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Kempower Oy 22 November 2021 at 8.00 EET

KEMPOWER IS PLANNING AN INITIAL PUBLIC OFFERING AND LISTING ON THE NASDAQ FIRST NORTH GROWTH MARKET FINLAND

Kempower Oy (“**Kempower**” or the “**Company**”), a Finnish electric vehicle (“**EV**”) fast charging equipment and solutions manufacturer and provider striving for rapid growth, is planning an initial public offering (the “**Offering**”) and a listing of its shares on the Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd (the “**First North Growth Market**”).

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, research and development, and organisation (including, among others, sales and marketing organisations). The Offering and listing will enable the Company to obtain access to capital markets, expand its ownership base and improve the liquidity of its 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 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.

The Company aims to raise gross proceeds of approximately EUR 87 million in the Offering by offering new shares in the Company 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, including capital loans, from Kempower Group Oy and incurred interests.

Certain cornerstone investors (together, the “**Cornerstone Investors**”) have each separately undertaken to subscribe for shares at the final subscription price in a possible Offering subject to certain provisions and conditions.

Antti Kemppe, Chair of the Boards of Directors of Kempower Oy and Kemppe Group Oy, comments:

“With its electric vehicle fast charging solutions, Kempower adds a chapter to the story of Kemppe, the globally operating welding solutions provider, established more than 70 years ago. Also at Kempower, the legacy of Kemppe’s strong innovation culture and technological know-how have been harnessed to serve the needs of today and tomorrow. Operating in a strongly growing market, Kempower’s growth has been immense, and the Company has been able to create significant competitive edge, thanks to its technological expertise and innovative mindset. I believe we have only seen a glimpse of what Kempower can achieve in the future. We are now planning an initial public offering to accelerate this targeted future growth.”

Tomi Ristimäki, CEO of Kempower, comments:

“Kempower operates in an industry that enables emission-free mobility through electrification of traffic and transport. This development is driven by tightening emission regulation, decreasing costs of owning electric vehicles as well as vehicle manufacturers’ rapidly growing selection of electric vehicles. Several countries around the world have committed to reducing emissions caused by traffic at pace. Our scalable and technologically advanced fast charging solutions are already used in more than 30 countries, and we are cooperating with several reputable international companies. The planned listing would enable the further development of our operations, enabling us to continue to respond to growing demand.”

Press Conference

We kindly welcome you to attend Kempower's virtual press conference held today 22 November 2021 at 10:00 EET through the following link (the conference will be held in Finnish): <https://worksup.com/kempower>.

Kempower in Brief

Kempower is a Finnish 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 Oy group (“**Kemppi Group**”), a Finnish family business founded in 1949. Kemppi Oy, 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 million in 2020. Kempower designs, manufactures and sells direct current 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 the Kemppi Group Oy's 70 years of experience in demanding conditions of electric power supply.

Kempower's main geographic markets include Finland, Sweden, Norway and Denmark, 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.

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's Strategy

Kempower operates in the EV fast charging market. The demand for EVs is affected by, among others, tightening emissions regulations, declining battery prices as well as the vehicle manufacturers' and other decision-makers' commitment to the electrification of traffic, and related actions. Kempower expects these factors and the subsequent increase in EV stock to drive EV fast charging market growth.

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 into Geographical Expansion by Customer Types.* Kempower aims to continue expanding in the European market in the short to medium term. Kempower also sees significant potential to expand into the United States, with a target of establishing operations there by the end of 2025. Kempower's focus is on organic growth, but it may in the future complete corporate

or business acquisitions. In addition, in its go-to-market strategy, Kempower focuses on each of its customer segments separately.

- *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) research and development and innovation of new products and features.

Kempower's Key Strengths

Kempower believes that the following factors are among its key strengths:

- rapidly grown company operating in an attractive market;
- scalable and flexible business model with limited capital expenditure needs;
- well-positioned product offering with competitive features and compatibility with nearly all EVs, and efficient production;
- technological know-how and innovation heritage from the Kemppi Group;
- diversified customer base and blue-chip customer credentials;
- sustainability at the core of business operations and Kempower's operations; and
- management with a strong track record and committed, skilled and satisfied personnel.

Kempower's Financial Targets and Dividend Policy

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 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.

Information on the Offering

The contemplated Offering is expected to consist of a share issue by the Company. The Company, Kemppi Group Oy, the members of the Board of Directors of the Company and the members of the extended management team of the Kempower group are expected to commit to customary lock-up restrictions. Kemppi Group Oy will not sell shares in the Company in the Offering and will, therefore, remain a significant shareholder even after the Offering.

The Offering will consist of (i) a public offering to private individuals and entities in Finland and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally.

Carnegie Investment Bank AB, Finland Branch, is acting as sole global coordinator and bookrunner for the Offering (the "**Global Coordinator**"). White & Case LLP is acting as legal adviser to Kempower in connection with the Offering. Roschier, Attorneys Ltd. is acting as legal adviser to the Global Coordinator in connection

with the Offering. Milton is acting as communication adviser to Kempower. Alexander Corporate Finance Oy is acting as Kempower's certified adviser referred to in the Nasdaq First North Growth Market Rulebook.

