

KEMPOWER Corporation

Half Year Financial Report

1 January–30 June 2023



 **KEMPOWER**

Kempower Corporation Half Year Financial Report, 1 January–30 June 2023 (unaudited)

April–June 2023 highlights, IFRS

(comparison figures in parenthesis April–June 2022)

- Order backlog increased to EUR 138.5 million (EUR 62.4 million) at end of Q2
- Order intake increased to EUR 86.3 million (EUR 55.0 million)
- Revenue increased by 235% to EUR 72.5 million (EUR 21.6 million)
- Revenue outside the Nordics increased to 59% (43%) of revenue
- Gross profit margin was 51.1% (45.2%)
- Operative EBIT increased to EUR 13.9 million (EUR 1.8 million), 19.2% of revenue (8.5%)
- Profit for the period was EUR 11.1 million (EUR 0.6 million)
- Cash flow from operating activities was EUR 20.5 million (EUR -1.6 million)
- Amount of personnel at the end of the period grew to 596 (260)

January–June 2023 highlights, IFRS

(comparison figures in parenthesis January–June 2022)

- Order intake increased to EUR 147.7 million (EUR 81.9 million)
- Revenue increased by 287% to EUR 128.2 million (EUR 33.2 million)
- Gross profit margin was 51.0% (46.3%)
- Operative EBIT increased to EUR 20.8 million (EUR 0.8 million), 16.2% of revenue (2.6%)
- Profit for the period increased to EUR 16.7 million (EUR -0.5 million)
- Cash flow from operating activities was EUR 23.1 million (EUR -3.7 million)

IFRS KEY FIGURES

MEUR	Q2/2023	Q2/2022	H1/2023	H1/2022	2022
Order backlog	138.5	62.4	138.5	62.4	118.9
Order intake	86.3	55.0	147.7	81.9	208.9
Revenue	72.5	21.6	128.2	33.2	103.6
Revenue growth, %	235%	225%	287%	268%	279%
Gross profit	37.0	9.8	65.4	15.3	48.2
Gross profit margin, %	51.1%	45.2%	51.0%	46.3%	46.5%
EBITDA	15.4	2.7	23.3	2.4	9.5
EBITDA margin, %	21.2%	12.3%	18.2%	7.3%	9.2%
Operating profit/loss (EBIT)	13.9	1.8	20.7	0.8	6.1
EBIT margin, %	19.2%	8.5%	16.2%	2.6%	5.9%
Operative EBIT	13.9	1.8	20.8	0.8	6.7
Operative EBIT margin, %	19.2%	8.5%	16.2%	2.6%	6.4%
Profit/loss for the period	11.1	0.6	16.7	-0.5	3.6
Equity ratio, %	58.1%	75.4%	58.1%	75.4%	67.5%
Cash flow from operating activities	20.5	-1.6	23.1	-3.7	-5.4
Investments	2.4	1.8	4.0	2.4	6.2
Net debt	-68.3	-66.5	-68.3	-66.5	-58.4
Items affecting comparability			0.1		0.6
Earnings per share, basic, EUR	0.20	0.01	0.30	-0.01	0.06
Earnings per share, diluted, EUR	0.20	0.01	0.30	-0.01	0.06
Headcount end of period	596	260	596	260	375

New outlook for 2023

Kempower gave a positive profit warning on 18 July 2023 and raised its profit guidance for 2023.

Strong demand for Kempower's electric vehicle charging solutions continued in the second quarter of 2023, exceeding the company's expectations. At the same time, Kempower has succeeded in increasing its production capacity to match the surging market demand.

Kempower continues to seek strong growth in a profitable manner. In H2 of 2023 Kempower will accelerate its growth initiatives towards the year 2024 both in Europe and in North America. Kempower expects significantly higher fixed costs for the second half of the year 2023.

Kempower expects:

- 2023 revenue; EUR 280–310 million, assuming no major impact from foreign currency exchange rates (revenue 2022: EUR 104 million),
- 2023 operative EBIT margin, %; over 10%

Kempower growth initiatives include capacity scale up in Europe and North America, R&D programs and further recruitments enabling growth in the future.

Previous outlook for 2023

Kempower continues to seek strong growth in a profitable manner. The advanced entry to North American markets in 2023 impacts Kempower's operative EBIT due to additional costs relating to recruitments and the new factory ramp up. The new manufacturing capacity in the USA is targeted to be available by the end of 2023.

Kempower expects:

- 2023 revenue; EUR 240–270 million, assuming no major impact of foreign currency exchange rates (revenue 2022: EUR 104 million)
- 2023 operative EBIT; positive operative EBIT margin, % between 5% to 10%

Financial targets

The Board of Directors resolved on Kempower's financial targets on 19 April 2023.

- **Growth:** revenue of EUR 750 million in the medium term (years 2026–2028)
- **Profitability:** operative EBIT margin of 10 percent to 15 percent reached in the medium term (years 2026–2028) and operative EBIT margin of at least 15 percent in the long term
- **Dividends:** No dividends in the short term

CEO TOMI RISTIMÄKI COMMENTS ON THE Q2/23 RESULTS:

Kempower continued on a strong and profitable growth track

Over the quarter, the number of electric vehicles (EV) on the roads have further increased, indicating an even more positive shift towards sustainable transportation solutions. According to the market data, the amount of new EV registrations in Europe during the first half of 2023 increased by 45 percent compared to the same period in 2022. This upward trend in EV adoption aligns perfectly with our vision and product portfolio. We are well-positioned to meet the charging needs of the expanding EV user base and contribute to the development of a cleaner and greener future.

Kempower continued its solid growth track and delivered strong results in the second quarter of 2023. Our revenue grew by 235 percent. Revenue growth was strong especially in Rest of Europe and Nordics. Our order intake and operative EBIT margin reached record high levels and our cash generation was strong. The amount of charging points produced during the first half of the year was 9,170 and charging capacity 475 megawatts, proving significant growth in our production volumes.

Sales development was strong in the second quarter of 2023. In June, Kempower confirmed a second large order from one of the largest retailers in the UK to deliver High Powered Charging systems for nation-wide public charging. We partnered with Arnold Clark, one of Europe's largest car retailers, to provide rapid EV charging solutions for the new Arnold Clark Charge network across the UK. We also strengthened our partnership with Gilbarco Veeder-Root by signing a service partnership agreement to further strengthen our position in the Nordics and UK. We achieved important milestones in our growth strategy in the US market as the nation's largest and most

experienced EV charging station reseller and installer National Car Charging announced that it is adding Kempower's rapid EV charging technology to its portfolio. Kempower further expanded its presence also in Asia by providing charging systems for several fast-charging hubs in Malaysia.

We have continued to develop production and supply chain operations to match with the rapidly developing market. We have managed to increase our production capacity significantly while improving our delivery lead times thanks to our improved productivity. Our very competitive lead times are enabling us to serve our customers even better than in the past. During the second quarter, we signed two strategic service agreements with two global US based semiconductor technology providers to further secure our supply of critical components. These agreements support our further growth and enable the transition to new silicon carbide-based (SiC) semiconductors.

Our expansion and operations in the US are progressing according to the plan. We have managed to build up our organization and also production preparations and customer pipeline development are progressing well. As communicated, we are expecting the U.S. production to start by the end of 2023.

To further address the growing demand for EV charging we announced in June that Kempower will expand its operations and open a new production facility in Lahti, Finland. The premises, comprising approximately 10,000 square meters of space will also house Research, Development and Innovation (RDI) facilities and office

space, among other functions. The new production facility will be opened gradually during 2024, and it will double Kempower's production capacity in Europe. Since the new facility will be located in existing building in Isku Center, circular economy and biodiversity has been taken into account.

Kempower took important steps in research and development as we opened a new RDI center in Vaasa and expanded an existing one in Tampere. The new RDI center in Vaasa concentrates especially on developing Megawatt Charging Systems for commercial vehicles. We also announced that Kempower will join forces with LUT University to open a new Kempower Electric Mobility Research Center in Lahti, Finland during 2023. This center will serve as a hub for fostering technological advancements, driving collaboration, and accelerating our product development and innovation efforts to stay ahead in the competitive landscape.

During the second quarter, we introduced a new Plug and Charge solution to simplify the EV charging experience. The solution will offer a seamless and user-friendly charging experience and payment by automating the communication and billing processes between EVs and its charging stations. It also reinforces our commitment to providing cutting-edge solutions in the charging infrastructure domain. We also announced that we will include NACS charging standard for all our charging solutions in North America. We want our chargers to be available for everyone, everywhere.

The rapid business growth also means that our headcount has grown rapidly. Healthy culture and

employee satisfaction are crucial for us in order to serve and support our customers in the best possible manner. I am very excited to continue our growth journey with all our dedicated employees, and above all, our customers whose trust, support and collaboration have been crucial in our success. Together, we will continue to strive for excellence, more electric future including acceleration of our growth initiatives towards the year 2024.

