

KEMPOWER Corporation

Financial Statements Release

1 January–31 December 2023



Kempower Corporation Financial Statements Release, 1 January–31 December 2023 (unaudited)

October–December 2023 highlights, IFRS (comparison figures in parenthesis October–December 2022)

- Order backlog was EUR 110.6 million (EUR 118.9 million) at end of Q4
- Order intake increased to EUR 66.7 million (EUR 61.7 million)
- Revenue increased by 119% to EUR 82.8 million (EUR 37.8 million)
- Revenue outside the Nordics increased to 63% (52%) of revenue
- Gross profit margin was 53.1% (46.9%)
- Operative EBIT increased to EUR 5.5 million (EUR 3.5 million), 6.7% of revenue (9.1%)
- Profit for the period was EUR 5.3 million (EUR 2.5 million)
- Cash flow from operating activities was EUR 0.7 million (EUR -8.4 million)
- Amount of personnel at the end of the period grew to 737 (375)

January–December 2023 highlights, IFRS (comparison figures in parenthesis January–December 2022)

- Order intake increased to EUR 275.3 million (EUR 208.9 million)
- Revenue increased by 174% to EUR 283.6 million (EUR 103.6 million)
- Gross profit margin was 52.1% (46.5%)
- Operative EBIT increased to EUR 40.7 million (EUR 6.7 million), 14.3% of revenue (6.4%)
- Profit for the period increased to EUR 33.7 million (EUR 3.6 million)
- Cash flow from operating activities was EUR 39.7 million (EUR -5.4 million)

Outlook for 2024

Kempower remains committed to strive for rapid and profitable growth. In the year 2024, the company will intensify its efforts to expand within key markets. These efforts include strengthening our market activities and capacity increase in Europe. In addition, we continue growth strategy execution in North America and launch of a new, next generation fast-charging product portfolio.

In the short term, the fixed costs associated with these growth initiatives are expected to outpace revenue growth, thereby impacting profitability for the year 2024. Outlook for 2024 expects successful market launch of next generation product portfolio.

Kempower expects:

- 2024 revenue; between EUR 360 million and EUR 410 million, assuming no major impact from foreign currency exchange rates (revenue 2023: EUR 283.6 million),
- 2024 operative EBIT margin, %; between 5 % - 10%

Customers' high inventory levels and the launch of the next generation product portfolio impacted our order intake towards the end of 2023 and beginning of 2024 reflecting to Q1/2024 financials. The launch has delayed the purchasing decisions of some customers as they prefer the latest technology in their purchasing decisions:

- In Q1 of 2024 Kempower expects revenue to be between EUR 51 million and EUR 56 million and operative EBIT to be significantly below the Q1 of 2023.

IFRS KEY FIGURES

MEUR	Q4/2023	Q4/2022	H2/2023	H2/2022	2023	2022
Order backlog	110.6	118.9	110.6	118.9	110.6	118.9
Order intake	66.7	61.7	127.6	127.0	275.3	208.9
Revenue	82.8	37.8	155.4	70.5	283.6	103.6
Revenue growth, %	119%	352%	120%	284%	174%	279%
Gross profit	43.9	17.7	82.4	32.8	147.7	48.2
Gross profit margin, %	53.1%	46.9%	53.0%	46.6%	52.1%	46.5%
EBITDA	7.8	3.9	23.8	7.1	47.1	9.5
EBITDA margin, %	9.4%	10.3%	15.3%	10.0%	16.6%	9.2%
Operating profit (EBIT)	5.5	2.9	19.8	5.3	40.6	6.1
EBIT margin, %	6.7%	7.6%	12.8%	7.5%	14.3%	5.9%
Operative EBIT	5.5	3.5	19.9	5.8	40.7	6.7
Operative EBIT margin, %	6.7%	9.1%	12.8%	8.3%	14.3%	6.4%
Profit for the period	5.3	2.5	17.0	4.1	33.7	3.6
Equity ratio, %	58.3%	67.5%	58.3%	67.5%	58.3%	67.5%
Cash flow from operating activities	0.7	-8.4	16.6	-1.8	39.7	-5.4
Investments	2.9	2.2	5.7	3.8	9.6	6.2
Net debt	-74.6	-58.4	-74.6	-58.4	-74.6	-58.4
Items affecting comparability		0.6	0.0	0.6	0.1	0.6
Earnings per share, basic, EUR	0.10	0.05	0.31	0.07	0.61	0.06
Earnings per share, diluted, EUR	0.10	0.05	0.31	0.07	0.61	0.06
Headcount end of period	737	375	737	375	737	375

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 Q4/23 results:

Outstanding year 2023

In the last quarter we recorded a record high revenue of EUR 82.8 million. Order intake was on a good level EUR 66.7 million. Operative EBIT margin of 6.7 percent was lower than in previous quarters as expected and was impacted by increased fixed costs, additional provisions and additional costs arising from North America operations. During the last quarter of the year we produced around 5,000 charging points and the electricity charged through Kempower chargers grew from 30,000 MWh in Q4 of 2022 to 70,000 MWh in Q4 of 2023.

