 percent of the total charging equipment sales volume in these geographies.

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html); International Council on Clean Transportation: Zero emission bus and truck market in the United States and Canada: a 2020 update, May 2021 (theicct.org/publications/canada-race-to-zero-FS-may2021); Transport Environment: EVs will be cheaper than petrol cars in all segments by 2027, BNEF analysis finds, May 2021 (www.transportenvironment.org/discover/evs-will-be-cheaper-than-petrol-cars-in-all-segments-by-2027-bnef-analysis-finds/); Global Commercial Vehicles: Mapping Alternative Powertrain Adoption 3/2021, Morgan Stanley.

Source: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration).

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.<sup>17</sup>

The following graphs set forth the estimated turnover of the AC and DC fast charging equipment markets in Europe and the United States for the periods indicated:<sup>18</sup>

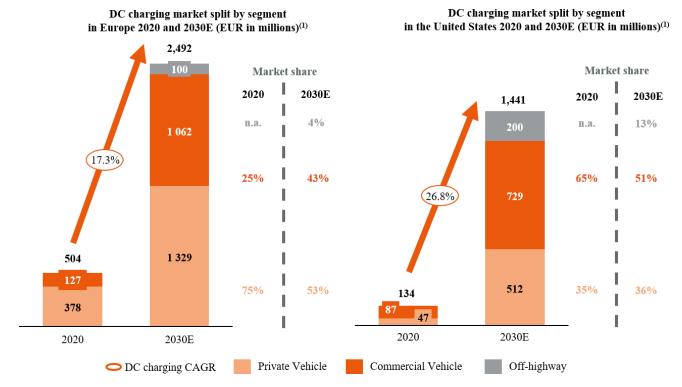


In Europe, most of the relative growth in the DC fast charging equipment market between 2020 and 2030 is expected to come from commercial vehicle charging, while the largest relative growth contributor in the United States is expected to be personal vehicle charging. In terms of the absolute growth, the European personal vehicles segment and the United States' commercial vehicles segment are expected to contribute the most in the market's turnover growth. In 2020, the personal vehicle DC fast charging equipment market represented approximately 75 percent of the DC market's turnover in Europe and 35 percent in the United States, with commercial vehicle charging equipment accounting for 25 percent and 65 percent, respectively. In 2030, the personal vehicle DC fast charging equipment is expected to represent 53 percent of the total DC market's turnover in Europe and 36 percent in the United States. The market's turnover for commercial vehicle DC fast charging equipment in Europe and the United States is forecast at 43 percent and 51 percent, respectively, of the total DC market's turnover. The off-highway DC fast charging equipment market's share of the total DC charging equipment market turnover is forecast to be 4 percent in Europe, and 13 percent in the United States in 2030.

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html).

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html).

The following graphs set forth the EV charging market by segment for the periods indicated: 19



Note: The 2020 market turnover figures exclude minor possible contribution from the off-highway segment.

## **Competitive Landscape**

The competitive landscape in EV charging can roughly be divided into two segments: hardware providers and software providers. There are many different companies active in these two segments, including electronic conglomerates, companies with mostly hardware focus, end-to-end CPOs and charge point software operators. Kempower considers itself to be mostly a hardware manufacturing focused company despite its ChargEye<sup>™</sup> cloud service combined with artificial intelligence (AI) playing a key role in the value proposition of Kempower. According to Kempower, the ability of the ChargEye<sup>™</sup> cloud service to recognise car brands and models is a competitive advantage on DC fast charging markets. According to Kempower, Kempower's charging control unit is also an essential element in Kempower's solution, and Kempower does not use third-party solutions in this.

According to the view of Kempower, the DC fast charging equipment market remains fragmented and immature with more than 20 identified companies. The differentiating elements are the key elements of the chargers, including qualities such as the maximum number of vehicles per charging system, availability of satellite charging posts, mobility of chargers and kilowatt power provided by a charging system. According to Kempower's assessment, Kempower is currently the only company offering a charging system with power required by a customer, for example 4,000 kilowatts, with modular design, satellite charging posts and dynamically distributable charging power as well as movable chargers in one package or system in an environmentally friendly manner.

According to the Third-party market study commissioned by Kempower in 2021, the most important differentiation areas in DC-based charging are the modularity and scalability of the charger offering, customer experience and dynamic charging. Approximately 50 percent of Kempower's customers highlight modularity and scalability among the most important purchasing criteria. Furthermore, all of Kempower's current customers interviewed regarded Kempower's modularity as the best in market. Additionally, approximately 90 percent of all interviewed current and potential customers of Kempower perceive Kempower's customer experience to be well above market average, while 25 percent perceived Kempower as a clear leader in this industry. With regards to the dynamic charging, approximately 70 percent of Kempower's current commercial vehicle / fleet operator customers mention dynamic charging as a major purchasing reason while 50 percent of all the interviewed existing and potential customers perceive Kempower to be above market average in dynamic charging. Approximately one third of all the interviewed existing and potential customers see dynamic charging

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration)n; IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html); International Council on Clean Transportation: Zero emission bus and truck market in the United States and Canada: a 2020 update, May 2021 (theicct.org/publications/canada-race-to-zero-FS-may2021); Transport Environment: EVs will be cheaper than petrol cars in all segments by 2027, BNEF analysis finds, May 2021 (www.transportenvironment.org/discover/evs-will-be-cheaper-than-petrol-cars-in-all-segments-by-2027-bnef-analysis-finds/).

among the most important differentiation criteria, and the importance is especially highlighted within commercial vehicle / fleet operators and CPO customer segments.

The following chart sets forth the market positioning of Kempower and certain of its competitors:<sup>20</sup>



Sources: Company websites, press releases, Orbis database, Third-party market study commissioned by Kempower in 2021.

## **BUSINESS**

This section contains statistics, data and other information relating to markets, market sizes, market shares and market positions and other industry data pertaining to Kempower's business and markets. The information is based on several sources and Kempower's estimates. See "Certain Matters—Market and Industry Information".

# Kempower's Background

Kempower is a subsidiary of Kemppi Group Oy and, therefore, part of the Kemppi Group, a Finnish family business founded in 1949. Kemppi Group is known for its global welding machine brand Kemppi. The Kemppi Oy group, which is part of the Kemppi Group, has supplied thousands of welding machines since 1949. In 1977, the Kemppi Oy group introduced the world's first inverter-based DC power source for welding. Kemppi Oy, founded in 1949, another subsidiary of Kemppi Group Oy, operating in more than 70 countries, is one of the technology leaders in the arc welding industry, and its consolidated revenue was approximately EUR 140,000 thousand in 2020.

Kempower Oy was initially founded in the 1990s as a subsidiary of Kemppi Oy to target the non-welding part of the DC power source market, as the business for DC power source related applications became more attractive. For example, Kempower supplied approximately 900 units of 2,000 Ampere power sources to the European Organisation for Nuclear Research ("CERN") particle accelerator, which was the best known reference for its project business, and was subsequently awarded CERN's Golden Hadron Award in 2006 for excellent achievements in designing and manufacturing top-quality power converters. In 2009, the Kempower project business was discontinued and the Kempower technical team was moved to work as a research department of Kemppi Oy, where one of the research areas was new businesses, such as EV charging. Following several market studies and some project pilots in Finland with 20 kilowatt fast chargers with the CHAdeMO fast charging standard for EVs ("CHAdeMO"), Kemppi Group Oy decided to restart Kempower as an independent company from the Kemppi Oy group's welding business, which would fully focus on EV charging. Subsequently, the EV charging equipment business of Kemppi Group was separated into Kemppi Solutions Oy in 2017. Kemppi Solutions Oy changed its name to Kempower Oy in 2018. Kempower's actual operations began in 2018 when the core expertise accumulated over the years in both Kempower's special projects and Kemppi Oy's research department formed the backbone of the team that created Kempower's technology for EV charging.

#### Overview

Kempower is a Finnish EV fast charging equipment and solutions manufacturer and provider striving for rapid growth. Kempower designs, manufactures and sells DC fast charging devices, solutions and services for EVs, such as personal and commercial vehicles and mobile off-highway machinery and electric marine vessels and boats. Kempower offers a wide range of solutions to suit all EV fast charging needs – from public parking spaces to bus depots and end stops, for heavy-duty commercial and other EVs as well as ports and charging of electric marine vessels and boats. The modular, scalable and flexible design of Kempower's products, combined with the systems' ability to handle several vehicles' dynamic fast charging simultaneously, serves in particular customer groups that require or benefit from charging systems with multiple, high-power charging devices. Kempower strives to enable a cleaner and smarter future by providing high-quality charging solutions and its mission is to enable clean mobility by utilising Kemppi Oy's 70 years of experience in demanding conditions of electric power supply. Kempower's charging system withstands operation temperature range from -40°C to +50°C and it has been designed to withstand dirt, water, dust and snow.

Kempower's main geographic markets include the Nordics, which accounted for 70 percent of Kempower's revenue for the year ended 31 December 2020 and 90 percent of consolidated revenue for the nine months ended 30 September 2021, and the rest of Europe, which accounted for 27 percent of Kempower's revenue for the year ended 31 December 2020 and 10 percent of consolidated revenue for the nine months ended 30 September 2021. Kempower's charging solutions have been delivered to more than 30 countries globally, and revenue outside Europe accounted for 4 percent of Kempower's revenue for the year ended 31 December 2020 and 1 percent of consolidated revenue for the nine months ended 30 September 2021. Kempower's charging solutions are designed and manufactured in Lahti, Finland, where Kempower's headquarters and its two production facilities are located as at the date of this Offering Circular. Kempower aims to transfer certain company functions, including its headquarters and a portion of production, to new business premises in Lahti, Finland during 2022, replacing the smaller of its two current production facilities. Kempower expects the new business premises to enable it to increase its production capacity manifold by 2025 compared to its production capacity as at the date of this Offering Circular. The other existing production facility neighbours the new business premises, and Kempower aims to, at first, keep it leased as a storage space, in addition to which it intends to potentially expand its production there, if additional production capacity is needed in the future.

For the year ended 31 December 2020, Kempower's revenue was EUR 3,252 thousand, its operating loss (EBIT) was EUR 2,220 thousand and its profit for the period was EUR 103 thousand. For the nine months ended 30 September 2021, Kempower's consolidated revenue was EUR 18,986 thousand, its operating profit (EBIT) was EUR 2,092 thousand and its profit for the period was EUR 961 thousand. As at 30 September 2021, Kempower had a personnel headcount of 103.

Kempower had an average personnel headcount of 29 for the year ended 31 December 2020, an average of 13 for the year ended 31 December 2019 and an average of four for the year ended 31 December 2018.

## History

Kempower's history dates back to the year 1949, when electrician Martti Kemppi founded a small workshop in an outbuilding of his home. Initially, the workshop produced concrete carts, milk carts, sauna stoves and welding transformers. In the 1950s, the company became a limited liability company, Veljekset Kemppi Oy, and the company began to focus on welding equipment. Veljekset Kemppi Oy's export business began in 1955. In the mid-1960s, the company manufactured approximately half of Finnish welding transformers and a variety of electrical equipment for the industry and had exports to 30 countries. In 1968, the name of the company was shortened to Kemppi Oy.

Kemppi Oy established its first subsidiary in Sweden in 1972. In 1977, Kemppi Oy introduced the world's first inverter-based DC power source for welding. During the 1980s, the company established subsidiaries in several countries in Europe. In 1993, Kemppi Oy launched the world's first digital welding power source called Kemppi Pro. Kempower Oy was initially founded in the 1990s as a subsidiary of Kemppi Oy to target non-welding applications of the DC power source market, as the business for DC power source related applications became more attractive. For more information, see "— Kempower's Background" above.

In 2018, Kempower and Normet Corporation ("Normet") began cooperation, with Kempower developing fast charging solutions and providing service for Normet's range of fully electric mining and tunnelling equipment. In 2019, Kempower released its first T-Series products and in 2020 its first C-Series and S-Series products. In 2020, Kempower agreed to deliver the largest electric bus depot in the Nordics to the Nordic's largest bus operator Nobina AB ("Nobina") in Malmö, Sweden and Kempower and LaddAlliansen Nordic AB agreed to deliver an electric bus charging system fitted with 52 charging stations as well as support and services to Vy Buss AB ("Vy Buss"), a bus operator, for installation in the regional transport authority's new bus depot in Jönköping, Sweden. Kempower also started cooperation with Recharge AS ("Recharge"), the largest Nordic CPO. In 2021, Germany's largest municipal street cleaning and waste management company, Berliner Stadtreinigung, purchased 18 Kempower T-Series chargers to recharge its electric vehicle fleet. In 2021, Kempower announced that S Group, Finland's largest retailing cooperative with more than 1,800 outlets in Finland, aims to build a nationwide EV charging network during the years 2021–2024 with Kempower as the charging solution supplier. In September 2021, Kempower announced that it had entered into a framework agreement with Osprey Charging Network Ltd ("Osprey Charging"). The first charging site in the United Kingdom was opened in November 2021. In 2021, Kempower announced that it had entered into a framework agreement with Gilbarco Veeder-Root, a leader of technology solutions for retail fuelling and convenience market. According to the agreement, Gilbarco Veeder-Root aims to offer Kempower's EV chargers as part of its EV charging network offering that also includes network management software, installation and maintenance services. In 2021, Kempower entered into a cooperation agreement also with Epiroc, one of the leading providers of productivity and sustainability for the mining and infrastructure industry. Epiroc offers Kempower's EV chargers globally as part of its electric mining and construction machinery offering.

## **Key Strengths**

## Rapidly Grown Company Operating in an Attractive Market

Kempower's revenue has grown rapidly since 2018 when it was established, growing at a CAGR of 1,191 percent between 2018 and 2020, with consolidated revenue reaching EUR 18,986 thousand for the nine months ended 30 September 2021. Kempower's largest product line is the Kempower S-Series Charging System, and the sales growth of these solutions has been driving Kempower's overall revenue growth since 2020 when the product line was first introduced.

Kempower's revenue growth has been driven by Kempower's technologically sophisticated product offering and increasing demand for EV DC fast charging solutions. 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 (sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration) and IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html)). For more information, see "Industry and Market Overview".

# Scalable and Flexible Business Model with Limited Capital Expenditure Needs

Kempower's business model is flexible and ties relatively little capital. Kempower has outsourced significant parts of the DC fast charger materials manufacturing to third-party suppliers, enabling Kempower to focus on the final assembly process, which is where the key know-how and competitive advantage of the production lies. By having a wide supplier network, focusing on the most critical phases of the assembly process and continuously improving the lead times, Kempower expects not to make significant investments to its production facilities when it grows after the planned scale-up investments in the near future have been made. The outsourced nature of its production also enables Kempower to maintain

a relatively low fixed cost base as it does not incur personnel expenses for the labour associated with the production of outsourced materials and sub-assembly production.

Kempower's business model is also scalable and Kempower believes that there is potential to increase its profitability as it expands as its fixed costs are not expected to increase in line with the revenue growth. Kempower also expects that the unit cost of materials will decrease as its sales increase due to volume discounts. In addition, Kempower believes that the modularity of its products and its cloud-based Kempower ChargEye<sup>™</sup> software will support the scalability of its operations.

# Well-positioned Product Offering with Competitive Features and Compatibility with Nearly all EVs, and Efficient Production

According to Kempower, its products are highly modular as it is easy to add additional power modules to the power cabinets of the existing chargers, removing theoretical power limits on a system level. The modularity of the products also enable a more efficient production line as Kempower's products are designed for mass customisation and not tailored solutions. In spite of mass customisation, Kempower believes that the existing customisability and upgradeability of Kempower's products make them attractive from customers' point of view due to the add-on nature of their design, which reduces the need for investing up front capital, and allows customers to invest in Kempower's charging equipment gradually as their needs evolve. Kempower's products are also flexible as the charging power units may be positioned at a distance of up to 50 metres from the charging post. This allows for efficient use of space and high power charging to be installed in tight spaces where traditional larger DC fast chargers would not necessarily fit. Kempower's movable chargers also offer great flexibility in places where electricity is difficult to obtain. Furthermore, Kempower's charging solutions are compatible with the most common charging standards, such as CCS1 (as defined below), CCS2 (as defined below), CHAdeMO and Type 2 AC (as defined below).

Kempower chargers are able to dynamically share power between satellite charging posts, which enables an efficient distribution of charger capacity across the charging system as Kempower's fast chargers are able to direct electricity dynamically where it is needed the most, providing each vehicle with its preferred charging power. This results in less idle power and a higher utilisation rate on a system level, which Kempower believes to be beneficial for its customers, especially in case of CPOs who can sell more electricity with the charger as the power sharing between EVs is optimised and where there is less idle power capacity. Kempower believes that the dynamic nature of its products is its significant competitive advantage. This feature is due to Kempower's technology whereby the charger communicates directly with the EVs that are being charged and identifies the maximum capacity of power that the EV can be charged with at any time. Kempower believes that also end users benefit from this as more vehicles ultimately receive the optimised maximum power they can. The dynamic nature of Kempower products also allow for prioritisation between different users. For example, a bus fleet operator can choose to prioritise buses whose shifts are about to start, making sure they are charged up by the time they need to start their shift. Kempower's charging system is also designed for demanding conditions. It withstands operation temperature range from -40°C to +50°C and it has been designed to withstand dirt, water, dust and snow. In addition, the Kempower ChargEye<sup>™</sup> cloud service allows for efficient utilisation of operations and also works as a significant data source for further product and services development, expansion and optimisation.

# Technological Know-how and Innovation Heritage from the Kemppi Group

Kempower was formed out of the Kemppi Oy group, a leading welding solutions provider founded in the 1950s. Significant amount of technology-based know-how has accumulated over the decades, and Kempower Oy was initially founded in the 1990s as a subsidiary of Kemppi Oy to target non-welding applications of the DC power source market. As a testimony of the successful R&D work, Kempower supplied power sources to CERN in 2006 and received [a/the] supplier of the year award.

Supported by this technological heritage, Kempower has been able to build a culture of innovation and a roadmap for future R&D development with a target of fulfilling future needs for EV fast charging.

# Diversified Customer Base and Blue-chip Customer Credentials

Kempower has signed customer framework agreements and/or purchase orders with reputable international companies that Kempower believes to be forerunners in their own field of business, such as Recharge (a leading CPO in the Nordics), Osprey Charging (fast-growing British CPO), Gilbarco Veeder-Root (a leader of technology solutions for retail fuelling and convenience market), S Group (the largest Finnish grocery/retail chain), Nobina (the largest electric bus operator in the Nordics), and Volvo Trucks Corporation ("Volvo") (an international commercial vehicle and mobile off-highway machinery manufacturer).

Kempower's customer base includes, among others, various CPOs, commercial fleet operators and OEMs, and Kempower's products are also sold through its distribution network, making Kempower less dependent on any single customer or customer group.

# Sustainability at the Core of Business Operations and Kempower's Operations

Kempower aims to operate at the forefront of electrifying traffic and transport as its solutions are designed to enable emission free mobility. To further help reduce emissions, Kempower is committed to the United Nations ("UN") 2030 Agenda for Sustainable Development and its Sustainable Development Goals (the "SDGs"). 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. Further, Kempower is aiming for 100 percent fossil-free electricity sources by 2025 in its operations and production. See "—Sustainability" below.

# Management with a Strong Track Record and Committed, Skilled and Satisfied Personnel

Kempower's management team consists of competent people with extensive experience from managing rapidly growing international business operations. Kempower's management also has significant experience in the demanding electrical engineering industry and/or their respective fields. Kempower's management team, together with the majority of Kempower's personnel, has invested in the Shares as set forth in "Description of the Shares and Share Capital—Personnel Offering", indicating a strong commitment in developing Kempower further. Additionally, Kempower has been able to attract experienced and capable managers who support the management team in their respective fields.

Kempower invests in its personnel by both recruiting more experts to support Kempower's growth as well as by developing their expertise. Furthermore, employee satisfaction is on a very high level as Kempower's net promoter score ("NPS") was 87 percent positive according to an employee satisfaction survey conducted in June 2021, where participants were asked whether they would recommend Kempower as an employer. Kempower's employee turnover has been low and Kempower will continue to invest in the expertise and wellbeing of its employees.

# **Kempower's Strategy**

Kempower has formulated a growth strategy built on two distinct pillars. First, a go-to-market strategy outlining which geographic markets and customer segments Kempower will focus on during its five-year strategy period until the end of 2025. Second, an innovation strategy consisting of Kempower's plan to continue developing its products and solutions portfolio.

# Go-to-market Strategy – Split between Geographical Expansion by Customer Types

Kempower aims to continue expanding in the European market in the short to medium term. Kempower already has an established presence in its main geographic market, the Nordics, and it has already begun 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 for Kempower 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 focus is on organic growth, but it may in the future complete corporate or business acquisitions and take part in market consolidation that support its strategy.

Kempower's go-to-market strategy is to focus on each of its customer segments (see "—Customers" below) in each of its geographic 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 geographic 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 and 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.

To achieve its business targets and to continue its growth and expansion, Kempower plans to continue to recruit additional personnel, especially within R&D, production, marketing, sales and after sales. For more information on Kempower's organisation and personnel, see "—Organisation and Personnel" below.

## Innovation Strategy

Kempower's innovation strategy can be divided into three strategic focus areas: (i) current product offering as a basis for targeted future growth, (ii) cost and capital expenditure efficiency of production and operations and (iii) R&D and innovation of new products and features.

First, 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. As Kempower develops its current products further, or develops completely new products, it will continue to focus on maintaining compatibility across its product families and backward compatibility to previous product generations. In practice, this is done through an active and scrutinised product management. Further, Kempower intends to continue to focus on designing products that are easy to assemble for mass customisation, while simultaneously continuing to serve different customer and charging needs. Although Kempower's products are primarily based on standardised materials and components, the assembled chargers are based on Kempower's proprietary design, making its chargers compatible only with original Kempower spare parts.

Second, 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 scrutinised product management. As Kempower scales up its production capacity to meet the forecasted demand for its products, it will continue to follow a multi-sourcing policy by outsourcing the production of materials, including sub-assemblies, to third-party suppliers while keeping the most critical phases of the assembly process in-house. In addition, Kempower plans to continue utilising standardised technology in its product assembly where possible.

Third, 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. By continuing to invest in R&D and innovation, Kempower aims to keep its existing products ahead of competition, to create new innovations in its new products and to maintain financial competitiveness through design improvements that lower the production costs of its products. Further, Kempower aims to utilise market knowledge, consumer feedback and data collected with the Kempower ChargEye<sup>™</sup> cloud service from its chargers to improve its existing products and services and develop new products and services that meet its customers' needs and the needs of end customers, such as consumers. By analysing the fully anonymous data collected from its chargers, Kempower also expects to be able to develop its offering further and to strengthen its position as a partner to, for example, EV manufacturers.

# **Financial Targets**

The Board of Directors of the Company has adopted the following medium and long-term financial targets for Kempower:

- *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.

The statements set forth above include forward-looking statements and are not guarantees of Kempower's financial performance in the future. Kempower's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements", "Risk Factors", and "Operating and Financial Review—Factors Affecting Results of Operations". Kempower cautions prospective investors not to place undue reliance on these forward-looking statements.

Kempower's revenue was EUR 3,252 thousand for the year ended 31 December 2020 and consolidated revenue was EUR 18,986 thousand for the nine months ended 30 September 2021. Kempower's operative EBIT margin was negative 68 percent for the year ended 31 December 2020 and positive 11 percent for the nine months ended 30 September 2021.

# **Kempower's Purpose and Values**

Kempower envisages a society powered by fully electric transportation, making the world cleaner and more sustainable. Kempower aims to create an electric vehicle charging infrastructure that is both extensive and reliable, leading to EVs becoming the norm. Kempower's values are:

- Together Teamwork across borders creates success, with joy in everything Kempower does.
- *Courage* Kempower has the courage to think and act differently. Kempower constantly learns.
- Integrity Responsibility, sustainability, and honesty are Kempower's building blocks for integrity.
- *Impact* Kempower's passion is to help customers move towards an emission-free future. Kempower is driven by customer success.

# **Kempower's Business**

## General

Kempower is a Finnish EV fast charging equipment and solutions manufacturer and provider striving for rapid growth, whose charging solutions have been delivered to more than 30 countries globally. Kempower designs, manufactures and

sells DC fast charging devices, solutions and services for EVs, such as personal and commercial vehicles and mobile off-highway machinery and electric marine vessels and boats. Kempower offers a wide range of solutions to suit all EV fast charging needs – from public parking spaces to bus depots and end stops, for heavy-duty commercial and other EVs as well as ports and charging of electric marine vessels and boats. The modular, scalable and flexible design of Kempower's products, combined with the systems' ability to handle several vehicles' dynamic fast charging simultaneously, serves in particular customer groups that require or benefit from charging systems with multiple, high-power charging devices. Kempower's most important customers consist of CPOs that mainly operate "on-the-go" charging sites at, for example, petrol stations and the car parks of fast-food restaurants and retail stores as well as commercial vehicle and bus fleet operators that mainly operate buses and trucks. Kempower's other customers consist of OEMs and other customer groups that are served through Kempower's distributor and installer partner network. Installation of Kempower's products is performed by Kempower's business partners. These business partners may also sell Kempower's products. Kempower does not carry out the maintenance work of its products, however, it may offer service and maintenance contracts where the on-site servicing is performed by its business partners.

The following table sets forth Kempower's revenue by geography for the periods indicated:

_	For the nine months ended 30 September		For the ye	ear ended 31 De	cember
_	2021 2020		2020	2019	2018
	(unaudited)		(unaudited, unless otherwise indicated		
		(I	EUR in thousands)	ı	
Nordics	17,045	906	2,265	256	14
Rest of Europe	1,812	374	865	71	5
Rest of the world	129	13	<u>121</u>		<u>_=</u>
Total	<u>18,986</u>	<u>1,293</u>	<u>3,252</u> <sup>(1)</sup>	<u>327</u> <sup>(1)</sup>	<u>20</u> (1)

(1) Audited.

#### **Products**

#### General

According to Kempower, it provides easily scalable, modular, dynamic, user-friendly, standardised, durable and reliable chargers for EVs for demanding conditions and for different needs. Kempower's chargers are used to charge electric mobile off-highway machinery, electric bus fleets, electric trucks, electric passenger cars and electric marine vessels and boats. All of Kempower's charging devices are based on the same 50 kilowatt power modules, i.e. Kempower's chargers are modular and, therefore, its customers' charging sites can be easily scaled up and additional charging power can be easily added. Kempower's chargers are dynamic and, therefore, detect the type and capacity to receive charging power of an EV connected to an individual charger. This enables an efficient distribution of charger capacity across the charging system as Kempower's fast chargers are able to direct electricity dynamically where it is needed the most, providing each vehicle with its preferred charging power. Dynamic charging allows chargers to operate at any time and at any preferred power output at 25 kilowatt power intervals to optimise fleet charging. In theory, Kempower's chargers offer unlimited charging power. In Kempower's modular solutions, the charging power unit may be positioned at a distance of up to 50 metres from the charging post, allowing for efficient use of space in, for example, parking areas or bus depots. The charging devices are designed for heavy use and their endurance is tested to ensure that they withstand extreme conditions, rough weather and constant handling and usage. Kempower's charging solutions are suitable for different types of EVs and are compatible with the most common charging standards, with new solutions being introduced as the industry develops. These standards are (i) Combined Charging System 1.0 ("CCS1") and Combined Charging System 2.0 ("CCS2"), (ii) CHAdeMO, and (iii) IEC 62196 Type 2 AC ("Type 2 AC"), which was selected as the official charging plug within the EU by the European Commission in January 2013. Kempower's product order process takes usually approximately six to 12 months, with the customer negotiations taking approximately three to six months and the delivery of the product and site acceptance approximately three to six months. Kempower's products usually include a warranty period of 26 months, of which freight and installations typically take approximately two months. Charging system's lifecycle generally lasts 5-8 years and is divided into three stages (source: Third-party market study commissioned by Kempower in 2021). The lifecycle starts with the sale of the charging system, followed by the mid-point stage during the warranty period, where the wear and tear parts are replaced. At the end of the lifecycle, the charging system will be replaced with a next generation charging system. Kempower believes that post product deliveries sales, such as software, maintenance and spare parts sales, will be a relatively significant part of Kempower's business in the future.