Sustainability

Sustainability is at the core of Kempower's strategy. Kempower designs charging solutions that enable CO₂-free mobility, aligning with the global goals of the Paris Agreement for greenhouse gas reduction. Kempower is dedicated to minimizing adverse environmental and social impacts while promoting responsible business practices throughout its value chain. Kempower's own vehicle fleet is fully electric, and the choice has been made to use 100% fossil-free electricity in all our own operations by 2025. As Kempower expands, the positive impact of its charging solutions on greenhouse gas emissions reduction continues to grow. As a result, Kempower won in Q2 of 2023 a Carnegie Sustainability Award for its sustainability and climate mitigation contributions.

Kempower's aim is to become the best workplace for both current and future professionals, and is well on track as evidenced by an excellent eNPS (employee Net Promoter Score) of 71 in 2023 along with the recruitment of 221 new employees in the first half of 2023.

Kempower strengthens educational institution cooperation together with LUT University of Technology by establishing an RDI laboratory in Lahti. In June, it was announced that the new production expansion will start in Lahti during 2024. The new expansion takes into account the circular economy and supporting biodiversity in the nature. The expansion will be located on an existing property like our existing facilities, so it does not increase the CO₂ emissions of the land use by building a new one, and at the same time does not reduce biodiversity in the nature. In the new expansion, attention is paid to the energy efficiency of the building and the utilization of renewable energy.

Kempower's sustainability agenda continues to be built around three main themes, supported by actionable initiatives and progress tracking:

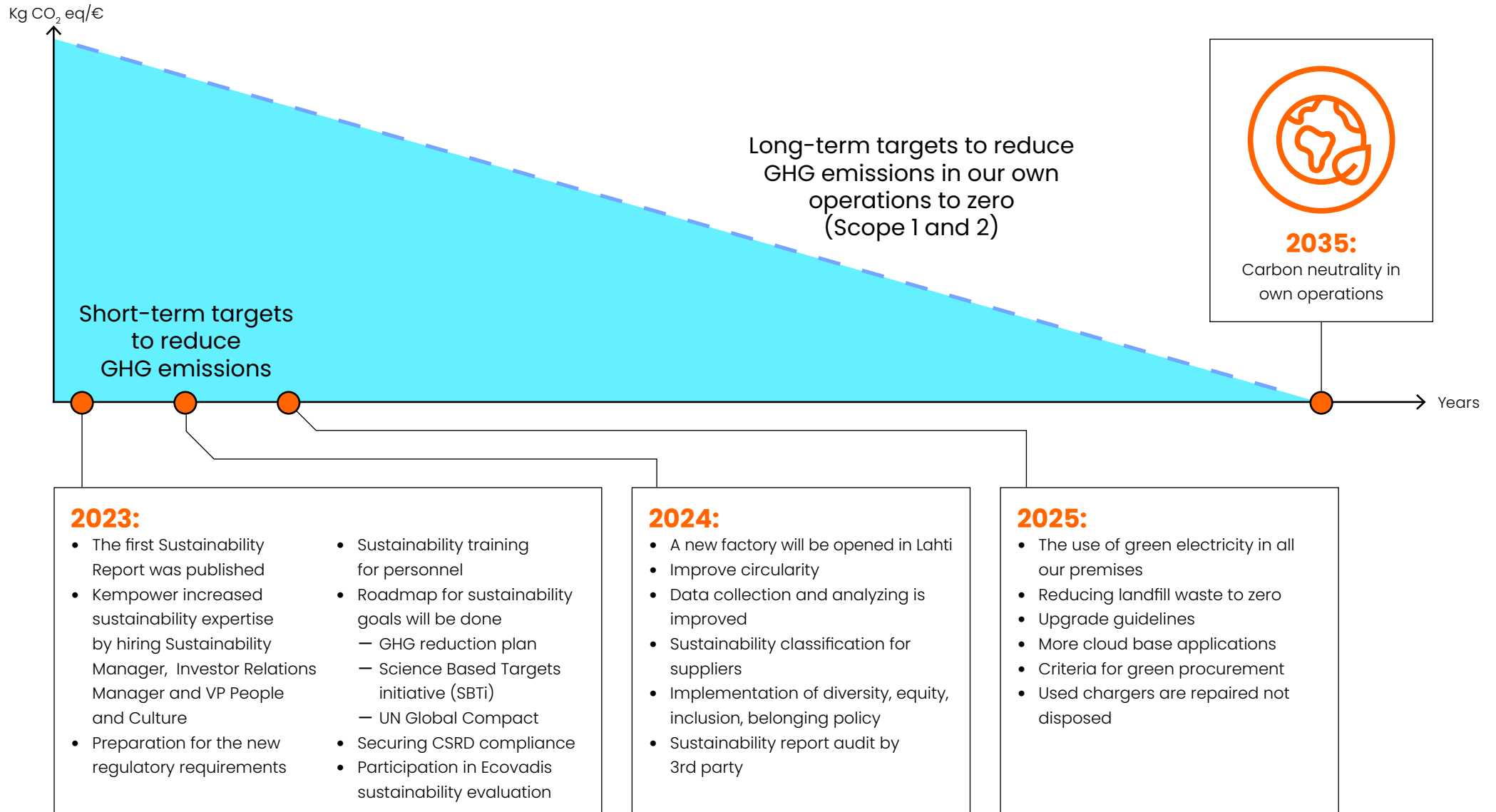
- Achieve 100% carbon neutrality by 2035, in alignment with the United Nations' sustainable development goals (SDGs) 13 (Climate Action) and 7 (Affordable and Clean Energy).
- Develop sustainable products that facilitate a society powered by 100% electric transportation, in support of SDGs 11 (Sustainable Cities and Communities) and 12 (Responsible Consumption and Production).
- Strive to become the top workplace for future professionals, supporting SDGs 3 (Good Health and Well-being) and 4 (Quality Education).

In February 2023, Kempower published its first sustainability report in connection with the annual report. Although the business has grown rapidly, we have developed our own sustainability in accordance with our

goals. Through sustainability, we support the realization of the company's vision. We have made a roadmap that presents the activities on how we will achieve carbon neutrality 2035. The sustainability roadmap takes into account reducing greenhouse gas (GHG) emissions, developing waste management, training personnel, treating everyone equally and investing in quality and safety. We continue to invest in the circular economy, enhancing energy efficiency, increasing awareness and collecting data of scope 3 emission together with our suppliers, updating our documents and trainings and collaboration with universities.



Timeline for achieving sustainability goals



Financial reporting and geographical regions

Kempower's product portfolio covers DC charging solutions and services. The entire product and service portfolio is reported under a single segment.

Order intake

Kempower's order intake was EUR 86.3 (55.0) million in the second quarter of 2023 and EUR 147.7 (81.9) in the first half of 2023. Order intake was especially strong in Rest of Europe.

Kempower reports revenue according to geographical regions below:

- Nordics
- Rest of Europe
- North America
- Rest of the World

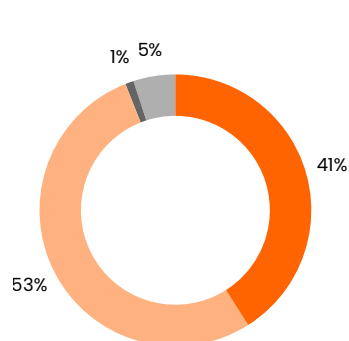
REVENUE BY GEOGRAPHICAL REGIONS

MEUR	Q2/2023	Q2/2022	Change %	H1/2023	H1/2022	Change %	2022
Nordics*	29.7	12.4	139%	51.1	20.6	148%	57.8
Rest of Europe	38.1	8.4	356%	65.9	11.6	467%	40.7
North America	0.9	0.1	675%	2.6	0.1	2183%	1.6
Rest of the World	3.8	0.8	395%	8.6	0.8	978%	3.5
Total	72.5	21.6	235%	128.2	33.2	287%	103.6

HISTORICAL REVENUE BY GEOGRAPHICAL REGIONS

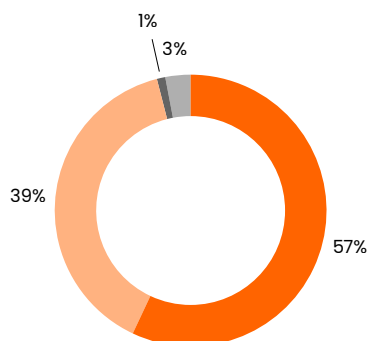
MEUR	Q1/2023	Q1/2022	Q2/2022	Q3/2022	Q4/2022	H1/2022	H2/2022	2022
Nordics*	21.4	8.2	12.4	19.2	18.0	20.6	37.2	57.8
Rest of Europe	27.8	3.3	8.4	12.8	16.3	11.6	29.1	40.7
North America	1.7		0.1	0.3	1.2	0.1	1.5	1.6
Rest of the World	4.9	0.0	0.8	0.4	2.3	0.8	2.7	3.5
Total	55.8	11.5	21.6	32.7	37.8	33.2	70.5	103.6