Our core markets, Europe and North America, developed very differently towards the end of the year. At the end of 2023 we witnessed some European customers reducing their inventory levels and delaying orders driven by improved lead times and components availability. The component shortage during COVID-19 had led to certain customers increasing their inventory levels in 2022 and early 2023. We also saw lower investment activity in some markets due to delays in grid connection availability which reflected on order intake in Q4 of 2023. Electric vehicle (EV) growth numbers continue to paint a clearly positive picture of the DC charging market development. In 2023 the share of EV's of all new car registrations were 16 percent in Europe and 8 percent in North America representing 28 percent and 18 percent growth in absolute terms respectively compared to 2022. The ever-growing amount of EVs and zero emission targets drives investments in DC charging infrastructure in both continents.

In the US, the channeling of National Electric Vehicle Infrastructure (NEVI) funding to customers has been slower than anticipated in 2023. We expect more efficient allocation of NEVI funding to DC charging infrastructure in 2024 and the funding will further increase the demand in the US. As we see high demand in North America, I am very delighted that our operations and manufacturing in North Carolina have successfully started on planned schedule. We received the Electrical Testing Laboratories (ETL) certification for the production, which was the last milestone needed before full operations could start. Our order intake from North America was 10 percent of total order intake and sales pipeline has developed positively which represents growing trust towards Kempower brand.

We have now successfully delivered the first wave of products from North Carolina production site to our customers. I am proud to witness the tangible results of all the hard work done by the Kempowerians. The rapid establishment and efficient operations of our Durham production site is a proof of our robust execution capabilities. We will utilize this experience in our next production facility expansion in Lahti which is set to be fully operational in the second half of 2024.

Sales development was good in the last quarter of the year. We signed a contract to deliver DC fast charging solutions to the energy transition company St1 which is one of the largest energy companies in Northern Europe. Kempower also announced a strategic partnership

with Aqua superPower to assist high usage operators like Yacht Club de Monaco to service the needs of the next generation e-boats.

We have recently announced our strategic partnership with Sainsbury's. Kempower provides fast charging technology to Sainsbury's new Smart Charge EV charging business. Sainsbury is one of the largest retailers in UK and in Europe and has almost 600 supermarkets and over 800 convenience stores. Smart Charge will have over 750 charging points in more than 100 Sainsbury's locations by the end of 2024, making it one of the UK's top five providers of ultra-rapid EV charging. We received more than EUR 20 million in orders from Sainsbury's during first half of the year as we communicated in June 2023.

In the commercial vehicle segment, we delivered our fast charging technology to Malta's first electric bus depot with over 3 MW of charging power, and were selected to deploy our solutions to electric bus station in Elizabeth Quay, Western Australia.

Kempower continues to be a front runner in DC charging technology. After the review period we took another important step in technology front as we introduced the first part of our next generation charging solutions with silicon carbide technology (SiC). Kempower's next generation fast charging products, to be rolled out throughout the year 2024, will benefit from lower power losses at high operating frequencies, leading to increased system efficiency. We also introduced Megawatt Charging

Program for electric trucks and electric vehicles using power above one megawatt. This new technology is an enabler for us in achieving our ambitious growth targets as we see the commercial vehicles segment to be the largest segment in DC charging market by 2030. In addition, the North American Charging Standard (NACS) will be available to our customers during the first quarter of 2024.

It has been an incredible, fast-paced and also exciting year for Kempower as we almost tripled our revenue from the previous year. The way Kempowerians repeatedly exceeded all expectations during the year makes me very proud of our people. The progress I have witnessed in all functions of the company is truly amazing. Huge thanks to all Kempowerians for the outstanding results during the year. A big thanks goes also to our customers and everyone who has been involved in our journey. Everyone's contribution has been valuable in making the planet a cleaner and quieter place for all of us. After successful 2023 I am truly excited and confident about the future and all the opportunities we will have in front of us in this exciting and rapidly moving industry. We continue executing our growth strategy and with a keen eye on the long-term growth trajectory. DC charging industry is expected to grow from EUR 2 billion in 2023 to EUR 14 billion per year by 2030 both in Europe and North America.

Sustainability

Sustainability is at the core of Kempower's strategy. In Q4 we further committed to sustainable business practices by officially joining the United Nations (UN) Global Compact initiative. Global Compact initiative is a voluntary leadership platform for developing, implementing and disclosing responsible business practices that invites companies to align their operations and strategies with 10 universally accepted human rights, labour, environment and anti-corruption principles and to take action supporting UN goals and issues embodied by the Sustainable Development Goals.

During the last quarter of 2023 Kempower has refined its ESG strategy based on double materiality assessment as well as carried out gap analysis and preparations for the official CSRD reporting for 2024 are ongoing.

We recruited heavily during the year 2023 almost doubling our headcount and maintained excellent eNPS (employee Net Promoter Score). Our average eNPS (employee Net Promoter Score) for the year 2023 was 69 (80). Employee satisfaction is crucial for Kempower in order to attract and maintain current and future professionals.

Kempower will publish its Sustainability Report for 2023 during week 10 of 2024.

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

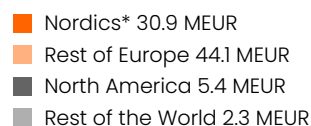
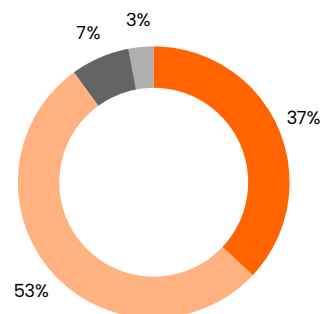
Kempower's order intake was EUR 66.7 million (EUR 61.7 million) in the fourth quarter of 2023 and EUR 275.3 million (EUR 208.9 million) in 2023. In fourth quarter of 2023 order intake was especially strong in Rest of Europe.