Kempower's product management is precise and all of Kempower's products are cloud-connected to the Kempower ChargEye<sup>™</sup> cloud service, which makes remote real-time software updates, remote re-booting, easy data management and remote maintenance possible. The ChargEye<sup>™</sup> cloud service is an embedded control and monitoring software that provides features, such as remote management and analysis, authentication and connectivity, and it is integrated to the customer's systems. The ChargEye<sup>™</sup> cloud service includes algorithms that utilise artificial intelligence and machine learning to improve charging accuracy. The ChargEye<sup>™</sup> cloud service has been built on the same principles as the Kemppi Oy group's

WeldEye<sup>™</sup> system, which has been in operation since 2008. According to Kempower, its back-end system ensures the continuity of its customers' operations. The Kempower ChargEye<sup>™</sup> cloud service also provides cloud data and data management solutions designed to optimise the charging cycles of its customers' vehicle fleets. The intellectual property rights related to the Kempower ChargEye<sup>™</sup> cloud service are fully owned by Kempower.

Product Lines

## Kempower S-Series Charging System

Kempower S-Series charging system is a modular EV fast charging system for large and widespread vehicle fleets. According to Kempower, the S-Series charging system is ideal for electric bus and truck fleets and providers of charging for electric passenger cars. The S-Series charging system allows for simultaneous and frequent fast charging with its satellite charging posts. The advanced cable management of the S-Series charging system's charging posts, with a patent pending, includes a spring support that allows for charging from distances of up to four to six metres from the satellite charging post itself. Due to the modular structure, the standard S-Series charging system offers a total power output from 50 kilowatts to 600 kilowatts. The S-Series charging system consists of a C-Series charging power unit (see "-Kempower C-Series Charging Power Unit" below) and up to eight satellite charging outputs (i.e., individual charging posts with one or two charging outputs) and/or other means of charging the vehicles (e.g., automated pantograph posts with power transfer rails on the rooftop of a vehicle or regular pantograph posts that connect to the raising pantograph arm from the vehicle). Inside the C-Series cabinet, there are Kempower power modules that each provide 50 kilowatts of charging power. One to four power modules can be installed in a single C-Series cabinet, and one charging power unit can consist of one to three cabinets, meaning that up to 12 power modules can be installed in a single charging power unit. Several cabinet units can be installed in parallel, achieving more than 600 kilowatts of charging power. When initial installations include fewer modules, customers can acquire additional modules as needed. The S-Series charging system has an operation temperature range from -40°C to +50°C and it has been designed to withstand dirt, water, dust and snow. The satellite charging posts include Kempower's touchscreen user interphase, through which each user is able to choose their individual fast charging period, connector type and payment method, if necessary. Charging power management can be set to static or dynamic depending on the relevant charging needs. On static power management, each power module is routed to a specific satellite charging post outlet. On dynamic power management, charging capacity is allocated to different charging posts based on the connected customers, which enables the optimal utilisation of charging capacity. Kempower's S-Series also includes charging satellite models that also offers slow AC charging outputs in addition to fast charging as part of Kempower's system.

## Kempower T-Series - Movable DC Charger

Kempower T-Series movable chargers are DC chargers that are suitable for electric cars, commercial electric vehicles, electric trucks, lorries, vans, buses, electric vessels and boats and mobile off-highway machinery. They are weatherproof and suitable for both outdoor and indoor use. The T-Series movable chargers offer up to 40 kilowatts of power and have a simultaneous dual-charging option providing 20 kilowatts from each channel. In addition, the T-Series chargers also have AC slow charging outputs as an additional feature. The T-Series chargers have a touch screen that is designed to provide an easy charging experience. The T-Series chargers require either a 63 Ampere or a 32 Ampere socket. The T-Series chargers have an operation temperature range from -40°C to +50°C and have been designed to withstand dirt, water, dust and snow. The T-Series chargers can be supplied with a ground installation kit to enable a more permanent installation.

## Kempower C-Series Charging Power Unit

Kempower C-Series charging power unit is a modular and scalable power unit providing fast-charging capacity for electric cars, electric commercial vehicles, and electric mobile off-highway machinery. The C-Series charging power unit is also suitable for electric marine operations. The C-Series charging power unit is designed to serve a large number of EVs. Due to the C-Series charging power unit's modular structure, a single C-Series cabinet offers power from 50 kilowatts to 200 kilowatts. The C-Series charging power unit can be expanded by adding more charging cabinets and can consist of up to three C-Series charging cabinets, providing 600 kilowatts of power and more with customised solutions. These 600 kilowatt power units can be combined to constitute one larger system to allow up to four megawatts of charging capacity. The C-Series charging power unit has an operation temperature range from -40°C to +50°C and it has been designed to withstand dirt, water, dust and snow.

## Kempower C-Station EV Fast-charging Station

Kempower C-Station is a compact and modular fast-charging station for electric cars, electric commercial vehicles, and electric mobile off-highway machinery. The C-Station is a combined charging power unit and satellite charging post as a single unit. Typically, C-Stations have either one or two charging cabinets, offering between 50 kilowatts and 400 kilowatts of power and two DC charging outlets if they are fixed on one side or four DC charging outlets if they are fixed on both sides. Advanced cable handling, with a patent pending, includes spring support that allows for charging from distances of up to four to six metres, depending on the option chosen. The C-Station may also provide power to one or two separate S-Series satellite charging posts. The C-Station is optimal for drive-through charging solutions that aim for minimal use of

space and shortest possible cabling. Charging power management can be selected from static or dynamic to meet charging needs. On static power management, each power module is routed to a specific charging cable or further routed to an external satellite charging post outlet. On dynamic power management, charging capacity is allocated to different charging posts based on the connected customers. According to Kempower, this allows optimal utilisation of charging capacity.

# Kempower ChargEye™

According to Kempower, the Kempower ChargEye<sup>™</sup> cloud service, which utilises artificial intelligence, is a comprehensive, easy-to-use cloud-based charging management system for CPOs and retailers, bus and truck operators and mobile off-highway machinery fleets. When Kempower chargers are connected to the ChargEye<sup>™</sup> cloud service, a charging network operator can monitor, manage and diagnose the day-to-day operations of the chargers and vehicles. According to Kempower, the ChargEye<sup>™</sup> cloud service also ensures that the commercial vehicle fleet is ready for duty on time when needed, while optimising energy costs and managing the vehicle fleet's battery health. According to Kempower, the ChargEye<sup>™</sup> cloud service directly integrates to other IT systems, such as fleet and schedule management systems, providing seamless operations and reporting. According to Kempower, the ability of the ChargEye<sup>™</sup> cloud service to automatically identify vehicle brands and models during charging transaction is a competitive advantage in the EV charging market.

For retailers and CPOs, the ChargEye<sup>™</sup> cloud service enhances their customers charging experience with detailed charging information, while providing in-depth understanding on the charging patterns, including typical usage patterns and vehicle make and model.

#### **Customers**

One of Kempower's largest customer groups is CPOs that mainly operate "on-the-go" charging sites at, for example, petrol stations and car parks of fast-food restaurants and retail stores as well as commercial vehicle and bus fleet operators that mainly operate buses and trucks. Kempower's other customers consist of OEMs and other customer groups that are served through Kempower's distributor and installer partner network, such as, European Electrical Bus Company GmbH, Omexom Norge, Vital EV Solutions Ltd, and Wennstrom Fuel Systems Group. Kempower aims to be a supplier for systems with more than four fast charging points, but mainly directs its sales efforts to customers with long-term business potential. 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 for Kempower to expand into the United States, with a target of establishing operations there by the end of 2025.

Kempower has more than 100 customers, when taking into account all of its deliveries since 2018. Kempower's CPO and retail customers include GOtthardt FASTcharge AG, Osprey Charging, Recharge, MER and S Group. Kempower's commercial vehicle fleet operator customers include Vy Buss, Nobina, Bergkvarabuss AB, and the Koiviston Auto group. Kempower's OEM customers include Volvo, Epiroc, Gilbarco Veeder-Root and Normet.

Kempower's agreements with its largest customers are typically framework agreements that include price lists for Kempower's products and services for a certain period of time. Deliveries to customers under the framework agreements are based on purchase orders made by customers or orders made through an electronic data interchange link, through which Kempower receives electronic orders. Framework agreements do not necessarily result in actual purchase orders as they do not include minimum purchase obligations. Therefore, the number of framework agreements and their potential value is not necessarily an indication of any level of future revenues. For other customers, purchases are typically based on purchase orders that are based on offers by Kempower. Kempower considers its customer agreements typical for a company whose customers are large companies. Orders are included in order intake when Kempower receives a purchase order.

Kempower does not currently sell directly to consumers.

## Marketing

Kempower sells its products and services under the singular Kempower brand. Kempower's brand and marketing strategy is aimed at establishing Kempower as a recognised brand and a notable and trustworthy market participant in Europe, the United States and selected Asian markets by utilising innovative brand marketing strategies. In order to promote this strategy, Kempower aims to (i) position its brand to create an image of a sophisticated systems supplier for large installations, (ii) develop its marketing automation utilisation and build thought leadership to capture sales leads in markets in which Kempower is not yet present; (iii) develop its product marketing to lower the barrier of purchasing solutions from Kempower; (iv) develop its capability of bundling large-scale solutions into cohesive marketing offers and strip off complexities in its product catalogues and items; and (v) balance the utilisation of Kempower's brand and the use of Kempower's products in white labelling.

Kempower focuses its marketing to companies and other entities within the fields of public transport and logistics, early users of EVs, CPOs, EV leaders and influencers, industrial entities aiming for emissions-free operations as well as retailers selling consumer products and services.

Kempower's marketing utilises a multichannel approach, where the same content (namely brochures, animations, videos and blogs) can be presented in multiple media, including fairs, social media and Kempower's own website, to reach a wide audience. Kempower's website and LinkedIn profile are its most important marketing channels and are tailored for Kempower's target audiences. The website displays Kempower's products, news about Kempower, blogs, contact information, brochures, customer references and other information that might be of interest to a potential customer. Kempower also utilises search engine optimisation on its website to improve its performance in organic search results. Kempower utilises LinkedIn to share news and information about Kempower's products and services both organically and by targeting the purchasing decision-makers and experts that are employed by Kempower's potential customers as well as other interested stakeholders.

Kempower publishes marketing and technical material in multiple languages in order to boost the sales of its subsidiaries. Sales personnel at Kempower's non-Finnish subsidiaries can influence Kempower's marketing approach in their local markets.

## **Research and Product Development**

Innovation is an important driver of growth for Kempower in the fast-developing EV charging market. Kempower aims to utilise market knowledge, consumer feedback and data collected from its chargers to improve its existing products and services and develop new, innovative products and services that meet its customers' needs and the needs of end customers, such as consumers. Products are designed to meet the needs of the end user and are designed and built to be modular, scalable, intelligent, easy to use and resistant to demanding environmental and weather conditions. Going forward, Kempower aims to create solutions for identifying vehicles and automating payments through the Kempower ChargEye<sup>™</sup> cloud service. Kempower has created a roadmap for future R&D development by taking into account customer feedback. Kempower collects data corresponding to 300,000 kilometres driven by EVs each day, which Kempower then aims to analyse to benefit its R&D function. Currently, Kempower aims to fulfil customer needs and win its competitors with its existing products, while improving its cost-efficiency and developing new features in its products as well as adding production capacity. In the future, Kempower aims to meet customer needs and to create the next generation of leading EV charging products and solutions, also taking into account cost-efficiency and creating new features. For example, Kempower is examining adding liquid-cooled charging cables to its products as a new feature. See "Risk Factors—Risks Related to Kempower's Operations—Kempower's ability to execute its strategy and to achieve its financial targets is dependent on Kempower's ability to keep up with the rapidly changing technology in the EV charging market".

Kempower believes that R&D is at the core of its business, as it could create a competitive edge for it in the next generation of EV charging solutions. After the initial product idea and before manufacturing is started, Kempower's R&D process is composed of three individual stages: (i) defining the product concept; (ii) product development; and (iii) product testing. Kempower's main focus in product development is on the usability of its products. This entails that Kempower's products and systems need to (i) be scalable so that customers can build upon their existing products and systems; (ii) withstand time so that Kempower's customers' investments are not wasted once newer technologies and standards emerge; and (iii) be durable so that usability is not impaired by rough weather conditions and long withstanding handling of products.

Kempower's personnel headcount in R&D was 30 as at 30 September 2021, and they are divided into five areas: (i) mechanics, (ii) electronics, (iii) embedded solutions programming, (iv) cloud technologies, and (v) product and materials testing. In addition, in September 2021, Kempower established a R&D centre at Tampere University Campus in Tampere, Finland.

# **Intellectual Property Rights**

The key factors for Kempower's value creation are its deep know-how of power supply, R&D and its intellectual property rights. Therefore, know-how, intellectual property rights and other intangible property are an important part of Kempower's business. Kempower's registered intellectual property rights include trademarks, design rights and domain names. Kempower has registered, *inter alia*, the trademark "Kempower" in multiple jurisdictions. Kempower has four patents pending, one related to software and three related to hardware. In addition, Kempower has registered internet domain names, such as "kempower.fi" and "kempower.com". Kempower believes that its design rights and trademarks are important for its business and Kempower invests in retaining and growing the value of its brands. Kempower is the owner of its intellectual property rights. Kempower believes that, in addition to protecting its registered intellectual property rights, it is important to protect its unregistered intellectual property, such as know-how, trade secrets and copyrights.

Kemppi Oy has sold Kempower full ownership to its findings, results and materials related to the development of EV charging devices. Kemppi Oy has also licensed Kempower the right to use Kemppi Oy's component library and the information therein.

# Sales

Kempower sells its products and services to CPOs, commercial vehicle and bus fleet operators, OEMs and its distributor and installer partner network. In its sales operations, Kempower's focus is on strategically beneficial partnerships and large

corporations and other entities that it believes could be long-standing partners and that could provide large orders without the need for substantial product customisation. Kempower has compiled a list of selected clients that it believes will be successful in their respective fields in the long term. Kempower also goes through an evaluation process before responding to outreaches by potential clients. As Kempower's margins are dependent on the specifications of individual project deliveries and Kempower currently has limited production capacity, Kempower places substantial focus on planning which clients it aims to keep in the future. Kempower's most important customers consist of CPOs that mainly operate "on-the-go" charging sites at, for example, petrol stations and the car parks of fast-food restaurants and retail stores as well as commercial vehicle and bus fleet operators that mainly operate buses and trucks. Kempower's other customers consist of OEMs and other customer groups that are served through Kempower's distributor and installer partner network. Kempower aims to be a supplier for systems with more than four fast charging points, but mainly directs its sales efforts to customers with long-term business potential. Kempower aims to build its own distributor and installer partner network that sells Kempower's products, installs them and services them. Kempower aims to use its business partner network to grow in markets where direct sales by Kempower would not be a financially viable option. Kempower aims to offer high-quality support to its existing customers in order to maintain and develop customer relationships. Kempower's after sales operations mainly consist of spare parts sales and continuous revenue from its Kempower ChargEye<sup>™</sup> cloud service. Kempower aims to shift its focus in the future more to service and maintenance contracts.

Kempower's sales operations are based in several countries around Europe. Kempower has during 2021 established subsidiaries focusing on sales and marketing in Norway (also covering the markets in Denmark and Iceland), Germany (also covering the markets in Austria and Switzerland), the Netherlands (also covering the markets in Belgium and Luxembourg) and the United Kingdom (also covering the markets in Ireland) and is in the process of establishing subsidiaries in Sweden, France, Italy and Spain (also covering the markets in Portugal). Of these markets, Kempower considers Sweden, France, Italy and Spain (as well as Portugal) as the most important markets to which to expand its sales and marketing operations. Kempower aims to establish local sales offices in its target markets in order to develop trusted customer relationships and utilise local sales expertise to efficiently target sales. Depending on the customer type, sales are conducted through direct sales, local sales companies, a key account management model, or the use of distributors. Kempower's sales department is divided into sales, sales support and after sales teams. The sales team includes development of business opportunities in new markets, key account management that is focused on sales to Kempower's largest customers and area sales that is focused on regional sales and business development of their respective geographic sales areas. Kempower's four geographic sales areas are (i) Belgium, the Netherlands and Luxembourg, (ii) Sweden, Finland and the Baltics, (iii) Germany, Austria and Switzerland and (iv) Norway, Denmark, the United Kingdom, Iceland and Ireland. The sales support team is responsible for feasibility checks of customised solutions, solution proposals for sales team members, cost calculations, responding to requests for information and other enquiries by potential customers, providing delivery time estimations and managing projects for large customers. The after sales team includes service engineers that are responsible for commissioning, user training, spare part sales, installer and service partner training and support as well as claim handling and service development managers that are responsible for service tool and method development and service network development.

# Production

# Overview

Kempower's production is based on the concept of mass customisation (*i.e.*, customers make certain choices concerning the features and appearance of products while the basic product itself remains very similar in design and structure between different deliveries). Mass customisation enables Kempower to keep its unit costs lower than if products were tailored for each delivery to meet varying customer needs. Kempower purchases materials, including sub-assemblies, from its suppliers and performs the final assembly of its products at its own production facilities, thus managing the most critical work stages and enabling different product configurations for different customers. Only performing the assembly of the products means that the capital expenditure required by Kempower's production is low. The outsourcing of materials and sub-assembly manufacturing to suppliers keeps Kempower's production flexible and allows Kempower's production to be easily scaled up, if needed. The production process and material flows are controlled through a fully integrated ERP system. To ensure that all chargers assembled by Kempower function correctly, Kempower tests each of them with automated final testing systems designed and built by Kempower itself. Trained employees also perform certain tests manually according to a strict testing plan by using calibrated measurement equipment. Kempower also occasionally conducts testing in the middle of the assembly process or on materials or sub-assemblies from suppliers. Each finished product has a unique serial number, enabling its traceability. Kempower does not store final products, but delivers them directly to customers once the products have been assembled.

## **Production Facilities**

Kempower's headquarters and its two production facilities are located in Lahti, Finland. Kempower's chargers are assembled in Kempower's production facilities situated in close proximity to each other. Kempower T-Series movable chargers are assembled in one production facility while Kempower S-Series charging systems, Kempower C-Series charging power units and Kempower C-Stations are assembled in the other production facility. Kempower has steadily

increased its manufacturing capacity to match its revenue growth through, for example, the optimisation of its existing production facilities' production capabilities. In 2021, Kemppi Group Oy acquired business premises in Lahti, Finland, which Kemppi Group Oy subsequently leased to Kempower. Kempower aims to transfer certain company functions, including its headquarters and a portion of production to these new business premises in Lahti, Finland during 2022, replacing the smaller of its two current production facilities. The lease agreements for the business premises with Kemppi Group Oy have been carried out on an arm's length basis. Kempower expects the new business premises to enable it to increase its production capacity manifold by 2025 compared to its production capacity as at the date of this Offering Circular.

The following table sets forth Kempower's production capacity for the year ended 31 December 2020 and estimated averages of targeted production capacity for the years ended 31 December 2021, 2022, 2023, 2024 and 2025:

_	For the year ended 31 December						
	2020	2021E	2022E	2023E	2024E	2025E	
	(units)						
C-Series	60	500	1,500	2,000	3,000	4,000	
S-Series	240	2,000	6,000	8,000	12,000	16,000	
T-Series	<u>250</u>	500	<u>1,500</u>	2,500	2,500	2,500	
Total	<u>550</u>	<u>3,000</u>	<u>9,000</u>	<u>12,500</u>	<u>17,500</u>	<u>22,500</u>	

E Estimated average.

The above table contains forward-looking statements and is not a guarantee of Kempower's future development, and actual production capacity could differ materially from those expressed. Kempower cautions prospective investors not to place undue reliance on these forward-looking statements. Furthermore, for the sake of clarity, it is noted that production capacity is not proportional to revenue, an increase in production capacity is not a guarantee of an increase in revenue and production capacity growth targets should not be interpreted as revenue targets.

The other existing production facility neighbours the new business premises and Kempower aims to, at first, keep it leased as a storage space, in addition to which it intends to potentially expand its production there, if additional production capacity is needed in the future. Both of Kempower's production facilities have been certified in accordance with ISO 9001. Kempower aims to complete its ongoing process to certify both of the production facilities with ISO 14001 (Environmental Management System standard) and ISO 45001 (Occupational Health & Safety Management System standard) by December 2021.

# Suppliers

Kempower purchases approximately 600 individual types of materials (*i.e.*, parts and components), including sub-assemblies, from its suppliers. Approximately 60 percent of these materials are based on Kempower's own design. Kempower ensures the availability of materials from suppliers by aiming to retain at least two suppliers capable of producing each type of material and by keeping certain safety stock levels of materials at all times in case there are interruptions in the availability of materials. Kempower also has the ability to build certain essential materials and sub-assemblies itself, if deliveries from suppliers cease.

The main target of Kempower's purchasing function is to guarantee material flows in all situations. Kempower's procurement strategy is to have a first tier domestic supplier network to ensure controllability, rapid response times and accountability and to have a second tier global supplier network to enable fast scaling potential. Kempower's purchasing mainly entails purchasing materials and sub-assemblies that are ultimately used in the assembly process of its products. Kempower has approximately 100 suppliers, which are mainly located in Finland. For certain critical materials, such as circuit board assemblies, Kempower relies on a limited number of suppliers, including Kemppi Oy. For certain materials, Kempower currently relies only on one supplier, but is aiming to secure additional suppliers to limit the dependency on any single supplier. For the year ended 31 December 2020, Kempower's three largest suppliers accounted for 57 percent of Kempower's materials expenses and no individual supplier had a share of more than 38 percent of Kempower's materials expenses. Kempower's largest supplier is Kemppi Oy, its second largest supplier is a mechanical materials supplier and its third and fourth largest suppliers are electrical component suppliers. For the year ended 31 December 2020, 14 percent of Kempower's materials expenses came from materials sourced from suppliers located outside Finland, 9 percent from materials sourced from suppliers located in the United States.

Kempower has long-standing relationships with many of its suppliers through the Kemppi Group. Kempower believes that these long relationships with selected high-achieving suppliers bring benefits for Kempower. Kempower also believes that it has further potential to improve its materials assortment and further optimise the suppliers that it procures materials from. A need for new suppliers typically arises when Kempower launches a new product or a second supply source is establishes in order to secure scaling of its supply. When selecting its suppliers, Kempower considers the availability of materials, the

price of the materials, the location of the supplier and the controllability of the supplier. Sustainability is also one key criterion for Kempower in selecting suppliers. See "—Sustainability" below.

Kempower aims to ensure that both its suppliers and the products it distributes satisfy certain quality, safety and sustainability requirements. Quality control is based on the professional skills of Kempower's employees, the terms and conditions of the supply agreements, supplier audits and the suppliers' references and other customer relationships, and on how suppliers document their activities and materials. Kempower also occasionally conducts testing on materials from suppliers.

# Sustainability

#### General

Kempower's aim is to be the best partner for its customers in developing emission free business. Kempower's solutions are designed to enable emission-free mobility. Kempower aims to promote fully electric transportation in society, decreasing the relative carbon footprint of its operations and products annually and increasing the recyclability rate for all of its cloud charging devices at the end of their lifetime. Kempower believes that responsibly produced, durable EV charging solutions have an important role in a sustainable economy. When selecting suppliers, Kempower values short transport distances and responsible operations. For example, since Kempower's production is located in Finland, a major part of the materials and sub-assemblies used are sourced from Finland.

# Sustainability Strategy

#### General

Kempower is committed to the UN 2030 Agenda for Sustainable Development and its 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 and (vi) Climate Action. Kempower pursues these SDGs by promoting environmental and social sustainability. Kempower reviews its sustainability strategy annually and sets itself targets and key performance indicators. Sustainability is a key criteria for Kempower in selecting suppliers. Kempower requires all of its suppliers to fill in a self-assessment survey and Kempower may reject suppliers based on sustainability-related information provided in the survey. When assessing otherwise equal suppliers, Kempower aims to select the supplier that is nearest in distance in order to minimise emissions from the transport of incoming goods.

# Environmental

Kempower believes that Kempower is at the forefront of the electrification of mobility. Kempower estimates that its charging solutions could reduce mobility emissions by 86 percent (source: data provided by the Finnish Transport and Communications Agency Traficom, according to which the amount of a fully electric passenger vehicle's carbon emissions are, on average, 86 percent smaller per 100 kilometres compared to an ICE vehicle). 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 product is 99.61 percent. Kempower will carry out similar recycling assessments for all of 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, for the year ended 31 December 2020, the majority of Kempower's materials were 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 vehicle fleet is fully electric. Preventative maintenance of Kempower's products is done through the Kempower ChargEye<sup>™</sup> cloud service. According to Kempower, preventative maintenance extends product lifecycles and reduces maintenance logistics, costs and emissions. Kempower aims to complete its ongoing process to certify both of the production facilities with ISO 14001 (Environmental Management System standard) and ISO 45001 (Occupational Health & Safety Management System standard) by December 2021.

Kempower has selected a set of goals through which it promotes the identified environmental SDGs. Kempower promotes Affordable and Clean Energy by supporting and developing the modern energy services and by promoting EVs as more energy efficient means of transportation compared to ICE vehicles. Kempower promotes Sustainable Cities and Communities by developing and providing a safe and sustainable transportation and logistics system for the future and by reducing the environmental impact of cities, especially related to pollution, air quality and waste management. Kempower promotes Responsible Consumption and Production by pursuing the sustainable management and efficient use of natural

resources, by observing environmentally sound practices for the management of chemicals, tracking emissions throughout production and through reduction of waste generation via prevention, reduction and recycling.

#### Social

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 with non-governmental organisations ("NGOs") and stakeholders and cooperation in education. Kempower is committed to reduce 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.

## **Information Technology**

Kempower believes that it has an efficient, integrated, secure and scalable IT infrastructure and applications that support its business and its development and cover essential aspects of its business, such as production, inventory management, logistics, human resources, financial and other administrative systems. Kempower's key IT systems include, among others, an ERP system, a production monitoring solution, a product lifecycle management system (PLM), solutions for mechanical and electrical engineering, salary management solutions and financial reporting tools, customer relationship management (CRM) software and protected and backed up servers. Kempower's key IT systems have been sourced from third-party service providers.

Kempower's IT infrastructure has originally been developed for Kemppi Group and Kempower uses the same IT infrastructure, albeit with some modifications, in its operations. In order to find solutions that are better suited for Kempower and to end its dependence on Kemppi Group's IT infrastructure, Kempower aims to have its own IT infrastructure in place by the end of 2022.

# **Group Legal Structure**

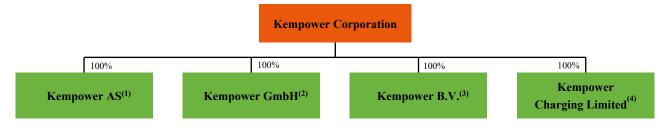
## General

The name of the Company is Kempower Corporation and it is domiciled in Lahti, Finland. Kempower is a public limited liability company incorporated under the laws of Finland. Kempower's postal address is Hennalankatu 71, FI-15810 Lahti, Finland, and its phone number is +358 29 0021 900. Kempower's business identity code is 2856868-5 and its LEI code is 743700EIG9TDB5QNZS09.

According to Article 3 of the Company's articles of association, its line of business is to, either directly or through its subsidiaries or affiliate companies, manufacture, market and maintain machines, devices and equipment related to the metal industry both domestically and abroad as well as to import the abovementioned products and raw materials and other necessary materials, machines and devices necessary for the manufacture and use of such products; to design, manufacture, maintain, repair, sell and market devices related to electronically controllable industrial power supplies as well other operations related thereto; to design, manufacture, sell, market and maintain charging devices, batteries and other equipment for motor vehicles and chargeable electric vehicles and related software as well as other operations related thereto. In addition, the Company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real property and securities. As the parent company, the Company may attend to the organisation, financing and purchases of the group and to other similar common tasks, as well as own real property and shares and carry on securities trading, corporate acquisitions and divestments, and other investment business.

# Legal Structure

Kempower Corporation is the parent company of the Group. The following chart sets forth the Group's legal structure as at the date of this Offering Circular:



- (1) Incorporated in Norway on 5 February 2021.
- (2) Incorporated in Germany on 1 March 2021.
- (3) Incorporated in the Netherlands on 26 May 2021.
- (4) Incorporated in the United Kingdom on 22 September 2021.

# **Organisation and Personnel**

#### General

As at 30 September 2021, Kempower had a personnel headcount of 103, of which five are working abroad and the rest in Finland. There have been no significant changes in the number of personnel between 30 September 2021 and the date of this Offering Circular. The Group's personnel primarily work under permanent, full-time employment contracts. Kempower applies collective bargaining agreements in its employment contracts in Finland, including the Collective Agreement for Salaried Employees in Technology Industries and the Collective Agreement for Senior Salaried Employees in Technology Industries.