REVENUE Q2/2023



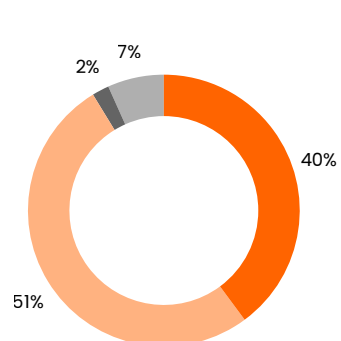
■ Nordics* 29.7 MEUR
■ Rest of Europe 38.1 MEUR
■ North America 0.9 MEUR
■ Rest of the World 3.8 MEUR

REVENUE Q2/2022



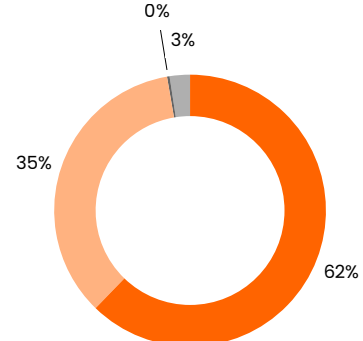
■ Nordics* 12.4 MEUR
■ Rest of Europe 8.4 MEUR
■ North America 0.1 MEUR
■ Rest of the World 0.8 MEUR

REVENUE H1/2023



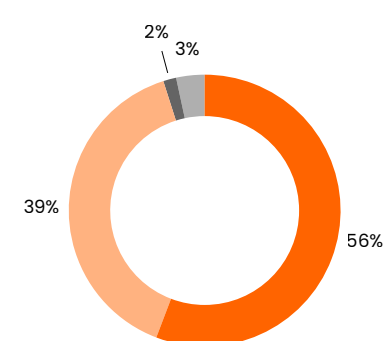
■ Nordics* 51.1 MEUR
■ Rest of Europe 65.9 MEUR
■ North America 2.6 MEUR
■ Rest of the World 8.6 MEUR

REVENUE H1/2022



■ Nordics* 20.6 MEUR
■ Rest of Europe 11.6 MEUR
■ North America 0.1 MEUR
■ Rest of the World 0.8 MEUR

REVENUE 2022



■ Nordics* 57.8 MEUR
■ Rest of Europe 40.7 MEUR
■ North America 1.6 MEUR
■ Rest of the World 3.5 MEUR

*Nordics include Finland, Sweden, Norway, Denmark and Iceland

Kempower's revenue mainly consists of deliveries of electric vehicle chargers and charging stations the company manufactures and charger maintenance services. Kempower also provides its customers with the ChargeEye SaaS service, a cloud-based charging equipment management system. Kempower's customers are mainly public charging operators, commercial vehicle fleet operators, vehicle and equipment manufacturers and distributor and installer partners.

Kempower's revenue for the second quarter amounted to EUR 72.5 million (EUR 21.6 million), an increase of 235 percent compared to Q2 2022. Kempower's revenue for the first half of 2023 amounted to EUR 128.2 million (EUR 33.2 million), an increase of 287 percent compared to the previous year.

Kempower's charging solutions have been delivered to almost 50 countries globally. Kempower's main geographical markets include the Nordics, which accounted for 41 (57) percent of Kempower's revenue for the second quarter of 2023, and Rest of Europe, which accounted for 53 (39) percent of Kempower's revenue for the second quarter of 2023. North America accounted for 1 (1) and Rest of the World 5 (3) percent of Kempower's revenue for the second quarter of 2023. For the first half of 2023 the revenue generated from the Nordics accounted for 40 (62) and Rest of Europe 51 (35) percent of Kempower's revenue. The revenue generated from North America accounted for 2 (0) and Rest of the World 7 (3) percent of Kempower's revenue for the first half of 2023.

Kempower's revenue growth during the second quarter and first half of 2023 has been most significant, in absolute terms, in Rest of Europe and in Nordics. Kempower's revenue growth in relative terms has been most rapid outside of Europe.

Profitability

Kempower's operating profit (EBIT) and operative EBIT for the second quarter of 2023 increased by EUR 12.1 million to EUR 13.9 million (EUR 1.8 million). The increased profit was driven by strong demand in Rest of Europe and in Nordics, successful increase in the production capacity, strong profitability in customer deliveries and challenges in the further accelerated recruitment activities. In addition, North America expansion costs have been relatively minor in Q2 2023.

Kempower's operating profit (EBIT) for the first half of 2023 increased by EUR 19.9 million to EUR 20.7 million (EUR 0.8 million). Kempower's operative EBIT for the first half of 2023 amounted to EUR 20.8 million (EUR 0.8 million). The increase was mainly due to strong demand in Rest of Europe and Nordics, successful increase in the production capacity, strong profitability in customer deliveries and challenges in the further accelerated recruitment activities. In addition, North America expansion costs have been relatively minor for the first half of 2023. Items affecting comparability in H1 2023 amounted to EUR 0.1 million and related to expenses of establishing operations in the USA.

Kempower's other operating income for the first half of 2023 amounted to EUR 0.6 million (EUR 0.1 million) and comprised governmental grants mainly from Business Finland EUR 0.4 million and insurance compensations EUR 0.2 million.

Kempower's total operating expenses for the first half of 2023 amounted to EUR 108.1 million, an increase of EUR 75.6 million, as compared to EUR 32.4 million for the first half of 2022. During the first half of 2023 the increases in Kempower's total expenses were mainly caused by the increases in material expenses, personnel expenses, and other operating expenses. Material expenses increased to large extent due to the increased manufacturing volume. Personnel expenses increased due to higher headcount and other operating expenses increased due to higher business volumes according to the growth strategy execution. The growth of operations has led to increases in, for example, costs related to information and communications technology, RDI, marketing and communications and administration. Depreciation and amortization also contributed to the increase in Kempower's total expenses during the review period. Depreciations and amortizations increased mainly due to new lease contracts including the new production facilities in North Carolina, USA, and also due to investments in property, plant and equipment.

Kempower's net financial items for the first half of 2023 amounted to EUR 0.5 million (EUR -1.4 million). Net financial items included positive fair value change of money market investments of EUR 1.0 million netted by interest expenses for lease contracts of EUR 0.4 million.

ITEMS AFFECTING COMPARABILITY

MEUR	Q2/2023	Q2/2022	H1/2023	H1/2022	2022
Expenses related to establishing operations in the United States presented in other operating expenses			0.1		0.6
Total			0.1		0.6

Research and development

Research and development expenses including employee benefits amounted to EUR 5.5 million (EUR 2.9 million) for the first half of 2023, the equivalent of 4% (9%) of revenue. The carrying amount of capitalized development costs amounted to EUR 0.4 million (EUR 0.6 million) at the end of the first half of 2023.

Cash flow, financing and balance sheet

Cash flow from operating activities amounted to EUR 23.1 million (EUR -3.7 million) in the first half of 2023. Positive cash flow was driven by revenue growth, strong margins and relatively improved working capital situation during the first half of 2023. For the full year 2022 cash flow from operating activities amounted to EUR -5.4 million.

Cash flow from investing activities amounted to EUR -4.0 million (EUR -72.4 million) in the first half of 2023. For the full year 2022 cash flows from investing activities were EUR -71.2 million. Cash flows from investing activities in the first half of 2023 consisted of investments in intangible assets and property, plant and equipment. For the comparative period cash flows from investing activities included the increase of money market investments EUR -70.0 million and investments in intangible assets and property, plant and equipment EUR -2.4 million. For the full year 2022 cash flows from investing activities included the increase of money market investments EUR -65.0 million and investments in intangible assets and property, plant and equipment EUR -6.2 million.

Net cash flows from financing activities were EUR -1.3 million (EUR -1.2 million) for the first half of 2023. During

the reporting period and the comparative period, net cash flow from financing activities consisted mainly of payments of lease liabilities. Net cash flows from financing activities for the full year 2022 amounted to EUR -3.8 million and consisted of acquisition of treasury shares of EUR -1.4 million and payments of lease liabilities of EUR -2.4 million.

Kempower's total assets on the balance sheet at the end of June 2023 were EUR 212.6 million (EUR 133.3 million) and EUR 154.2 million on 31 December 2022.

Kempower's cash and cash equivalents at the end of the reporting period amounted to EUR 27.6 million (EUR 13.1 million) and EUR 9.8 million on 31 December 2022. Other financial assets included money market investments at the end of the reporting period amounting to EUR 65.2 million (EUR 68.8 million) and EUR 64.2 million on 31 December 2022.

For the reporting period the equity ratio was 58.1% (75.4%) compared to 67.5% on 31 December 2022. Net debt for the reporting period amounted to EUR -68.3 million (EUR -66.5 million) compared to EUR -58.4 million on 31 December 2022. The change in net debt as compared to the end of 2022 was due to the increase in cash and cash equivalents of EUR 17.8 million and the increase of the fair value of the money market investments of EUR 1.0 million netted by the increase of lease liabilities of EUR 8.8 million.

Investments

Gross investments during the first half of 2023 totaled EUR 4.0 million (EUR 2.4 million) compared to EUR 6.2 million for the full year 2022. Kempower's investments for the first half of 2023 related mainly to the production and RDI center expansions.

Personnel

Kempower's headcount at the end of the period was 596 (260), of whom 508 (233) were employed by the parent company and 88 (27) by the subsidiaries. Kempower's average number of personnel converted into full-time employees amounted to 467 (193) at the end of the reporting period.