Kempower reports revenue according to geographical regions below:

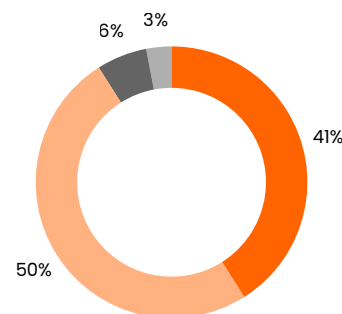
- Nordics
- Rest of Europe
- North America
- Rest of the World

Revenue

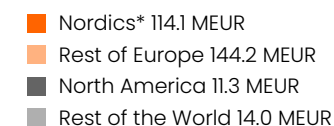
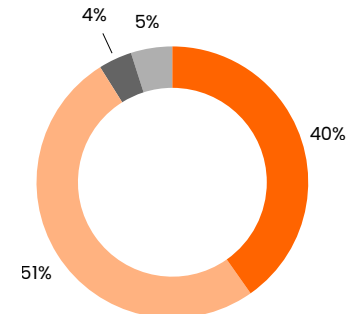
REVENUE Q4/2023



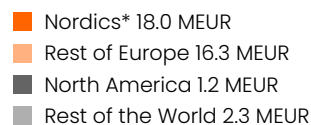
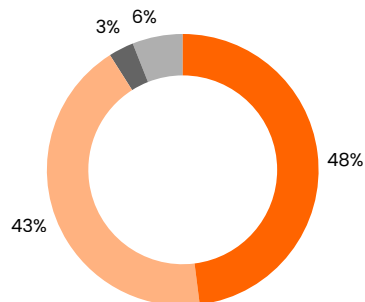
REVENUE H2/2023



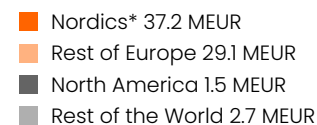
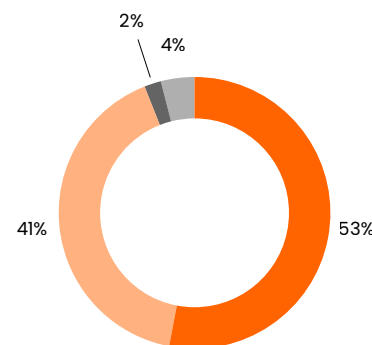
REVENUE 2023



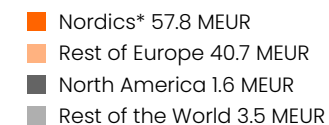
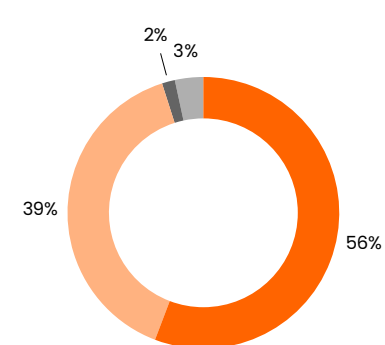
REVENUE Q4/2022



REVENUE H2/2022



REVENUE 2022



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

REVENUE BY GEOGRAPHICAL REGIONS

MEUR	Q4/2023	Q4/2022	Change %	H2/2023	H2/2022	Change %	2023	2022	Change %
Nordics*	30.9	18.0	72%	63.0	37.2	69%	114.1	57.8	97%
Rest of Europe	44.1	16.3	170%	78.3	29.1	169%	144.2	40.7	254%
North America	5.4	1.2	343%	8.7	1.5	491%	11.3	1.6	612%
Rest of the World	2.3	2.3	2%	5.4	2.7	101%	14.0	3.5	303%
Total	82.8	37.8	119%	155.4	70.5	120%	283.6	103.6	174%

*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 management system (CMS). 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 fourth quarter amounted to EUR 82.8 million (EUR 37.8 million), an increase of 119 percent compared to Q4 2022. Kempower's revenue for 2023 amounted to EUR 283.6 million (EUR 103.6 million), an increase of 174 percent compared to the previous year.

Kempower's charging solutions have been delivered to almost 50 countries globally. Kempower's geographical markets include the Nordics, which accounted for 37 (48) percent of Kempower's revenue for the fourth quarter of 2023, and Rest of Europe, which accounted for 53 (43) percent of Kempower's revenue for the fourth quarter of 2023. North America accounted for 7 (3) and Rest of the World 3 (6) percent of Kempower's revenue for the fourth quarter of 2023. In 2023 the revenue generated from the Nordics accounted for 40 (56) and Rest of Europe 51 (39)

percent of Kempower's revenue. The revenue generated from North America accounted for 4 (2) and Rest of the World 5 (3) percent of Kempower's revenue in 2023.

Kempower's revenue growth during the fourth quarter and during 2023 was most significant, in absolute terms, in Rest of Europe and in Nordics. Kempower's revenue growth in relative terms was most rapid in North America during the fourth quarter and outside of Europe during the financial year 2023.