In recent years, Kempower's personnel headcount has grown in line with its strategy. Kempower had an average personnel headcount of 29 for the year ended 31 December 2020, an average of 13 for the year ended 31 December 2019 and an average of four for the year ended 31 December 2018. As at 30 September 2021, Kempower's personnel headcount in R&D was 30, personnel headcount in marketing was 5, personnel headcount for blue collar workers was 23, personnel headcount in operations was 16, personnel headcount in sales was 19, personnel headcount in management and administration was 10. Kempower's personnel expenses were 22 percent of its revenue for the nine months ended 30 September 2021, 68 percent for the year ended 31 December 2020 and 330 percent for the year ended 31 December 2019.

The following table sets forth Kempower's personnel headcount split by employee type as at the dates indicated:

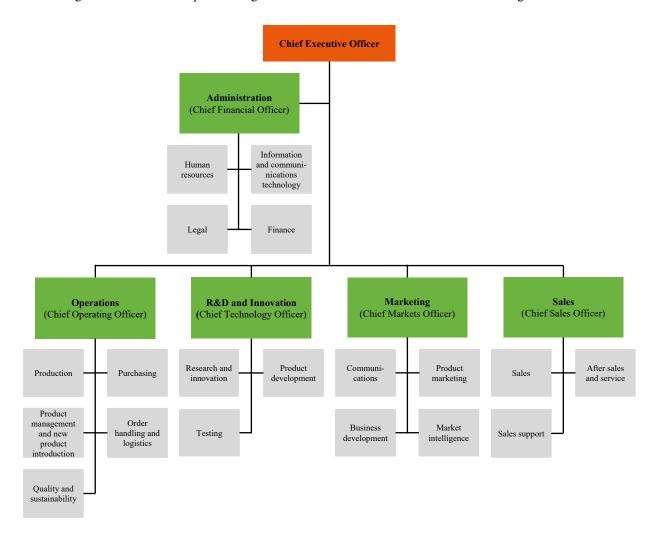
	As at 30 September	A	s at 31 Decembe	er
	2021	2020	2019	2018
		(unau	dited)	
Blue collar	23	6	=	=
White collar <sup>(1)</sup>	80	<u>32</u>	<u>17</u>	<u>5</u>
Total	<u>103</u>	<u>38</u>	<u>17</u>	<u>5</u>

<sup>(1)</sup> Including Kempower's management team and the CEO.

Kempower believes that high employee satisfaction is important to preserve existing talents in Kempower. Kempower's NPS was 87 percent positive according to an employee satisfaction survey conducted in June 2021, where participants were asked whether they would recommend Kempower as an employer. Kempower believes that open communication, taking part in a successful growth strategy, career development opportunities and strong and supportive leadership are important themes for good retention of existing talent. In addition, Kempower believes that it can attract employees by offering employment in a rapidly growing company, manufacturing products that help cutting emissions and by offering a work environment with limited bureaucracy. Kempower's human resources recruitment process uses modern recruitment tools and methods, networks, referrals and employee experiences as well as methods to culturally fit new employees.

## Organisational Structure

The following chart sets forth Kempower's organisational structure as at the date of this Offering Circular:



## **Incentive Programmes**

The entire Kempower personnel has a performance pay incentive programme (short-term incentive) that includes company-level targets combined with individual targets. Payments under the performance pay incentive programme are discretionary and tied to Kempower's results of operations and relevant key performance indicators and/or individual performance objectives. The terms and objectives of the performance pay incentive programme, including the key performance indicators, are determined annually and approved by the Board of Directors of the Company.

In addition, 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 (see "Description of Shares and Share Capital—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.

Kempower is also considering an option programme for Kempower's management team and key employees, which would be launched after the First North Listing. The objective of the option 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. Options under the option programme would be issued on a yearly basis and the binding time and the subscription and market price ratio would follow the market practice of Finnish option programmes.

## Insurance

Kempower believes that it and its subsidiaries maintain insurance coverage that reflects the requirements and the size of the Group, businesses and subsidiaries concerned. Nearly all of Kempower's insurance policies (excluding personnel insurances) are through Kemppi Group Oy in order to create cost advantages and administrational efficiency. Kempower's insurance policies include, among others, property damage and business interruption insurance, cargo insurance, general and product liability insurance, accident insurance for employees, directors' and officers' liability insurance, crime insurance and cyber liability insurance.

## **Real Estate and Leases**

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 the end of April 2023 and the other from a third-party until the end of November 2023. Kempower's headquarters are leased from Kemppi Oy until the end of January 2022. Kempower has signed a lease agreement with Kemppi Group Oy for a new production facility located in Lahti, Finland. This new production facility is leased until the end of 2031. The lease agreements with Kemppi Group Oy have been carried out on an arm's length basis.

Kempower's branch office in Norway is located on leased premises. Kempower has no offices in Germany, the Netherlands or the United Kingdom.

## **Material Contracts**

Except as set forth below and as set out under "Related Party Transactions", there are no contracts (other than contracts entered into in the ordinary course of business) to which Kempower is a party that: (i) are, or may be, material to it and that have been entered into in the two financial years immediately preceding the date of this Offering Circular; or (ii) contain any obligations or entitlements that are, or may be, material to Kempower as at the date of this Offering Circular.

## Placing Agreement

The Company and the Global Coordinator are expected to enter into a placing agreement on or about 13 December 2021 in respect of the Offering (the "Placing Agreement"). For additional information, see "Plan of Distribution—Placing Agreement".

## Regulation

Kempower must comply with laws and regulations enacted on both a national and an EU level concerning its operations in relation to matters including health, EVs, safety, marketing, general product safety, environment, employment, competition, company law, data protection, international trade and taxation in all of the countries in which Kempower pursues business.

## **Legal Proceedings**

Kempower has no pending governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Kempower is aware) which may have, or have had, in the past 12 months, a significant effect on the Company or the financial position or profitability of the Company and/or its subsidiaries.

# SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information for the Company as at and for the nine months ended 30 September 2021 and 2020 and as at and for the years ended 31 December 2020, 2019 and 2018. The financial information presented below has been derived from the Interim Consolidated Financial Information, prepared in accordance with FAS, and the Audited Financial Statements, prepared in accordance with FAS.

The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

The selected financial information presented herein should be read together with "Certain Matters—Presentation of Financial Information", "Operating and Financial Review" and the Financial Statements incorporated by reference into this Offering Circular.

		ne months September	For the year ended 31 December			
	2021	2020	2020	2019	2018	
	(unau	dited)		(audited)		
		(I	EUR in thousand	s)		
INCOME STATEMENT <sup>(1)</sup>						
Revenue	18,986	1,293	3,252	327	20	
Other operating income	152	70	100	=	_	
Change in inventories of finished goods and in						
work in progress	380	155	181	49	_	
Expenses:						
Raw materials and consumables used	(8,483)	(634)	(1,499)	(142)	(1)	
External services	(1,432)	(3)	(4)	(1)	_	
Personnel expenses	(4,235)	(1,432)	(2,223)	(1,080)	(295)	
Depreciation and amortisation	(105)	(58)	(85)	(39)	(6)	
Other operating expenses	(3,172)	<u>(1,270</u> )	<u>(1,941</u> )	<u>(1,334</u> )	<u>(358</u> )	
Total expenses	<u>(17,426</u> )	<u>(3,397)</u>	<u>(5,752</u> )	<u>(2,597)</u>	<u>(661</u> )	
Operating profit/loss (EBIT)	2,092	(1,879)	(2,220)	(2,221)	(641)	
Financial income	1	_	-	0	0	
Financial expenses	<u>(865</u> )	<u>(1</u> )	<u>(25</u> )	<u>(1</u> )	<u>(0</u> )	
Total financial income and expenses	<u>(864</u> )	<u>(1</u> )	<u>(25</u> )	<u>(1</u> )	<u>(0</u> )	
Profit/loss before appropriations and taxes	1,228	(1,880)	(2,245)	(2,222)	(642)	
Appropriations	_	(12)	2,388	2,492	898	
Income taxes	<u>(267</u> )		<u>(41</u> )	<u>(55</u> )	<u>(51</u> )	
Profit/loss for the period	<u>961</u>	<u>(1,892</u> )	103	<u>215</u>	<u>205</u>	

	As at 30		As at 31 December			
	September 2021					
		2020	2019	2018		
	(unaudited)		(audited)			
(1)		(EUR in t	housands)			
BALANCE SHEET <sup>(1)</sup>						
Assets						
Non-current assets						
Intangible assets	206	195	188	154		
Tangible assets	1,156	486	<u>110</u>	<u> 19</u>		
Total non-current assets	1,361	680	298	173		
Current assets						
Inventories	4,808	1,275	195	_		
Trade and other receivables	9,229	3,756	753	66		
Cash and cash equivalents	1,684	_ 521	<u>71</u>	<u>227</u>		
Total current assets	15,721	5,552	1,019	<u>292</u>		
Total assets	17,082	6,232	1,318	465		
Equity and liabilities		<del></del>	<del></del> _			
Equity						
Share capital	3	3	3	3		
Translation differences.	(0)	_	_	_		
Retained earnings	621	421	205	0		
Profit/loss for the period	961	103	215	205		
Total equity	1.584	526	423	208		
Appropriations	-,					
Cumulative accelerated depreciation	_	122	10	2		
Provisions		122	10	_		
Other provisions	154	61	_	_		
Liabilities	13 1	01				
Non-current liabilities	7,039	3,400	_	_		
Current liabilities	8,306	2,124	885	256		
Total liabilities	15,345	5,524	885	256 256		
Total equity and liabilities	17,082	6.232	1.318	465		

	As at and for the nine months ended 30 September		As at and for the year ended 31 Dece		ember	
	2021			2020 2019		
	(unau	dited)		(audited)		
		(E	UR in thousand	s)		
STATEMENT OF CASH FLOWS(1)		· ·				
Cash flow from operating activities	(5,150)	(2,235)	(2,482)	(2,487)	(496)	
Cash flow from investing activities	(786)	(342)	(467)	(169)	(179)	
Cash flow from financing activities	7,100	2,800	3,400	2,500	900	
Net change in cash and cash equivalents	1,164	222	451	(156)	224	
Net foreign exchange differences	(2)	_	_		_	
Cash and cash equivalents at the beginning of the						
period	<u>521</u>	<u>71</u>	71_	227	2	
Cash and cash equivalents at the end of the				<del></del>		
period	1.684	293	521	71	227	

	As at and for the nine months ended 30 September		As at and for the year ended 31 December		
	2021	2020	2020	2019	2018
	(unaud	lited)	(unaudited,	unless otherwise	indicated)
		(EUR in thousa	nds, unless other	wise indicated)	
KEY FIGURES <sup>(1)</sup>					
Order backlog	10,625	3,791	3,830	170	_
Order intake	25,852	4,914	7,092	483	6
Revenue	18,986	1,293	$3,252^{(2)}$	327(2)	$20^{(2)}$
Revenue growth, percent	1,369	1,144	894	1,578	100
Gross profit	8,819	745	1,769	227	18
Gross margin, percent	46	58	54	69	94
EBITDA	2,197	(1,821)	(2,135)	(2,182)	(635)
EBITDA margin, percent	12	(141)	(66)	(667)	(3,256)
Operating profit/loss (EBIT)	2,092	(1,879)	$(2,220)^{(2)}$	$(2,221)^{(2)}$	$(641)^{(2)}$
EBIT margin, percent	11	(145)	(68)	(679)	(3,289)
Operative EBIT	2,092	(1,879)	(2,220)	(2,221)	(641)
Operative EBIT margin, percent	11	(145)	(68)	(679)	(3,289)
Equity ratio, percent	10	n.a.	9	32	45
Cash flow from operating activities	(5,150)	(2,235)	$(2,482)^{(2)}$	$(2,487)^{(2)}$	$(496)^{(2)}$
Investments	786	342	467	171	179
Net debt	6,316	n.a.	2,879	(71)	(227)
Items affecting comparability	$(776)^{(3)}$	_	_	` _´	
Earnings per share, basic and diluted <sup>(4)</sup> , EUR	0.03	(0.05)	0.00	0.01	0.01
Personnel headcount, end of period	103	31	38	17	5

<sup>(1)</sup> The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

The following table sets for the definitions and reasons for use for Kempower's key figures:

	Definition	Reason for use
Key figure Order backlog	Received orders from external customers not yet delivered to customer	Order backlog is an indicator of Kempower's future revenue expected based on the received orders during the period or earlier periods.
Order intake	Received orders from external customers during the period	Order intake is an indicator of Kempower's future revenue expected based on the received orders during the period.
Revenue growth	Change in Kempower's revenue for the period divided by revenue for the previous period presented in percent	Revenue growth shows the development of Kempower's business operations. Revenue growth is one of Kempower's medium-term financial targets.
Gross profit	Revenue - Cost of goods sold	Gross profit is an indicator to measure the profitability of Kempower.
Gross margin	Gross profit as percentage of revenue	Gross margin is an indicator to measure the profitability of Kempower.
EBITDA	Earnings before interest, taxes and depreciation and amortisation	EBITDA is an indicator to measure the performance of Kempower.
EBITDA margin	EBITDA as percentage of revenue	EBITDA margin is an indicator to measure the performance of Kempower.
EBIT margin	Operating profit/loss (EBIT) as percentage of revenue	EBIT margin shows the result generated by Kempower's operating activities. EBIT margin is one of Kempower's medium-term financial targets.

Audited.

<sup>(2)</sup> (3) 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.

<sup>(4)</sup> The earnings per share, basic and diluted, figures for the nine months ended 30 September 2021 and 2020 and for the years ended 31 December 2020, 2019 and 2018 have been adjusted retrospectively for the effects of the share issues without consideration as resolved unanimously by the shareholders of the Company as at 24 September 2021 and 22 November 2021 and the proportion without consideration of the personnel offering as resolved unanimously by the shareholders of the Company as at 24 September 2021. Taking into account the abovementioned share issues without consideration, the number of Shares used to calculate earnings per share, basic and diluted, for all periods indicated was 38,012,686. As at the date of this Offering Circular, the number of Shares is 38,112,606. No dilutive instruments have been issued.

	Definition	Reason for use
Operative EBIT	Operating profit/loss (EBIT) - Items affecting comparability affecting operating profit/loss	Operative EBIT margin is presented in addition to EBITDA and EBIT to reflect the underlying business performance of Kempower and to enhance comparability between periods. Kempower believes that these adjusted performance measures provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods.
Operative EBIT margin	Operative EBIT as percentage of revenue	Operative EBIT margin is presented in addition to EBITDA and EBIT to reflect the underlying business performance of Kempower and to enhance comparability between periods. Kempower believes that these adjusted performance measures provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods. Operative EBIT margin is one of Kempower's medium and long-term financial targets.
Equity ratio	Total equity / (Total assets - advance payments received)	Equity ratio is a measure for Kempower's management to monitor the level of Kempower's equity.
Investments	Investments in intangible and tangible assets	Investments provides additional information on the financing needs of operational investments.
Net debt	Short-term interest-bearing debt + Long-term interest-bearing debt - Cash and cash equivalents	Net debt is an indicator of the total external debt financing of Kempower.
Items affecting comparability	Unusual material items outside the ordinary course of the business, which relate to (i) external advisory costs related to capital reorganisation, (ii) strategic projects and (iii) expenses related to the First North Listing	Items affecting comparability is presented to reflect the underlying business performance of Kempower and to enhance comparability between periods. Kempower believes that these adjusted items provide meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods.
Earnings per share, basic	Profit/loss for the period divided by the weighted average number of shares outstanding during the period	Earnings per share presents, basic, the distribution of Kempower's results to its shareholders.
Earnings per share, diluted	Profit/loss for the period / weighted average number of shares outstanding during the period+ potential dilutive shares	Earnings per share, diluted, presents the distribution of Kempower's results to its shareholders with dilution effect.

# **Reconciliation of Alternative Performance Measures**

The following table sets forth a reconciliation of the Alternative Performance Measures as at the dates and for the periods indicated:

	As at and f			As at and for	
	months ended 2021	30 September 2020	2020 the yea	r ended 31 Dece 2019	2018
		dited)		unless otherwise	
	(unau		nds, unless other		mulcatcu)
Gross profit		(======================================	,		
Revenue	18,986	1,293	$3,252^{(2)}$	327(2)	$20^{(2)}$
Material and services	(9,914)	(637)	$(1,503)^{(2)}$	$(143)^{(2)}$	$(1)^{(2)}$
Change in inventories of finished goods and in					
work in progress	380	155	$181^{(2)}$	49(2)	_
Variable personnel expenses	(539)	(51)	(133)	(4)	_
Sales freight costs	<u>(93</u> )	<u>(14</u> )	<u>(27</u> )	<u>(1</u> )	<del>_</del>
Gross profit	8,819	745	1,769	227	18
Gross margin, percent	46	58	54	69	94
EBITDA					
Operating profit/loss (EBIT)	2,092	(1,879)	$(2,220)^{(2)}$	$(2,221)^{(2)}$	$(641)^{(2)}$
Depreciation and amortisation	105	58	85 <sup>(2)</sup>	39(2)	6(2)
EBITDA	2,197	(1,821)	(2,135)	(2,182)	(635)
EBITDA margin, percent	12	(141)	(66)	(667)	(3,256)
		, ,	, ,	, í	
EBIT margin Operating profit/loss (EBIT)	2.002	(1.970)	$(2,220)^{(2)}$	$(2,221)^{(2)}$	(6/11)(2)
Revenue	2,092	(1,879)	$3,252^{(2)}$	$(2,221)^{(-)}$ $327^{(2)}$	$\begin{array}{c} (641)^{(2)} \\ 20^{(2)} \end{array}$
	18,986 11	1,293 (145)	(68)	(679)	(3,289)
EBIT margin, percent	11	(143)	(08)	(6/9)	(3,289)
Operative EBIT					
Operating profit/loss (EBIT)	2,092	(1,879)	$(2,220)^{(2)}$	$(2,221)^{(2)}$	$(641)^{(2)}$
Items affecting comparability affecting operating					
profit/loss					
Operative EBIT	2,092	(1,879)	(2,220)	(2,221)	(641)
Operative EBIT margin, percent	11	(145)	(68)	(679)	(3,289)
Equity ratio					
Total equity	1,584	n.a.	526(2)	423(2)	208(2)
Total assets	17,082	n.a.	$6,232^{(2)}$	1,318(2)	465(2)
Advance payments received	863	n.a.	227(2)	_	_
Equity ratio, percent	10	n.a.	9	32	45
Investments	21	10	20	40	1.61
Investments in intangible assets	31	10	29	49	161 18
_	755	332	<u>438</u> 467	<u>121</u> 171	179
Investments	<u> 786</u>	<u>342</u>	407	1/1	1/9
Net debt					
Non-current interest-bearing liabilities	7,000	n.a.	3,400	_	_
Current interest-bearing liabilities	1,000	n.a.		-	
Cash and cash equivalents	(1,684)	n.a.	$(521)^{(2)}$	$(71)^{(2)}$	$(227)^{(2)}$
Net debt	6,316	n.a.	<u>2,879</u>	<u>(71</u> )	<u>(227</u> )
Items affecting comparability					
Items affecting comparability affecting operating					
profit/loss	_	_	_	_	_
Costs related to the Offering and the First North					
Listing (included in financial expenses)	(776)	=	_	=	_
Items affecting comparability	(776)	<u>=</u>	=		
			<u> </u>		
Earnings per share Profit attributable to owners of the parent					
company	961	(1,892)	103	215	205
Weighted average number of ordinary shares in	701	(1,072)	103	213	203
issue during the period <sup>(3)</sup>	38,012,686	38,012,686	38,012,686	38,012,686	38,012,686
Earnings per share, basic and diluted, EUR	0.03	(0.05)	0.00	0.01	0.01
Zamingo per onare, caore una unaca, nortimina	0.03	(0.05)	0.00	0.01	0.01

The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

<sup>(2)</sup> Audited.

(3) The earnings per share, basic and diluted, figures for the nine months ended 30 September 2021 and 2020 and for the years ended 31 December 2020, 2019 and 2018 have been adjusted retrospectively for the effects of the share issues without consideration as resolved unanimously by the shareholders of the Company as at 24 September 2021 and 22 November 2021 and the proportion without consideration of the personnel offering as resolved unanimously by the shareholders of the Company as at 24 September 2021. Taking into account the abovementioned share issues without consideration, the number of Shares used to calculate earnings per share, basic and diluted, for all periods indicated was 38,012,686. As at the date of this Offering Circular, the number of Shares is 38,112,606. No dilutive instruments have been issued.

For additional information on Alternative Performance Measures, see "Certain Matters—Presentation of Financial Information".

### **OPERATING AND FINANCIAL REVIEW**

The following discussion of Kempower's financial condition and results of operations should be read together with the Financial Statements and the information relating to Kempower's business included elsewhere in this Offering Circular. For information on the basis of preparation of the Financial Statements, see "Certain Matters—Presentation of Financial Information".

The following discussion includes forward-looking statements that reflect the current view of Kempower's management and involve inherent risks and uncertainties. Kempower's actual results of operations or financial condition could differ materially from those contained in such forward-looking statements as a result of many factors discussed below and elsewhere in this Offering Circular, particularly in "Risk Factors". See "Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements".

#### Overview

Kempower is a Finnish EV fast charging equipment and solutions manufacturer and provider striving for rapid growth. Kempower designs, manufactures and sells DC fast charging devices, solutions and services for EVs, such as personal and commercial vehicles and mobile off-highway machinery and electric marine vessels and boats. Kempower's main geographic markets include the Nordics. Kempower's charging solutions have been delivered to more than 30 countries globally.

The following table sets forth Kempower's revenue by geography for the periods indicated:

_	For the nine months ended 30 September		For the ye	For the year ended 31 December		
_	2021	2020	2020	2019	2018	
	(unaudited)		(unaudited, u	ed, unless otherwise indicated)		
		(I	EUR in thousands)			
Nordics	17,045	906	2,265	256	14	
Rest of Europe	1,812	374	865	71	5	
Rest of the world	<u>129</u>	13	<u>121</u>	<u>_=</u>	<u>_=</u>	
Total	<u>18,986</u>	<u>1,293</u>	<u>3,252</u> <sup>(1)</sup>	<u>327</u> <sup>(1)</sup>	<u>20</u> <sup>(1)</sup>	

<sup>(1)</sup> Audited.

# **Key Factors Affecting Results of Operations**

# Overview

Kempower is a growth-stage company established in October 2017 with 2018 being its first full year of operations. Kempower's revenue has grown rapidly, growing at a CAGR of 1,191 percent between 2018 and 2020. For the nine months ended 30 September 2021, Kempower's consolidated revenue grew by 1,369 percent to EUR 18,986 thousand, compared to EUR 1,293 for the nine months ended 30 September 2020. Kempower has ambitious expansion plans that will continue to generate significant expenses and require further investments. The execution of Kempower's growth strategy will require Kempower to hire additional employees, conduct further R&D, increase and invest in its production capacity and increase its sales and marketing organisation and efforts. In order to manage the targeted growth, Kempower must also continue to improve and scale up its operational, financial administration, management, sales, marketing and human resources infrastructure while simultaneously continuing to focus on the commercial scale-up of its DC fast charging solutions. Such activities will place significant strain on Kempower's existing financial resources and also increase costs, which is expected to adversely affect Kempower's profitability and liquidity.

Kempower anticipates that its quarterly and annual results of operations will be affected in the near future by several factors, such as Kempower's ability to scale up its production capacity and sales and marketing activities, the timing and amount of customer projects and their related payments received from customers, and the progress of R&D efforts as well as the timing of expenditures related to R&D. Due to these fluctuations, Kempower currently believes that the period to period comparisons of its operating results are not a reliable indication of its future performance. Therefore, the below key factors affecting Kempower's results of operations should be considered in light of Kempower's historical and current operations during the period under review and, in particular, the period covering Kempower's current strategy and the financial targets adopted by the Board of Directors of the Company. See "Business—Financial Targets".

Kempower's results of operations have been, and are expected to continue to be, affected by a number of internal and external factors, some of which are beyond Kempower's control. The following key factors have affected, and are expected to affect, Kempower's results of operations:

• development of the DC fast charging equipment market;

- ability to scale-up production capacity and sales activities;
- sales and customer mix;
- cost base;
- seasonality; and
- currency exchange and interest rate fluctuations.

Investors should also consider risks and uncertainties discussed in "Risk Factors" that may affect Kempower's results of operations.

### Development of the DC Fast Charging Equipment Market

Kempower's ability to execute its strategy and to achieve its financial targets is dependent on the development of the DC fast charging equipment market and Kempower's ability to keep up with the rapidly changing technology in the EV charging market. As the DC fast charging equipment market is relatively new and fast-developing, there are various uncertainties related to how the market will be structured and how the competitive landscape in the EV charging market will develop and which companies will ultimately prevail. Kempower currently targets the DC fast charging and HPC equipment markets of EVs in Europe and also sees significant potential to expand into the United States. See "Industry and Market Overview".

In 2020, the DC fast charging and HPC equipment markets in Europe and the United States amounted to approximately EUR 638 million. Because of Kempower's modular and scalable product offering, Kempower does not differentiate between the fast charging and HPC equipment markets, but instead recognises them as a single DC fast charging equipment market. 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.<sup>21</sup>

Kempower's ability to execute its strategy and to achieve its financial targets is highly correlated with and, thus, dependent upon the continuing rapid adoption of EVs. Megatrends affecting demand for Kempower's products and solutions include tightening emissions regulations, declining battery prices and electrification. There are a number of regulations that are expected to continue driving increased EV demand, which, in turn, is expected to drive further investments in EV charging infrastructure to meet the charging needs of the growing EV stock. Also, in the coming years, the TCO for EVs is expected to decrease driven by decreasing battery prices<sup>22</sup>. More than 50 percent of this decrease is expected to take place in the next five years, increasing the economic benefits of EV ownership and usage, which, in turn, is expected to accelerate EV penetration in car fleets. Vehicle manufacturers are also taking action to respond to the tightening regulation and increasing EV demand. Vehicle manufacturers have announced plans to bring nearly 400 EV models to the personal vehicle market by 2025, increasing the number of EV alternatives available to consumers. This increase in options, in turn, is expected to accelerate the penetration of EVs. Ultimately, the increase in passenger EV stock is expected to increase demand for EV charging infrastructure, and, therefore, demand for DC fast charging equipment. 23 Furthermore, public decision makers have pledged for wider electrification of commercial vehicles.<sup>24</sup> The aforementioned megatrends are expected to drive the increase of personal and commercial EV stocks in both Europe and the United States, and the total EV stock, including both personal and commercial EVs, in the two markets, which are expected to total to approximately 65 million EVs by 2030 (only including battery EVs)<sup>25</sup>.

21

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html); International Council on Clean Transportation: Zero emission bus and truck market in the United States and Canada: a 2020 update, May 2021 (theicct.org/publications/canada-race-to-zero-FS-may2021); Transport Environment: EVs will be cheaper than petrol cars in all segments by 2027, BNEF analysis finds, May 2021 (www.transportenvironment.org/discover/evs-will-be-cheaper-than-petrol-cars-in-all-segments-by-2027-bnef-analysis-finds/); Global Commercial Vehicles: Mapping Alternative Powertrain Adoption 3/2021, Morgan Stanley.

Source: Who Will Drive Electric Cars to the Tipping Point?, June 2021 (www.bcg.com/publications/2020/drive-electric-cars-to-the-tipping-point).

Source: IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html) and public announcements made by OEM decision-makers.

Source: C40 Cities Clean Bus Declaration of Intent (c40-production-images.s3.amazonaws.com/other\_uploads/images/884\_C40\_CITIES\_CLEAN\_BUS\_DECLARATION\_OF\_INTENT\_FINAL\_DEC1.original\_EC2.original.original.pdf?1479915583).

Sources: BCG Stock Model: Why Electric Cars Can't Come Fast Enough, April 2021 (www.bcg.com/publications/2021/why-evs-need-to-accelerate-their-market-penetration); IHS Markit EV Charging Infrastructure Report and Forecast, July 2021 (ihsmarkit.com/research-analysis/ev-charging-infrastructure-report-and-forecast.html); International Council on Clean Transportation: International Council on Clean Transportation: Zero emission bus and truck market in the United States and Canada: a 2020 update, May 2021 (theicct.org/publications/canada-race-to-zero-FS-may2021); Transport Environment: EVs will be cheaper than petrol cars in all segments by 2027, BNEF analysis finds, May 2021 (www.transportenvironment.org/discover/evs-will-be-cheaper-than-petrol-cars-in-all-segments-by-2027-bnef-analysis-finds/); Global Commercial Vehicles: Mapping Alternative Powertrain Adoption 3/2021, Morgan Stanley.