Kempower's headcount growth in the first half of 2023 is in line with the growth strategy of the company. Kempower's employee Net Promoter Score (eNPS) was 71 in the personnel satisfaction survey conducted in H1 2023.

Headcount end of period	30 Jun 2023	30 Jun 2022	31 Dec 2022
Blue collars	174	73	97
Administration	63	21	36
Operations	80	29	56
Research, development and innovations	108	61	68
Sales and marketing	171	76	118
Total	596	260	375

Shares

Kempower's share is listed on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki. Kempower's registered share capital is EUR 80,000 and the total number of shares outstanding at the end of HI 2023 was 55,417,746 (55,542,920). The average number of shares outstanding during HI 2023 was 55,418,256 (55,542,920).

The company held 125,174 pcs of the company's own shares at the end of HI 2023 (0 pcs HI 2022). Kempower

Corporation has redeemed a total of 540 shares subscribed in the personnel share issue from employees whose employment with Kempower Corporation has ended, in accordance with the terms and conditions of the shareholder agreement.

The company has one series of shares. Each share entitles its holder to one vote at the Annual General Meeting. The shares have no nominal value. Kempower's shares are included in the book-entry system maintained by Euroclear Finland Oy. The trading code of the shares is KEMPOWR and the ISIN code is FI4000513593.

Share indicators	HI/2023	2022	HI/2022
Highest Price (EUR)	37.00	25.48	15.13
Lowest Price (EUR)	21.20	8.52	8.52
Volume weighted average price (EUR)	28.73	14.86	11.38
Closing (EUR)	34.00	21.22	11.64
Turnover (EUR)	183,660,750	275,551,178	112,712,641
Turnover volume	6,380,149	18,540,336	9,900,645
Market Capitalization at the end of the period MEUR	1,888	1,179	646
Amount of shares at end of the period	55,542,920	55,542,920	55,542,920

Major shareholders

At the end of the reporting period on 30 June 2023 the company had 38,565 shareholders.

15 largest shareholders on 30 June 2023:

Shareholder	Number of shares	% of shares
1. Kemppi Group Oy	37,800,000	68.06%
2. Varma Mutual Pension Insurance Company	2,297,678	4.14%
3. Evli Fund Management	918,292	1.65%
4. Ilmarinen Mutual Pension Insurance Company	811,055	1.46%
5. Nordea Life Assurance Finland Ltd	425,325	0.77%
6. Oy Julius Tallberg Ab	400,610	0.72%
7. Heikintorppa Oy	350,000	0.63%
8. Wipunen varainhallinta Oy	350,000	0.63%
9. Kempinvest Oy	348,432	0.63%
10. Sp-Fund Management	281,040	0.51%
11. Nordea Fonder	244,107	0.44%
12. BlackRock	224,645	0.40%
13. SEB Fonder	187,000	0.34%
14. Elo Mutual Pension Insurance Company	180,000	0.32%
15. Ilona Herlin	174,216	0.31%

Source: Modular Finance AB - Monitor

Further information on the shares, major shareholders and management shareholdings is available on the company's website <https://investors.kempower.com/>.

Resolution of the Annual general meeting and the Board of Directors of Kempower Corporation

The Annual General Meeting was held in Lahti on 30 March 2023. The General Meeting adopted the annual accounts for the financial year 2022, considered the remuneration report for governing bodies 2022 and discharged the members of the Board of Directors and the Managing Director from liability for the financial year 2022.

Resolution on the use of the profit shown on the balance sheet and the payment of dividend

The General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend is paid for the financial year of 1 January 2022 to 31 December 2022 and that the profit of the financial year EUR 3,488,605.09 is transferred to the retained earnings / loss account.

Election and remuneration of the members of the Board of Directors

The number of members of the Board of Directors was resolved to be seven (7). Tero Era, Antti Kemppei, Kimmo

Kemppei, Teresa Kemppei-Vasama, Vesa Laisi and Eriikka Söderström were re-elected as members of the Board of Directors and Olli Laurén was elected as a new member of the Board of Directors. In accordance with Section 6 of the company's Articles of Association, Antti Kemppei was re-elected as the Chair of the Board of Directors and Vesa Laisi was re-elected as the Vice Chair of the Board of Directors. The term of the members of the Board of Directors will end at the conclusion of the Annual General Meeting of 2024.

The General Meeting resolved that the annual remunerations payable to the members of the Board of Directors are as follows:

- Chair of the Board of Directors EUR 45,000,
- Vice Chair of the Board of Directors EUR 35,000 and
- Members of the Board of Directors EUR 35,000.

In addition, a separate meeting fee is paid to the members of the Board of Directors for attending a meeting as follows:

- the meeting fee is EUR 500 per meeting if the meeting is held in the home country of the member of the Board of Directors or if the meeting is a virtual meeting,
- the meeting fee is EUR 1,000 per meeting if the meeting is held on the same continent as where the home country of the member of the Board of Directors is located but not in his or her home country, and
- the meeting fee is EUR 1,500 per meeting if the meeting is held on a different continent from where the home country of the member of the Board of Directors is located.

In addition, the General Meeting resolved that an annual fee of EUR 5,000 is paid to the Chair of the Audit Committee in addition to the annual remuneration of the member of the Board of Directors and that an annual fee of EUR 2,500 is paid to the Chair of the Remuneration and Nomination Committee in addition to the annual remuneration of the member of the Board of Directors.

Election and remuneration of the auditor

Ernst & Young Oy was re-elected as the auditor of the company. Ernst & Young Oy informed that Authorized Public Accountant Toni Halonen would act as the auditor in charge. It was resolved to pay remuneration for the auditor in accordance with an invoice approved by the company.

Amending the Articles of Association

The General Meeting resolved to amend the Articles of Association of the company by changing its Section 10 in such a way that a general meeting can be held completely without a meeting venue as a so-called remote meeting.

Authorizing the Board of Directors to decide on the repurchase of the company's own shares

The General Meeting resolved to authorize the Board of Directors to decide on the repurchase of the company's own shares in one or several instalments using funds belonging to the unrestricted equity of the company in such a way that the maximum number of shares to be repurchased is 2,777,146 shares. The proposed number of shares corresponds to five (5) percent of all the shares in the company. The shares can be repurchased through public trading at the market price as per the time of repurchase of the shares which is determined in the public trading organized by Nasdaq Helsinki Ltd.

The authorization also entitles the Board of Directors to resolve on a repurchase of shares otherwise than in proportion to the shares owned by the shareholders (directed purchase). In that case, there must exist a weighty financial reason for the company for the repurchase of its own shares. The shares may be repurchased in order to develop the capital structure of the company, to implement the company's share-based incentive programmes or to be otherwise transferred, held by the company itself or cancelled. The Board of Directors resolves on all other conditions and matters pertaining to the repurchase of the company's own shares. The repurchase of the company's own shares reduces the unrestricted equity of the company. The authorization remains in force until the conclusion of the following Annual General Meeting, however, until 30 June 2024 at the latest. The authorization revokes the authorization for repurchasing the company's own shares granted to the Board of Directors by the Annual General Meeting on 13 April 2022.

Authorizing the Board of Directors to decide on the issuance of shares

The General Meeting resolved to authorize the Board of Directors to decide on the issuance of shares in one or several instalments. The number of shares to be issued based on the authorization may not exceed 4,500,000 shares. The proposed number of shares corresponds to approximately 8.10 percent of all the shares in the company. The authorization includes the right to resolve to issue either new shares or to transfer treasury shares against payment.

The new shares may be issued or the treasury shares transferred in deviation from the shareholder's pre-emptive rights (directed issue) if there exists a weighty financial reason for the company for this. The Board of Directors resolves on all other conditions and matters pertaining to the issuance of shares and transfer of treasury shares. The authorization may be used inter alia to develop the capital structure of the company, to expand the shareholder base and to implement the company's share-based incentive programmes. The authorization remains in force until the conclusion of the following Annual General Meeting, however, until 30 June 2024 at the latest. The authorization revokes all previous authorizations granted to the Board of Directors regarding the issuances of shares.

Resolutions of the Board of Directors

Convening after the General Meeting, the Board of Directors appointed from among its members the following members to committees:

- Audit Committee: Chair Eriikka Söderström, Tero Era, Antti Kemppe and Teresa Kemppe-Vasama
- Remuneration and Nomination Committee: Chair Vesa Laisi, Antti Kemppe, Kimmo Kemppe, Teresa Kemppe-Vasama and Olli Laurén

Kempower Corporation's Management team and Board of Directors

The members of Kempower's Extended Management Team are:

- Chief Executive Officer Tomi Ristimäki
- Chief Financial Officer Jukka Kainulainen
- Chief Operating Officer Sanna Otava
- Chief Sales Officer Tommi Liuska
- Chief Technology Officer Mikko Veikkolainen
- Chief Marketing Officer Jussi Vanhanen
- Chief Service Business Officer Juha-Pekka Suomela
- President North America, Tim Joyce (will start in role in August 2023)
- Vice President of People and Culture, Hanne Peltola (started in role in June 2023) -member of the extended management team
- Vice President, Communications Paula Savonen -member of the extended management team

- Chief Engineer Petri Korhonen –member of the extended management team
- General Counsel Sanna Lehti –member of the extended management team

The members of Kempower’s Board of Directors are:

- Chairman of the Board Antti Kemppi
- Vice Chairman of the Board Vesa Laisi
- Member of the Board Tero Era
- Member of the Board Olli Laurén
- Member of the Board Kimmo Kemppi
- Member of the Board Teresa Kemppi-Vasama
- Member of the Board Eriikka Söderström

Personnel offering, stock options and long-term incentive programs

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 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 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.