Profitability

Kempower's operating profit (EBIT) for the fourth quarter of 2023 increased by EUR 2.6 million to EUR 5.5 million (EUR 2.9 million). Kempower's operative EBIT for the fourth quarter of 2023 amounted to EUR 5.5 million (EUR 3.5 million). The increased profit was driven by strong demand in Rest of Europe and in Nordics, successful increase in the production capacity, improved sales mix and strong profitability in customer deliveries despite of continued efforts in North America entry and expansion in Europe. Fourth quarter profitability was EUR -4.9 million affected by additional warranty provisions and other provisions.

Kempower's operating profit (EBIT) for 2023 increased by EUR 34.5 million to EUR 40.6 million (EUR 6.1 million). Kempower's operative EBIT for 2023 amounted to EUR 40.7 million (EUR 6.7 million). The increase was mainly due to strong demand in Rest of Europe and Nordics, successful increase in the production capacity, improved sales mix and strong profitability in customer deliveries despite of continued efforts in North America entry and expansion in Europe. North America expansion costs started to accelerate in Q4 of 2023. Items affecting comparability in 2023 amounted to EUR 0.1 million (EUR 0.6 million) and related to expenses of establishing operations in the USA.

Kempower's other operating income for 2023 amounted to EUR 1.3 million (EUR 0.3 million) and comprised of governmental grants mainly from Business Finland EUR 0.8 million, insurance compensations EUR 0.2 million and other income totaling EUR 0.3 million.

Kempower's net financial items for the fourth quarter of 2023 amounted to EUR 1.3 million (EUR 0.4 million) and for 2023 to EUR 2.5 million (EUR -1.3 million).

Kempower's income tax expenses for the fourth quarter of 2023 amounted to EUR 1.5 million (EUR 0.8 million) and for 2023 to EUR 9.3 million (EUR 1.2 million).

Research and development

Research and development expenses including employee benefits amounted to EUR 14.1 million (EUR 7.3 million) for 2023, the equivalent of 5% (7%) of revenue. The carrying amount of capitalized development costs amounted to EUR 0.3 million (EUR 0.5 million) at the end of 2023. No research and development costs were capitalized during 2023.

ITEMS AFFECTING COMPARABILITY

MEUR	Q4/2023	Q4/2022	H2/2023	H2/2022	2023	2022
Expenses related to establishing operations in the United States presented in other operating expenses		0.6	0.0	0.6	0.1	0.6
Total		0.6	0.0	0.6	0.1	0.6

In addition to constant development of existing product portfolio we made following successful launches during 2023:

In Q4/2023 Kempower introduced Megawatt Charging System for electric trucks and electric vehicles using power above one megawatt. New charging solution is based on the company's existing technology, including Kempower's high power satellite with MCS liquid cooled charging plug and two 600 kW Kempower Power Units.

In Q2/2023 Kempower announced that North American Charging Standard (NACS) will be included for all company's charging solutions. NACS will be available to our customers during the first quarter of 2024.

In Q2/2023 Kempower launched a new Plug and Charge solution to improve and simplify the user experience for EV drivers by cutting the billing process from charging sessions. The Plug and Charge solution will be offered as an extension of the company's existing Kempower ChargeEye charging management software. The solution is compatible with all Kempower chargers, including those already installed and operational.

Cash flow, financing and balance sheet

Kempower's cash flow from operating activities in the fourth quarter of 2023 amounted to EUR 0.7 million (EUR -8.4 million). Cash flow from operating activities for 2023 amounted to EUR 39.7 million (EUR -5.4 million). Positive cash flow was driven by revenue growth, strong margins and relatively improved working capital situation in 2023.

Kempower's cash flow from investing activities in the fourth quarter of 2023 amounted to EUR -2.9 million (EUR 2.8 million). Cash flow from investing activities for 2023 amounted to EUR -14.6 million (EUR -71.2 million). Cash flows from investing activities for 2023 included the increase of money market investments EUR -5.0 million and investments in intangible assets and property, plant and equipment EUR -9.6 million. For 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.

Kempower's net cash flow from financing activities in the fourth quarter of 2023 amounted to EUR -5.0 million

(EUR -0.6 million). Cash flows from financing activities for 2023 were EUR -7.5 million (EUR -3.8 million). In 2023 net cash flow from financing activities consisted of acquisition of treasury shares in Q4 of 2023 EUR -3.8 million and payments of lease liabilities of EUR -3.7 million. Net cash flows from financing activities for 2022 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 December 2023 were EUR 237.7 million (EUR 154.2 million).

Kempower's cash and cash equivalents at the end of 2023 amounted to EUR 27.4 million (EUR 9.8 million). Other financial assets at the end of 2023 included money market investments amounting to EUR 72.4 million (EUR 64.2 million). Kempower had EUR 15.0 million (-) of unused short term credit facilities at the end of 2023.

Kempower's equity ratio for 2023 was 58.3% (67.5%). Net debt for 2023 amounted to EUR -74.6 million (EUR -58.4 million). The change in net debt as compared to the end of 2022 was mainly due to the increase in cash and cash equivalents and the increase in fair value of other financial assets.

Investments

Kempower's gross investments during 2023 totaled EUR 9.6 million (EUR 6.2 million). Kempower's investments for 2023 related mainly to the production and RDI center expansions.

Personnel

Kempower's headcount at the end of 2023 was 737 (375), of whom 574 (326) were employed by the parent company and 163 (49) by the subsidiaries. Kempower's average number of personnel converted into full-time employees amounted to 542 (252) at the end of 2023.

Kempower's headcount growth in 2023 was in line with the growth strategy of the company. Kempower's employee Net Promoter Score (eNPS) was 69 (80) on average in the personnel satisfaction surveys conducted in 2023.