The following Cornerstone Investors have, subject to certain customary provisions, committed to subscribing for shares in the amount of approximately EUR 53 million in total in the contemplated Offering, provided that the value of the Company's outstanding shares prior to the Offering does not exceed EUR 219 million:

- certain funds managed by WIP Asset Management Ltd;
- Varma Mutual Pension Insurance Company;
- certain funds managed by Evli Fund Management Company Ltd;
- 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 (a holding company partly owned by the Chairman of the Board of Directors of Kempower, Antti Kemppi).

Kempower's Financial Performance Measures

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, including the unaudited comparative financial information as at and for the nine months ended 30 September 2020, and Kempower's audited financial statements as at and for the years ended 31 December 2020, 2019 and 2018 prepared in accordance with the Finnish Accounting Act ((1336/1997, as amended), 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.

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		As at and for the year ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)		(unaudited, unless otherwise indicated)		
KEY FIGURES⁽¹⁾					
Order backlog ⁽²⁾	10,625	3,791	3,830	170	–
Order intake ⁽³⁾	25,852	4,914	7,092	483	6
Revenue	18,986	1,293	3,252 ⁽⁴⁾	327 ⁽⁴⁾	20 ⁽⁴⁾
Revenue growth ⁽⁵⁾ , percent	1,369	1,144	894	1,578	100
Gross profit ⁽⁶⁾	8,819	745	1,769	227	18
Gross margin ⁽⁷⁾ , percent	46	58	54	69	94
EBITDA ⁽⁸⁾	2,197	(1,821)	(2,135)	(2,182)	(635)
EBITDA margin ⁽⁹⁾ , percent	12	(141)	(66)	(667)	(3,256)
Operating profit/loss (EBIT)	2,092	(1,879)	(2,220) ⁽⁴⁾	(2,221) ⁽⁴⁾	(641) ⁽⁴⁾
EBIT margin ⁽¹⁰⁾ , percent	11	(145)	(68)	(679)	(3,289)
Operative EBIT ⁽¹¹⁾	2,092	(1,879)	(2,220)	(2,221)	(641)
Operative EBIT margin ⁽¹²⁾ , percent	11	(145)	(68)	(679)	(3,289)
Items affecting comparability ⁽¹³⁾	(776)	–	–	–	–
Equity ratio ⁽¹⁴⁾ , percent	10	n.a.	9	32	45
Cash flow from operating activities	(5,150)	(2,235)	(2,482) ⁽⁴⁾	(2,487) ⁽⁴⁾	(496) ⁽⁴⁾
Investments ⁽¹⁵⁾	786	342	467	171	179
Net debt ⁽¹⁶⁾	6,316	n.a.	2,879	(71)	(227)
Personnel headcount, end of period	103	31	38	17	5

(1) 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.

(2) Order backlog = received orders from external customers not yet delivered to customer.

(3) Order intake = received orders from external customers during the period.

(4) Audited.

(5) Revenue growth = change in Kempower's revenue for the period divided by revenue for the previous period presented in percent.

(6) Gross profit = revenue - Cost of goods sold.

(7) Gross margin = gross profit as percentage of revenue.

(8) EBITDA = earnings before interest, taxes and depreciation and amortisation.

(9) EBITDA margin = EBITDA as percentage of revenue.

(10) EBIT margin = operating profit/loss (EBIT) as percentage of revenue.

(11) Operative EBIT = operating profit/loss (EBIT) - Items affecting comparability.

(12) Operative EBIT margin = operative EBIT as percentage of revenue.

(13) 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 listing of the Company on the First North Growth

Market. For the nine months ended 30 September 2021, items affecting comparability comprised expenses related to the listing of the Company on the First North Growth Market of EUR 776 thousand, which have been included in financial expenses.

- (14) Equity ratio = total equity / (Total assets - advance payments received).
- (15) Investments = investments in intangible and tangible assets.
- (16) Net debt = short-term interest-bearing debt + Long-term interest-bearing debt - Cash and cash equivalents.

Further Enquiries

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About Kemppi Group

Kemppi Group Oy is the parent company of Kemppi Oy and Kempower Oy. Kemppi Group Oy is owned by the Kemppi family and run by the family's third generation.

Important Information

This announcement is not being made in and copies of it may not be distributed or sent into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa.

This document is not a prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and underlying legislation. A prospectus prepared pursuant to the Prospectus Regulation and approved by the Finnish Financial Supervisory Authority will be published, and when published can be obtained from the Company and other places indicated in the prospectus. Investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information contained in the prospectus.

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Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”), (b) Articles 9 and 10 of 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 in the Company 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 in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company 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 in the Company. Each distributor is responsible for its own Target Market Assessment in respect of the shares in the Company and determining the appropriate distribution channels.