

Remuneration Report

Letter from the Chair of the Remuneration and Nomination Committee

Dear shareholders,

As Chair of the Remuneration and Nomination Committee of the Board of Directors, I am pleased to present Kempower's 2022 Remuneration Report. The Report has been reviewed by the Board's Remuneration and Nomination Committee ("Committee") and approved by the Board of Directors. The shareholders will make an advisory decision on the approval of the Remuneration Report at the Kempower's Annual General Meeting 2023.

Remuneration of the Kempower's governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting 13 April 2022. The

company's remuneration is guided by fairness, competitiveness, and the implementation of the company's growth strategy. The aim is to provide all Kempower employees with both an inspiring workplace and meaningful work in driving the green transition in mobility.

In 2022, the Remuneration and Nomination Committee focused on reviewing the company's overall remuneration and market benchmarking, remuneration of the Management Team, setting the performance targets and remuneration levels for short- and long-term incentives for 2023, Board and Management Team appointments, launching the employee share savings plan, and, in particular, corporate culture and its development as part of the company's growth strategy. We want every Kempowerian to contribute to building a company culture that supports growth and evolves with it. We also want to combine the interests of shareholders and employees with the long-term

development of the company. In December 2022, we announced our plan to implement a new employee share savings plan to encourage every Kempowerian to acquire and own shares in the company.

The performance of the short-term incentive plan for 2022 was very good, as the plan's performance metrics focused on profitable growth. The company's growth has been strong and profitable. In 2022, Kempower reached EUR 209 million of order intake and EUR 104 million of revenue representing 279% year-on-year growth. Kempower is already the top player in the Nordic markets and quickly gaining market share in the rest of Europe driven by the 898 % year-on-year revenue growth in the region. In addition, revenue growth in other parts of the world started to accelerate by the end of the year. In 2023, Kempower will continue to expand its business in both Europe and North America as well as to supporting its sales partners in other regions.

Rapidly internationalizing operations place new demands on company's remuneration. Our aim is to ensure Kempower's attractiveness as an employer in international markets. We need the best resources in the industry to implement our strategy.

I want to thank all Kempowerians for the excellent results in 2022 and for accelerating our growth strategy. Our market share grew strongly, and we can be confident in our position at the forefront of the green mobility transition.

Vesa Laisi

Chair of the Remuneration and Nomination Committee

1. Introduction

This remuneration report for 2022 is prepared in accordance with the Finnish Corporate Governance Code 2020 (the “Corporate Governance Code”). In this report, Kempower presents the salaries, fees and other financial benefits paid to the members of the Company’s Board of Directors and the CEO during the financial year 2022 and due on the basis of the financial year 2022. In addition, the report describes the decision-making on remuneration and the key principles governing it at Kempower.

Description of the decision-making process

The Annual General Meeting makes the decision on the remuneration of the Board of Directors annually. Kempower’s Remuneration and Nomination Committee prepares the remuneration policy and any material changes to it, and the Board of Directors approves it for presentation to the Annual General Meeting.

The remuneration policy was presented for the first time at the 2022 Annual General Meeting. Kempower’s remuneration policy is presented at the company’s Annual General Meeting at least every four years and whenever significant changes are proposed.

Kempower’s Remuneration and Nomination Committee prepares proposals for the remuneration of all members of the Board of Directors, and the Annual General Meeting makes the decision on the remuneration of the Board of Directors annually.

The Board of Directors decides on the remuneration of the CEO and other members of the Management Team and the grounds for it. The remuneration of the CEO and the members of the Management Team consists of a monthly salary, a performance bonus and share-based incentive. In addition, all Kempower employees are included in a performance bonus program (short-term incentive) that includes company-level targets combined with personal goals.

Remuneration principles 2022

Kempower’s remuneration report for 2022 is based on the remuneration policy of the Company’s governing bodies, approved by the Board of Directors in 2021, which was handled at the 2022 Annual General Meeting.

In accordance with its remuneration policy, Kempower strives to reward its management in a way that provides an incentive and engages them in advancing the Company’s strategy and creating value for the shareholders. Remuneration and remuneration development are assessed on the basis of the Company’s success, general economic development and the industry’s remuneration practices. In addition to a fixed salary, the key remuneration principle is performance-based remuneration. In addition, the overall remuneration of the management is central to the remuneration. Kempower’s remuneration consists of the following:

- Annual basic salary
- Short-term incentive (STI)
- Long-term incentive scheme (LTI)
- Other financial benefits

During the financial year 2022, the remuneration policy was followed in the remuneration of the Board of Directors and the CEO. With regard to the performance bonus paid to the CEO during 2022, which was however based on the 2021 financial period, the terms of the previous bonus system based on the achievement of 2021 goals was followed. The matter is also discussed in more detail below in section 3. It was not resolved to defer, deny, or recover all or part of the remuneration of the members of the Board of Directors or the CEO.