Headcount end of period	31 Dec 2023	31 Dec 2022
Operations, Production employees	176	97
Administration	79	36
Operations, Office employees	113	56
Research, development and innovations	148	68
Sales and marketing	221	118
Total	737	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 2023 was 55,277,746 (55,418,286). The average number of shares outstanding during 2023 was 55,404,944 (55,483,721).

The company held 265,174 pcs of the company's own shares at the end of 2023 (124,634 pcs 2022). Kempower acquired 140,000 own shares during 2023 relating to its new long term incentive program. 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	2023	2022
Highest price (EUR)	54.40	25.48
Lowest price (EUR)	21.20	8.52
Volume weighted average price (EUR)	33.72	14.86
Closing (EUR)	31.82	21.22
Turnover (EUR)	884,656,078	275,551,178
Turnover volume	26,234,850	18,540,336
Market capitalization at the end of period MEUR	1,759	1,176
Number of registered shares	55,542,920	55,542,920
Number of own shares	265,174	124,634
Number of outstanding shares	55,277,746	55,418,286

Major shareholders

At the end of the reporting period on 31 December 2023 the company had 53,470 shareholders. 15 largest shareholders on 31 December 2023:

Shareholder	Number of shares	% of shares
1. Kemppi Group Oy	34,400,000	61.93%
2. Varma Mutual Pension Insurance Company	2,372,678	4.27%
3. Ilmarinen Mutual Pension Insurance Company	1,090,000	1.96%
4. Nordea Funds	740,638	1.33%
5. Evli Fund Management	646,945	1.16%
6. Nordea Life Assurance Finland Ltd	396,045	0.71%
7. Oy Julius Tallberg Ab	356,309	0.64%
8. Wipunen varainhallinta Oy	350,000	0.63%
9. Kempinvest Oy	348,432	0.63%
10. Heikintorppa Oy	300,000	0.54%
11. Kempower Corporation	265,174	0.48%
12. Handelsbanken Fonder	259,973	0.47%
13. Sp-Fund Management	251,941	0.45%
14. Elo Mutual Pension Insurance Company	232,000	0.42%
15. BlackRock	229,838	0.41%

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/share-and-shareholders/>.

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 Kemppe, Kimmo Kemppe, Teresa Kemppe-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 Kemppe 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 Kemppi and Teresa Kemppi-Vasama
- Remuneration and Nomination Committee: Chair Vesa Laisi, Antti Kemppi, Kimmo Kemppi, Teresa Kemppi-Vasama and Olli Laurén

Resolutions of the Extraordinary General Meeting and the Board of Directors of Kempower Corporation

Kempower's Extraordinary General Meeting was held in virtual format on 28 August 2023.

The number of members of the Board of Directors was resolved to be eight. As proposed by the Remuneration and Nomination Committee of the Board of Directors, Tuula Ryttilä was elected as a new member of the Kempower Board of Directors for a term ending at the conclusion of the next Annual General Meeting. The member of the Board of Directors will be paid the annual remuneration payable to a member of the Board of Directors in accordance with the resolution of the Annual General Meeting held on 30 March 2023 in proportion to the duration of her term.

The current members and the Chair and Vice Chair of the Board of Directors will continue in their positions until the conclusion of the next Annual General Meeting.

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 Markets Officer Jussi Vanhanen
- Chief Service Business Officer Juha-Pekka Suomela
- President North America, Tim Joyce (started 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:

- Chair of the Board Antti Kemppi
- Vice Chair of the Board Vesa Laisi
- Member of the Board Tero Era
- Member of the Board Olli Laurén (started in role in March 2023)
- Member of the Board Kimmo Kemppi
- Member of the Board Teresa Kemppi-Vasama
- Member of the Board Eriikka Söderström
- Member of the Board Tuula Ryttilä (started in role in August 2023)
- Member of the Board Juha-Pekka Helminen (member of the Board until March 2023)

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.

Share-based incentive 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.

Share-based incentive plan (2023–2025)

Kempower launched in February 2023 share-based incentive programme for Kempower 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.

In December 2023 the Board of Directors of Kempower resolved to launch a new plan period 2024-2027 of the Employee Share Savings Plan (ESSP) established in 2023.

Share-based incentive plan 2024–2026

In December 2023 the Board of Directors of Kempower resolved to establish a Performance Share Plan for the 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 2024–2026 consists of a three (3) year performance period, covering the financial years of 2024–2026.

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.

During the performance period, the rewards are based on the Absolute Total Shareholder Return of the Kempower share in 2024-2026, Group Revenue in 2024-2026 and Co2 emission reduction / Revenue in 2024-2026. The value of the maximum rewards to be paid will correspond to a total of approximately 219,400 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 2024–2026 and therefore, the PSP 2024-2026 would have no dilutive effect on the number of the Kempower's registered shares.

Approximately 50 persons, including the CEO and other Kempower Management Team members, belong to the target group of the performance period.

Restricted Share Unit Plan 2024–2027

In December 2023 the Board of Directors of Kempower resolved to establish a Restricted Share Unit Plan for selected key employees of the group. The purpose of the plan is to align the interests of the company's shareholders and key employees to increase the company's value in the long-term, to commit key employees at the company and to offer them a competitive incentive plan based on receiving the company's shares.