# Ability to Scale-Up Production Capacity and Sales Activities

In order to meet the forecasted demand for Kempower's products, Kempower has been focusing on scaling up its production and sales activities, and is expected to continue to do so in the medium term. Such activities will require Kempower to make investments and incur expenses, which is expected to adversely affect Kempower's profitability. During the periods under review, the majority of Kempower's investments have related to the expansion and growth of Kempower's operations, including investments in assembly lines, testing area and laboratory and production equipment at its production facilities.

Kempower plans to make significant investments and also incur significant expenses in order to scale-up its production capacity to meet the forecasted demand for its products. Kempower's headquarters and its two production facilities are currently located in Lahti, Finland. In 2021, Kemppi Group Oy acquired business premises in Lahti, Finland, which Kemppi Group Oy subsequently leased to Kempower. Kempower aims to transfer certain company functions, including its headquarters and a portion of production to these new business premises during 2022, replacing the smaller of its two current production facilities. Kempower expects the new business premises to enable it to increase its production capacity manifold by 2025 compared to its production capacity as at the date of this Offering Circular. For more information, see "Business—Production—Production Facilities". The other existing production facility neighbours the new business premises and Kempower aims to, at first, keep it leased as a storage space, in addition to which it intends to potentially expand its production there, if additional production capacity is needed in the future.

As at the date of this Offering Circular, Kempower's sales operations are based in Finland. Kempower has during 2021 established subsidiaries focusing on sales and marketing in Norway, Germany, the Netherlands and the United Kingdom, is in the process of establishing subsidiaries in Sweden, France, Italy and Spain and is planning expansion into other European markets. Kempower believes that there is also significant potential for Kempower to expand into the United States, with a target of establishing operations there by the end of 2025. Kempower aims to establish local sales offices in its target markets in order to develop trusted customer relationships and utilise local sales expertise to efficiently target sales. To achieve its targets, Kempower will continue to recruit employees especially within pre-sales, sales and after sales as it expands into new markets.

#### Sales and Customer Mix

Kempower designs, manufactures and sells DC fast charging devices, solutions and services for EVs, such as personal and commercial vehicles, mobile off-highway machinery, and electric marine vessels and boats. Kempower generates revenue primarily from sales of hardware, basic monitoring software, spare parts and advance monitoring and add-on software and maintenance contracts. Kempower also generates some revenue from installations, which are not, however, included in Kempower's offering, but outsourced to business partners. The pricing of Kempower's devices, solutions and services depends on the type and complexity of the devices, solutions and services offered. The aggregate gross margins of orders including installations sold by Kempower are typically lower for Kempower than the aggregate gross margins of orders where installations are sold independently by Kempower's business partners (i.e., where Kempower is not a party to any assembly work). In addition, Kempower's pricing is impacted by the competition that it faces on the market. The competitive situation and Kempower's value proposition compared to Kempower's competitors can differ between the market segments and geographical market areas. In Kempower's view, Kempower faces more price pressure in the more developed EV charging markets, such as the European market. See also "Industry and Market Overview—Competitive Landscape". Kempower's agreements with its largest customers are typically framework agreements that include price lists for Kempower's products and services for a certain period of time. Deliveries to customers under the framework agreements are based on purchase orders made by customers or orders made through an electronic data interchange link, through which Kempower receives electronic orders. For other customers, purchases are typically based on purchase orders that are based on offers by Kempower.

Kempower's go-to-market strategy is to focus on each of its customer segments in each of its geographic market. For example, market entry into new geographies is considered separately for each customer segment and geographic market, and the market attractiveness is estimated by examining, for example, prospective market winning customers, the anticipated size of the total geographic profit pool and its relative profitability. OEM customers are assessed based on their brand, financial standing and competitiveness in EV sales. Commercial vehicle fleet operators are assessed based on, for example, customer value potential, level of competition and local political decisions regarding electric traffic. The EV charging market in the Nordics and the rest of Europe is currently in the scale-up phase with multiple new companies and intermediate companies entering the rapidly growing EV charging market. Because many scale-up phase companies may be acquired or eliminated in the competition phase, it is crucial for Kempower to build long lasting relationships to market winning customers. Failure in building long lasting relationships with market winning customers could adversely affect Kempower's future revenue growth as the market matures to competition phase.

### Cost Base

Kempower's cost of goods sold derives from Kempower's purchases from its suppliers. Changes in the prices of materials affect Kempower's cost of goods sold and the margin achieved to the extent Kempower is not able to transfer increases in prices to its customers. For the nine months ended 30 September 2021, Kempower's cost of raw materials and consumables used amounted to EUR 8,483 thousand and for the years ended 31 December 2020, 2019 and 2018, Kempower's cost of materials and sub-assemblies used amounted to EUR 1,499 thousand, EUR 142 thousand and EUR 1 thousand, respectively. Kempower purchases approximately 600 individual types of materials (*i.e.*, parts and components), including sub-assemblies, from its suppliers, and Kempower has approximately 100 suppliers, which are mainly located in Finland. For certain materials and sub-assemblies, Kempower currently relies only on one supplier, but is aiming to secure additional suppliers to limit the dependency on any single supplier. Materials and sub-assembly prices are typically negotiated annually based on estimated volumes for the year ahead. However, the materials and sub-assemblies that Kempower procures from its suppliers contain, for example, considerable amounts of copper and other metals and, as a consequence, materials prices may increase if the price of copper or other metals increase. As at the date of this Offering Circular, Kempower does not hedge against component or raw material price fluctuations. Going forward, Kempower expects its rapid growth to translate into larger purchases of materials and sub-assemblies.

Kempower's operating expenses mainly consist of personnel expenses and other operating expenses, such as R&D. As at 30 September 2021, Kempower had a personnel headcount of 103. In recent years, Kempower's personnel headcount has grown in line with its strategy. Kempower had an average personnel headcount of 29 for the year ended 31 December 2020, an average of 13 for the year ended 31 December 2019 and an average of four for the year ended 31 December 2018. Expansion of production capacity carried out by Kempower requires additional personnel, and in order to achieve its business targets and to continue its growth and expansion in accordance with its strategy, Kempower plans to continue to recruit additional personnel, especially within R&D, production, marketing, sales and after sales. In addition, Kempower's growth strategy will require Kempower to conduct further R&D and increase its sales and marketing efforts, which will also affect its operating expenses in the future. Kempower has also incurred additional expenses, and is expected to continue to do so, related to its geographical expansion, including expenses related to sales, marketing and recruitment, which affect is results of operations.

### Seasonality

Kempower's sales and profitability have historically fluctuated between quarters, depending on, among others, weather conditions, customer demand, incurred expenses and the number of working days.

Demand for Kempower's products and solutions is subject to seasonality, which is partially due to weather conditions. Seasonality affects Kempower's revenue especially in the Nordics where installation of chargers usually slows down during the winter season due to weather conditions. In addition, Kempower's results of operations on a quarterly basis may also vary depending on completions and deliveries of projects, and there can be major differences how Kempower's order intake, order backlog and revenue growth develop between quarters. For example, certain customers make orders only once or twice a year, which causes differences in Kempower's results of operations and order backlog between quarters. In addition, as Kempower has been focusing on scaling up its production, and is expected to continue to do so in the medium term, Kempower expects this to cause fluctuations in its expenses, and therefore, affect Kempower's quarterly or annual results.

Seasonal fluctuations, including the ones described above, can cause differences in Kempower's revenue and profitability among the various quarters of any fiscal year. Accordingly, Kempower's reported quarterly financial results may not be comparable to those of other quarters or be indicative of Kempower's annual results.

# Currency Exchange and Interest Rate Fluctuations

Due to Kempower's ambitious expansion plans, it expects its exposure to transactional and translation risks to increase. In the short to medium term, Kempower expects to be exposed to transactional risk and translation risk related mainly to the Swedish krona, the Norwegian krone and the U.S. dollar. Kempower has during 2021 established subsidiaries in Norway, Germany, the Netherlands and the United Kingdom, is in the process of establishing subsidiaries in Sweden, France, Italy and Spain and is planning expansion into other European markets. Kempower believes that there is also significant potential for Kempower to expand into the United States, with a target of establishing operations there by the end of 2025. Exchange rate fluctuations are, thus, expected to have an effect on Kempower's results of operations and this effect increases as Kempower plans to continue its expansion of operations outside of the Nordics.

Historically, Kempower has financed its operations mainly with financing from its Principal Shareholder through group contributions, capital loans as well as non-current and current loans and to a small extent revenue from contracts from customers and grants received. Sufficient cash flow is required for Kempower's existing business, but Kempower could also need external debt financing, for example, for the execution of its expansion plans and investments expected to be made in connection with the implementation of Kempower's growth strategy. Therefore, Kempower's interest costs may

increase in the future, if it is required to obtain external debt financing. Interest fluctuations could also have a material direct effect on Kempower's financing costs.

### **Recent Events**

Except as set forth below, there have not been any significant changes in the financial position or performance of Kempower between September 30, 2021, and the date of this Offering Circular.

Kempower has entered into a number of non-binding agreements (such as letters of intent and framework agreements) under which the respective existing clients and Kempower have agreed upon mutual future cooperation. Typically, these non-binding agreements set forth roll-out plans for Kempower's charging products and systems, and include a certain pricing mechanism or price list under which the clients can purchase Kempower's products for a pre-agreed price. Based on the information received from the customers, Kempower estimates that the aggregated combined value of the potential future orders of its six largest customers (under existing non-binding agreements and other mutual plans) could exceed EUR 120 million, and the potential orders under these agreements could last until 2025.

In September 2021, Kempower announced that it had entered into a framework agreement with Osprey Charging. The first charging site in the United Kingdom was opened in November 2021. In 2021, Kempower announced that it had entered into a framework agreement with Gilbarco Veeder-Root, a leader of technology solutions for retail fuelling and convenience market. According to the agreement, Gilbarco Veeder-Root aims to offer Kempower's EV chargers as part of its EV charging network offering that also includes network management software, installation and maintenance services. In 2021, Kempower entered into a cooperation agreement also with Epiroc, one of the leading providers of productivity and sustainability for the mining and infrastructure industry. Epiroc offers Kempower's EV chargers globally as part of its electric mining and construction machinery offering.

As at the date of this Offering Circular, Kempower has ongoing negotiations with a new European CPO customer regarding a nationwide charging network for personal cars. In the event the cooperation is carried out, the agreement would be worth approximately EUR 70 million in 2022–2023. In addition, Kempower has ongoing negotiations with European bus fleet operators regarding electric bus depot charging projects worth more than EUR 3 million in total in 2022–2023. Kempower is among the last three candidates in the competition processes of these aforementioned open negotiations regarding electric bus depot charging projects and the CPO customer. In addition, Kempower expects to receive deliveries worth approximately EUR 3 million from European bus fleet operators in connection with the electric bus depot charging projects, of which EUR 1.4 million has already been received as orders. In addition, Kempower has signed in November 2021 a letter of intent worth approximately EUR 5 million with a large European electricity producer and distributor company. Kempower is also currently negotiating with two large European commercial vehicle manufacturers about framework agreements, which are estimated to be worth approximately EUR 2 million in a year per agreement in medium term. In addition, Kempower is negotiating about a framework agreement with an international distributor and installation partner. The framework agreement is estimated to be worth approximately EUR 2 million in a year in medium term.

# **Short-term Outlook**

Kempower anticipates market development for the products it offers to continue to be favourable and demand for the products it offers to be good, but Kempower expects seasonality to affect Kempower's revenue on the fourth quarter of 2021 and on the first quarter of 2022 especially in the Nordics where installation of chargers usually slows down during the winter season due to weather conditions.

The statements set forth above include forward-looking statements and are not guarantees of Kempower's financial performance in the future. Kempower's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters—Special Cautionary Notice Regarding Forward-looking Statements", "Risk Factors", and "—Key Factors Affecting Results of Operations" above. Kempower cautions prospective investors not to place undue reliance on these forward-looking statements.

# **Explanations of Key Income Statement Items**

### Revenue

The majority of revenue is generated through the sale of charging equipment. Other revenue relates mainly to maintenance, software, spare parts and installation services. Revenue is recognised when control of a good or service transfers to a customer.

## Other Operating Income

Other operating income comprise grants received.

# Change in Inventories of Finished Goods and in Work in Progress

Change in inventories of finished goods and in work in progress mainly comprise manufactured products.

#### Raw Materials and Consumables Used

Raw materials and consumables used comprise the direct costs of the goods sold during the period. Foreign exchange differences arising from purchases are recognised within the appropriate line item above operating profit/loss.

#### External Services

External services mainly comprise installations and other services purchased from subcontractors.

### Personnel Expenses

Personnel expenses comprise wages and salaries, social security expenses, pension expenses and other personnel-related expenses.

### **Depreciation and Amortisation**

Depreciation and amortisation comprise amortisation of intangible assets and depreciation of tangible assets according to plan. Planned depreciation is calculated on a straight-line basis over the useful economic life of the asset. The useful economic lives of assets are 10 years for intangible assets, 3–10 years for long-term expenditure and 3–10 years for machinery and equipment.

### Other Operating Expenses

Other operating expenses comprise expenses other than the costs of goods sold, such as administration costs, rents and maintenance costs of business premises, marketing costs as well as information and communications technology expenses. Other operating expenses also include potential losses on disposal of tangible and intangible assets. Foreign exchange differences arising from purchases are recognised within the appropriate line item above operating profit/loss.

### Financial Income and Expenses

Financial income and expenses comprise financial income and interest and other financial expenses.

# Appropriations

Appropriations comprise group contributions received from Kemppi Group Oy and change in cumulative accelerated depreciation.

#### Income Taxes

Income taxes comprise Kempower's taxes based on taxable profit/loss for the period and tax adjustments for previous periods.

# Results of Operations for the Nine Months Ended 30 September 2021 and for the Years Ended 31 December 2020, 2019 and 2018

### General

The following discussion sets forth the development of Kempower's business performance during the periods covered by historical information. The financial information presented below has been derived from the Interim Consolidated Financial Information, prepared in accordance with FAS, and the Audited Financial Statements, prepared in accordance with FAS.

The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

The following table sets forth certain information on Kempower's income statement for the periods indicated:

	For the nine months ended 30 September		For the year ended 31 December			
•	2021	2020	2020	2019	2018	
•	(unau	dited)		(audited)		
		(I	EUR in thousand	s)		
Revenue	18,986	1,293	3,252	327	20	
Other operating income	152	70	100	_	_	
Change in inventories of finished goods and in						
work in progress	380	155	181	49	_	
Expenses:						
Raw materials and consumables used	(8,483)	(634)	(1,499)	(142)	(1)	
External services	(1,432)	(3)	(4)	(1)	=	
Personnel expenses	(4,235)	(1,432)	(2,223)	(1,080)	(295)	
Depreciation and amortisation	(105)	(58)	(85)	(39)	(6)	
Other operating expenses	(3,172)	<u>(1,270</u> )	(1,941)	<u>(1,334</u> )	<u>(358</u> )	
Total expenses	<u>(17,426</u> )	<u>(3,397)</u>	<u>(5,752</u> )	<u>(2,597)</u>	<u>(661</u> )	
Operating profit/loss (EBIT)	2,092	(1,879)	(2,220)	(2,221)	(641)	
Financial income	1	_	_	0	0	
Financial expenses	<u>(865</u> )	<u>(1</u> )	<u>(25</u> )	<u>(1</u> )	<u>(0</u> )	
Total financial income and expenses	(864)	<u>(1</u> )	(25)	<u>(1</u> )	<u>(0</u> )	
Profit/loss before appropriations and taxes	1,228	(1,880)	(2,245)	(2,222)	(642)	
Appropriations	_	(12)	2,388	2,492	898	
Income taxes	<u>(267</u> )		<u>(41</u> )	<u>(55</u> )	<u>(51</u> )	
Profit/loss for the period	<u>961</u>	<u>(1,892</u> )	<u>103</u>	<u>215</u>	<u>205</u>	

Note: The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

# Revenue

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

Kempower's revenue for the nine months ended 30 September 2021 amounted to EUR 18,986 thousand, an increase of EUR 17,693 thousand, as compared to EUR 1,293 thousand for the nine months ended 30 September 2020. The increase was primarily attributable to the increased customer demand generated and due to the production capacity expansion in manufacturing facilities put into operation in February 2021 in Lahti, Finland.

Kempower's revenue for the year ended 31 December 2020 amounted to EUR 3,252 thousand, an increase of EUR 2,925 thousand, as compared to EUR 327 thousand for the year ended 31 December 2019. The increase was primarily attributable to the ramp-up of business operations, production capacity expansion and increased demand from customers.

Kempower's revenue for the year ended 31 December 2019 amounted to EUR 327 thousand, an increase of EUR 308 thousand, as compared to EUR 20 thousand for the year ended 31 December 2018.

#### Other Operating Income

Kempower's other operating income for the nine months ended 30 September 2021 amounted to EUR 152 thousand, an increase of EUR 82 thousand, as compared to EUR 70 thousand for the nine months ended 30 September 2020.

Kempower's other operating income for the year ended 31 December 2020 amounted to EUR 100 thousand, an increase of EUR 100 thousand, as compared to nil for the year ended 31 December 2019.

For the nine months ended 30 September 2021 and for the year ended 31 December 2020, Kempower's other operating income comprised governmental grants received from Business Finland.

# Change in Inventories of Finished Goods and in Work in Progress

Kempower's change in inventories of finished goods and in work in progress for the nine months ended 30 September 2021 amounted to EUR 380 thousand, an increase of EUR 225 thousand, as compared to EUR 155 thousand for the nine months ended 30 September 2020.

Kempower's change in inventories of finished goods and in work in progress for the year ended 31 December 2020 amounted to EUR 181 thousand, an increase of EUR 132 thousand, as compared to EUR 49 thousand for the year ended 31 December 2019.

Kempower's change in inventories of finished goods and in work in progress for the year ended 31 December 2019 amounted to EUR 49 thousand, an increase of EUR 49 thousand, as compared to nil for the year ended 31 December 2018.

During the periods under review, the increases in Kempower's change in inventories of finished goods and in work in progress were primarily attributable to the increase in sales.

# **Total Expenses**

Kempower's total expenses for the nine months ended 30 September 2021 amounted to EUR 17,426 thousand, an increase of EUR 14,029 thousand, as compared to EUR 3,397 thousand for the nine months ended 30 September 2020.

Kempower's total expenses for the year ended 31 December 2020 amounted to EUR 5,752 thousand, an increase of EUR 3,156 thousand, as compared to EUR 2,597 thousand for the year ended 31 December 2019.

Kempower's total expenses for the year ended 31 December 2019 amounted to EUR 2,597 thousand, an increase of EUR 1,936 thousand, as compared to EUR 661 thousand for the year ended 31 December 2018.

During the periods under review, the increases in Kempower's total expenses were primarily attributable to increases in materials, which increase was primarily attributable to increases in sales, personnel expenses, which increase was primarily attributable to increase was primarily attributable to production capacity expansion, which led to increases in, for example, costs related to rental premises, information and communications technology and administration, partially offset by the relatively low level of travel expenses as a result of the COVID-19 pandemic for the nine months ended 30 September 2021 and 2020 as well as the year ended 31 December 2020. Increases in depreciation and amortisation, primarily attributable to increases in tangible assets, and external services, primarily attributable to increased subcontracting costs also contributed to the increases in Kempower's total expenses during the periods under review.

# Operating Profit/Loss (EBIT)

Kempower's operating profit (EBIT) for the nine months ended 30 September 2021 amounted to EUR 2,092 thousand, an increase of EUR 3,971 thousand, as compared to an operating loss of EUR 1,879 thousand for the nine months ended 30 September 2020. The increase was primarily attributable to increased revenue.

Kempower's operating loss (EBIT) for the year ended 31 December 2020 amounted to EUR 2,220 thousand, a decrease of EUR 1 thousand, as compared to EUR 2,221 thousand for the year ended 31 December 2019.

Kempower's operating loss (EBIT) for the year ended 31 December 2019 amounted to EUR 2,221 thousand, an increase of EUR 1,580 thousand as compared to EUR 641 thousand for the year ended 31 December 2018. The increase was primarily attributable to increases in materials and consumables used, personnel expenses and other operating expenses.

# Financial Income and Expenses

Kempower's financial income and expenses for the nine months ended 30 September 2021 amounted to financial expenses of EUR 864 thousand, an increase of EUR 863 thousand, as compared to EUR 1 thousand for the nine months ended 30 September 2020. The increase was attributable to expenses of EUR 776 thousand, which have been recorded in financial expenses as well as interest expenses recorded on Capital Loans (as defined below) and other interest-bearing loans related to the Offering and the First North First North Listing.

Kempower's financial income and expenses for the year ended 31 December 2020 amounted to financial expenses of EUR 25 thousand, an increase of EUR 24 thousand, as compared to EUR 1 thousand for the year ended 31 December 2019. The increase was primarily attributable to interest expenses for the Capital Loans.

Kempower's financial income and expenses for the year ended 31 December 2019 amounted to financial expenses of EUR 1 thousand, an increase of EUR 1 thousand, as compared to nil for the year ended 31 December 2018. The increase was primarily attributable to interest expenses for account payables.

# Appropriations

As at and for the nine months ended 30 September 2021, Kempower's financial information has been presented on a consolidated basis and the cumulative accelerated depreciation has been presented in the consolidated balance sheet as part of retained earnings deducted with deferred taxes. Therefore, there were no appropriations in the consolidated income statement for the nine months ended 30 September 2021.

Kempower's appropriations for the year ended 31 December 2020 amounted to EUR 2,388 thousand, a decrease of EUR 104 thousand, as compared to EUR 2,492 thousand for the year ended 31 December 2019.

Kempower's appropriations for the year ended 31 December 2019 amounted to EUR 2,492 thousand, an increase of EUR 1,594 thousand, as compared to EUR 898 thousand for the year ended 31 December 2018.

For the periods under review, Kempower's appropriations primarily consisted of group contributions received from Kemppi Group Oy (for more information, see "Related Party Transactions") as well as, to a small extent, of change in cumulative accelerated depreciation.

#### Income Taxes

Kempower's income taxes for the nine months ended 30 September 2021 amounted to EUR 267 thousand, an increase of EUR 267 thousand, as compared to nil for the nine months ended 30 September 2020. Income taxes for the nine months ended 30 September 2021 related to accrued income taxes recorded on Kempower's consolidated balance sheet.

Kempower's income taxes for the year ended 31 December 2020 amounted to EUR 41 thousand, a decrease of EUR 14 thousand, as compared to EUR 55 thousand for the year ended 31 December 2019.

Kempower's income taxes for the year ended 31 December 2019 amounted to EUR 55 thousand, an increase of EUR 3 thousand, as compared to EUR 51 thousand for the year ended 31 December 2018.

### Profit/Loss for the Period

Kempower's profit for the period for the nine months ended 30 September 2021 amounted to EUR 961 thousand, an increase of EUR 2,853 thousand, as compared to a loss for the period of EUR 1,892 thousand for the nine months ended 30 September 2020.

Kempower's profit for the year ended 31 December 2020 amounted to EUR 103 thousand, a decrease of EUR 113 thousand, as compared to EUR 215 thousand for the year ended 31 December 2019.

Kempower's profit for the period for the year ended 31 December 2019 amounted to EUR 215 thousand, an increase of EUR 10 thousand, as compared to EUR 205 thousand for the year ended 31 December 2018.

### **Liquidity and Capital Resources**

Historically, Kempower's principal source of liquidity has been financing from the Principal Shareholder through group contributions, capital loans as well as non-current and current loans and, to a small extent, revenue from contracts from customers and grants received. See also "—Interest-bearing liabilities" below and "Related Party Transactions".

As at 30 September 2021, Kempower's cash and cash equivalents amounted to EUR 1,684 thousand and total interest-bearing liabilities amounted to EUR 8,000 thousand from Kemppi Group Oy. As at the date of this Offering Circular, Kempower has available EUR 7,000 thousand of undrawn committed borrowing facilities from Kemppi Group Oy.

### Cash Flows

The following table sets forth a summary of Kempower's cash flow data as at the dates and for the periods indicated:

	As at and for the nine months ended 30 September		the ve	As at and for the year ended 31 December		
	2021	2020	2020	2019	2018	
	(unau			(audited)		
	`	(E	UR in thousand	s)		
Cash flow from operating activities	(5,150)	(2,235)	(2,482)	(2,487)	(496)	
Cash flow from investing activities	(786)	(342)	(467)	(169)	(179)	
Cash flow from financing activities	7,100	2,800	3,400	2,500	900	
Net change in cash and cash equivalents	1,164	222	451	(156)	224	
Net foreign exchange differences	(2)	_	_	_	_	
period	<u>521</u>	<u>71</u>	<u>71</u>	227	2	
period	<u>1,684</u>	<u>293</u>	<u>521</u>	<u>71</u>	<u>227</u>	

Note: The historical financial information as at and for the nine months ended 30 September 2021 has been consolidated to include the Company's subsidiaries Kempower AS, Kempower GmbH, Kempower B.V. and Kempower Charging Ltd, which were incorporated during 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

# Cash Flow from Operating Activities

Kempower's cash flow used in operating activities for the nine months ended 30 September 2021 was EUR 5,150 thousand, as compared to EUR 2,235 thousand for the nine months ended 30 September 2020. The in cash flow used in operating activities for the nine months ended 30 September 2021 was primarily attributable to an increase in inventories and trade receivables and also increase in financing expenses.

Kempower's cash flow used in operating activities was EUR 2,482 thousand for the year ended 31 December 2020, EUR 2,487 thousand for the year ended 31 December 2019 and EUR 496 thousand for the year ended 31 December 2018.

The changes in Kempower's cash flow used in operating activities for the years ended 31 December 2020, 2019 and 2018 were primarily attributable to the ramp-up of business operations resulting in negative operating profit for these periods and negative changes in working capital primarily resulting from the increase in inventory and trade receivables.

### Cash Flow from Investing Activities

Kempower's cash flow used in investing activities for the nine months ended 30 September 2021 was EUR 786 thousand, as compared to EUR 342 thousand for the nine months ended 30 September 2020.

Kempower's cash flow used in investing activities was EUR 467 thousand for the year ended 31 December 2020, EUR 169 thousand for the year ended 31 December 2019 and EUR 179 thousand for the year ended 31 December 2018.

The changes in Kempower's cash flow used in investing activities for the periods under review were primarily attributable to investments in assembly lines, production equipment and tools, office furniture and intangible rights.

#### Cash Flow from Financing Activities

Kempower's cash flow from financing activities for the nine months ended 30 September 2021 was EUR 7,100 thousand, as compared to EUR 2,800 thousand for the nine months ended 30 September 2020. The cash flow from financing activities for both periods was primarily attributable to group contributions received from Kemppi Group Oy and proceeds of loans from Kemppi Group Oy.

Kempower's cash flow from financing activities was EUR 3,400 thousand for the year ended 31 December 2020, EUR 2,500 thousand for the year ended 31 December 2019 and EUR 900 thousand for the year ended 31 December 2018.

Kempower's cash flow from financing activities for the year ended 31 December 2020 was attributable to proceeds of the Capital Loans (as defined below) and for the year ended 31 December 2019 to increases in group contributions received from Kemppi Group Oy.

# **Interest-bearing Liabilities**

# Loans from Kemppi Group Oy

On 19 May 2021, Kempower entered into a term loan facility agreement with Kemppi Group Oy. Under the terms of the agreement, Kemppi Group Oy agreed to make available to Kempower a term loan in the amount of EUR 5,000 thousand. The availability period of the term loan is seven months from the date of the agreement and any amount undrawn in the end of the availability period will be automatically cancelled and no longer be available for drawing. As at 30 September 2021, Kempower had EUR 4,000 thousand non-current interest bearing loans, of which EUR 3,000 thousand has been reported in non-current loans and EUR 1,000 thousand in current loans, with a Euribor plus 1.5 percent interest rate from Kemppi Group Oy. According to the terms of the agreement, if there is a change in the ownership, Kempower must, if requested by Kemppi Group Oy, immediately repay the loan in its entirety. The Company expects to use the net proceeds from the Offering to, among other things, repay these other loans from Kemppi Group Oy.

### Capital Loans

In 2020, Kempower entered into two EUR 2,000 thousand capital loan agreements with Kemppi Group Oy. Under the terms of the agreements, Kemppi Group Oy agreed to make available a total of EUR 4,000 thousand in several tranches. On 6 July 2021, the agreements were renewed and their terms and conditions revised in a new EUR 4,000 thousand capital loan agreement. Under the terms of the renewed agreement, Kemppi Group Oy agreed to make available to Kempower a capital loan in the amount of EUR 4,000 thousand in one tranche on the date of the agreement. In July 2021, the EUR 4,000 thousand outstanding from the previous agreements was repaid and EUR 4,000 thousand under the renewed agreement was withdrawn.