Existing stock option program

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. 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. In total 107 946 options were given.

Performance Share Plan 2022–2024

Kempower launched in March 2022 share-based incentive programme for Kempower’s management team and key employees. The aim is 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. The Board of Directors can decide on new performance periods on a yearly basis.

In the plan, the target group is given an opportunity to earn Kempower’s shares based on performance. The potential rewards based on the plan will be paid after the end of the performance period. The reward will be paid partly in Kempower’s shares and partly in cash, which is used to cover income taxes and social charges. During the performance period, 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 on the targeted level will correspond to a total of approximately 130,000 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 165,000 Kempower’s shares.

Approximately 20 persons, including the CEO and other Kempower Extended Management Team members, belong to the target group of the performance period. The Extended Management Team member is obliged to hold at least 50 per cent of the shares received as a net reward from the performance share plan, until the total value of the member’s shareholding in Kempower equals to 50 per cent of their annual base salary of the preceding year. Such number of Kempower’s shares must be held as long as the membership in the Extended Management Team continues.

Performance Share Plan 2023–2025

Kempower launched in February 2023 share-based incentive programme for Kempower's group's key employees. The aim is 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 2023–2025 consists of a three (3) year performance period, covering the financial years of 2023–2025.

In the plan, the target group is given an opportunity to earn Kempower's shares based on performance. The potential rewards based on the plan will be paid after the end of the performance period. The reward will be paid partly in Kempower's shares and partly in cash. The cash proportion of the reward is intended for covering taxes and statutory social security contributions arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period, the rewards are based on the Total Shareholder Return of the Kempower share in 2023–2025 and Group Revenue in 2023–2025. The value of the maximum rewards to be paid on the targeted level will correspond to a total of approximately 206,200 Kempower's shares including also the cash proportion.

It is the intention of the Board of Directors that no new shares will be issued in connection with the PSP 2023–2025 Program and therefore, the PSP 2023–2025 program would

have no dilutive effect on the number of the Kempower Corporation's registered shares.

Approximately 40 persons, including the CEO and other Kempower Management Team members, belong to the target group of the performance period.

The Management Team member is obliged to hold at least 50 per cent of the shares received as a net reward from the performance share plan, until the total value of the member's shareholding in Kempower equals to 50 per cent of their annual base salary of the preceding year. Such number of Kempower's shares must be held as long as the membership in the Management Team continues.

Employee share savings plan

In February 2023 The Board of Directors of Kempower decided to establish an Employee Share Savings Plan (ESSP) for the employees of Kempower and its subsidiaries.

The aim of the ESSP is to encourage employees to acquire and own Kempower shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' motivation and long-term commitment to the company.

The ESSP consists of annually commencing plan periods, each one comprising of a 12-month savings period and a holding period following the savings period. The ESSP is offered to all Kempower employees in countries where there are no legal or administrative constraints for participation. The employees will have an opportunity to save a proportion of their salaries and an extra bonus and invest those savings in Kempower shares. The savings will be used for acquiring Kempower shares quarterly after

the publication dates of the respective interim reports. As a reward for the commitment, Kempower grants the participating employees a gross award of one matching share for every two (2) savings shares acquired with their savings. Continuity of employment and holding of acquired savings shares for the duration of the holding period are the prerequisites for receiving the award.

The potential award will be settled in shares, or partly in shares and partly in cash, after the end of the holding period. The cash proportion is intended to cover taxes and tax-related costs arising from the award in those countries where the employer has the obligation to withhold taxes. Matching shares will be freely transferable after their registration on the participant's book-entry account. Any dividends to be paid on the acquired savings shares, the matching shares given within the ESSP, and any other shares received within the ESSP will be reinvested in additional shares on the next potential acquisition date. These shares will have an equal right to matching shares.

Participation in the ESSP is voluntary and the employees will be invited to participate in one plan period at a time. The first savings period commenced on 1 April 2023 and ends on 31 March 2024. The holding period of the first plan period begins at the first acquisition of savings shares and ends on 31 March 2026. The estimated maximum expense for the first plan period is approximately EUR 1,3 million. The final expense depends on the employees' participation and savings rate in the plan, and the fulfilment of the prerequisites for receiving matching shares, as well as the number of shares acquired from the market with savings.

Short-term risks and uncertainty factors

Kempower's annual risk management process consists of risk identification, risk assessment, risk management, risk monitoring and risk reporting framework. The risk management framework fosters awareness of risk and control throughout the organization and supports informed decision making. Continuous communication and dialog are necessary to promote risk awareness throughout Kempower and to ensure successful integration of risk management into strategic planning, budgeting, daily decision-making and operations.

As a result of the risk management process for the first half of year 2023, Kempower's main risks have been identified, mitigation plans and activities have been defined, implemented and are monitored throughout the year.

Kempower's business is global, and the Company is therefore exposed to macroeconomic risks and other macro-level trends, such as cyclical fluctuations or a slowdown in global economic growth. The global operating model also exposes Kempower to risks related to the supply chain, which may thus affect the Company's operations for example in the form of risks related to the availability of raw materials and components and increase of net working capital which are among the highest risks at the moment.

Kempower has a growth strategy which implementation involves risks, such as scaling of operations. Failure of Kempower to effectively increase its production capacity, supply chain and service capabilities could have a negative impact on the Company's ability to meet its short-term growth targets. To manage the risk, Kempower

has significantly expanded its production capacity, and the capacity expansion will continue also from now on. In addition, the Company has invested in scaling up the service network.

The market entry to North American market is a key initiative for Kempower and the entrance to the market includes multiple risks. Kempower has a detailed business plan for the market penetration activities and failure, or slowdown of the activities could also have a material impact on the Company's ability to meet its growth targets.

Kempower's business success and implementation of its strategy depend on the Company's ability to recruit and engage qualified, motivated and skilled individuals. If Kempower is unable to attract and retain qualified key employees, it could have material adverse effect on Kempower's business. The shortage of skilled people in the labor market may also have a detrimental effect on the availability and retention of labor in Kempower. To manage the risk the Company has invested in competitive incentive models, career planning and reinforcing the Kempower corporate culture.

Achieving Kempower's strong growth targets depends on the Company's ability to respond to market changes and the actions of competitors. The Company's business may also be greatly affected if new or changed laws and regulations are introduced in the market, of which the Company would not have been aware and thus prepared for the changes. Kempower is constantly increasing its ability to identify and adapt to the global and market specific regulatory requirements.

Kempower's future growth is dependent on the Company's ability to keep up the pace with the rapidly changing technologies in the Electric Vehicle market. To

manage the risk Kempower is investing in R&D activities to gain and maintain the competitive advantages and to respond to customer demand and competition. Kempower is constantly developing its product portfolio and remarkable quality issues due to design errors could have significant negative impact to Kempower's business operations. To mitigate the risk Kempower is investing to the quality procedures such as quality testing in R&D and production phases.

Kempower's ability to protect its intellectual property rights and operate without infringement of competitors intellectual properties is a significant factor in securing the Company's ability to achieve its business objectives. To ensure these abilities Kempower is investing to its intellectual property rights related capabilities.

The target in investing liquid assets is to gain a return on investment with a minimum risk of equity loss. The investment portfolio consists of deposits and money market investments. The important principle is the sufficient diversification across different investment instruments and counterparties. The investment portfolio is subject to interest rate risk, which is managed by minimizing the duration of the portfolio.

A failure of IT systems to perform as designed and cyber crimes could disrupt Kempower's business and have a material adverse effect on its revenue and results of operations.

Significant events during the period

January 2023

- Kempower announced that it will provide charging technology to the world's first fast-charging plaza for trucks and heavy construction equipment in the Netherlands.
- Kempower said that it's exploring options to expand EV charger production capacity in Europe and that it targets to establish operations in the US by the end of 2023.
- Kempower partnered with TSG to deliver EV fast charging solutions to Europe and Africa.

February 2023

- One of Sweden's largest private charging stations for electric trucks became fully operational, equipped with Kempower technology.
- Kempower and Bornes Québec joined forces to revolutionize Quebec's electric charging network.
- Kempower announced that its rapid charging technology is powering the Nordics' largest electric bus depot.
- Kempower announced that it establishes an EV charging station production facility in North Carolina, USA.
- Kempower's Board of Directors decided on a long-term incentive plan for the group's key employees and on the Employee Share Savings Plan for all employees.
- Kempower said it will deliver EV high powered charging technology to a nation-wide UK customer.
- Kempower announced that its Liquid-Cooled Satellites will charge all-electric buses at Vasaloppet, Sweden.
- It was announced that Kempower's new EV charger production facility will be located in Durham, North Carolina, USA.