The plan is intended to be used as a tool in situations seen necessary by the Board of Directors, for example ensuring retention of key talents to the company, attracting a new talent or other specific situations determined by the Board of Directors.

The Board of Directors may allocate rewards from the Restricted Share Unit Plan 2024–2027 during financial years 2024–2027. The value of the rewards to be allocated during 2024 on the basis of the plan corresponds to a maximum total of 20,000 shares of Kempower, including also the proportion to be paid in cash.

The rewards will be paid by the end of May 2027, 2028, 2029, 2030 or 2031, but always so that there is at least three (3) years between the determination and the payment of the reward. The reward is based on a valid employment or director contract and on the continuity of the employment or service.

Short-term risks and uncertainty factors

Kempower's systematic approach towards risks facing its business is an integral element of the management of the company. It includes risk identification, assessment, mitigation, follow-up, and reporting. Risks and development of risks are followed-up frequently by the management team. In addition, Kempower has implemented a risk management process which is aligned with the governance annual cycle. In 2023, the risk management process has been made more frequent. At the end of the first half, the management team of Kempower has assessed the Risk Map of the company. A more comprehensive assessment and analysis of risks as well as defining more detailed mitigation actions has been carried out in the second half of the year 2023. The Audit Committee and Board has reviewed the current risk report. To support the growth and success of the company, it is necessary to increase risk awareness within the organization to ensure that risk management is integrated into strategic planning, annual business planning and budgeting, daily decision making and practices.

As result of the risk assessment process carried out in the second half of the year 2023, the main risks of Kempower have been identified and assessed, adequacy of the risk mitigation actions confirmed with the appropriate responsibilities and risk reporting is presented to the Audit Committee and Board.

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 supply chain, which may thus affect the Company's operations for example in the form of risks related to the temporary disruptions in supply chain, availability or cost levels of raw materials and components or sustainability related risks within the supply chain.

Kempower has a growth strategy and implementing it 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. 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. Increased production capacity in the North America is currently being ramped up. The market entry to North American market includes multiple risks. Kempower executes 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 is constantly developing its product portfolio to respond its customers' needs. Remarkable quality issues due to design errors and delays in product development and product launches could have significant negative impact to Kempower's business operations. To mitigate the risk Kempower is continuously developing its quality processes such as quality testing in R&D and production phases.

Achieving Kempower's strong growth targets depends on the Company's ability to respond to market changes. 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. To manage the risks, 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's production uses IT systems and tools whose connectivity and continued accessibility are prerequisite for efficient production and deliveries. Disturbances in the network or cybercrimes could disrupt Kempower's business and have a material adverse effect on its revenue and results of operations. Kempower has prepared business continuity and recovery plans to mitigate the risks in production.

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.

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.

In 2022, Kempower carried out a long-term climate risk and opportunity assessment of our business model, including scenario analysis as per TCFD guidance, for which we used two climate scenarios: IPCC SSP1-2.6 (global temperature increase well below 2°C), and IPCC SSP4-8.5 (global temperature increase up to 4°C). The top risks identified were physical, especially in the 4°C scenario, including local damages due to extreme weather, disruptions in the global supply chain and negative regional impacts on the workforce. These risks were estimated to have a small or small-to-medium sized financial impact.

The board's proposal for the distribution of profit

The parent company's distributable funds (unrestricted equity) on 31 December 2023 are EUR 120,335,282.90 of which the period net profit is EUR 27,249,591.08. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the fiscal year.

Significant events during the year

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 won a 2023 Carnegie Sustainability Award for its sustainability and climate mitigation contributions.

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.

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-charging EV technology for the wholesaler's 13 logistics depots in Norway.

August 2023

- Kempower announced official partnership with The Arctic Race of Norway, an annual cycling race in Norway.
- Kempower and the City of Lahti signed a growth agreement to address the needs of Kempower's long-term growth
- Kempower held Extraordinary General Meeting in virtual format.
- Tuula Ryttilä was elected as a new member of the Kempower Board of Directors.
- Kempower received Eichrecht approval allowing it to provide its EV fast-charging solutions now also for public charging in Germany and Austria.

September 2023

- Kempower communicated about the first Kempower charging station being deployed in Canada, by the Electric Circuit, the largest public EV charging network in Québec.
- Kempower opened new facilities in Vaasa, Finland, including a new RDI Center focusing on the development of high power charging.
- Kempower announced that it has supplied its fast-charging solutions for WattHub, the world's largest fast-charging plaza for electric trucks and off-highway vehicles.

October 2023

- Kempower communicated about Kempower DC fast charging technology being deployed in New Zealand for the first time.
- Kempower announced that it has delivered DC fast charging infrastructure to Malta's first electric bus charging depot.
- Kempower introduced Megawatt Charging System for electric trucks and electric vehicles using power above one megawatt.
- Kempower announced that it has signed a contract to deliver DC charging solutions for heavy-duty vehicles to Milence, a joint venture formed by Traton Group, Volvo Group, and Daimler Truck AG.
- Kempower joined the UN Global Compact initiative.

November 2023

- Kempower announced a strategic partnership with Aqua superpower to assist high usage to service the needs of the next generation e-boats.
- Kempower announced change in the ownership of a major shareholder Kemppi Group.
- Kempower received 'International Star' award in the European Small and Mid-Cap Awards 2023.
- Kempower announced that the production in North America can begin after receiving nationally recognized ETL certification.
- Kempower communicated that its DC fast-charging solutions have been selected to electrify Western Australian bus station.