On 27 September 2021, Kempower entered into a EUR 6,000 thousand capital loan agreement with Kemppi Group Oy. Under the terms of the agreement, Kemppi Group Oy agreed to make available to Kempower a capital loan in the amount of EUR 6,000 thousand in several tranches and within the availability period of eight months from the date of the

agreement. Any amounts repaid or prepaid will reduce the amount of the capital loans and will not be available for reborrowing.

As at 30 September 2021, Kempower had EUR 4,000 thousand outstanding as capital loans with a 4 percent interest rate, of which EUR 3,400 thousand was initially raised during 2020 and additional EUR 600 thousand in early 2021, which were repaid when the above-mentioned capital loan of EUR 4,000 thousand was raised on 6 July 2021 (together, the "Capital Loans"). The Capital Loans are unsecured. According to the terms of the agreements, if there is a change in the ownership, Kempower must, if requested by Kemppi Group Oy, immediately repay the Capital Loans in their entirety. The Company expects to use the net proceeds from the Offering to, among other things, repay the Capital Loans and other non-current and current loans from Kemppi Group Oy.

See also "Related Party Transactions".

#### **Balance Sheet Data**

The following table sets forth certain balance sheet data for Kempower as at the dates indicated:

	As at 30 September	A	s at 31 December	•
	2021	2020	2019	2018
	(unaudited)		(audited)	
		(EUR in t	housands)	
Assets				
Total non-current assets	1,361	680	298	173
Total current assets	<u>15,721</u>	<u>5,552</u>	<u>1,019</u>	<u>292</u>
Total assets	<u>17,082</u>	6,232	<u>1,318</u>	<u>465</u>
Equity and liabilities				
Total equity	1,584	526	423	208
Total appropriations	_	122	10	2
Total provisions	154	61	_	_
Liabilities:				
Non-current liabilities	7,039	3,400	_	_
Current liabilities	8,306	<u>2,124</u>	<u>885</u>	<u>256</u>
Total liabilities	<u>15,345</u>	<u>5,524</u>	885	<u>256</u>
Total equity and liabilities	<u>17,082</u>	<u>6,232</u>	<u>1,318</u>	<u>465</u>

Note: The historical 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 and Kempower B.V., which were incorporated in the spring of 2021. The historical financial information as at and for the nine months ended 30 September 2020 and as at and for the years ended 31 December 2020, 2019 and 2018 has not been consolidated as the Company had no subsidiaries during these periods.

### Assets

## Non-current Assets

Kempower's non-current assets consist of consist of intangible and tangible assets. Kempower's intangible assets consist of intangible rights including patents and trademarks and other long-term expenses mainly related to set-up costs of the office premises. Kempower's tangible assets consist of machinery and equipment including advance payments and purchases in progress.

As at 30 September 2021, Kempower's total non-current assets amounted to EUR 1,361 thousand, an increase of EUR 681 thousand, as compared to EUR 680 thousand as at 31 December 2020. The increase was primarily attributable to purchases of assembly lines, production equipment and tools and office furniture.

As at 31 December 2020, Kempower's total non-current assets amounted to EUR 680 thousand, an increase of EUR 382 thousand, as compared to EUR 298 thousand as at 31 December 2019. The increase was primarily attributable to purchases of assembly lines, production equipment and tools, office furniture and intangible rights.

As at 31 December 2019, Kempower's total non-current assets amounted to EUR 298 thousand, an increase of EUR 125 thousand, as compared to EUR 173 thousand as at 31 December 2018. The increase was primarily attributable to purchases of office furniture and intangible rights.

### Current Assets

Kempower's current assets consist of inventories, trade and other receivables and cash and cash equivalents.

As at 30 September 2021, Kempower's total current assets amounted to EUR 15,721 thousand, an increase of EUR 10,169 thousand, as compared to EUR 5,552 thousand as at 31 December 2020. The increase was primarily attributable to an increase in inventory and an increase in trade receivables following the sales growth.

As at 31 December 2020, Kempower's total current assets amounted to EUR 5,552 thousand, an increase of EUR 4,532 thousand, as compared to EUR 1,019 thousand as at 31 December 2019.

As at 31 December 2019, Kempower's total current assets amounted to EUR 1,019 thousand, an increase of EUR 727 thousand, as compared to EUR 292 thousand as at 31 December 2018.

The increases in Kempower's current assets as at 31 December 2020 and 2019 were primarily attributable to increased inventory and an increase in trade receivables following sales growth and other receivables from Kemppi Group Oy and its subsidiaries other than Kempower, which included a EUR 2,500 thousand group contribution receivable from Kemppi Group Oy as at 31 December 2020 and a EUR 400 thousand as at 31 December 2019.

### **Equity and Liabilities**

Equity

Kempower's equity consists of share capital, retained earnings and profit/loss for the period.

As at 30 September 2021, Kempower's total equity amounted to EUR 1,584 thousand, an increase of EUR 1,058 thousand, as compared to EUR 526 thousand as at 31 December 2020. The increase was primarily attributable to profit for the period.

As at 31 December 2020, Kempower's total equity amounted to EUR 526 thousand, an increase of EUR 103 thousand, as compared to EUR 423 thousand as at 31 December 2019.

As at 31 December 2019, Kempower's total equity amounted to EUR 423 thousand, an increase of EUR 215 thousand, as compared to EUR 208 thousand as at 31 December 2018.

The increases in Kempower's equity as at 31 December 2020 and 2019 were primarily attributable to increases in profit for the period.

# Appropriations

As at 30 September 2021, Kempower's financial information has been presented on a consolidated basis and the cumulative accelerated depreciation has been presented in the consolidated balance sheet as part of retained earnings deducted with deferred taxes.

As at 31 December 2020, 2019 and 2018, Kempower's appropriations consisted of cumulative accelerated depreciation and amounted to EUR 122 thousand, EUR 10 thousand and EUR 2 thousand, respectively.

#### Provisions

As at 30 September 2021, Kempower's provisions amounted to EUR 154 thousand and consisted of a provision for warranty expenses. As at 31 December 2020, Kempower's provisions amounted to EUR 61 thousand and consisted of a provision for warranty expenses. As at 31 December 2019 and 2018, no provisions were booked.

#### Non-current Liabilities

Kempower's non-current liabilities consist of loans from the Kemppi Group Oy and deferred tax liability.

As at 30 September 2021, Kempower's total non-current liabilities amounted to EUR 7,039 thousand, an increase of EUR 3,639 thousand, as compared to EUR 3,400 thousand as at 31 December 2020. The increase was primarily attributable to an increase [of EUR 3,600 thousand] in loans from Kemppi Group Oy.

As at 31 December 2020, Kempower's total non-current liabilities amounted to EUR 3,400 thousand, an increase of EUR 3,400 thousand, as compared to nil as at 31 December 2019. The increase was attributable to the Capital Loans.

As at 31 December 2019 and 2018, Kempower's total non-current liabilities amounted to nil.

For more information of Kempower's loans, see "—Liquidity and Capital Resources—Interest-bearing Liabilities" above and "Related Party Transactions".

#### Current Liabilities

Kempower's current liabilities consist of interest-bearing loans and trade payables to Kemppi Group Oy and its subsidiaries other than Kempower, trade payables to others, advances received, other payables and accrued liabilities.

As at 30 September 2021, Kempower's total current liabilities amounted to EUR 8,306 thousand, an increase of EUR 6,182 thousand, as compared to EUR 2,124 thousand as at 31 December 2020. The increase was primarily attributable to a new EUR 1,000 thousand interest-bearing loan from Kemppi Group Oy, increased advances received following sales growth and increased accrued liabilities related to, for example, personnel costs.

As at 31 December 2020, Kempower's total current liabilities amounted to EUR 2,124 thousand, an increase of EUR 1,239 thousand, as compared to EUR 885 thousand as at 31 December 2019.

As at 31 December 2019, Kempower's total current liabilities amounted to EUR 885 thousand, an increase of EUR 629 thousand, as compared to EUR 256 thousand as at 31 December 2018.

The increase in Kempower's current liabilities as at 31 December 2020 and 2019 was primarily attributable to increased advances received following the sales growth and increased accrued liabilities related to, for example, personnel costs.

#### **Off-balance-sheet Liabilities**

The following table sets forth the off-balance-sheet liabilities of Kempower as at the dates indicated:

	As at 30 September	As at 31 December			
	2021 (unaudited)	2020	2019	2018	
		_	(audited) thousands)	_	
	(EUR in thousands)				
Leasing and rental liabilities					
Due for payment in next 12 months	1,699	571	200	43	
Due for payment at a later date	<u>11,120</u>	524	<u>102</u>	<u>55</u>	
Total leasing and rental liabilities	<u>12,819</u>	<u>1,095</u>	<u>302</u>	<u>98</u>	

Leasing and rental liabilities due for payment at a later date as at 30 September 2021 were primarily related to Kempower's new production facility in Lahti, Finland, for which Kempower signed a lease agreement valid until the end of 2031 with Kemppi Group Oy in 2021. The lease agreement also commits to investment rent payable due to alteration works. The lessor determines the final amount of the investment rent when all realised costs of alteration works are known.

Except for off-balance-sheet liabilities set forth above, Kempower has no off-balance-sheet entities or off-balance-sheet arrangements that are reasonably likely to have a material effect on Kempower's business, financial condition, results of operations and/or cash flows.

# **Investments**

The following table sets forth Kempower's investments for the periods indicated:

	For the nine months ended 30 September		For the year ended 31 December		
	2021	2020	2020	2019	2018
			(unaudited)		
		(1	EUR in thousand	s)	
Intangible assets	31	10	29	49	161
Tangible assets	<u>755</u>	<u>332</u>	<u>438</u>	<u>121</u>	<u>18</u>
Total	<u>786</u>	<u>342</u>	<u>467</u>	<u>171</u>	<u>179</u>

Kempower's investments for the nine months ended 30 September 2021 and for the year ended 31 December 2020 related mainly to assembly lines, production equipment and tools, office furniture and intangible rights. Kempower's investments for the years ended 31 December 2019 and 2018 related mainly to office furniture and intangible rights that consist mainly intellectual property rights.

Kempower's new and existing business premises require investments in assembly lines, testing and automation in order to increase Kempower's production capacity manifold compared to Kempower's production capacity as at the date of this Offering Circular. In relation to the new production facility, a decision on investments of EUR 2,700 thousand has been made, which will be financed either with a loan from Kemppi Group Oy or with the proceeds from the Offering. Kempower is also considering investments in R&D tools and equipment.

# Financial Risk Management

Kempower's activities expose it to financial risks, which can be divided into market risks and other risks, such as credit risk and liquidity risk. The management of Kempower's financial risks includes a combination of responsive actions that

the management actively seeks to ensure sound financial operations and stability. Kempower's financial risk management is conducted according to Kempower's treasury policy. Key financial risks are foreign exchange rate fluctuations, credit risks and liquidity risk. According to Kempower's treasury policy, foreign currency positions, which include contractual cash flows, related to sales, purchases and financing, are hedged if they are material. To manage credit risk, Kempower has implemented a credit policy that sets forth the requirements for customer credit worthiness and principles for credit sales.

### BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

#### General

The Company is a public limited liability company incorporated and domiciled in Finland. In its decision-making and corporate governance, the Company complies with applicable Finnish legislation, its articles of association and the Company's corporate governance policy approved by the Board of Directors of the Company. The Company follows the First North Rulebook and will voluntarily comply with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association, when trading in the Shares commences on the First North Growth Market.

The governing bodies of the Company (*i.e.*, the general meeting of shareholders of the Company, the Board of Directors of the Company and the Chief Executive Officer ("CEO") of Kempower) have the ultimate responsibility for Kempower's management and its operations. The management team of Kempower reports to the CEO and is responsible for the efficient management of Kempower's operations.

Shareholders participate in the control and management of the Company through resolutions passed at general meetings of shareholders of the Company. General meetings of shareholders of the Company are generally convened upon notice given by the Board of Directors of the Company. In addition, general meetings of shareholders must be convened when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of all issued and outstanding Shares.

The business address of the members of the Board of Directors of the Company and the management team and the CEO of Kempower is Hennalankatu 71, FI-15810 Lahti, Finland.

# **Board of Directors and Management Team**

### **Board of Directors**

The tasks and responsibilities of the Board of Directors of the Company are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors of the Company has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's articles of association. The general task of the Board of Directors of the Company is to duly organise Kempower's management and operations. In all situations, the Board of Directors of the Company must act in accordance with Kempower's best interest.

The annual general meeting of shareholders of the Company elects the members of the Board of Directors of the Company and the Chair of the Board of Directors of the Company. A member of the Board of Directors of the Company may be removed from office at any time by a resolution passed by a general meeting of shareholders. Proposals to the annual general meeting of shareholders of the Company concerning the election of members of the Board of Directors of the Company, which have been made known to the Board of Directors of the Company prior to the annual general meeting of shareholders, will be made public if such a proposal is supported by shareholders holding a minimum of one-tenth of all the Shares and voting rights and the person being proposed has consented to such nomination.

Under the Company's articles of association, the Board of Directors of the Company is composed of a minimum of four and a maximum of eight members. The term of office of a member of the Board of Directors of the Company expires at the close of the annual general meeting of shareholders following his/her election. The Board of Directors of the Company is quorate when more than one-half of its members are present. A decision by the Board of Directors of the Company is the opinion supported by more than one-half of the members present at a meeting. In the event of a tie, the Chair has the casting vote. The Board of Directors of the Company meets at least six times in a year and, when necessary, holds additional meetings. The Board of Directors of the Company has established an Audit Committee and a Nomination and Remuneration Committee. The Board of Directors of the Company may consider establishing other committees in the future in order to function effectively taking into account the scope and nature of Kempower's operations and the operating principles of the Board of Directors of the Company. As at the date of this Offering Circular, the members of the Board of Directors of the Company's significant shareholders, except for Antti Kemppi, Teresa Kemppi-Vasama and Kimmo Kemppi, and of the Company.

The following table sets forth the members of the Board of Directors of the Company as at the date of this Offering Circular:

			Year of
	Position	Citizenship	birth
Antti Kemppi	Chair	Finland	1978
Teresa Kemppi-Vasama	Vice Chair	Finland	1970
Tero Era	Member	Finland	1977
Juha-Pekka Helminen	Member	Finland	1971
Kimmo Kemppi	Member	Finland	1972
Vesa Laisi	Member	Finland	1957
Eriikka Söderström	Member	Finland	1968

Antti Kemppi has been the Chair of the Board of Directors of the Company since 2018. Mr Kemppi has been the Chair of the Boards of Directors of Kiinteistö Oy Eagle Lahti since 2021, Okeroisten Toimitilat Oy since 2020, Craft Meats Oy since 2020, Kempinnotkon Asunnot Oy since 2018, Kempinpuiston Asunnot Oy since 2018, Herralan Tontit Oy since 2018, Kemppi Group Oy since 2017, Potestas Oy since 2015, Facultas Oy since 2012, M Helsinki Oy since 2010, a member of the Boards of Directors of Gelit Oy since 2019, Kiinteistö Oy Uusikartano since 2019, Kipinä Terveys Osuuskunta since 2018, Kempinvest Oy since 2007 and Kemppi Oy since 2006, CEO of Kiinteistö Oy Uusikartano since 2019, Potestas Oy since 2015, Facultas Oy since 2012 and Kempinvest Oy since 2005, Senior Advisor of Dear Lucy Oy since 2016, a founding member of Kasvuryhmä Suomi ry since 2015 and a member of the delegation of Päijät-Hämeen Vesijärvisäätiö sr since 2015. Previously, Mr Kemppi was a member of the Board of Directors of Volantes Oy between 2018 and 2021 and a member of the office Board of Directors of Svenska Handelsbanken AB (publ), Branch Operation in Finland, Lahti office, between 2016 and 2017. Mr Kemppi holds a Master's degree in Accounting and Finance.

Teresa Kemppi-Vasama has been the Vice Chair of the Board of Directors since 2020 and a member of the Board of Directors of the Company since 2018. Ms Kemppi-Vasama has been the Chair of the Boards of Directors of Kemppi Oy since 2014, Kemppi-Yhtiöt Oy since 2012 and Auro Invest Oy since 2007, Vice Chair of the Boards of Directors of Kemppi-Yhtiöt Oy since 2020, Lappeenranta-Lahti University of Technology since 2018 and Lahden Teollisuusseura ry since 2014, a member of the Boards of Directors of Kiinteistö Oy Eagle Lahti since 2021, Okeroisten Toimitilat Oy since 2020, Viipurin Taloudellinen Korkeakouluseura ry (VITAKO) since 2020, Kempinnotkon Asunnot Oy since 2018, Kempinpuiston Asunnot Oy since 2018, Herralan Tontit Oy since 2018, Cargotec Corporation since 2017, Kemppi Group Oy since 2012 and Ferax Oy since 2009, vice member of the Board of Directors of Technology Industries of Finland since 2020, the Chair of the representative assembly of Perheyritysten liitto ry since 2021, a member of the representative assembly of Liikesivistysrahaston Kannatusyhdistys r.y. since 2019, Perheyritysten liitto ry since 2015, Lahden Teollisuusseuran Säätiö sr since 2014 and Päijät-Hämeen Vesijärvisäätiö sr since 2011 and CEO of Kemppi-Yhtiöt Oy since 2020. Previously, Ms Kemppi-Vasama was a member of the Boards of Directors of Kemppi-Kiinteistöt Oy between 2012 and 2019 and Lomapilke Oy between 2010 and 2019, the Chair of the Board of Directors of Association for Finnish Work between 2015 and 2018 and CEO of Lomapilke Oy between 2010, 2019 and Kemppi Oy in 2017 and Director, Strategy and Development, of the Finnish Red Cross between 2006 and 2009. Ms Kemppi-Vasama holds a Master of Business Administration degree and a Master's degree in Political Science.

Tero Era has been a member of the Board of Directors of the Company since 2020. Mr Era has been a Unit Director of Puhti Lab Oy at Mehiläinen since 2020. Previously, Mr Era was the CEO and Co-Founder of Puhti Lab Oy between 2018 and 2020, Country Manager of Fortum Charge & Drive Finland between 2017 and 2018 and Head of Communications, Solar, Wind and New Ventures of Fortum Corporation between 2016 and 2017. Mr Era was the Vice Chair of the eMobility branch group of Technology Industries of Finland between 2017 and 2018. Mr Era holds a Master's degree in Marketing and also an MBA degree.

Juha-Pekka Helminen has been a member of the Board of Directors of the Company since 2020. Mr Helminen has been Director, Digital Ecosystem at Valmet Corporation since 2017, Managing Director of SEED Consulting Ltd since 2012 and member of the Boards of Directors of Bumps Oy since 2006 and SEED Consulting Ltd since 2012. Previously, Mr Helminen was Strategy Director of Nokia Corporation between 2008 and 2011 and a member of the Board of Directors of Enermix Oy between 2016 and 2018. Mr Helminen holds a Master's degree in Engineering, Industrial Management and an Executive Master of Business Administration degree.

Kimmo Kemppi has been a member of the Board of Directors of the Company since 2021. Mr Kemppi has been the Chair of the Board of Directors of Go-Parts Oy since 2012, a member of the Boards of Directors of Argeia Oy since 2021, Kiinteistö Oy Lahden Kivirannankatu 2 since 2021, Stuteri Kemppi AB since 2021, Kemppitalli Oy since 2013, KMKMK OÜ since 2012, Kemppi-Yhtiöt Oy since 2011, Kemppi Group Oy since 2011, Kemppitalli Oy since 1999 and Kimmoke Oy since 1991, a deputy member of the Board of Directors of Ferax Oy since 2012 and the Director of Kemppitalli Oy since 2013. Previously, Mr Kemppi has been a deputy member of the Board of Directors of Kiinteistö Oy Lahden Kivirannankatu 2 between 2019 and 2021 and a member of the Board of Directors of Kemppi-Kiinteistöt Oy between 2011 and 2018. Mr Kemppi holds a Bachelor's degree in Business Administration.

Vesa Laisi has been a member of the Board of Directors of the Company since 2021. Mr Laisi has been the President of Danfoss Drives, a business unit of Danfoss A/S since 2015 and an advisor for the Board of Directors of Wirepas Ltd since 2017. Previously, Mr Laisi was CEO of Vacon Ltd between 2002 and 2014. Mr Laisi holds a Master's degree in Electronics and a Master's degree in Marketing.

*Eriikka Söderström* has been a member of the Board of Directors of the Company since 2021. Ms Söderström has been a member of the Boards of Directors of NV Bekaert SA since 2020 and Valmet Corporation since 2017, a deputy member of the Board of Directors of Ab Börsligan Oy since 2005 and CEO of Ab Börsligan Oy since 2005. Previously, Ms Söderström was the Chair of the Boards of Directors of DF-Data Oy between 2017 and 2021 and F-Secure Cyber Security Services Oy between 2017 and 2021, the Chief Financial Officer of F-Secure Corporation between 2017 and 2021, KONE Corporation between 2014 and 2016 and Vacon Ltd between 2009 and 2013. Ms Söderström was a member of the Boards of Directors of Comptel Oy between 2012 and 2017, KONE Elevators Ltd between 2014 and 2016 and Finescal Ltd between 2013 and 2016. Ms Söderström holds a Master's degree in Economics.

#### **Board Committees**

## Audit Committee

The Board of Directors' Audit Committee assists the Board of Directors in preparing matters concerning financial reporting, internal control and audits.

The duties of the Audit Committee include monitoring and evaluating Kempower's financial reporting system, monitoring and evaluating the effectiveness of internal controls and audits as well as Kempower's risk management systems, monitoring and evaluating how agreements and other legal transactions entered into between Kempower and its related parties meet the requirements of normal operations and market conditions, monitoring and evaluating the independence of auditors, particularly the provision of non-audit services, monitoring Kempower's audit and preparing the selection of the Company's auditor.

The Audit Committee may also oversee the financial reporting and risk management processes, approve the internal audit policy and annual plan, process internal audit reports, evaluate the compliance process regarding laws and regulations, monitor and evaluate the defining of related-party transaction policies, monitor financial and tax risks, monitor procedures and risks relating to IT and taxation as well as investigate and monitor specific issues identified by the Board of Directors that are in line with the duties of the Audit Committee.

The Audit Committee is comprised of at least three members of the Board of Directors. At least one member of the Audit Committee must have expertise in accounting or auditing. The Audit Committee meets regularly, at least four times during each term of office and additionally when necessary. The tasks and responsibilities of the Audit Committee are defined in its charter, which is approved by the Board of Directors.

The members of the Audit Committee are Eriikka Söderström (Chair), Juha-Pekka Helminen (member), Antti Kemppi (member) and Teresa Kemppi-Vasama (member).

### Nomination and Remuneration Committee

The Board of Directors' Nomination and Remuneration Committee assists the Board of Directors of the Company in matters concerning the appointment and the remuneration of the members of the Board of Directors and monitors and develops the remuneration system of Kempower. The Nomination and Remuneration Committee promotes the transparency and systematic nature of selection processes and remuneration.

Nomination and Remuneration Committee is comprised of at least three members of the Board of Directors. The Nomination and Remuneration Committee meets upon invitation by its Chair, at least once a year. The tasks and responsibilities of the Nomination and Remuneration Committee are defined in its charter, which is approved by the Board of Directors.

The members of the Nomination and Remuneration Committee are Vesa Laisi (Chair), Tero Era (member), Antti Kemppi (member), Kimmo Kemppi (member) and Teresa Kemppi-Vasama (member).

#### CEO

The CEO is responsible for Kempower's operational management. The CEO prepares matters on which decisions are to be made by the Board of Directors of the Company, develops Kempower's operations in line with the targets agreed with the Board of Directors of the Company, and ensures proper implementation of decisions of the Board of Directors of the Company. The CEO is also responsible for ensuring that Kempower's business operations are in compliance with existing legislation and applicable regulations. The CEO chairs meetings of the management team of Kempower.

# Management Team

The task of the management team of Kempower is the overall management of Kempower's business. Members of the management team of Kempower have specific authority in their individual areas of responsibility, and their duty is to develop Kempower's operations in line with the targets set by the Board of Directors of the Company and the CEO of Kempower. In addition to the management team of Kempower, Kempower also has an extended management team that includes Kempower's Director, Communications, and Chief Engineer. As at the date of this Offering Circular, the management team of Kempower consists of six members and the extended management team includes two additional members, all appointed by the Board of Directors of the Company. The management team meets regularly on a monthly basis and whenever needed.

The following table sets forth the members of the management team of Kempower as at the date of this Offering Circular:

	Position	Citizenship	Year of birth
Tomi Ristimäki	Chief Executive Officer	Finland	1975
Sanna Otava	Chief Operating Officer	Finland	1975
Jukka Kainulainen	Chief Financial Officer	Finland	1982
Jussi Vanhanen	Chief Markets Officer	Finland	1972
Mikko Veikkolainen	Chief Technology Officer	Finland	1970
Tommi Liuska	Chief Sales Officer	Finland	1977
Paula Savonen <sup>(1)</sup>	Director, Communications	Finland	1976
Petri Korhonen <sup>(1)</sup>	Chief Engineer	Finland	1967

<sup>(1)</sup> Member of Kempower's extended management team.

Tomi Ristimäki has been the Chief Executive Officer and a member of the management team of Kempower since 2019. Mr Ristimäki has been a member of the Board of Directors of the eMobility branch group of Technology Industries of Finland since 2020. Previously, Mr Ristimäki was OEM Sales Director at Danfoss Editron Ltd between 2017 and 2019, Director, Sales and Marketing at Visedo Oy between 2011 and 2017 and Product Manager at Honeywell GmbH between 2007 and 2011. Mr Ristimäki also held different Sales, Marketing and Product Development Management roles at Vacon Ltd between 2000 and 2007. Mr Ristimäki holds a Master's degree in Electrical Engineering.

Sanna Otava has been the Chief Operating Officer since 2021 and a member of the management team of Kempower since 2019. Previously, Ms Otava was the Operations Director of Kempower between 2019 and 2021, Business Development Manager of Kempoi Oy between 2008 and 2019 and Business Development Manager at Digita Oy between 2000 and 2008. Ms Otava holds a Master's degree in Energy Technology.

Jukka Kainulainen has been the Chief Financial Officer and a member of the management team of Kempower since 2021. Previously, Mr Kainulainen was the Chief Financial Officer at Biohit Oyj between 2018 and 2021, Head of the Controlling Team at CGI Finland Ltd between 2017 and 2018, Head of Finance, Planning and Analysis at Affecto Ltd between 2016 and 2017 and Business Controller at Cappemini Finland Oy between 2013 and 2016. Mr Kainulainen also held different controlling and finance leadership roles at TietoEVRY Corporation between 2008 and 2013. Mr Kainulainen holds a Master's degree in Economics.

Jussi Vanhanen has been the Chief Markets Officer and a member of the management team of Kempower since 2021. Previously, Vanhanen was the Vice President, Sales and Marketing, at Efore Oyj (currently known as Enedo Plc) between 2018–2021, Business Unit Manager at Ensto Ltd between 2017–2018, Project Leader at Finpro Oy (currently known as Business Finland Oy) between 2016–2017, Marketing Director at The Switch Drive Systems Ltd between 2007–2016 and Sales Director at ABB Oy between 1998–2007. Mr Vanhanen holds a Master's degree in Electrical Engineering.

Mikko Veikkolainen has been the Chief Technology Officer since 2018 and a member of the management team of Kempower since 2019. Previously, Mr Veikkolainen was the Research and Innovation Director at Kemppi Oy between 2017 and 2018 and Vice President, Research, Development and Innovation at Kemppi Oy between 2009 and 2017, the Vice President, Innovation and Business Development at Kemppi Oy between 2008 and 2009 and Research and Development Manager at Kvaerner Masa-Yards Oy (currently known as STX Europe AS) between 1998 and 2004. Mr Veikkolainen also held different Business Development and Technology Management roles at Kemppi Oy between 2004 and 2008. Mr Veikkolainen was the Chair of the Board of Directors of Weldwatch Oy between 1994 and 2021, the Chair of the Board of Directors of The Robotics Society in Finland between 2004 and 2006 and a member of the Board of Directors of JPP-Soft Oy between 2009 and 2017. Mr Veikkolainen holds a Master's degree in Mechanical Engineering and a Certification in Welding Engineering.

*Tommi Liuska* has been the Chief Sales Officer since 2020 and a member of the management team of Kempower since 2019. Previously, Mr Liuska was Director, Business Development at Kempower between 2019 and 2020, Sales and Marketing Director, Smart Building Business Unit at Ensto Ltd between 2018 and 2019, Director, Sales & Marketing, Electrification Business Unit at Ensto Ltd between 2016 and 2018, Sales and Marketing Director, Industrial Solutions

Business Unit at Ensto Ltd between 2015 and 2016, Project Manager at Salcomp Plc between 2007 and 2009, Project Manager at Ensto Ltd between 2006 and 2007 and Project Manager at Cencorp Oyj (currently known as Valoe Corporation between 2005 and 2006. Mr Liuska also held different Sales and Operations Management roles at Ensto Ltd between 2009 and 2014. Mr Liuska holds a Master's degree in Industrial Engineering and Management.