March 2023

- Autoliitto opened its first public charging station with Kempower technology in Iittala, Finland.
- Allego and Kempower joined forces to open a pilot EV fast charging site in the Netherlands.
- Kempower announced that its fast-charging technology will be delivered to new RIFIL charging stations for electric trucks and cars in Skåne, Sweden.

April 2023

- Kempower communicated about the first Kempower charging station in Malaysia.
- Kempower launched Plug and Charge solution to simplify the EV charging experience.
- Kempower gave a positive profit warning and raised its outlook for 2023.
- Kempower set new financial targets, revised charging market forecast for Europe and North America, and updated company's growth strategy.
- Hanne Peltola was appointed Kempower's Vice President, People and Culture, and member of the Extended Management Team.

May 2023

- Kempower joined forces with Eleport to install three new DC fast charging stations in Latvia.
- Kempower announced that four new Kempower charging stations operated by Neste will open in the summer of 2023.
- Kempower and Gilbarco Veeder-Root strengthened their partnership by signing a new service partnership agreement.
- Kempower was recognized by Carnegie for its industry-leading sustainability efforts.

June 2023

- Kempower confirmed an additional order to deliver EV high powered charging technology to a nation-wide UK customer.
- Kempower said that its charging solutions will be deployed by Arnold Clark, one of Europe's largest car retailers.
- Kempower announced that it will showcase its leading DC fast charging solutions for the first time in the U.S. at EVS36.
- Kempower said it will include NACS charging standard, developed by Tesla, for all company's charging solutions.
- Kempower joined forces with Denver-based National Car Charging, the nation's largest and most experienced EV charging station reseller and installer.
- Kempower and LUT University joined forces to open a new Electric Mobility Research Center in Lahti, Finland.
- Kempower announced that it will open a new EV charger production facility in Lahti, Finland, to meet the growing demand. The new facility will open gradually during 2024.

Events after the balance sheet date

July 2023

- Kempower appointed Tim Joyce as President, North America, and member of the Management Team.
- Kempower signed European sales and service agreement with GP JOULE CONNECT.
- Kempower gave a positive profit warning and raised its outlook for 2023.
- Kempower signed a framework agreement with ASKO to supply its fast EV charging technology for the wholesaler's 13 logistics depots in Norway.

2023 Financial calendar

- Business Review, January–September (Q3) is published 19 October 2023.

Lahti 24th of July, 2023

Kempower Corporation
Board of Directors

Key figures, calculation of key figures and reconciliations

Kempower presents certain key figures, which mainly relate to business performance and profitability. All of these performance measures are not defined in IFRS standards, and they are classified as alternative performance measures. Kempower follows ESMA's (European Securities and Market Authority) recommendations for its reporting on alternative performance measures.

Kempower uses alternative performance measures to reflect business performance and profitability. In Kempower's view, the alternative performance measures provide the investors, securities analysts and other parties with significant additional information related to Kempower's results of operations, financial position and cash flows and are widely used by analysts, investors, and other parties. The alternative performance measures should not be considered in isolation or as a substitute for the measures under IFRS. All companies do not calculate alternative performance measures in a uniform way, and, therefore, the alternative performance measures presented may not be comparable with similarly named measures presented by other companies.

Order backlog, order intake and revenue growth are used as key figures to reflect the development of the Group's business volume. Order backlog reflects the amount of legally binding orders received from the external customers, which are not yet delivered to customers nor recognized in the revenue. Order intake reflects the legally binding orders received from the external customers during the period. Revenue growth (%) describes the relative change of revenue compared to the revenue of the comparative period.

Operative EBIT is used to reflect the comparable profitability and improve the comparability of operational performance between periods. Material items outside the ordinary course of business including gains and losses on disposal, impairment charges and items relating to structural arrangements and capital reorganisations are identified as items affecting comparability.

RECONCILIATION OF THE KEY FIGURES

MEUR	Q2/2023	Q2/2022	H1/2023	H1/2022	2022
Revenue growth, %					
Revenue	72.5	21.6	128.2	33.2	103.6
Revenue of the comparative period	21.6	6.7	33.2	9.0	27.4
Change of revenue	50.8	15.0	95.1	24.1	76.3
Revenue growth, %	235%	225%	287%	268%	279%
Gross profit					
Revenue	72.5	21.6	128.2	33.2	103.6
Materials and services	-33.7	-11.2	-59.8	-16.8	-52.4
Variable employee benefits	-1.7	-0.7	-3.0	-1.0	-3.1
Gross profit	37.0	9.8	65.4	15.3	48.2
Items affecting comparability					
Expenses related to establishing operations in the United States presented in other operating expenses			0.1		0.6
Items affecting comparability			0.1		0.6
Operative EBIT					
Operating profit/loss (EBIT)	13.9	1.8	20.7	0.8	6.1
Items affecting comparability			0.1		0.6
Operative EBIT	13.9	1.8	20.8	0.8	6.7
Investments					
Investments in intangible assets	0.1	0.1	0.2	0.1	1.9
Investments in tangible assets excluding Right-of-use assets	2.2	1.7	3.8	2.3	4.3
Investments	2.4	1.8	4.0	2.4	6.2
Earnings per share, basic, EUR					
Profit/loss for the period attributable to the equity holders of the company	11.1	0.6	16.7	-0.5	3.6
Average number of shares, 1,000 pcs	55,418	55,543	55,418	55,543	55,484
Earnings per share, basic, EUR	0.20	0.01	0.30	-0.01	0.06
Earnings per share, diluted, EUR					
Profit/loss for the period attributable to the equity holders of the company	11.1	0.6	16.7	-0.5	3.6
Average number of shares adjusted for the dilutive effect, 1,000 pcs	55,517	55,645	55,517	55,543	55,585
Earnings per share, diluted, EUR	0.20	0.01	0.30	-0.01	0.06

Calculation of key figures

Key figure	Definition
Order backlog	Received legally binding orders from external customers not yet delivered to customer
Order intake	Received legally binding orders from external customers during the period
Revenue growth, %	Change of revenue compared to the revenue of the comparative period presented as a percentage
Gross profit	Revenue - Materials and services - Variable employee benefits
Gross profit margin, %	Gross profit as a percentage of revenue
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin, %	EBITDA as a percentage of revenue
EBIT margin, %	Operating profit/loss (EBIT) as a percentage of revenue
Operative EBIT	Operating profit/loss (EBIT) - Items affecting comparability
Operative EBIT margin, %	Operative EBIT as a percentage of revenue
Equity ratio, %	Total equity / (Total assets - Advance payments)
Investments	Investments in intangible assets and property, plant and equipment excluding right-of-use assets
Net debt	Non-current borrowings and leasing liabilities + Current borrowings and leasing liabilities - Cash and cash equivalents - Current financial assets
Items affecting comparability	Material items outside the ordinary course of business including gains/losses on disposal, impairment charges and items relating to structural arrangements and capital reorganisations
Earnings per share, basic	Profit/loss for the period attributable to the equity holders of the company divided by the weighted average number of shares outstanding during the period
Earnings per share, diluted	Profit/loss for the period attributable to the equity holders of the company divided by the weighted average number of shares outstanding adjusted for the dilutive effect

Financial statement information

1 January 2023–30 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	H1/2023	H1/2022	Change	2022
Revenue	128.2	33.2	95.1	103.6
Other operating income	0.6	0.1	0.5	0.3
Materials and services	-59.8	-16.8	-43.0	-52.4
Employee benefits	-20.7	-8.1	-12.5	-21.9
Depreciation, amortization and impairment losses	-2.6	-1.6	-1.0	-3.4
Other operating expenses	-25.0	-5.9	-19.1	-20.2
Total operating expenses	-108.1	-32.4	-75.6	-97.9
Operating result	20.7	0.8	19.9	6.1
Finance income	1.2	0.0	1.2	0.0
Finance expenses	-0.7	-1.4	0.8	-1.3
Total finance income and expenses	0.5	-1.4	1.9	-1.3
Profit/loss before taxes	21.2	-0.6	21.8	4.8
Income tax	-4.5	0.1	-4.6	-1.2
PROFIT/LOSS FOR THE PERIOD	16.7	-0.5	17.2	3.6
Profit/loss for the period attributable to the equity holders of the parent company	16.7	-0.5	17.2	3.6
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss				
Translation difference	-0.0	-0.0	-0.0	-0.1
Other comprehensive income, that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan				-0.0
Taxes				0.0
Total other comprehensive profit/loss for the period	-0.0	-0.0	-0.0	-0.1
Comprehensive profit/loss for the period	16.7	-0.5	17.2	3.5
Comprehensive profit/loss for the period attributable to the equity holders of the parent company	16.7	-0.5	17.2	3.5
Earnings per share for profit/loss attributable to the equity holders of the parent company				
Basic and diluted earnings per share, EUR	0.30	-0.01	0.31	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	2.4	1.1	2.6
Property, plant and equipment	32.8	19.2	21.1
Non-current receivables	1.4	0.0	0.0
Deferred tax receivables	2.5	1.4	0.6
Total non-current assets	39.1	21.7	24.3
Current assets			
Inventories	40.4	11.8	27.1
Trade receivables	35.2	14.1	23.1
Other receivables	2.2	1.6	3.9
Prepaid expenses and accrued income	2.9	2.1	1.7
Other financial assets	65.2	68.8	64.2
Cash and cash equivalents	27.6	13.1	9.8
Total Current assets	173.5	111.5	129.9
TOTAL ASSETS	212.6	133.3	154.2

MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	95.7	95.7	95.7
Treasury shares	-1.4		-1.4
Translation differences	-0.1	-0.0	-0.1
Retained earnings	7.1	2.3	2.8
Profit/loss for the period	16.7	-0.5	3.6
Total equity	118.1	97.5	100.6
Non-current liabilities			
Lease liabilities	20.3	13.1	13.3
Provisions	1.9	0.2	0.8
Deferred tax liabilities		0.4	0.4
Other liabilities	0.0	0.0	0.0
Total non-current liabilities	22.3	13.7	14.5
Current liabilities			
Lease liabilities	4.1	2.3	2.4
Provisions	7.3	0.4	1.6
Advance payments	9.3	4.0	5.3
Trade payables	29.7	10.4	16.8
Other liabilities	10.1	1.1	2.3
Accruals and deferred income	11.7	4.0	10.7
Total current liabilities	72.2	22.1	39.1
Total liabilities	94.5	35.8	53.6
TOTAL EQUITY AND LIABILITIES	212.6	133.3	154.2

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	HI/2023	HI/2022	Change	2022
Cash flow from operating activities				
Profit/loss for the period	16.7	-0.5	17.2	3.6
Adjustments:				
Depreciation, amortisation and impairment	2.6	1.6	1.0	3.4
Financial income and expenses	-0.5	1.4	-2.0	1.3
Unrealised foreign exchange gains and losses	-0.1	0.0	-0.1	0.1
Income taxes	4.5	-0.1	4.6	1.2
Share-based payments	0.8	0.5	0.3	1.0
Change in provisions	6.8	0.4	6.4	2.2
Cash flow before changes in working capital	30.8	3.4	27.5	12.8
Changes in working capital				
Change in trade and other receivables	-13.0	-11.4	-1.7	-22.6
Change in inventories	-13.3	-5.5	-7.8	-20.8
Change in trade payables and short-term liabilities	19.7	10.1	9.6	25.7
Cash flow from operating activities before financial items and taxes	24.2	-3.4	27.6	-4.8
Interest and other financial expenses paid	-0.4	-0.3	-0.1	-0.5
Taxes paid	-0.7	0.0	-0.7	-0.1
Cash flow from operating activities	23.1	-3.7	26.7	-5.4

MEUR	HI/2023	HI/2022	Change	2022
Cash flow from investing activities				
Increase (-)/decrease (+) of other financial assets		-70.0	70.0	-65.0
Investments in intangible assets and property, plant and equipment	-4.0	-2.4	-1.5	-6.2
Cash flow from investing activities	-4.0	-72.4	68.5	-71.2
Cash flow from financing activities				
Purchase of treasury shares	-0.0		-0.0	-1.4
Payment of lease liabilities	-1.3	-1.2	-0.1	-2.4
Cash flow from financing activities	-1.3	-1.2	-0.1	-3.8
Net change in cash and cash equivalents	17.8	-77.3	95.1	-80.4
Cash and cash equivalents at the beginning of the period	9.8	90.4	-80.6	90.4
Effects of exchange rate fluctuations on cash held	-0.0	-0.0	0.0	-0.2
Cash and cash equivalents at the end of the period	27.6	13.1	14.5	9.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Invested unrestricted equity fund	Translation differences	Treasury shares	Retained earnings	Total
Shareholders' equity 1 Jan 2023	0.1	95.7	-0.1	-1.4	6.3	100.6
Profit/loss for the period					16.7	16.7
Currency translation differences			-0.0			-0.0
Total comprehensive income for the period, net of tax			-0.0		16.7	16.7
Transactions with owners						
Acquisition of treasury shares				-0.0		-0.0
Share-based payments					0.8	0.8
Transactions with owners, total				-0.0	0.8	0.8
Shareholders' equity 30 Jun 2023	0.1	95.7	-0.1	-1.4	23.8	118.1
Shareholders' equity 1 Jan 2022	0.1	95.7	0.0		1.8	97.5
Profit/loss for the period					-0.5	-0.5
Currency translation differences			-0.0			-0.0
Total comprehensive income for the period, net of tax			-0.0		-0.5	-0.5
Transactions with owners						
Share-based payments					0.5	0.5
Transactions with owners, total					0.5	0.5
Shareholders' equity 30 Jun 2022	0.1	95.7	-0.0		1.8	97.5
Shareholders' equity 1 Jan 2022	0.1	95.7	0.0		1.8	97.5
Profit/loss for the period					3.6	3.6
Remeasurement of defined benefit plans					-0.0	-0.0
Currency translation differences			-0.1			-0.1
Total comprehensive income for the period, net of tax			-0.1		3.5	3.5
Transactions with owners						
Acquisition of treasury shares				-1.4		-1.4
Share-based payments					1.0	1.0
Transactions with owners, total				-1.4	1.0	-0.4
Shareholders' equity 31 Dec 2022	0.1	95.7	-0.1	-1.4	6.3	100.6

Notes to the interim financial statements

Basic information about the Group

Kempower Corporation ("the Parent Company") is a Finnish public liability limited company and the parent company of the Kempower Group ("Kempower", "the Kempower Group" or "the Group"). Kempower Corporation's registered address is Ala-Okeroistentie 29, 15700 Lahti. Kempower Corporation is part of Kemppi Group, whose parent company is Kemppi Group Oy. Kemppi Group Oy's registered address is Kempinkatu 1, 15800 Lahti.

Basis of preparation

The unaudited interim condensed consolidated financial statements of Kempower Corporation for six months ending on June 30, 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Kempower's annual consolidated financial statements as of December 31, 2022.

Kempower's Board of Directors approved these unaudited interim condensed consolidated financial statements to be published on 24 July 2023.

The interim condensed consolidated financial statements including notes thereto are presented in millions of euros unless otherwise stated. The figures shown in this report are rounded, which means that the sum total of given individual figures may deviate from the sums shown in the tables. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Kempower's annual consolidated financial statements for the year ended December 31, 2022.

Revenue

REVENUE BY GEOGRAPHICAL REGIONS

MEUR	Q2/2023	Q2/2022	Change %	H1/2023	H1/2022	Change %	2022
Nordics*	29.7	12.4	139%	51.1	20.6	148%	57.8
Rest of Europe	38.1	8.4	356%	65.9	11.6	467%	40.7
North America	0.9	0.1	675%	2.6	0.1	2183%	1.6
Rest of the World	3.8	0.8	395%	8.6	0.8	978%	3.5
Total	72.5	21.6	235%	128.2	33.2	287%	103.6

*Nordics include Finland, Sweden, Norway, Denmark and Iceland

REVENUE BY RECOGNITION TYPES

MEUR		Q2/2023	Q2/2022	H1/2023	H1/2022	2022
Products	Point in time	71.5	21.4	126.2	32.8	102.0
Services	Over time	1.0	0.2	2.0	0.4	1.7
Total		72.5	21.6	128.2	33.2	103.6

Fixed assets

INTANGIBLE ASSETS

MEUR, 30 Jun 2023	Intangible rights	Capitalized development costs	Other intangible assets	Total
Carrying amount at the beginning of the period	0.4	0.5	1.7	2.6
Additions	0.1		0.0	0.2
Amortizations and impairment	-0.0	-0.1	-0.2	-0.3
Carrying amount at the end of the period	0.5	0.4	1.5	2.4
Cost at the end of the period	0.6	1.1	1.8	3.6
Accumulated amortizations and impairment	-0.1	-0.7	-0.3	-1.2
Carrying amount at the end of the period	0.5	0.4	1.5	2.4

MEUR, 30 Jun 2022	Intangible rights	Capitalized development costs	Other intangible assets	Total
Carrying amount at the beginning of the period	0.2	0.7	0.2	1.1
Additions	0.1		0.0	0.1
Amortizations and impairment	-0.0	-0.1	-0.0	-0.1
Carrying amount at the end of the period	0.3	0.6	0.2	1.1
Cost at the end of the period	0.4	1.1	0.2	1.7
Accumulated amortizations and impairment	-0.1	-0.5	-0.0	-0.6
Carrying amount at the end of the period	0.3	0.6	0.2	1.1

MEUR, 31 Dec 2022	Intangible rights	Capitalized development costs	Other intangible assets	Total
Carrying amount at the beginning of the period	0.2	0.7	0.2	1.1
Additions	0.2		1.6	1.9
Amortizations and impairment	-0.0	-0.2	-0.1	-0.4
Carrying amount at the end of the period	0.4	0.5	1.7	2.6
Cost at the end of the period	0.5	1.1	1.8	3.4
Accumulated amortizations and impairment	-0.1	-0.6	-0.1	-0.8
Carrying amount at the end of the period	0.4	0.5	1.7	2.6