December 2023

- Kempower announced that the first EV chargers produced in Kempower US factory have been shipped to Canada.
- Kempower announced it has signed a contract to deliver DC fast charging solutions to the energy transition company Stl.

Events after balance sheet period

- Kempower announced it will provide charging technology to Sainsbury's new Smart Charge charging business.
- Kempower announced that National Car Charging (NCC) has selected Kempower for state of California for EV infrastructure enhancement project.
- Kempower introduced next generation charger platform with silicon carbide (SiC) technology.

2024 financial calendar

- Annual Report 2023 is published week 10/2024
- Interim Report, January–March (Q1) is published 25 April 2024.
- Half-Year Report, January–June (H1) is published 24 July 2024
- Interim Report, January–September (Q3) is published 30 October 2024.

Lahti 13th of February, 2024

Kempower Oyj
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	Q4/2023	Q4/2022	H2/2023	H2/2022	2023	2022
Revenue growth, %						
Revenue	82.8	37.8	155.4	70.5	283.6	103.6
Revenue of the comparative period	37.8	8.4	70.5	18.4	103.6	27.4
Change of revenue	44.9	29.5	84.9	52.1	180.0	76.3
Revenue growth, %	119%	352%	120%	284%	174%	279%
Gross profit						
Revenue	82.8	37.8	155.4	70.5	283.6	103.6
Materials and services	-37.0	-18.9	-69.6	-35.6	-129.4	-52.4
Variable employee benefits	-1.8	-1.2	-3.5	-2.0	-6.5	-3.1
Gross profit	43.9	17.7	82.4	32.8	147.7	48.2
Items affecting comparability						
Expenses related to establishing operations in the United States presented in other operating expenses		0.6	0.0	0.6	0.1	0.6
Items affecting comparability		0.6	0.0	0.6	0.1	0.6
Operative EBIT						
Operating profit (EBIT)	5.5	2.9	19.8	5.3	40.6	6.1
Items affecting comparability		0.6	0.0	0.6	0.1	0.6
Operative EBIT	5.5	3.5	19.9	5.8	40.7	6.7
Investments						
Investments in intangible assets	0.1	1.7	0.1	1.7	0.2	1.9
Investments in tangible assets excluding Right-of-use assets	2.8	0.5	5.6	2.0	9.4	4.3
Investments	2.9	2.2	5.7	3.8	9.6	6.2
Earnings per share, basic, EUR						
Profit for the period attributable to the equity holders of the company	5.3	2.5	17.0	4.1	33.7	3.6
Average number of shares, 1,000 pcs	55,366	55,421	55,392	55,425	55,405	55,484
Earnings per share, basic, EUR	0.10	0.05	0.31	0.07	0.61	0.06
Earnings per share, diluted, EUR						
Profit for the period attributable to the equity holders of the company	5.3	2.5	17.0	4.1	33.7	3.6
Average number of shares adjusted for the dilutive effect, 1,000 pcs	55,466	55,519	55,491	55,525	55,504	55,585
Earnings per share, diluted, EUR	0.10	0.05	0.31	0.07	0.61	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 amortization
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 2023–31 December 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	H2/2023	H2/2022	Change	2023	2022	Change
Revenue	155.4	70.5	84.9	283.6	103.6	180.0
Other operating income	0.7	0.2	0.5	1.3	0.3	1.0
Materials and services	-69.6	-35.6	-33.9	-129.4	-52.4	-77.0
Employee benefits	-28.2	-13.7	-14.5	-48.9	-21.9	-27.0
Depreciation, amortization and impairment losses	-3.9	-1.8	-2.1	-6.5	-3.4	-3.1
Other operating expenses	-34.6	-14.3	-20.3	-59.6	-20.2	-39.4
Total operating expenses	-136.3	-65.5	-70.8	-244.3	-97.9	-146.5
Operating result	19.8	5.3	14.6	40.6	6.1	34.5
Finance income	3.4	0.0	3.4	4.6	0.0	4.6
Finance expenses	-1.4	0.1	-1.5	-2.1	-1.3	-0.8
Total finance income and expenses	2.0	0.1	1.9	2.5	-1.3	3.8
Profit before taxes	21.8	5.4	16.4	43.0	4.8	38.3
Income tax	-4.8	-1.3	-3.5	-9.3	-1.2	-8.1
PROFIT FOR THE PERIOD	17.0	4.1	13.0	33.7	3.6	30.2
Profit for the period attributable to the equity holders of the parent company	17.0	4.1	13.0	33.7	3.6	30.2
Other comprehensive income for the period						
Items that may be subsequently reclassified to profit or loss						
Translation difference	0.1	-0.0	0.1	0.1	-0.1	0.1
Other comprehensive income that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan	0.0	-0.0	0.1	0.0	-0.0	0.1
Taxes	-0.0	0.0	-0.0	-0.0	0.0	-0.0
Total other comprehensive profit/loss for the period	0.1	-0.1	0.2	0.1	-0.1	0.2
Comprehensive profit for the period	17.1	4.0	13.1	33.8	3.5	30.3
Comprehensive profit for the period attributable to the equity holders of the parent company	17.1	4.0	13.1	33.8	3.5	30.3
Earnings per share for profit attributable to the equity holders of the parent company						
Basic and diluted earnings per share, EUR	0.31	0.07	0.23	0.61	0.06	0.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets	1.8	2.6
Property, plant and equipment	38.2	21.1
Non-current receivables	1.4	0.0
Deferred tax receivables	2.8	0.6
Total non-current assets	44.3	24.3
Current assets		
Inventories	51.6	27.1
Trade receivables	35.4	23.1
Other receivables	2.5	3.9
Prepaid expenses and accrued income	4.2	1.7
Other financial assets	72.4	64.2
Cash and cash equivalents	27.4	9.8
Total current assets	193.5	129.9
TOTAL ASSETS	237.7	154.2