Paula Savonen has been the Director, Communications, and a member of the extended management team of Kempower since 2021. Previously, Ms Savonen was Manager, Marketing & Communications at Kempower in 2021, Acting Head of Communications, Forest division at Stora Enso Oyj between 2020 and 2021, Manager, Communications, Forest division at Stora Enso Oyj between 2019 and 2021, Team Leader, Content Strategist & Partner at Differo Oy between 2017 and 2019, Marketing Manager, UPM Biorefining at UPM-Kymmene Corporation between 2014 and 2017 and Team Leader, Media Relations & External Communications at UPM-Kymmene Corporation between 2011 and 2014. Ms Savonen also held different Communications Management roles at UPM-Kymmene Corporation between 2005 and 2014. Ms Savonen was a member of the Board of Directors of Differo Oy in 2019. Ms Savonen holds a Master's degree in Forest Economics and Marketing.

Petri Korhonen has been the Chief Engineer and a member of the extended management team of Kempower since 2019. Previously, Mr Korhonen was Project Director at Kempower between 2017 and 2019, Technology Manager at Kempoi Oy between 2008 and 2017, Director, Projects, at Kempower between 2004 and 2008, Technology Manager at Kempower between 1998 and 2004 and Research and Development Engineer at Kempoi Oy between 1995 and 1998. Mr Korhonen holds a Master's degree in Electrical Engineering.

# Information on the Members of the Board of Directors and the Management Team

As at the date of this Offering Circular, none of the members of the Board of Directors of the Company or the management team of Kempower have, during the previous five years:

- been convicted in relation to fraudulent offences;
- held an executive position, been included in the executive management, or been a member of the administrative, management or supervisory bodies of any company or acted as a general partner with individual liability in a limited partnership at the time of bankruptcy, receivership or liquidation (excluding voluntary liquidations which have been carried out in order to dissolve the company under the Finnish Companies Act); or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Teresa Kemppi-Vasama, the Vice Chair of the Board of Directors of the Company, and Kimmo Kemppi, a member of the Board of Directors of the Company, are siblings. Antti Kemppi, the Chair of the Board of Directors of the Company, is a cousin of Teresa Kemppi-Vasama and Kimmo Kemppi. Other than stated herein, there are no family relations between the members of the Board of Directors of the Company and the management team of Kempower.

# **Conflicts of Interest**

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company, nor may he or she participate in the handling of a contract between the company and a third-party if he or she may thereby receive a material benefit that may be in contradiction with the interests of the company. This provision also applies to any other legal act, legal proceeding or other similar matter. This provision also applies to the CEO.

Unless otherwise indicated below, as at the date of this Offering Circular there are no (i) conflicts of interest between any duties to the Company of any member of the Board of Directors of the Company or the management team of Kempower and their private interests and/or other duties; (ii) arrangements or understandings with major shareholders, members, suppliers or others pursuant to which any member of the Board of Directors of the Company or the management team of Kempower was elected; or (iii) restrictions agreed by any member of the Board of Directors of the Company or the management team of Kempower on the disposal of their holdings in the Company's securities within a certain time:

- legal and/or beneficial interest in the Shares;
- the lock-up agreement regarding the Shares described in "Terms and Conditions of the Offering—General Terms and Conditions of the Offering—Lock-up;"
- the related-party transactions described in "Related Party Transactions;" and

• Antti Kemppi, the Chair of the Board of Directors of the Company, Teresa Kemppi-Vasama, the Vice Chair of the Board of Directors of the Company, and Kimmo Kemppi, a member of the Board of Directors of the Company, own shares in Kemppi Group Oy directly and indirectly through holding companies. Antti Kemppi is the Chair of the Board of Directors of Kemppi Group Oy, Kimmo Kemppi is the Vice Chair of the Board of Directors of Kemppi Group Oy and Teresa Kemppi-Vasama is a member of the Board of Directors of Kemppi Group Oy.

# Compensation of the Board of Directors and the Management Team

# **Board of Directors**

The following table sets forth the remuneration paid to the members of the Board of Directors of the Company for the years indicated:

	For the nine months ended 30 September	For the	year ended 31 D	ecember
	2021	2020	2019	2018
		(unau	dited)	
		(EUR in t	housands)	
Antti Kemppi	11	3	_	=
Teresa Kemppi-Vasama	9	3	_	=
Tero Era	9	3	-	_
Juha-Pekka Helminen	9	3	_	_
Kimmo Kemppi	8	-	-	_
Vesa Laisi <sup>(1)</sup>	3	_	_	_
Eriikka Söderström <sup>(1)</sup>	3	<u>_</u>	=	=
Total	<u>53</u>	<u>12</u>	≡	≡

<sup>(1)</sup> Member of the Board of Directors of the Company since 1 September 2021.

As resolved unanimously by the shareholders of the Company on 22 November 2021, fixed board remunerations (including remuneration of the board committees) for the ongoing term of office (from 1 December 2021 to 31 March 2022) as well as meeting remunerations for five meetings planned to be paid in December 2021 will be paid in full in cash as soon as practically possible and in accordance with the following table:

	Gross
	remune-
	ration to
	be paid
	(unaudited)
	(EUR in
	thousands)
Antti Kemppi	18
Teresa Kemppi-Vasama	14
Tero Era	14
Juha-Pekka Helminen	14
Kimmo Kemppi	14
Vesa Laisi <sup>(1)</sup>	15
Eriikka Söderström <sup>(1)</sup>	<u>16</u>
Total	105

<sup>(1)</sup> Member of the Board of Directors of the Company since 1 September 2021.

Each member of the Board of Directors has also committed to invest a share of at least 50 percent of the board remunerations to be paid as set forth in the table above in Shares in the Offering in accordance with the terms and conditions of the Offering at least up to the amount that the abovementioned share of 50 percent of the remuneration covers a purchase of whole Shares.

Except as set forth above, there have been no material changes in the remuneration of the Board of Directors of the Company between 30 September 2021 and the date of this Offering Circular.

# Management Team

The Board of Directors determines the remuneration paid and the basic principles of remuneration for the CEO and the other members of the management team. The remuneration paid to the CEO and the other members of the management team consists of a monthly salary and bonus. In addition, the entire Kempower personnel has a performance pay incentive programme (short-term incentive) that includes company level targets combined with individual targets. Kempower is also

considering an option programme for Kempower's management team and key employees, which would be launched after the First North Listing. For more information, see "Business—Organisation and Personnel—Incentive Programmes".

The following table sets forth the salaries, remuneration and other benefits as well as pension expenses paid to the CEO of Kempower for the periods indicated:

	For the ni	ne months			
_	ended 30 September		For the year ended 31 December		ecember
	2021	2020	2020	2019	2018
			(unaudited)		
		(	EUR in thousand	s)	
Salaries, remuneration and other benefits	147	106	135	86	_
Pension expenses	26	17	22	16	=

The following table sets forth the salaries, remuneration and other benefits as well as pension expenses paid to the members of the management team of Kempower, excluding the CEO, for the periods indicated:

_	For the nine months ended 30 September		For the y	or the year ended 31 December		
	2021	2020	2020	2019	2018	
	_		(unaudited)			
		(	EUR in thousand	s)		
Salaries, remuneration and other benefits	494	383	502	317	_	
Pension expenses	86	61	80	58	_	

There have been no material changes in the remuneration of the members of the management team between 30 September 2021 and the date of this Offering Circular.

### **Pension Benefits**

Kempower provides pension benefits in accordance with local statutory regulation.

### **Termination Benefits**

The mutual notice period for the CEO of Kempower is three months and the CEO has a working obligation during the notice period, unless otherwise agreed upon in writing. If Kempower gives notice to the CEO, the CEO is, under certain conditions, entitled to a one-off compensation corresponding to six months' pay. The notice period for other members of the management team is between three and six months in cases where notice is given by Kempower and between two and three months in cases where notice is given by a member of the management team. Kempower has the right to waive the working obligation of the members of the management team during the notice period. If Kempower gives notice to a member of the management team, certain members of the management team are, under certain conditions, entitled to a one off compensation corresponding to between four and six months' pay.

# **Management Ownership**

The following table sets forth the number of Shares directly owned by the members of the Board of Directors of the Company and the management team of Kempower as at the date of this Offering Circular:

	Shares
Members of the Board of Directors	
Antti Kemppi <sup>(1)</sup>	_
Teresa Kemppi-Vasama <sup>(1)</sup>	_
Tero Era	_
Juha-Pekka Helminen	_
Kimmo Kemppi <sup>(1)</sup>	_
Vesa Laisi	_
Eriikka Söderström	_
Members of the management team	
Tomi Ristimäki	15,768
Sanna Otava	9,234
Jukka Kainulainen	10,206
Jussi Vanhanen	_
Mikko Veikkolainen	9,882
Tommi Liuska	10,098
Paula Savonen <sup>(2)</sup>	6,696
Petri Korhonen <sup>(2)</sup>	7,830

Owns shares in Kemppi Group Oy directly and indirectly through holding companies. Member of Kempower's extended management team. (1) (2)

# Directorships/Partnerships

The members of the Board of Directors of the Company and the management team of Kempower currently hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Offering Circular:

	Current directorships/partnerships	Former directorships/partnerships
Members of the Board of Directors		
Antti Kemppi	Craft Meats Oy	Svenska Handelsbanken AB (publ), Branch
	Dear Lucy Oy	Operation in Finland, Lahti office
	Facultas Oy	Volantes Oy
	Gelit Oy	•
	Herralan Tontit Oy	
	Kasvuryhmä Suomi ry	
	Kempinnotkon Asunnot Oy	
	Kempinpuiston Asunnot Oy	
	Kempinvest Oy	
	Kemppi Group Oy	
	Kemppi Oy	
	Kiinteistö Oy Eagle Lahti	
	Kiinteistö Oy Uusikartano	
	Kipinä Terveys Osuuskunta	
	M Helsinki Oy	
	Okeroisten Toimitilat Oy	
	Potestas Oy	
	Päijät-Hämeen Vesijärvisäätiö sr	

	Current directorships/partnerships	Former directorships/partnerships
Teresa Kemppi-Vasama	Auro Invest Oy Cargotec Corporation Ferax Oy Herralan Tontit Oy Kasvuryhmä Suomi ry Kempinnotkon Asunnot Oy Kempinpuiston Asunnot Oy Kempin Group Oy Kemppi Group Oy Kemppi Oy Kiinteistö Oy Eagle Lahti Lahden Teollisuusseura ry Lahden Teollisuusseuran säätiö sr Lappeenranta-Lahti University of Technology Liikesivistysrahaston Kannatusyhdistys r.y. Okeroisten Toimitilat Oy Perheyritysten liitto ry Päijät-Hämeen Vesijärvisäätiö sr Technology Industries of Finland Viipurin Taloudellinen Korkeakouluseura ry (VITAKO)	Association for Finnish Work Kemppi Oy Kemppi-Kiinteistöt Oy Lomapilke Oy
Tero Era	Puhti Lab Oy	eMobility branch group of Technology Industries of Finland Fortum Markets Oy Fortum Corporation Puhti Lab Oy
Juha-Pekka Helminen	Bumps Oy SEED Consulting Ltd Valmet Corporation	Enermix Oy Nokia Corporation
Kimmo Kemppi	Argeia Oy Ferax Oy Go-Parts Oy Kemppi Group Oy Kemppitalli Oy Kemppi-Yhtiöt Oy Kiinteistö Oy Lahden Kivirannankatu 2 Kimmoke Oy KMKMK OÜ Stuteri Kemppi AB	Kemppi-Kiinteistöt Oy Kiinteistö Oy Lahden Kivirannankatu 2
Vesa Laisi	Danfoss A/S Wirepas Ltd	Vacon Ltd
Eriikka Söderström	Ab Börsligan Oy NV Bekaert SA Valmet Corporation	Comptel Oy DF-Data Oy Finescal Ltd F-Secure Corporation F-Secure Cyber Security Services Oy KONE Corporation KONE Elevators Ltd Vacon Ltd
Members of the management team Tomi Ristimäki	eMobility branch group of Technology Industries of Finland	Danfoss Editron Ltd  Honeywell GmbH  Vacon Ltd  Visedo Oy
Sanna Otava	-	Digita Oy Kemppi Oy
Jukka Kainulainen		Affecto Ltd Biohit Oyj Capgemini Finland Oy CGI Finland Ltd TietoEVRY Corporation

Jussi Vanhanen — ABB Oy Efore Oyj Ensto Ltd Finpro Oy The Switch Drive Systems Oy  Mikko Veikkolainen — JPP-Soft Oy Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska — Cencorp Oyj Ensto Ltd Salcomp Ple  Paula Savonen(1) — Differo Oy Stora Enso Oyj		Current directorships/partnerships	Former directorships/partnerships
Ensto Ltd Finpro Oy The Switch Drive Systems Oy  Mikko Veikkolainen — JPP-Soft Oy Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska	Jussi Vanhanen		ABB Oy
Mikko Veikkolainen – JPP-Soft Oy Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska – Cencorp Oyj Ensto Ltd Salcomp Plc  Paula Savonen(1) – Differo Oy Stora Enso Oyj			Efore Oyj
Mikko Veikkolainen – JPP-Soft Oy Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska – Cencorp Oyj Ensto Ltd Salcomp Plc  Paula Savonen(1) – Differo Oy Stora Enso Oyj			Ensto Ltd
Mikko Veikkolainen – JPP-Soft Oy Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska – Cencorp Oyj Ensto Ltd Salcomp Plc  Paula Savonen(1) – Differo Oy Stora Enso Oyj			Finpro Oy
Kemppi Oy Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska			The Switch Drive Systems Oy
Kvaerner Masa-Yards Oy The Robotics Society in Finland Weldwatch Oy  Tommi Liuska	Mikko Veikkolainen –	-	JPP-Soft Oy
Tommi Liuska			Kemppi Oy
Tommi Liuska			Kvaerner Masa-Yards Oy
Tommi Liuska — Cencorp Oyj Ensto Ltd Salcomp Plc  Paula Savonen <sup>(1)</sup> — Differo Oy Stora Enso Oyj			The Robotics Society in Finland
Ensto Ltd Salcomp Plc  Paula Savonen <sup>(1)</sup>			Weldwatch Oy
Paula Savonen <sup>(1)</sup> – Differo Oy Stora Enso Oyj	Tommi Liuska		Cencorp Oyj
Paula Savonen <sup>(1)</sup> – Differo Oy Stora Enso Oyj			Ensto Ltd
Stora Enso Oyj			Salcomp Plc
**	Paula Savonen <sup>(1)</sup> –		Differo Oy
• • • • • • • • • • • • • • • • • • • •			Stora Enso Oyj
UPM-Kymmene Corporation			UPM-Kymmene Corporation
Petri Korhonen <sup>(1)</sup> – Kemppi Oy	Petri Korhonen <sup>(1)</sup>		Kemppi Oy

<sup>(1)</sup> Member of Kempower's extended management team.

### **Auditors**

The Company has appointed EY, Authorised Public Accountants, as its auditor for the year ending 31 December 2021. EY has appointed Toni Halonen, Authorised Public Accountant, as the auditor with principal responsibility. Toni Halonen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act maintained by the Trade Register. The Audited Financial Statements have been audited by EY, Authorised Public Accountants, with Jari Havukainen, Authorised Public Accountant, as the auditor with principal responsibility. Jari Havukainen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act maintained by the Trade Register.

### MAJOR SHAREHOLDERS

#### General

As at the date of this Offering Circular, the Company's share capital amounts to EUR 80,000, the total number of Shares issued and outstanding Shares is 38,112,606. As at the date of this Offering Circular, the Company does not hold any of its own Shares (treasury Shares).

The following table sets forth the Principal Shareholder's holding immediately prior to the Offering and immediately after the Offering assuming that the Over-allotment Option is exercised in full, the Principal Shareholder does not subscribe for Offer Shares and that the Company will issue 15,156,795 New Shares that are subscribed for in the Offering by other investors than the shareholders presented below:

	Before the Offering		After the completion of the Offering	
	Number of Shares	Share of Shares and votes	Number of Shares	Share of Shares and votes
		(percent)		(percent)
Kemppi Group Oy	37,800,000	99.2	37,800,000	68.1
Other shareholders	312,606	0.8	17,742,920	31.9
Total	<u>38,112,606</u>	<u>100.0</u>	55,542,920	<u>100.0</u>

All Shares carry equal voting rights and none of the Company's shareholders have any voting rights that are different from those of the other shareholders in the Company. The Company is controlled by the Principal Shareholder, which owns 99.2 percent of the outstanding Shares and the voting rights as at the date of this Offering Circular. Certain members of Kempower's personnel own the remaining 0.8 percent of the outstanding Shares and the voting rights (see "Description of the Shares and Share Capital").

The preliminary maximum number of New Shares offered in the Offering represents 28.5 percent of the Shares after the completion of the Offering (assuming that the Over-allotment Option will not be exercised) (31.4 percent assuming that the Over-allotment Option will be exercised). In the event that existing shareholders of the Company do not subscribe for Shares in the Offering, their total holdings in the Company would be diluted by 28.5 percent, assuming that the Company will issue 15,156,795 New Shares. (31.4 percent assuming that the Over-allotment Option will be exercised).

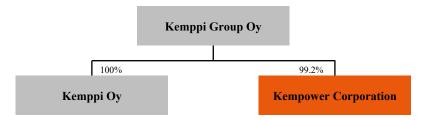
As at 31 December 2020, the Company's net asset value per Share was approximately EUR 5.26 (before the Personnel Offering and the share issue without consideration registered on 12 November 2021 made in connection with the personnel Offering, in which for each existing Share, 6,999 new Shares were given, as well as the share issue without consideration registered on 26 November 2021, in which for each existing Share, 53 new Shares were given). The Subscription Price is EUR 5.74 per Offer Share.

There are no arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.

# Kemppi Group Oy

The largest shareholder of the Company is Kemppi Group Oy, a limited liability company incorporated under the laws of Finland, with registered address at Kempinkatu 1, FI-15810 Lahti, Finland. Kemppi Group Oy is a company owned directly and indirectly by members of the Kemppi family.

The following chart sets forth Kemppi Group Oy's legal structure as at the date of this Offering Circular:



Note: Kemppi Group Oy is the parent company of Kemppi Oy and Kempower Corporation. The Kemppi Group consists of the parent company Kemppi Group Oy and its subsidiaries Kempower Corporation and Kemppi Oy and their respective subsidiaries. The Kemppi Oy group consists of Kemppi Oy and its subsidiaries.

Kemppi Group Oy owns 99.2 percent of the Shares and the voting rights as at the date of this Offering Circular. After the Offering, Kemppi Group Oy will own 37,800,000 Shares, which represents 68,1 percent of the Shares and voting rights, assuming that the Over-allotment Option is exercised in full and that the Company will issue 15,156,795 New Shares.

### 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. At the date of this Offering Circular, Kempower's related parties consist of its subsidiaries as set forth in "Business—Group Legal Structure—Legal Structure", and the Kemppi Group Oy and its subsidiaries other than Kempower and its subsidiaries after they have been incorporated (together, the "Kemppi Group Companies"). 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 salaries and remuneration of the management is presented in "Board of Directors, Management and Auditors—Compensation of the Board of Directors and the Management Team". The shareholding of the Principal Shareholder is presented in "Major Shareholders".

For the nine months

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

	For the nine months ended 30 September		For the year ended 31 December			
<del>-</del>	2021	2020	2020	2019	2018	
_	(unaudited) (EUR in thousands)					
Sales and purchases of goods and services to and from the Kemppi Group Companies						
Sales of goods	28	0	5	-	_	
Purchase of materials	(4,568)	(434)	(871)	(195)	(0)	
Purchases of management and support services	(488)	(464)	(584)	(474)	(102)	
Office and facility lease	(375)	(161)	(231)	(92)	(25)	
Financial expenses Interest expenses to the Kemppi Group Companies	(84)	_	(24)	_	_	
Other transactions Group contribution received from the Kemppi Group Companies	_	_	2,500	2,500	900	
Purchases of services from other related parties						
Purchases of services	(36)	(10)	(19)	(5)	(4)	

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

	As at 30 September	As at 31 December			
	2021	2020	2019	2018	
		(unauc	(unaudited)		
		(EUR in th	ousands)		
Outstanding balances with the Kemppi Group Companies					
Trade and other receivables	30	101	14	_	
Group contribution receivables		<u>2,500</u>	<u>400</u>	=	
Total current receivables	<u>30</u>	<u>2,601</u>	<u>414</u>		
Capital Loans	4,000	3,400	_	_	
Non-current interest-bearing loan	<u>3,000</u>			=	
Total non-current liabilities	<u>7,000</u>	<u>3,400</u>		=	
Current interest-bearing loan	1,000	-	_	_	
Trade and other payables	1,880	728	498	45	
Other current liabilities	369	<u> </u>		_=	
Total current liabilities	<u>3,250</u>	<u>728</u>	<u>498</u>	<u>45</u>	

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, financial administration services and other professional services) from various 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 Oy in July 2021. Transactions with related parties have been carried out on an arm's length basis.

Kempower has not had significant related party transactions outside the ordinary course of business between 30 September 2021 and the date of this Offering Circular.

# **Manufacturing of Electronics**

Kempower has entered into an agreement on manufacturing of electronics with Kemppi Oy. The agreement is entered into on arm's length basis. Kempower aims to insource the agreement or alternatively replace Kemppi Oy with a third-party vendor during the period between 2022 and 2024.

#### **Management and Support Services**

Before establishing its own management and support service in order to be a fully independent entity, Kempower has entered into several management and support service agreements with Kemppi Group. These agreements cover areas such as IT, financial administration services and other professional services. These agreements have been entered into on arm's length basis. In order to find solutions that are better suited for Kempower and to end its dependence on Kemppi Group's IT infrastructure, Kempower aims to have its own IT infrastructure in place by the end of 2022. The agreement on IT infrastructure is expected to be outsourced from Kemppi Group to a third-party service provider during 2022. The most important business applications, such as ERP, will be transferred from the Kemppi Group to Kempower during 2022. Kempower's company insurances are currently under review. In addition, regular financial administration services provided by Kemppi Group Oy are expected to be outsourced to a third-party service provider after 2021.

# Office and Facility Lease

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 the end of April 2023 and the other from a third-party until the end of November 2023. Kempower's headquarters are leased from Kemppi Oy until the end of January 2022. 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 the end of 2031. The pricing of the leased premises follows the arm's length principle.

# **Intra-Group Financing**

Kemppi Group Oy has financed Kempower's business operations by paying group contributions and granting the Capital Loans and other non-current and current loans. According to the loan terms, if there is a change in the ownership, Kempower must, if requested by Kemppi Group Oy, immediately repay the Capital Loans with a 4 percent interest rate and other loans with a Euribor plus 1.5 percent interest rate in its entirety. For more information of these loans, see "Operating and Financial Review—Liquidity and Capital Resources—Interest-bearing Liabilities".

### DESCRIPTION OF THE SHARES AND SHARE CAPITAL

### General

The Company is a Finnish public limited liability company organised under the laws of Finland and domiciled in Lahti, Finland. The Company was registered in the Trade Register on 9 October 2017, its business identity code is 2929424-1 and its LEI code is 743700EIG9TDB5QNZS09. The Company's registered address is Hennalankatu 71, FI-15810 Lahti, Finland, and its telephone number is +358 29 0021 900.

According to Article 3 of the Company's articles of association, its line of business is to, either directly or through its subsidiaries or affiliate companies, manufacture, market and maintain machines, devices and equipment related to the metal industry both domestically and abroad as well as to import the abovementioned products and raw materials and other necessary materials, machines and devices necessary for the manufacture and use of such products; to design, manufacture, maintain, repair, sell and market devices related to electronically controllable industrial power supplies as well other operations related thereto; to design, manufacture, sell, market and maintain charging devices, batteries and other equipment for motor vehicles and chargeable electric vehicles and related software as well as other operations related thereto. In addition, the Company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real property and securities. As the parent company, the Company may attend to the organisation, financing and purchases of the group and to other similar common tasks, as well as own real property and shares and carry on securities trading, corporate acquisitions and divestments, and other investment business.

# **Shares and Share Capital**

As at the date of this Offering Circular, the Company's fully paid up share capital amounts to EUR 80,000, and the total number of Shares issued is 38,112,606. The Shares have no nominal value and are issued under Finnish law. As at the date of this Offering Circular, the Company does not hold any treasury Shares. The Shares will be entered into the book-entry securities system maintained by Euroclear Finland on 2 December 2021. Each Share entitles its holder to one vote at the general meetings of shareholders of the Company, and all Shares carry equal rights to dividends and other distributions by the Company (including distributions of assets in the event of the Company's liquidation). There are no voting restrictions related to the Shares. The Shares are freely transferrable.

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit an application to Nasdaq Helsinki for the Shares to be listed on the First North Growth Market with the trading code KEMPOWR (ISIN code: FI4000513593). Trading of the Shares on the First North Growth Market is expected to commence on or about 14 December 2021.

# **History of Share Capital**

The following table sets forth a summary of the changes in the Company's share capital and the number of Shares between 1 January 2018, and the date of this Offering Circular:

Number

	Number of issued Shares	of Shares after the measure	Share capital	Registered	
Share issue resolution on 24 September 2021 <sup>(1)</sup> Directed share issue resolution on	699,900	700,000	(EUR) 2,500	12 November 2021	
24 September 2021 <sup>(2)</sup> Share issue resolution and share capital increase	5,789	705,789	2,500	12 November 2021	
on 22 November 2021 <sup>(3)</sup>	37,406,817	38,112,606	80,000	26 November 2021	

<sup>(1)</sup> A share issue without consideration to the shareholders of the Company in accordance with the pre-emptive rights of shareholders. For each existing Share, 6,999 new Shares were given. The number of Shares prior to the share issue without consideration was 100.

# **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

<sup>(2)</sup> Directed share issue made in deviation from the shareholders' pre-emptive subscription rights to engage personnel of Kempower by issuing 5,789 new Shares (see "—*Personnel Offering*" below). The subscription price per Share was EUR 100.

<sup>(3)</sup> A share issue without consideration to the shareholders of the Company in accordance with the pre-emptive rights of shareholders. For each existing Share, 53 new Shares were given. The number of Shares prior to the share issue without consideration was 705,789.

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.

### **Current Authorisations**

### Authorisation to Issue the Offer Shares

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 with consideration. 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. A maximum of EUR 3,178,250 Shares may be offered to the members of the Board of Directors of the Company as well as the members of the Boards of Directors of Kemppi Group Oy and Kemppi Oy and their related parties as part of the Offering. The authorisation of the Board of Directors of the Company will remain in force until 30 November 2022.

On or about 13 December 2021, the Board of Directors of the Company is expected to resolve, pursuant to the above-mentioned authorisation, to issue New Shares as set forth in "*Terms and Conditions of the Offering*". The Company will issue preliminarily 15,156,795 New Shares based on the above-mentioned authorisation and the number of the Shares may increase to a maximum of 53,269,401 Shares.

### 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 is related to the Over-allotment Option and share issue and share return arrangement in connection with the Offering as set forth in "*Terms and Conditions of the Offering*".

# 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 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. See also "Business—Organisation and Personnel—Incentive Programmes". 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.

### **Shareholder Rights**

### Pre-emptive Rights

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company as well as for issues of stock options or convertible bonds unless the decision of the general meeting of shareholders or the Board of Directors of the company authorised by the general meeting of shareholders approving such issue provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders. Furthermore, pursuant to the Finnish Companies Act, a resolution on a share issue without payment that deviates from the shareholders' pre-emptive rights requires that there is an especially weighty financial reason both for the company and in regard to the interests of all the shareholders in the company.

Certain shareholders resident in, or with a registered address in, certain jurisdictions other than Finland may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

# General Meeting of Shareholders

Pursuant to the Finnish Companies Act, shareholders exercise their decision-making powers at general meetings of shareholders. Pursuant to the Finnish Companies Act, the annual general meeting of shareholders of a company must be held annually within six months from the end of the financial year. At the annual general meeting of shareholders, the financial statements, including the income statement, balance sheet and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting of shareholders, shareholders also make decisions regarding, among other things, the use of profits shown on the balance sheet, the discharge from liability of the members of the Board of Directors and their respective remuneration. An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by an auditor of the company or by shareholders representing at least one tenth of all of the issued and outstanding shares in the company.