Remuneration and business development 2018–2022

According to the Corporate Governance Code, the remuneration report of the governing bodies must describe in a comparable way how the remuneration paid to the members of the Board of Directors and the CEO has developed over at least the previous five financial years.

The table below describes how the remuneration paid to the members of Kempower’s Board of Directors and CEO has developed proportionally during its previous financial years compared to the development of the average remuneration of the Kempower Group’s employees and the financial development of the Kempower Group during the same period. The development is described by comparing the development index figures of the key figures.

The Company’s financial development is expressed by presenting the development of the Kempower Group’s revenue and order intake between the financial years 2018–2022. Kempower was listed on the First North Growth Market Finland in December 2021.

The number of Board members is seven (7). The Board has two committees, the Audit Committee and the Remuneration and Nomination Committee. The number of members of the committees, 4 in Audit Committee and 5 in Remuneration and Nomination Committee, has remained the same throughout the period under review.

Tomi Ristimäki started as the company’s CEO in February 2019.

	2022	2021	2020	2019	2018
Board fees EUR	245,375	217,792	12,000	0	0
CEO fees EUR	361,085	192,792	135,384	86,105	0
Remuneration of employees (average)* EUR	77,987	74,431	64,758	68,724	61,135
Revenue TEUR	103,644	27,400	3,252	327	20
Order intake TEUR	208,891	37,388	7,092	483	6

* Wages, salaries and bonuses paid according to the financial statements divided by the number of full-time employees.

2. Board remuneration during the financial year 2022

Kempower Corporation’s Annual General Meeting decided on April 13, 2022 that the Chairman of the Board will be paid EUR 45,000 per year, the Deputy Chairman EUR 35,000 per year and the other members of the Board EUR 35,000 per year. Entitlement to the Board’s annual fee accrues over time and is paid in equal monthly installments (annual fee/12). In addition, participants will be paid a separate meeting fee of EUR 500 per meeting, excluding short meetings and email meetings. Travel expenses are reimbursed in accordance with Kempower’s travel policy.

In addition, the Chairman of the Audit Committee is paid EUR 5,000 per year in addition to the Board fee and the Chairman of the Remuneration and Nomination Committee is paid EUR 2,500 per year.

No options, shares or other share-based remunerations have been granted to the members of the Board of Directors for their work as Board members.

No other financial benefits have been paid to the members of the Board of Directors in addition to the annual fee and meeting fees decided by the Annual General Meeting. There are no pension contributions related to the remuneration of the company’s Board of Directors.

Board Member	Annual fees (EUR)	Other financial benefits	Total annual fees (EUR)
Antti Kemppi, Chairman of the Board	40,750	0	40,750
Tero Era, Board Member	33,250	0	33,250
Juha-Pekka Helminen, Board Member	33,250	0	33,250
Kimmo Kemppi, Board Member	32,750	0	32,750
Teresa Kemppi-Vasama, Board Member	33,250	0	33,250
Vesa Laisi, Board Member	35,125	0	35,125
Eriikka Söderström, Board Member	37,000	0	37,000
Total	245,375	0	245,375

By unanimous decision of Kempower’s shareholders on October 22, 2021, it was decided that the fixed Board fees for the period from December 1, 2021 to March 31, 2022 and the meeting fees scheduled for December 2021 will be paid in full in cash. Based on this, each member of the Board of Directors undertook to invest at least 50 per cent of the meeting fees planned for December 1, 2021 – March 31, 2022 and in December 2021 in Kempower Corporation’s shares in the company’s IPO.

Remuneration of the CEO during the financial year 2022

Fees paid during the financial year 2022

The remuneration of Kempower Corporation’s CEO Tomi Ristimäki in the financial year January 1, 2021–December 31, 2021 consisted of a base salary, fringe benefits and a bonus related to the fulfillment of business objectives.

Board Member	Board Fees Advance Payment 1.12.2021 – 31.3.2022 (EUR)	Share subscriptions in the IPO (pcs)	Value of share subscriptions in the IPO (EUR)
Antti Kemppe, Chairman of the Board	17,500	17,501	100,456
Tero Era, Board Member	14,167	8,710	49,995
Juha-Pekka Helminen, Board Member	14,167	17,501	100,456
Kimmo Kemppe, Board Member	14,167	56,620	324,999
Teresa Kemppe-Vasama, Board Member	14,167	17,501	100,456
Vesa Laisi, Board Member	15,000	31,097	178,497
Eriikka Söderström, Board Member	15,833	29,181	167,499
Total	105,000	178,111	1,022,357

Remuneration and benefits paid to the CEO during the financial year 1.1.2022 – 31.12.2022

Fixed basic salary EUR / year	Fringe benefits, EUR / year		Changing components of remuneration, EUR / year	CEO remuneration EUR / year
	Car benefit	Phone benefit	Performance bonus based on the year 2021	
171,401	13,529	240	175,915	Total 361,085

The CEO is part of Kempower’s general annual bonus program. In the financial year 2022, the CEO was paid a performance bonus based on the achievement of the targets under the 2021 bonus program, in accordance with the Board’s assessment and decision.