PROPERTY, PLANT AND EQUIPMENT

MEUR, 30 Jun 2023	Machinery and equipment	Other tangible assets	Prepayments and work in progress	Right-of use assets	Total
Carrying amount at the beginning of the period	4.3	0.0	1.3	15.5	21.1
Additions	1.8	0.5	1.5	10.2	14.0
Disposals				-0.0	-0.0
Depreciations and impairment	-0.4	-0.0		-1.8	-2.2
Translation differences	-0.0	-0.0	-0.0	-0.1	-0.1
Carrying amount at the end of the period	5.7	0.5	2.8	23.8	32.8
Cost at the end of the period	6.8	0.6	2.8	29.0	39.2
Accumulated depreciations and impairment	-1.1	-0.0		-5.2	-6.4
Translation differences	-0.0	-0.0	-0.0	-0.1	-0.1
Carrying amount at the end of the period	5.7	0.5	2.8	23.8	32.8

MEUR, 30 Jun 2022	Machinery and equipment	Other tangible assets	Prepayments and work in progress	Right-of use assets	Total
Carrying amount at the beginning of the period	1.0	0.0	0.7	1.1	2.9
Additions	0.9	0.0	1.4	15.5	17.8
Depreciations and impairment	-0.1	-0.0		-1.3	-1.4
Translation differences	-0.0			-0.0	-0.0
Carrying amount at the end of the period	1.8	0.0	2.1	15.3	19.2
Cost at the end of the period	2.2	0.1	2.1	17.5	21.8
Accumulated depreciations and impairment	-0.4	-0.0		-2.2	-2.6
Translation differences	-0.0			-0.0	-0.0
Carrying amount at the end of the period	1.8	0.0	2.1	15.3	19.2

MEUR, 31 Dec 2022	Machinery and equipment	Other tangible assets	Prepayments and work in progress	Right-of use assets	Total
Carrying amount at the beginning of the period	1.0	0.0	0.7	1.1	2.9
Additions	3.7	0.0	0.6	17.0	21.4
Disposals				-0.1	-0.1
Depreciations and impairment	-0.4	-0.0		-2.5	-3.0
Translation differences	-0.0			-0.0	-0.0
Carrying amount at the end of the period	4.3	0.0	1.3	15.5	21.1
Cost at the end of the period	5.0	0.1	1.3	18.9	25.3
Accumulated depreciations and impairment	-0.7	-0.0		-3.5	-4.2
Translation differences	-0.0			-0.0	-0.0
Carrying amount at the end of the period	4.3	0.0	1.3	15.5	21.1

RIGHT-OF-USE ASSETS

Amounts recognized in the statement of financial position

MEUR, 30 Jun 2023	Buildings	Machinery and equipment	Total
Carrying amount at the beginning of the period	14.1	1.4	15.5
Additions	9.2	1.0	10.2
Disposals		-0.0	-0.0
Depreciations and impairment	-1.4	-0.4	-1.8
Translation differences	-0.0	-0.0	-0.1
Carrying amount at the end of the period	21.9	1.9	23.8

MEUR, 30 Jun 2022	Buildings	Machinery and equipment	Total
Carrying amount at the beginning of the period	0.7	0.4	1.1
Additions	14.8	0.7	15.5
Depreciations and impairment	-1.1	-0.2	-1.3
Translation differences	-0.0	-0.0	-0.0
Carrying amount at the end of the period	14.4	0.9	15.3

MEUR, 31 Dec 2022	Buildings	Machinery and equipment	Total
Carrying amount at the beginning of the period	0.7	0.4	1.1
Additions	15.6	1.5	17.0
Disposals	-0.1	-0.0	-0.1
Depreciations and impairment	-2.1	-0.5	-2.5
Translation differences	-0.0	-0.0	-0.0
Carrying amount at the end of the period	14.1	1.4	15.5

Financial assets and liabilities by category

The Group categorizes its financial assets and liabilities into the following categories:

MEUR, 30 Jun 2023	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Current financial assets							
Trade receivables		35.2	35.2	35.2			
Other receivables		2.2	2.2	2.2			
Other financial assets	65.2		65.2	65.2	65.2		
Cash and cash equivalents		27.6	27.6	27.6			
Total financial assets	65.2	65.0	130.2	130.2	65.2		
Non-current financial liabilities							
Non-current lease liabilities		20.3	20.3	20.3			
Current financial liabilities							
Current lease liabilities		4.1	4.1	4.1			
Trade payables		29.7	29.7	29.7			
Other non-interest-bearing liabilities		10.1	10.1	10.1			
Total financial liabilities		64.2	64.2	64.2			

MEUR, 30 Jun 2022	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Current financial assets							
Trade receivables		14.1	14.1	14.1			
Other receivables		1.6	1.6	1.6			
Other receivables, derivatives	0.0		0.0	0.0		0.0	
Other financial assets	68.8		68.8	68.8	68.8		
Cash and cash equivalents		13.1	13.1	13.1			
Total financial assets	68.8	28.8	97.6	97.6	68.8	0.0	
Non-current financial liabilities							
Non-current lease liabilities		13.1	13.1	13.1			
Current financial liabilities							
Current lease liabilities		2.3	2.3	2.3			
Trade payables		10.4	10.4	10.4			
Other non-interest-bearing liabilities		1.1	1.1	1.1			
Total financial liabilities		26.9	26.9	26.9			

MEUR, 31 Dec 2022	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Current financial assets							
Trade receivables		23.1	23.1	23.1			
Other receivables		3.9	3.9	3.9			
Other financial assets	64.2		64.2	64.2	64.2		
Cash and cash equivalents		9.8	9.8	9.8			
Total financial assets	64.2	36.9	101.1	101.1	64.2		
Non-current financial liabilities							
Non-current lease liabilities		13.3	13.3	13.3			
Current financial liabilities							
Current lease liabilities		2.4	2.4	2.4			
Trade payables		16.8	16.8	16.8			
Other non-interest-bearing liabilities		2.3	2.3	2.3			
Total financial liabilities		34.8	34.8	34.8			

Other financial assets include money market investments measured at fair value through profit or loss. Cash and cash equivalents include deposits with banks, which are measured at amortised cost.

The book value of trade and other receivables and trade payables, which are measured at amortised cost corresponds to their fair value due to their short maturities.

Related party transactions

The parties are considered to be related parties if the other party is able to exercise control or significant influence or joint control over the other party in decision making concerning its finances or business. Kempower's related parties include its subsidiaries and parent company Kemppi Group Oy and its subsidiaries other than Kempower Group companies. Related parties also include members of Kempower's Board of Directors, CEO and members of Management Team as well as their close family members and companies under their control. Kempower's related parties also include the members of Kemppi Group Oy's Board of Directors and their close family members and companies under their control.

Business transactions between Kempower and Kemppi Group are presented as related party transactions. Such related party transactions include purchases of materials from Kemppi Oy, purchases of administrative services from Kemppi Group companies and premises leased from Kemppi Group companies. Commitments related to future purchases from Kemppi Oy have also been included in related party transactions.

Kempower's headquarters and production facilities are located in rental properties. The headquarters and production facilities in Lahti have been leased from Kemppi Group Oy until 2031.

Kempower's related party transactions are presented in the table on the right.

MEUR	H1/2023	H1/2022	2022
Sales and purchases of goods and services to and from Kemppi Group companies			
Products sold	0.1	0.0	0.3
Purchased materials	-22.7	-9.4	-26.5
Purchased administration and support services	-0.1	-0.5	-1.2
Office and facility lease	-1.1	-1.2	-2.3
Sales and purchases of goods and services to and from other related parties			
Purchased services	-0.0	-0.0	-0.0
Products sold			0.0
MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
Outstanding balances with Kemppi Group companies			
Trade and other receivables	0.0	0.0	0.2
Total current receivables	0.0	0.0	0.2
Lease liabilities	12.3	12.3	11.6
Total non-current liabilities	12.3	12.3	11.6
Lease liabilities	1.7	1.5	1.1
Trade and other payables	9.6	5.4	6.8
Other current liabilities	0.6	0.6	2.1
Total current liabilities	11.8	7.4	10.0
Commitments to Kemppi Group companies			
Purchase commitments	7.6		6.6
Total commitments	7.6		6.6

Commitments

Kempower has entered into certain binding purchase agreements to ensure the availability of components.

MEUR	30 Jun 2023	30 Jun 2022	31 Dec 2022
Purchase commitments to Kemppi Group companies	7.6		6.6
Purchase commitments to other companies	10.7		
Guarantees given on own behalf	0.1		0.0
Total	18.5		6.7



Additional information:

CFO Jukka Kainulainen

tel. +358 29 0021900

investor.relations@kempower.com

<https://kempower.com>

Certified adviser: Aktia Alexander Corporate Finance Oy, tel. +358 50 520 4098

Kempower Corporation

Ala-Okerointentie 29, 15700 Lahti, Finland

+358 29 0021900

info@kempower.com