Pursuant to the articles of association of the Company, the notice convening the general meeting of shareholders must be delivered to the shareholders by publishing the notice on the Company's website or by a newspaper announcement which is published in one or more widely circulated daily newspapers chosen by the Board of Directors of the Company no earlier than three months and no later than three weeks before the general meeting, and in any case at least nine days before the record date of the general meeting of shareholders referred to in Chapter 5, Section 6 a of the Finnish Companies Act. In order to be able to attend the general meeting of shareholders, a shareholder must notify the Company at the latest on the date mentioned in the notice, which may be no earlier than ten days before the general meeting of shareholders.

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered in the register of shareholders maintained by Euroclear Finland no later than eight business days prior to the relevant general meeting of shareholders. See "The First North Growth Market and the Finnish Securities Markets—Finnish Book-entry Securities System". A beneficial owner wishing to attend and vote at the general meeting of shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the company is considered a notice of attendance at the general meeting of shareholders. There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the articles of association of the Company.

# Voting Rights

A shareholder may attend and vote at a general meeting of shareholders in person or by way of proxy representation. Each Share entitles its holder to one vote at the general meeting of shareholders. If a shareholder's shares are registered in more than one book-entry account, the shareholder has a right to use different proxy representatives for each book-entry account. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or liquidation of a company, require at least two thirds of the votes cast and the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders, require the consent of all shareholders, or where only certain shareholders are affected, the consent of all the shareholders affected by the amendment, in addition to the applicable majority requirement.

# Dividends and Other Distributions of Funds

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited liability company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on the proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than that for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, the financial statements must be audited. The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to resolve upon payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Under the Finnish Companies Act, the equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act

(734/1978, as amended) effective prior to September 1, 2006. Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered in the Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial position of the company after the financial statements have been prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent. Distributable funds include the profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the balance sheet, the amounts that are to be left undistributed under the articles of association of the company and certain other undistributable funds. A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements. The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting of shareholders by shareholders representing at least one tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one half of the profit for the preceding financial year less the amount to be left undistributed under the articles of association of the company (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 percent of the total equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the annual general meeting of shareholders.

Dividends and other distributions of funds are paid to shareholders or their nominees entered in the register of shareholders on the relevant record date. Such register is maintained by Euroclear Finland through the relevant book-entry account operators. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. All shares in the Company carry equal rights to dividends and other distributions of funds by the Company (including distributions of assets in the event of the liquidation of the Company).

The right to dividends is forfeited three years from the payment date of the dividends, after which the funds reserved for the payment of the dividends remain in the Company.

For information relating to taxation of dividends, see "Taxation".

### **Treasury Shares**

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders, unless the general meeting of shareholders has authorised the Board of Directors to resolve upon share repurchases using unrestricted equity. Any such authorisation may remain in effect for no more than 18 months. A public limited liability company may not, directly or indirectly, own more than 10 percent of all the shares in the company. As at the date of this Offering Circular, the Company does not hold any treasury Shares.

# Transfers through the Finnish Book-entry System

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the purchaser's book-entry account as an account transfer. For the sale, allocation data is recorded into Euroclear Finland's Infinity 2 clearing system and, if necessary, a provision regarding the book-entry security is made to the book-entry account. The sale is registered as an advance transaction until settlement and payment, after which the purchaser is automatically registered in the register of shareholders of the relevant company. If the shares are registered in the name of a nominee and the seller's and purchaser's shares are deposited in the same custodial nominee account, a sale of shares does not require any entries into the Finnish book-entry securities system, unless the nominee changes or the shares are transferred from the custodial nominee account pursuant to the sale.

# Redemption Right and Obligation to Purchase Shares

Pursuant to the Finnish Companies Act, a shareholder holding more than 90 percent of all shares and voting rights attached to the shares in a company has a right to redeem all remaining shares in such company for fair value. In addition, a minority shareholder that holds shares that may, under the Finnish Companies Act, be redeemed by a majority shareholder as described above, is entitled to demand such majority shareholder to redeem its shares.

Pursuant to Article 13 of the Company's articles of association, after the Shares have been admitted to public trading on a market place, including but not limited to the First North Growth Market, a person whose holdings, either alone or together with other persons in a way defined in the Company's articles of association, in the voting rights attached to all the Shares registered in the Trade Register exceed 30 percent or 50 percent, shall be obliged to make an offer to purchase all the other Shares issued by the Company and options which entitle the holder to new Shares from the other shareholders and holders of such options.

### Notification on the Change of Holdings

Pursuant to Article 12 of the Company's articles of association, a shareholder shall notify the Company of its shareholding and voting rights, when such holdings reach, exceed or decrease below 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, 66½ percent (two thirds) or 90 percent of the total voting rights in the Company or the total number of Shares registered with the Trade Register. A shareholder shall also make a notification on the change of holdings when it has, on the basis of a financial instrument, the right to receive a number of Shares that would result in the shareholder's holding reaching, exceeding or decreasing below any of the above-mentioned thresholds. The financial instruments may be physically or cash settled. The obligation to make a notification also arises when a shareholder's combined holdings of the above (shareholding or voting rights and long-position acquired through financial instruments) reach, exceed or decrease below any of above-mentioned thresholds. Article 12 of the Company's articles of association shall be interpreted in accordance with Chapter 9, Sections 5–8 of the Finnish Securities Markets Act.

# Foreign Exchange Control

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland being subject to payment by the company of withholding taxes in the absence of an applicable tax treaty preventing the levying of such taxes. Non-residents having acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

### PLAN OF DISTRIBUTION

# **Placing Agreement**

Carnegie is acting as the Global Coordinator for the Offering. The Company and the Global Coordinator are expected to enter into the Placing Agreement on or about 13 December 2021. Under the terms and conditions of the Placing Agreement, the Company undertakes to issue Offer Shares to investors procured by the Global Coordinator, and the Global Coordinator undertakes, subject to certain conditions, to procure subscribers for the Offer Shares.

The Placing Agreement will include customary conditions that entitle the Global Coordinator to terminate the Placing Agreement in certain situations and with certain preconditions. Such situations include certain material adverse changes in the Company's business, financial position, results of operations or the Company's prospects, as well as certain changes in, among others, national or international market, political or economic conditions. Furthermore, the Company will give customary representations and warranties to the Global Coordinator related to, among others, its business, compliance with laws and regulations, the Shares and the content of this Offering Circular. According to the Placing Agreement, the Company will commit, among others, to indemnify the Global Coordinator for certain costs and liabilities and to reimburse the Global Coordinator certain costs incurred in connection with the Offering.

The Offering consists of (i) the Public Offering and (ii) the Institutional Offering. In the Institutional Offering, the Offer Shares are offered for subscription to institutional investors in Finland and internationally in certain countries outside the United States in compliance with Regulation S. The Offer Shares have not been, and will not be, registered in under the U.S. Securities Act.

# **Over-allotment Option**

The Company is expected to grant to the Stabilising Manager an over-allotment option, which would entitle the Stabilising Manager to subscribe for a maximum of 2,273,519 Optional Shares at the Subscription Price solely to cover over-allotments in connection with the Offering. The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on the First North Growth Market (*i.e.*, on or about the period between 14 December 2021 and 12 January 2022). The Optional Shares represent approximately 6.0 percent of the Shares and votes vested by the Shares prior to the Offering and approximately 4.1 percent after the Offering assuming that the Company will issue 17,430,314 Offer Shares. However, the number of Optional Shares will not in any case represent more than 15 percent of the aggregate number of New Shares.

# **Stabilisation Measures**

Carnegie as the Stabilising Manager may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilising Manager may allocate a larger number of Shares than the total number of New Shares, which will create a short position. The short position will be covered if it does not exceed the number of Optional Shares. The Stabilising Manager is entitled to close the covered short position by exercising the Over-allotment Option and/or by buying Shares in the market. In determining the acquisition method of the Shares to cover the short position, the Stabilising Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilising Manager may also bid for and purchase Shares in the market to stabilise the market price of the Shares. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a price higher than the Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilising Manager or the Company on behalf of the Stabilising Manager will publish information regarding the stabilisation required by legislation or other applicable regulations at the end of the Stabilisation Period. The stabilisation measures can be conducted on the First North Growth Market during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with the Market Abuse Regulation (as defined below) and Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

The Stabilising Manager and the Company are expected to agree on a share issue and share return arrangement related to stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of Additional Shares equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for the Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company.

### Lock-up

The Company and the Principal Shareholder are expected to commit during the period that will end for the Company 180 days and for the Principal Shareholder 360 days from the First North Listing, subject to certain exceptions, without the

prior written consent of the Global Coordinator, not to issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. The lock-up does not apply, among other things, to the measures related to the execution of the Offering.

The members of the Board of Directors of the Company and the members of the extended management team of Kempower are expected to enter into a lock-up agreement with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. Further, according to the terms and conditions of the Offering, the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy as well as related parties of the members of the Boards of Directors who participate in the Public Offering with allocation preference or participate in the Institutional Offering must agree to comply with the lock-up with similar terms to that of the Company and the Principal Shareholder that will end on the date that falls 360 days from the First North Listing. In addition, certain members of Kempower's personnel have committed to a lock-up period in relation to the Shares subscribed by them in a directed share issue in October 2021. See "Description of the Shares and Share Capital—Personnel Offering".

In aggregate, the terms of lock-up agreements apply to approximately 71.5 percent of the Shares after the Offering without the Over-allotment Option and the possible Offer Shares subscribed for by the members of the Board of Directors of the Company, the extended management team of Kempower as well as by the members of the Boards of Directors and the management teams of Kemppi Group Oy and Kemppi Oy in the Offering (approximately 68.6 percent with the Over-allotment Option) assuming that all of the New Shares preliminarily offered in the Offering are subscribed for in full.

# **Subscription Undertakings**

The Cornerstone Investors have each separately given subscription undertakings in relation to the Offering, under which they commit, subject to certain customary provisions, to subscribe for Offer Shares in the amount of approximately EUR 53 million in total in the Offering, provided that that the value of the Company's outstanding Shares prior to the Offering does not exceed EUR 219 million. According to the terms and conditions of the subscription commitments, the Cornerstone Investors are guaranteed the amount of Offer Shares covered by the commitments.

The Cornerstone Investors have given the following subscription undertakings:

- certain funds managed by WIP Asset Management Ltd EUR 15.0 million;
- Varma Mutual Pension Insurance Company EUR 10.0 million;
- Evli Fund Management Company Ltd, for and on behalf of funds under its management and/or asset management clients EUR 8.0 million;
- Ilmarinen Mutual Pension Insurance Company EUR 7.0 million;
- Nordea Life Assurance Finland Ltd EUR 3.0 million;
- Julius Tallberg Corp. EUR 3.0 million;
- Danske Invest Finnish Equity Fund EUR 2.5 million;
- certain funds managed by Sp-Fund Management Company Ltd EUR 2.5 million; and
- Kempinvest Oy (a holding company partly owned by the Chair of the Board of Directors of the Company, Antti Kemppi) EUR 2.0 million.

Subscription undertakings of the Cornerstone Investors equal to approximately 60.9 percent of the Offer Shares assuming that the Over-allotment Option will not be exercised (approximately 53.0 percent assuming that the Over-allotment Option will be exercised in full).

# Fees and Expenses

The Company will pay the Global Coordinator a fee that is determined on the basis of the gross proceeds from the New Shares and the Optional Shares. In addition, the Company undertakes to reimburse the Global Coordinator for certain expenses. In connection with the Offering, the Company expects to pay a maximum of approximately EUR 5.9 million in fees and expenses (assuming that the Over-allotment Option is not exercised and that the discretionary fee will be paid in full).

# **Interests Related to the Offering**

The fees to be paid to the Global Coordinator are, in part, linked to the proceeds from the Offering. The Global Coordinator, as well as other entities in the same group, may purchase and sell the Shares for their own or their customers' account prior to, during and after the Offering subject to applicable legislation and regulations. The Global Coordinator, as well as other entities in the same group, have provided and may in the future provide to the Company investment or other banking services in accordance with their ordinary business.

# **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) MiFID II, (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are (i) compatible with an end target market of retail investor and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "Target Market Assessment"), and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II. Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements in any contractual, legal or regulatory selling restrictions in relation to the Offering.

The Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, obtain, or take any other action concerning the Shares. Each distributor is responsible for its own Target Market Assessment in respect of the Shares and determining the appropriate distribution channels.

#### SELLING AND TRANSFER RESTRICTIONS

# **Selling Restrictions**

#### General

No public offer is being made and no one has taken any action that would, or is intended to, permit a public offering of the Offer Shares to be made in any country or jurisdiction, other than Finland, where any such action for that purpose is required.

Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material nor advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in compliance with applicable rules and regulations of such country or jurisdiction. It is the responsibility of any person who receives a copy of this document to satisfy himself or herself as to full observance of the laws of any relevant territory with respect to any actions he or she may take, including the obtaining of any requisite governmental or other consent or the observance of any requisite formalities and the payment of any issue, transfer or other taxes due in such territory.

#### **United States**

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S.

#### European Economic Area

In relation to each member state of the European Economic Area ("EEA") (each, a "Member State"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of Offer Shares may be made to the public in that Member State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Company or the Global Coordinator to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares.

## **United Kingdom**

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Offer Shares that has been approved by the Financial Conduct Authority, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or
- (c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the "FSMA"),

provided that no such offer of the Offer Shares shall require the Company or the Global Coordinator to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in the United

Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares and the expression "UK Prospectus Regulation" means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In the United Kingdom, this Offering Circular is addressed to and directed only at parties who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom this Offering Circular may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). The Offer Shares are only available to, and any invitation, offer, or agreement to subscribe for, purchase or otherwise acquire the Offer Shares in the United Kingdom will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Circular or any of its contents.

#### **Transfer Restrictions**

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offer Shares are only to be offered and sold outside the United States in offshore transactions in compliance with Regulation S.

Each purchaser of Offer Shares will be deemed to have represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is purchasing Offer Shares in an offshore transaction meeting the requirements of Regulation S;
- (2) the purchaser has not purchased the Offer Shares as a result of any "directed selling efforts" as defined in Regulation S;
- (3) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;
- (4) the purchaser will not offer, sell, pledge, or transfer any Offer Shares, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdictions; and
- (5) the Company will not recognise any offer, sale, pledge or other transfer of the shares made other than in compliance with the above-stated restrictions.

Furthermore, each purchaser in a Member State, other than, in the case of paragraph (a) below, persons receiving offers contemplated in this Offering Circular in Finland who receive any communication in respect of, or who acquire any Offer Shares under, the Offering contemplated in this Offering Circular, will be deemed to have represented and agreed that:

- (a) the purchaser is a qualified investor as defined under Article 2 of the Prospectus Regulation; and
- (b) in the case of any Offer Shares acquired by the purchaser as a financial intermediary, (i) the Offer Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of the Global Coordinator has been given to the offer and resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Regulation as having been made to such persons.

#### THE FIRST NORTH GROWTH MARKET AND THE FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities markets regulations applicable to the First North Growth Market and it is based on the laws of Finland as in effect as at the date of this Offering Circular. The following summary is not exhaustive.

#### The First North Growth Market

The First North Growth Market is Nasdaq Helsinki's Nordic growth market, designed for small and growing companies. Companies listed on the First North Growth Market are subject to less extensive rules than companies listed on a regulated market, such as the Official List of Nasdaq Helsinki. This is intended to allow smaller companies to enjoy the benefits of being publicly traded companies without excess administrative burden. Unlike on the regulated markets, companies listed on the First North Growth Market must engage a Certified Adviser whose role is to ensure that companies comply with applicable requirements and rules.

The First North Growth Market is regulated as a multilateral trading facility as opposed to a regulated market. "Multilateral trading facility" and "regulated market" are classifications for trading venues of securities set out in the Directive on Markets in Financial Instruments. Multilateral trading facilities and the holders and issuers of securities listed on a multilateral trading facility are subject to less stringent rules than regulated markets and the holders and issuers of securities listed on a regulated market. Companies that have applied for their shares to be listed on the First North Growth Market are subject to the First North Rulebook but not the requirements for admission to trading on a regulated market. For more information, see "—Trading on the First North Growth Market" and "—Regulation of the Finnish Securities Markets" below

## **Trading on the First North Growth Market**

The First North Growth Market is maintained by Nasdaq Helsinki, a member of the Nasdaq group, which owns and maintains First North Growth Markets also in Stockholm, Copenhagen and Iceland. Pursuant to the First North Rulebook, the trading rules of Nasdaq Helsinki apply on the First North Growth Market as set out in further detail in the First North Rulebook (including Supplement C – Finland).

Trading in the equities market on the First North Growth Market takes place in the automated INET Nordic trading platform in which orders are matched as trades when the price, volume and other conditions match. The main trading sessions in the equities market of the First North Growth Market are pre-trading session, continuous trading session and post-trading session. The currency for trading in, and clearing of, securities on the First North Growth Market is euro, with the tick size for trading quotations depending on the share price. All price information is produced and published only in euro. Trades are normally cleared in Euroclear Finland's Infinity 2 clearing and settlement system on the second business day after the trade date (T+2) unless otherwise agreed by the parties.

# Regulation of the Finnish Securities Markets

The securities market in Finland is supervised by the FIN-FSA. The primary statutes governing the Finnish securities markets are the Finnish Securities Markets Act, which contains provisions with respect to, among others, company and shareholder disclosure obligations and public tender offers, the Prospectus Regulation, which contains provisions with respect to, among others, the content and format of prospectuses and the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (as amended, the "Market Abuse Regulation"), which contains regulations with respect to, among others, insider dealing, unlawful disclosure of inside information, market manipulation and public disclosure of inside information. The regulation governing the admission of securities and other financial instruments into public trading and the trading in listed financial instruments is compiled under the Act on Trading in Financial Instruments (1070/2017, as amended). The FIN-FSA may issue more detailed regulation pursuant to the Finnish Securities Markets Act and other acts. The role of the FIN-FSA is to monitor compliance with these regulations.

The Finnish Securities Markets Act and the Market Abuse Regulation specify minimum disclosure requirements for companies applying to have their securities listed on a multilateral trading facility or who offer their securities to the public in Finland. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities. The issuer of securities subject to trading on the First North Growth Market has an obligation to disclose any matters likely to have a significant effect on the value of the securities. The First North Rulebook also includes an obligation to regularly publish financial information concerning the company and other requirements regarding continuous disclosure obligations. Information disclosed must be kept accessible to the public. Pursuant to the Market Abuse Regulation, the issuer of a publicly traded security has the obligation to disclose any matters concerning the company that, if made public, would be likely to have a material effect on the prices of the financial instruments of the company. Insider information

must be made public in a manner that enables fast access and complete, correct and timely assessment of the information by the public.

The requirements of the Finnish Securities Markets Act that are only applied on regulated markets, such as provisions relating to the flagging obligation, do not apply to securities subject to trading on the First North Growth Market. However, certain provisions of the Finnish Securities Markets Act, such as provisions relating to market abuse and certain rules on public tender offers, also apply to securities subject to trading on the First North Growth Market.

The Finnish Securities Markets Act regulates takeover bids for shares subject to public trading on a regulated market or securities entitling to such shares. The provisions concerning mandatory takeover bids do not apply on the First North Growth Market. However, the provisions concerning voluntary takeover bids apply partially to shares subject to trading in a multilateral trading facility or securities entitling to shares. For example, a person, who publicly offers to purchase shares admitted to trading in a multilateral trading facility upon the issuer's application or securities entitling to such shares, cannot place the holders of the securities subject to a takeover bid in an unequal position. The offeror must provide the holders of the target company's securities with material and sufficient information, on the basis of which the holders of the securities can make an informed assessment of the bid. The bid must be made public and notified to the holders of the securities, the organiser of a multilateral trading facility and the FIN-FSA. Before publishing the bid, the offeror must ensure that it is able to fully pay the possibly offered cash consideration and carry out all reasonable measures required to secure the implementation of any other type of consideration. The legal requirements regarding the determination of type and amount of offer consideration and provisions regarding an increasing obligation and a compensation obligation of offer consideration are applied also to a takeover bid made for shares subject to trading in a multilateral trading facility.

The provisions of the Finnish Companies Act on the redemption of minority shares are applicable to shares subject to trading on the First North Growth Market. For more information on the redemption right and obligation to purchase Shares, see "Description of the Shares and Share Capital—Shareholder Rights—Redemption Right and Obligation to Purchase Shares".

In addition to the above-mentioned applicable regulations, the Company has included in its articles of association, an obligation to notify the Company of a change of holdings and an obligation to purchase Shares if certain criteria are met. For more information on the notification obligation regarding a change of holdings and the obligation to purchase Shares, see "Description of the Shares and Share Capital—Shareholder Rights—Redemption Right and Obligation to Purchase Shares" and "Description of the Shares and Share Capital—Shareholder Rights—Notification on the Change of Holdings" as well as the articles of association of the Company included as Annex A to this Offering Circular.

The Finnish Penal Code (39/1889, as amended) criminalises the breach of disclosure requirements, the misuse of inside information, unauthorised disclosure of inside information and market manipulation. Pursuant to the Market Abuse Regulation, the Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning or impose administrative fines or monetary penalties for the breach of disclosure requirements, insider register or market abuse provisions. The disciplinary board of Nasdaq Helsinki may give a warning or note or impose a disciplinary fine or order the company to be removed from the stock exchange list. Nasdaq Helsinki may also issue disciplinary sanctions for breaches of the First North Rulebook.

# Finnish Book-entry Securities System

# General

Any issuer established in the EU that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form. The issuer has the right to choose the central securities depository in which its securities are recorded. The central securities depository maintains the book-entry system. Euroclear Finland acts as the central securities depository in Finland as at the date of this Offering Circular. Euroclear Finland maintains a book-entry securities register for, among others, equity and debt securities. The registered office of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100, Helsinki, Finland.

Shareholders' registers must be maintained for issuers in the Finnish central securities depositary. In accordance with Regulation on Central Securities Depositories (EU) No 909/2014, as amended, the central securities depositories are not obliged to offer shareholders book-entry accounts sponsored by issuers free of charge, but a central securities depository may offer such free accounts sponsored by issuers based on a voluntary business decision.

# Registration

Shareholders of all companies registered in the book-entry securities system must establish a book-entry account with an account operator or register its securities through nominee registration in order to effect share entries. A Finnish shareholder may not hold his/her shares through nominee registration in the Finnish book-entry system. For shareholders who have not

transferred their shares into book-entries, a joint book-entry account is opened with Euroclear Finland with the issuer as registered holder. All transfers of securities registered with the book-entry securities system are executed as computerised book-entry transfers to the extent they are executed in the book-entry securities system. The account operator confirms the book-entry by sending a statement of book-entries made to the holder of the respective book-entry account at least four times a year. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year.

Each book-entry account is required to contain information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. A custodial nominee account is identified as such on the entry. Euroclear Finland and the account operators are responsible for maintaining the confidentiality of the information they receive. The company must, however, keep the shareholders' register available to anyone at the company's head office or, when the shares of the company are entered into the book-entry securities system, at the office of the central securities depository in Finland. The FIN-FSA is also entitled to certain information on the holdings of shares registered in a custodial nominee account upon request.

Each account operator is liable for errors and omissions in its registration activity, and for any breach of data protection. If an account holder has suffered a loss as a result of a faulty registration or other mistake or defect relating to the entries and the account operator has not compensated such loss, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The capital of the registration fund must be at least 0.0048 percent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five years and it must not be less than EUR 20 million. The compensation to be paid to an injured party is equal to the amount of damages suffered subject to a limit of EUR 25,000 per account operator. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

## Custody of Shares and Nominee Registration

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organisation approved by the central securities depository) to act as a custodial nominee account holder on its behalf. The book-entry securities of a foreigner, foreign entity or trust may be deposited in a custodial nominee account, where the book-entry securities are registered in the name of a custodial account holder in the company's register of shareholders. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities owned by one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be registered in a book-entry account opened in the name of such foreigner, foreign entity or trust, but the holding may be registered in the name of a nominee in the company's register of shareholders.

A custodial nominee account holder is entitled to receive dividends on behalf of the shareholder. A nominee-registered shareholder wishing to attend and vote at the general meeting of shareholders should temporarily register the shares in their own name in the shareholders' register kept by Euroclear Finland at the latest on the date mentioned in the notice to the general meeting of shareholders, which must be after the record date of the general meeting of shareholders. Upon request by the FIN-FSA or the relevant company, a custodial nominee account holder is required to disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity.

A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name, but who does not maintain a book-entry account in Finland, is required to open a book-entry account at an account operator as well as a bank account denominated in euros in Finland.

## Compensation Fund for Investors and Deposit Insurance Fund

The Finnish Act on Investment Services (747/2012, as amended) sets forth a compensation fund for investors. Under such act, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional investor, however, natural persons are generally presumed to be non-professional investors. Investment firms and credit institutions must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims of investors when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined

period of time. For valid claims, the compensation fund will pay 90 percent of the investor's claim against each investment company or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. According to the Finnish Act on Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee scheme, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund, however, an investor's funds cannot be safeguarded by both funds at the same time.

#### **TAXATION**

The following summary is based on the tax laws of Finland as in effect and applied as at the date of this Offering Circular as well as on the current case law and tax practice. Any changes in tax laws, case law or tax practice may also have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or discuss the tax laws, case law or tax practice of any country other than Finland. The following summary does not address tax considerations applicable to such holders of Shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax-exempt entities, investment funds, general or limited partnerships, or individuals holding shares through share saving accounts. Furthermore, this description does not address Finnish inheritance or gift tax consequences. In addition to the tax laws of Finland, the tax laws of the countries in which prospective investors are resident may affect the income from the Shares, and prospective investors are advised to consult professional tax advisors as to the tax implications relating to the purchase, ownership and disposition of Shares. Prospective investors, whose taxation may be impacted by the tax laws of other countries, should consult tax advisers as to the tax implications related to their individual circumstances.

#### **Finnish Tax Considerations**

The following is a description of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the Offering. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions and capital gains arising from the sale of Shares.

This description is primarily based on:

- The Finnish Income Tax Act (tuloverolaki 1535/1992, as amended, the "Finnish Income Tax Act");
- The Finnish Business Income Tax Act (*laki elinkeinotulon verottamisesta* 360/1968, as amended, the **Finnish Business Income Tax Act**");
- The Finnish Act on the Taxation of Non-residents' Income (*laki rajoitetusti verovelvollisen tulon verottamisesta* 627/1978, as amended);
- The Finnish Transfer Tax Act (varainsiirtoverolaki 931/1996, as amended); and
- The Finnish Tax Assessment Procedure Act (*verotusmenettelylaki* 1558/1995, as amended, the "Finnish Tax Assessment Procedure Act").

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account. Tax legislation, case law and statements given by tax authorities are subject to change, which could apply retroactively and could, therefore, affect the tax consequences described below.

# General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are only taxed on income from Finland. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right to tax income received from Finland by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless they can demonstrate that no substantial ties between them and Finland have existed during the relevant tax year.

Earned income, including salary, is taxed at progressive rates. Currently, the capital income tax rate is 30 percent. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 percent on the amount that exceeds EUR 30,000. Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20 percent.

Distribution of funds from a reserve for unrestricted equity (in accordance with Chapter 13, Section 1, Subsection 1 of the Finnish Companies Act) by a public listed company pursuant to Section 33a, Subsection 2 of the Income Tax Act (a "Listed").

**Company**") is taxable as dividend. Therefore, the description below addressing the tax implications of dividends is also applicable with respect to distribution of funds from a reserve for unrestricted equity.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposal of Shares by Finnish resident and non-resident shareholders.

# Taxation of Dividends

#### Resident Natural Persons

If shares owned by a natural person are not included in the business activity (*i.e.*, business income source) of such person, 85 percent of dividends paid by a Listed Company to such shareholder is taxable as capital income at the rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year), while the remaining 15 percent is tax-exempt. Eighty-five percent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is as a main rule taxable partly as earned income, which is taxed at progressive rates, and partly as capital income, which is taxed at a rate of 30 percent (34 percent rate on the amount that exceeds EUR 30,000 in a calendar year), and the remaining 15 percent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 percent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. Resident natural persons must review, and correct, if necessary, the amount of dividend income and the advance tax withheld on their pre-completed income tax return form.

A 50 percent withholding tax is withheld on the nominee account's dividends if the company paying the dividend or the registered custodian cannot identify the recipient of the dividend as non-resident in Finland. For more information on non-residents' taxation, see "—Non-residents" below.

#### Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax-exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 percent of the dividend is taxable income while the remaining 25 percent is tax-exempt. Only financing, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (*i.e.*, a privately held company) from a Listed Company are fully subject to corporate income tax. However, in cases where the privately held company directly owns 10 percent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax-exempt. However, if a non-listed company receives a dividend on shares of a Finnish company included in its investment assets, 75 percent of the dividend is taxable income and 25 percent is tax-exempt regardless of the ownership threshold.

#### Non-residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 percent for non-resident corporate entities as income receivers and 30 percent for all other non-residents as income receivers. The withholding tax may be reduced or removed under an applicable treaty for the avoidance of double taxation (the "Tax Treaty"). Starting 1 January 2021, the withholding tax rate is generally 35 percent for dividends paid by a Listed Company to nominee registered shares, as described further below.

Finland has entered into Tax Treaties with several countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following percentages: Austria: 10 percent; Belgium: 15 percent; Canada: 15 percent; Denmark: 15 percent; France: 0 percent; Germany: 15 percent; Ireland: 0 percent; Italy: 15 percent; Japan: 15 percent; the Netherlands: 15 percent; Norway: 15 percent; Spain: 15 percent; Sweden: 15 percent; Switzerland: 10 percent; the United Kingdom: 0 percent; and the United States: 15 percent (0 percent for certain pension funds). This list is not exhaustive. A further reduction in the withholding tax rate is available under most Tax Treaties to corporate shareholders for dividend distributions on qualifying holdings (usually direct ownership of at least 10 percent or 25 percent of the share capital or votes of the distributing company). The reduced withholding rate benefit in an applicable Tax Treaty will be available if the person beneficially

entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

Where shares in a Finnish company are held through a nominee account, the Finnish company pays dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owner. A withholding tax of 35 percent is generally applied on dividend distributions by Listed Companies, unless custodians fulfil certain strict requirements and are willing to take over certain responsibilities (including, for example, registration with the Finnish Tax Administration (a so called authorised intermediary), identification of the beneficial owner of the dividend and collecting and submitting detailed recipient information to the Finnish Tax Administration using specific filing procedures). Furthermore, application of reduced withholding tax rates at source require that the custodian and dividend distributor are willing to assume liability of incorrectly applied withholding tax. If the custodian only registers with the Finnish Tax Administration and submits (or undertakes to submit) the detailed recipient details to the Finnish Tax Administration, a 30 percent withholding tax rate can be applied, instead of 35 percent.

Any tax withheld in excess can be reclaimed after the year of the dividend payment by submitting a refund application to the Finnish Tax Administration no later than by the end of the third calendar year following the dividend payment year. During the year of dividend payment, the refund can be processed if custodians and the dividend distributor fulfil the above-mentioned requirements laid down for actual dividend distribution. It is exceptionally also possible that any tax not withheld at source is later assessed directly to the shareholder by the Finnish Tax Administration, in case the failure to withhold tax at source is not due to negligence of the custodian or the dividend distributor.

Certain Qualifying Non-resident Corporate Entities Residing in EU Member States

Under Finnish tax laws, no withholding tax is levied on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive 2011/96/EU, as amended (the "Parent Subsidiary Directive"), and that directly hold at least 10 percent of the capital in the distributing Finnish company.

Certain Non-resident Corporate Entities Residing within the EEA

Dividends paid to certain non-resident corporate entities residing within the EEA may be either fully tax-exempt or taxed at a reduced withholding tax rate, depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

No withholding tax is levied on dividends paid by a Finnish company to a non-resident entity provided that (i) the entity receiving the dividend resides within the EEA; (ii) the Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation and Repealing Directive 77/799/EEC (the "Mutual Assistance Directive"), or an agreement regarding executive assistance and exchange of information in tax matters within the EEA is applicable to the home country of the recipient of the dividend; (iii) the corporate entity receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33 d, Subsection 4, of the Finnish Income Tax Act or in Section 6 a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax-exempt if paid to such corresponding Finnish company or entity (see "— Finnish Limited Liability Companies" above): and (v) the company receiving the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that the paid withholding tax could not de facto be fully credited in the home country pursuant to an applicable Tax Treaty.

Notwithstanding the above, dividend income is only partly tax-exempt if the shares in the distributing company belong to the investment assets of the recipient company and the recipient company is not a corporate entity defined in the Parent Subsidiary Directive holding directly at least 10 percent of the capital in the distributing company. In such situations, the current applicable withholding tax rate is 15 percent provided that (i) the company receiving the dividend is a resident in a country within the EEA; (ii) the Mutual Assistance Directive or an agreement regarding executive assistance and exchange of information in tax matters within the EEA is applicable to the home country of the recipient of the dividend; and (iii) the company receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33 d, Subsection 4, of the Finnish Income Tax Act or in Section 6 a of the Finnish Business Income Tax Act. Depending on the applicable Tax Treaty, the applicable withholding tax rate can also be less than 15 percent (see "—Non-residents" above).

Certain Non-resident Natural Persons Residing within the EEA

Instead of being subject to withholding tax as described under "—Non-residents" above, dividends paid to non-resident natural persons can be, upon request by such non-resident natural person, taxed pursuant to the Finnish Tax Assessment Procedure Act (i.e., taxed similarly to dividends paid to residents of Finland (see "—Resident Natural Persons" above)) provided, however, that (i) the person receiving the dividend is resident in a country within the EEA; (ii) the Mutual Assistance Directive, or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; and (iii) the recipient of the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that any paid withholding tax could not de facto be fully credited in the home country pursuant to an applicable Tax Treaty.

# **Capital Gains**

#### Resident Natural Persons

A capital gain or loss arising from the sale of shares that do not belong to the business activity of the shareholder is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. Capital gains are currently taxed at a rate of 30 percent (34 percent on the amount that exceeds EUR 30,000 in a calendar year). If the shares belong to the business activity (business income basket) of the seller, any gain arising from the sale is deemed to be business income of the seller, which will as a main rule be divided according to the Finnish Income Tax Act to be taxed as earned income at progressive tax rates and capital income at a rate of 30 percent (34 percent rate on the amount that exceeds EUR 30,000 in a calendar year).

A capital loss arising from the sale of shares that do not belong to the business activity of the shareholder is deductible from the resident natural person's capital gains arising in the same year and during the following five tax years. The portion of capital loss not deducted from the capital gains for the tax year is deductible from the amount of net capital income before any other deductions are made (among others, tax deductible interest expenses and carry forward tax losses). However, capital loss does not entitle to deficit credit under the deficit crediting system. The deductibility of losses related to securities included in the seller's business activity is determined as described under "—*Finnish Limited Liability Companies*" below.

Notwithstanding the above, capital gains arising from the sale of shares that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax-exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax-exempt pursuant to Finnish tax laws) and also the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000.

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares (or other assets) that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 percent of the sales price, or in the case of shares which have been held for at least ten years, 40 percent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

# Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company.

Shares may be fixed assets, current assets, investment assets, financial assets or other assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify.

The sales price of any sale of shares which belong in business assets is generally included in the taxable business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from such company's business income upon disposal of the shares. Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price.

However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. Under Section 6b of the Finnish Business Income Tax Act (so-called participation exemption) capital gains arising from the sale of shares that are part of the fixed assets of a selling company that is not engaged in private equity activities are not considered taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible, provided that (i) the seller has directly and continuously for at least one year owned at least 10 percent of the share capital in the company whose shares are sold and such ownership has ended at the most one year before the sale of shares; (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, *de facto*, mainly consist of ownership or possession of real estate; and (iii) the company whose shares are sold is resident in Finland, in another EU member state as specified in Article 2 of the Parent Subsidiary Directive or is a company that is resident in a country with which Finland has entered into a Tax Treaty that is applicable to dividends. In addition, in Finnish case law tax exemption in share disposals has required, among others, that there is a business connection between the company disposing shares and the company whose shares are disposed of. Sales proceed is, however, taxable to the extent the difference on the sales proceed and non-tax depreciated acquisition cost relates to the tax depreciation made on the shares.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the

sale of shares part of fixed assets in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

From the tax year 2020, the Finnish Business Income Tax Act has been applied in calculating the taxable income of most corporations (with certain exceptions, such as certain real estate companies, or calculating taxable agricultural income). A new asset class, other assets, was introduced to the business income basket. Other assets comprise assets, which do not have a distinct connection to the business operations of a corporation, and assets that cannot be allocated to existing asset classes (*i.e.*, fixed assets, current assets, investment assets or financial assets). Capital gains on disposals of other assets are taxable. Capital losses on disposals of shares belonging to other assets can only be offset against capital gains on disposals of other assets and can only be carried forward for the subsequent five tax years. Capital losses which have been calculated according to the Income Tax Act and have not been offset before tax year 2020, can be carried forward for five years following the tax year of disposal of the asset, and will primarily be deductible from capital gains on disposals of other assets, and secondarily from capital gains on disposal of shares or real property belonging to fixed assets.

#### Non-residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Finnish Income Tax Act and an applicable Tax Treaty, and the shares are considered to be assets of that permanent establishment or more than 50 percent of the total assets of the transferred company comprised one or more real estate properties located in Finland.

#### **Transfer Tax**

Transfer tax is not payable in connection with the issuance of new shares.

There is no transfer tax payable in Finland on transfers of shares admitted to trading on the Official List of Nasdaq Helsinki or the First North Growth Market, if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption also requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a transfer tax return to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Finnish Tax Assessment Procedure Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. Also, the exemption does not apply to transfers of shares in which the consideration consists partially or completely of employment or work.

If the transfer of the shares does not fulfil the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6 percent of the sales price is payable by the purchaser (or 2.0 percent if the company is deemed a housing company, mutual real estate company or other similar company). However, if the purchaser is neither tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the transfer of shares will be exempt from Finnish transfer tax, unless shares in Finnish real estate companies are transferred. No transfer tax is collected if the amount of the tax is less than EUR 10.

#### **LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon for Kempower by White & Case LLP. Certain legal matters in connection with the Offering will be passed upon for the Global Coordinator by Roschier, Attorneys Ltd.

#### DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during the period of validity of this Offering Circular at Kempower's website at *investors.kempower.com/ipo*:

- the articles of association of the Company as at the date of this Offering Circular;
- the Interim Consolidated Financial Information and the related auditor's review report;
- the Audited Financial Statements and the related auditor's reports; and
- this Offering Circular.

#### DOCUMENTS INCORPORATED BY REFERENCE INTO THIS OFFERING CIRCULAR

The following documents have been incorporated by reference into this Offering Circular according to Article 19 of the Prospectus Regulation and they form a part of the financial information of Kempower. The documents incorporated by reference are available at Kempower's website at *investors.kempower.com/ipo*:

- the Company's reviewed unaudited consolidated financial information as at and for the nine months ended 30 September 2021 and the related independent auditor's review report:
  - investors.kempower.com/wp-content/uploads/2021/12/kempower-corporation-interim-financial-information-1-9-2021.pdf;
- the Company's audited financial statements as at and for the year ended 31 December 2020 and the related independent auditor's report:
  - investors.kempower.com/wp-content/uploads/2021/12/kempower-oy-financial-statements-2020.pdf;
- the Company's audited financial statements as at and for the year ended 31 December 2019 and the related independent auditor's report:
  - investors.kempower.com/wp-content/uploads/2021/12/kempower-oy-financial-statements-2019.pdf; and
- the Company's audited financial statements as at and for the year ended 31 December 2018 and the related independent auditor's report:
  - investors.kempower.com/wp-content/uploads/2021/12/kempower-oy-financial-statements-2018.pdf.

# ARTICLES OF ASSOCIATION OF THE COMPANY (UNOFFICIAL ENGLISH TRANSLATION)

# 1 § Name of the Company

The name of the company is Kempower Oyj in Finnish and Kempower Corporation in English.

# 2 § Domicile of the Company

The domicile of the company is Lahti, Finland.

#### 3 § Line of Business

The line of business of the company is to, either directly or through its subsidiaries or affiliate companies, manufacture, market and maintain machines, devices and equipment related to the metal industry both domestically and abroad as well as to import the abovementioned products and raw materials and other necessary materials, machines and devices necessary for the manufacture and use of such products; to design, manufacture, maintain, repair, sell and market devices related to electronically controllable industrial power supplies as well other operations related thereto; to design, manufacture, sell, market and maintain charging devices, batteries and other equipment for motor vehicles and chargeable electric vehicles and related software as well as other operations related thereto. In addition, the company may directly and/or through its subsidiaries or affiliate companies purchase, sell, own and manage real property and securities. As the parent company, the company may attend to the organisation, financing and purchases of the group and to other similar common tasks, as well as own real property and shares and carry on securities trading, corporate acquisitions and divestments, and other investment business.

# 4 § Accounting Period

The accounting period of the company begins on 1 January and ends on 31 December.

# 5 § Book-entry Securities System

The company's shares belong to a book-entry securities system after the expiry of the registration period.

#### 6 § Board of Directors

The Board of Directors of the company has a minimum of four (4) and a maximum of eight (8) members. The term of office of members of the Board of Directors ends at the close of the annual general meeting of shareholders following their election. The general meeting of shareholders elects the Chair and the Vice Chair of the Board of Directors.

## 7 § Chief Executive Officer

The company has a Chief Executive Officer who is appointed by the Board of Directors.

# 8 § Representation of the Company

The company is represented by the Chair of the Board of Directors and the Chief Executive Officer, each alone, and members of the Board of Directors, two (2) together. The Board of Directors may also grant the right to represent the company to a member of the Board of Directors and other named persons.

# 9 § Auditor

The auditor of the company must be an auditing firm approved by the Finnish Patent and Registration Office. The term of office of the auditor ends at the close of the annual general meeting of shareholders following the election of the auditor.

# 10 § Notice to the General Meeting of Shareholders

The notice convening the general meeting of shareholders must be delivered to the shareholders by publishing the notice on the company's website or by a newspaper announcement which is published in one or more widely circulated daily newspapers chosen by the Board of Directors no earlier than three (3) months and no later than three (3) weeks before the meeting, and in any case at least nine (9) days before the record date of the general meeting of shareholders referred to in Chapter 5 Section 6 a of the Finnish Companies Act.

In order to be able to attend the general meeting of shareholders, a shareholder must notify the company at the latest on the date mentioned in the notice, which may be no earlier than ten (10) days before the general meeting of shareholders.

The venue for the general meeting of shareholders must be located in Helsinki or Lahti, Finland.

## 11 § Annual General Meeting of Shareholders

The annual general meeting of shareholders of the company must be held within six (6) months from the date on which the accounting period ended.

At the meeting:

the following are presented

- 1. the financial statements, which include the consolidated financial statements, and the report of the Board of Directors; and
- 2. the auditor's report;

the following are resolved upon

- 3. the adoption of the financial statements;
- 4. the use of profits shown in the balance sheet;
- 5. the discharge of members of the Board of Directors and the Chief Executive Officer from liability;
- 6. the remuneration of the members of the Board of Directors and the auditor; and
- 7. the number of the members of Board of Directors;

the following are elected

- 8. the members of the Board of Directors and the Chair of the Board of Directors;
- 9. the auditor; and

the following are dealt with

10. other matters stated in the notice to the general meeting of shareholders.

## 12 § Notification on the Change of Holdings

A shareholder shall notify the company of its ownership and share of votes when the holding reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50 or 90 percent or 2/3 of the total number of votes carried by the shares registered in the trade register or the total number of shares registered in the trade register. A shareholder shall also make a notification on the change of holdings when it has on the basis of a financial instrument the right to receive a number of shares in the company that would reach, exceed or fall below the abovementioned thresholds. The notification shall be made regardless of whether the underlying asset of the financial instrument will be settled physically or in cash. The obligation to make a notification shall also arise when a shareholder's combined holdings of the above (shareholding or voting rights and long position acquired through a financial instrument) reach, exceed or fall below the abovementioned thresholds.

This Article 12 shall be interpreted in accordance with Chapter 9 Sections 5 to 8 of the Finnish Securities Markets Act.

When calculating the holdings of the shareholder, holdings of the entities controlled by the shareholder shall also be considered as holdings of the shareholders. In addition, holdings of a third party shall be taken into account if the shareholder has the right to acquire, transfer or exercise the voting rights attached to the shares owned by the third party.

The obligation to notify the company of the change of holdings shall not apply to:

- shares acquired for the sole purpose of settlement activities for a maximum of four trading days and to custodians of securities holding shares in this capacity with the right to exercise the voting rights attached to the shares in their custody only as specifically instructed;
- holdings and voting rights in the trading book of a credit institution or an investment service provider if:
  - (a) the holdings in the trading book do not exceed 5 percent of the total number of votes or the total number of shares in the company; and

- (b) the voting rights attached to the shares in the trading book are not exercised nor otherwise used to intervene in the management of the company;
- holdings and voting rights, which have been acquired for the purposes of stabilisation in connection with an offer of securities in accordance with the EU Market Abuse Regulation ((EU) No 596/2014, as amended), if the voting rights attached to the shares are not exercised nor otherwise used to intervene in the management of the company.

The notification on the change of holdings shall be made without undue delay, however, no later than on the next trading day after the shareholder learned or should have learned of the acquisition or transfer, his/her/its possibility of exercising voting rights or the executed transaction as a result of which his/her/its holding or share of votes has changed or will change in the manner provided above, once the transaction is completed. The shareholder need not make a notification on the change of holdings if the notification is made by the person exercising control over the shareholder.

The notification on the change of holdings shall contain the following information:

- (a) grounds for making the notification on the change of holdings;
- (b) time when holdings or share of votes reached, exceeded of fell below the abovementioned thresholds;
- (c) exact share of the shares and votes in the company held either directly or indirectly by the shareholder;
- (d) exact share of the shares and votes in the company held either directly or indirectly by the shareholder on the basis of a financial instrument;
- (e) total number of the shares concerned;
- (f) nature, maturity date, execution period and transfer method of the financial instrument;
- (g) total number of votes attached to the shares or the total number of shares in the company registered in the trade register;
- (h) full name, trade register number or equivalent corporate identifier;
- (i) entities controlled by the shareholder through which shares of the company and voting rights attached thereto are held, and full name, trade register number or equivalent corporate identifier of each such entity; and
- (j) description of the division of holdings between the shareholder and each of the entities controlled by the shareholder.

The company will publish a template form for the notification of change of holdings on its website. When a notification on the change of holdings has been made to the company or the company otherwise becomes aware of the reaching, exceeding or falling below of any of the abovementioned thresholds, the company shall, without undue delay, disclose the information of the change of holdings in the company and deliver such information to the market.

The shareholder shall make the notification on the change of holdings in Finnish or in English, at its own discretion, and the company shall disclose all information pertaining to the change of holdings without undue delay.

In the event that a shareholder fails to comply with its obligation to notify the company of changes in its holdings when the holdings reach or exceed the abovementioned thresholds, the shareholder is entitled to only exercise the share of the votes attached to the shares that the shareholder held before the change in its holdings, until the shareholder has made the required notification.

This Article 12 of the Articles of Association ceases to apply in its entirety in the event that the shares of the company are admitted to trading on a regulated market as referred to in Chapter 2, Section 5 of the Finnish Securities Markets Act. Thereafter, an obligation to notify major holdings and share of votes shall be determined in accordance with Chapter 9 of the Finnish Securities Markets Act.

# 13 § Obligation to Make a Tender Offer

Offer

A shareholder, whose holding increases above 30 percent or above 50 percent of the total number of votes attached to the shares of the company registered in the trade register (offer threshold) after the shares of the company have been admitted to public trading on a market place, including Nasdaq First North Growth Market Finland, shall make an offer to purchase all the other shares and securities entitling thereto issued by the company to other shareholders and holders of such securities entitling to shares of the company issued by the company.

A shareholder's share of votes shall comprise:

- (a) shares held by the shareholder and persons acting in concert with the shareholder;
- (b) shares held together by the shareholder or by persons acting in concert with the shareholder, and a third party; and
- (c) shares, the voting rights attached to which the shareholder is entitled to use or direct under a contract or other arrangement.

When calculating the share of votes referred to in this Article 13, restrictions on the exercise of voting rights based on law or the articles of association or on another contract shall not be taken into account. Votes attached to shares held by the company or by an entity controlled by it shall not be taken into account in the total number of votes on the company. An obligation to make on offer shall not apply to entities acting as custodians of shares in the company and holdings of such entities shall not be taken into account when calculating the shareholder's share of votes.

In this Article 13, persons acting in concert shall mean natural or legal persons who, on the basis of an agreement or otherwise, cooperate with a shareholder, offeror or the company with the intention to exercise or acquire significant control in the company or to prevent the realisation of an offer. Persons acting in concert shall comprise at least:

- (a) a shareholder and entities controlled by it as well as their pension foundations and pension funds;
- (b) the company and legal persons belonging to the same group and their pension foundations and pension funds; and
- (c) a shareholder and persons who are in a relationship with the shareholder in the meaning of Article 3, paragraph 1, subparagraph 26, indents a to c of the Market Abuse Regulation.

If there is one shareholder in the company whose share of votes exceed the offer threshold, the obligation to make on offer shall not arise to another shareholder until his/her/its share of votes exceed the share of votes of the first-mentioned shareholder.

If the offer threshold is exceeded solely due to measures taken by the company or another shareholder, the obligation to make an offer shall not arise until the shareholder who has exceeded the offer threshold acquires or subscribes for more shares in the company or otherwise increases his/her/its shares of votes in the company.

#### Consideration

The consideration paid by the offeror shall equal fair market price. Consideration may be cash, securities or shares or a combination of cash, securities and shares. The basis for determining the consideration shall be the highest of the following:

- the highest price paid for the securities subject to the offer during the six months prior to the obligation to make an offer by the offeror or by a person acting in concert with the offeror having arisen; or
- in the event that no such acquisitions have been made, the volume-weighted average trading price of the publicly traded securities subject to the offer during the three months prior to the obligation to make an offer having arisen.

If an acquisition, deemed to have influence on the consideration, is denominated in a currency other than euro, in which the shares of the company are traded, the conversion value of such currency used in such an acquisition to the trading currency shall be calculated with the official rates of the currencies set by the European Central Bank seven (7) days prior to the date on which the Board of Directors notified the shareholders of the offer.

The offeror shall treat all offerees equally and pay the same price per share to all offerees willing to sell their shares to the offeror on the basis of the offer regardless of the identity of the offeree, number of the shares held by the offeree or the time when the offeree sells its shares to the offeror.

In the event that the offeror or a person acting in concert with the offeror acquires shares in the company on better terms that have been offered to the offerees in the offer and such acquisition takes place between the date on which the obligation to make an offer arose and the date by which the offer has to be accepted, the offeror shall be obliged to amend the offer to correspond to the said acquisition. The procedure for the amendment of the offer is set forth below.

In the event that the offeror or a person acting in concert with the offeror acquires shares in the company on better terms that have been offered to the offerees in the offer (or possible amended offer), and such acquisition takes place within nine (9) months from the date by which the offer had to be accepted, the offeror shall compensate the difference of the consideration paid to the offerees who have accepted the offer (or possible amended offer) and the consideration paid in the acquisition.

#### Procedure

The offeror has an obligation to make the offer in writing to the company's address addressed to the Board of Directors. A notification on the obligation to make an offer shall contain the number of shares held by the offeror and the number of shares acquired during the last twelve (12) months and consideration paid for them. A notification on an obligation to make an offer shall also contain the address of the offeror and the notification shall, at the discretion of the offeror, be made in Finnish or in English.

The Board of Directors shall notify the company's shareholders that an obligation to make an offer has arisen within 30 days of receiving a notification on the obligation to make an offer, or in the absence of such notification or where such notification fails to arrive within said period, of the date on which it otherwise became aware of the obligation to make an offer. The notification of the Board of Directors shall contain all the information of the date on which the obligation to make an offer arose, the basis for the determination of the consideration, to the extent known to the Board of Directors, and the last date for accepting the offer. The offeror shall provide the Board of Directors all the information reasonably needed for the Board of Directors to deliver its own notification to the shareholders. The notification of the Board of Directors shall be made in accordance with Article 10 concerning notices to general meetings of shareholders. An offeree who wishes to accept the offer shall do so in writing within 30 days of the notification of the Board of Directors. An acceptance notification, to be sent to the company or a party appointed by the Board of Directors, shall include the number of shares covered by the acceptance. An offeree who accepts the offer shall, simultaneously with the acceptance notification, provide the company with all the documentation necessary for carrying out the transfer of the relevant shares to the offeror against the payment of the consideration.

The offeror shall without delay notify the Board of Directors, if the offer must be amended in accordance with the abovementioned provisions and it shall provide the Board of Directors all information reasonably requested by it. In the event that the offerees have already been informed of the offer, the Board of Directors shall without delay notify the offerees of the amended offer and of a possible extension to the offer period in the manner set forth in the paragraph immediately above. Such extension shall be resolved by the Board of Directors and it shall not exceed two (2) weeks from the original date by which the offer had to be accepted in accordance with the paragraph above. Information on the new deadline shall, however, be announced at least two (2) weeks before the new deadline.

If the offer is not accepted by an offeree by the deadline as set forth in the paragraph above, the offeree shall forfeit its right to accept the offer (or possible amended offer). An offeree has the right to withdraw its acceptance by notifying the Board of Directors in writing until the purchase has taken place in accordance with the terms of the offer.

The company shall notify the offeror of the total number of acceptances of the offer immediately after the deadline set forth in the paragraph above has passed. The offeror shall, within 14 days upon receiving such notification and in accordance with instructions provided by the company, pay the consideration and complete the purchase of the shares in respect of the acceptances received.

The consideration or any part thereof that is not paid within said period, shall accrue default interest of 20 percent per annum as of the date on which the purchase should have taken place. In addition, if the offeror has failed to comply with the abovementioned provisions concerning the obligation to make an offer, default interest shall be calculated from the date on which the notification of the obligation to make an offer should have been made.

The company shall prepare all releases relating to notifications and information released to the shareholders of the company in accordance with this Article 13 in Finnish and in English.

All provisions relating to the application and interpretation of the obligation to make on offer, which are not explicitly stated in this Article 13, shall be determined by applying Chapter 11 of the Finnish Securities Markets Act.

# Dispute Resolution

The Board of Directors is fully authorised to resolve on the application of this Article 13, including the application of directly or analogically applicable regulation entirely or partially. This authorisation of the Board of Directors also includes any discretion vested in a relevant takeover committee, such as the assessment of whether the share of holdings referred to in this Article 13 has been reached, the authority to determine the terms of an offer as well as the consideration to be offered by the offeror to the offerees. In addition, the Board of Directors may, on application and on special grounds, grant a permission to derogate from the obligation to make on offer and other obligations set out in this Article.

All bona fide resolutions or decisions or use of discretionary or decision-making power made in accordance with this Article 13 shall be final and binding, and all bona fide actions taken by the Board of Directors or on behalf of the Board of Directors or on the basis of authorisations granted by the Board of Directors in accordance with this Article 13, shall be final and binding on all relevant parties concerned and cannot be challenged with respect to validity or any other grounds. The Board of Directors shall not be obligated to provide reasoning for its resolutions, decisions or notifications made in accordance with this Article 13.

Should half or more of the members of the Board of Directors have a conflict of interest or otherwise be unable to resolve on matters relating to this Article 13, the Board of Directors shall appoint an independent financial adviser to undertake the role of the Board of Directors for the purposes of the resolutions related to this Article. Such advisor must have relevant experience and a background in offer-related matters. Such advisor shall in this respect have equivalent authority as those granted to the Board of Directors in this Article, unless the Board of Directors decides otherwise in connection with the appointment of the advisor, or otherwise.

This Article 13 of the Articles of Association ceases to apply in its entirety in the event that the shares of the company are admitted to trading on a regulated market as referred to in Chapter 2, Section 5 of the Finnish Securities Markets Act. Thereafter, the procedure for a public offer and an obligation to make an offer shall be determined in accordance with Chapter 11 of the Finnish Securities Markets Act.

#### Restriction on Number of Votes

In the event that a shareholder fails to comply with its obligation to make an offer as set out above, the shareholder is entitled to only exercise the share of votes attached to the shares it owns that do not reach or exceed the minimum offer threshold of 30 percent as defined above.

# THE COMPANY

# **Kempower Corporation**

Hennalankatu 71 FI-15810 Lahti Finland

# SOLE GLOBAL COORDINATOR AND BOOKRUNNER

# Carnegie Investment Bank AB, Finland Branch

Eteläesplanadi 22 A FI-00130 Helsinki Finland

# **LEGAL ADVISERS**

To the Company

# White & Case LLP

Aleksanterinkatu 44 FI-00100 Helsinki Finland

To the Global Coordinator

# Roschier, Attorneys Ltd.

Kasarmikatu 21 A FI-00130 Helsinki Finland

# AUDITOR

# Ernst & Young Oy

Alvar Aallon katu 5e FI-00100 Helsinki Finland