The targets of the performance bonus paid to the CEO on the basis of the financial year 2021 were partly based on the Kempower Group’s revenue and order backlog and partly on personal targets decided by the Board of Directors relating to the management system and profitability. Company level targets had a weight of 70% in the CEO’s bonus program. The performance bonus of EUR 175,915 paid to the CEO during 2022, tied to the achievement of the 2021 targets, corresponded to 12 months’ basic salary.

The fixed annual salary and fringe benefits paid to the CEO in 2022 accounted for 51% of the total remuneration and the short-term incentive bonuses paid accounted for 49%.

Reimbursements are made to the CEO in accordance with the company’s travel policy and other policies.

CEO’s annual fixed basic salary for 2023 is EUR 266,580. The new salary is based on a comparative study of the remuneration of CEOs in similar stock listed companies.

Fees payable in the financial year 2023 based on the financial year 2022

The CEO was part of Kempower’s short – term incentive plan – STI, under which the performance bonus will be paid in April 2023. Based on the 2022 bonus program, a total amount of approximately EUR 116,000 will be paid to the CEO as a bonus, which corresponds to a fixed base salary of 5.2 months.

According to the remuneration policy, the board has the right to increase or decrease the amount of the remuneration in certain situations. In addition to above bonus Board decided to grant additional performance bonus to CEO and whole Kempower personnel of strong performance in 2022 considering that the additional performance bonus will support the achievement of targets and the execution of the growth strategy in the future as well. The CEO’s additional bonus of EUR 93,000 is based on company level targets and will be paid in spring 2023 in Kempower shares through the Employee Share Saving Plan. When combining both 2022 bonus program and additional performance bonus for year 2022 a total amount of 210,000 EURO will be paid in spring 2023 which corresponds to a fixed base salary of 9.4 months in 2023.

The targets of the performance bonus to be paid to the CEO on the basis of the financial year 2022 were partly based on the Kempower Group’s revenue and order backlog (total 70% of total targets) and partly on personal targets decided

by the company's Board, which were related to the implementation of operational plans and certain strategic flagship projects.

The performance bonus to be paid to the CEO for the financial year 2022 is based on the Board's assessment and decision on the achievement of targets.

Other benefits

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. Amount of shares which CEO subscribed, after the share issue without consideration, was 15,768. The members of Kempower's personnel including CEO who participated in the personnel offering have signed a shareholder agreement in which they have, among others, committed to sell their shares to the company if their employment with Kempower ends in certain situations and committed to a lock-up period based on which they cannot sell, transfer, donate or pledge the

shares subscribed by them without a permission granted by the Board of Directors of the company until 31 December 2024.

Share-based incentive

In 2022 the Board of Directors of Kempower decided to establish a new share-based incentive plan for the group's key employees including CEO. The aim was to align the objectives of the shareholders and key employees for increasing the value of the company in the long-term, to commit the key employees to work for the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares.

The Performance Share Plan 2022–2024 consists of a three (3) year performance period, covering the financial years of 2022–2024.

During the performance period 2022–2024, the rewards are based on the Total Shareholder Return of the Kempower share in 2022–2024 and Group Revenue in 2024. The value of the maximum rewards to be paid in 2025 on the CEO will correspond to a total of approximately 14,000 Kempower's shares including also the cash proportion. However, if the targeted performance criteria will be significantly exceeded the ultimate maximum of the rewards to be paid will correspond to a total of approximately 17,500 Kempower's shares.

The CEO does not have any other personal compensation plan based on shares or stock options or other special rights entitling to shares.

Employee share savings plan

In December 2022 Kempower announced it is planning an Employee Share Savings Plan. The intention is to offer the plan to all employees of Kempower Group in all countries where there are no legal, administrative or tax-related obstacles to running the program.

The objective of the Employee Share Savings Plan is to offer the employees of Kempower Group an opportunity to invest a part of their regular salary in Kempower shares. By encouraging the employees to purchase and own the company's shares the company is pursuing to strengthen the connection of interests between the employees and the shareholders, and to increase the employees' motivation and commitment to the company. The Board's intention is that the Employee Share Savings Plan will be launched in 2023.

Termination, severance pay and pension

The CEO has been elected until further notice. The period of mutual notice of the Kempower's CEO contract is three months and the CEO has an obligation to work during the notice period, unless otherwise agreed in writing.

If the CEO is terminated at the initiative of Kempower, the CEO is entitled to a lump sum equal to six months' monthly salary under certain conditions.

The notice period for the management employment contracts of the other members of the Management Team is three to six months if Kempower terminates the contract, and two to three months if the member of the Management Team terminates the contract.

Kempower has the right to release a member of the management team from work obligation during the period of notice. If Kempower terminates the employment of a member of the management team, certain members of the management team are entitled, under certain conditions, to a lump sum equivalent to their monthly salary between four and six months.

The CEO's retirement age is determined by the Pensions Act. No special supplementary pension benefits have been agreed with the CEO.