MEUR	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity		
Share capital	0.1	0.1
Reserve for invested unrestricted equity	95.7	95.7
Other reserves	0.0	
Treasury shares	-5.3	-1.4
Translation differences	0.0	-0.1
Retained earnings	8.7	2.8
Profit/loss for the period	33.7	3.6
Total equity	132.9	100.6
Non-current liabilities		
Lease liabilities	20.5	13.3
Provisions	3.8	0.8
Deferred tax liabilities	0.0	0.4
Other liabilities	0.1	0.0
Total non-current liabilities	24.4	14.5
Current liabilities		
Lease liabilities	4.7	2.4
Provisions	10.4	1.6
Advance payments	9.8	5.3
Trade payables	31.7	16.8
Other liabilities	2.1	1.9
Accruals and deferred income	21.7	11.2
Total current liabilities	80.4	39.1
Total liabilities	104.8	53.6
TOTAL EQUITY AND LIABILITIES	237.7	154.2

CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	H2/2023	H2/2022	Change	2023	2022	Change
Cash flow from operating activities						
Profit/loss for the period	17.0	4.1	13.0	33.7	3.6	30.2
Adjustments:						
Depreciation, amortization and impairment	3.9	1.8	2.1	6.5	3.4	3.1
Financial income and expenses	-2.0	-0.1	-1.9	-2.5	1.3	-3.9
Unrealised foreign exchange gains and losses	0.5	0.0	0.5	0.4	0.1	0.4
Income taxes	4.8	1.3	3.5	9.3	1.2	8.1
Share-based payments and other non-cash items	1.5	0.5	1.0	2.3	1.0	1.3
Change in provisions	4.9	1.8	3.1	11.7	2.2	9.5
Gains and losses of disposals of fixed assets	-0.0		-0.0	-0.0		-0.0
Cash flow before changes in working capital	30.7	9.5	21.2	61.5	12.8	48.7
Changes in working capital						
Change in trade and other receivables	-1.3	-11.2	9.9	-14.3	-22.6	8.3
Change in inventories	-11.2	-15.3	4.1	-24.5	-20.8	-3.7
Change in trade payables and short-term liabilities	8.7	15.6	-6.9	28.5	25.7	2.7
Cash flow from operating activities before financial items and taxes	26.9	-1.5	28.4	51.1	-4.8	56.0
Interest and other financial expenses paid	-0.6	-0.2	-0.4	-1.1	-0.5	-0.5
Interest received	0.4	0.0	0.4	0.4	0.0	0.4
Taxes paid	-10.1	-0.1	-10.0	-10.8	-0.1	-10.7
Cash flow from operating activities	16.6	-1.8	18.3	39.7	-5.4	45.1

MEUR	H2/2023	H2/2022	Change	2023	2022	Change
Cash flow from investing activities						
Increase (-)/decrease (+) of other financial assets	-5.0	5.0	-10.0	-5.0	-65.0	60.0
Investments in intangible assets and property, plant and equipment	-5.7	-3.8	-1.9	-9.6	-6.2	-3.4
Proceeds from sale of tangible and intangible assets	0.0		0.0	0.0		0.0
Cash flow from investing activities	-10.6	1.2	-11.9	-14.6	-71.2	56.6
Cash flow from financing activities						
Purchase of treasury shares	-3.8	-1.4	-2.4	-3.8	-1.4	-2.4
Payment of lease liabilities	-2.4	-1.2	-1.2	-3.7	-2.4	-1.3
Cash flow from financing activities	-6.2	-2.6	-3.6	-7.5	-3.8	-3.7
Net change in cash and cash equivalents	-0.3	-3.2	2.9	17.5	-80.4	98.0
Cash and cash equivalents at the beginning of the period	27.6	13.1	14.5	9.8	90.4	-80.6
Effects of exchange rate fluctuations on cash held	0.0	-0.1	0.1	-0.0	-0.2	0.1
Cash and cash equivalents at the end of the period	27.4	9.8	17.5	27.4	9.8	17.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Invested unrestricted equity fund	Other reserves	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 for the period						33.7	33.7
Remeasurement of defined benefit plans						0.0	0.0
Reclassifications			0.0			-0.0	
Currency translation differences				0.1			0.1
Total comprehensive income for the period, net of tax			0.0	0.1		33.7	33.8
Transactions with owners							
Acquisition of treasury shares					-3.8		-3.8
Share-based payments						2.4	2.4
Transactions with owners, total					-3.8	2.4	-1.5
Shareholders' equity 31 Dec 2023	0.1	95.7	0.0	0.0	-5.3	42.4	132.9
Shareholders' equity 1 Jan 2022	0.1	95.7		0.0		1.8	97.5
Profit 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 condensed financial statements

1. Accounting policies for the consolidated financial statements

1.1 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-Okerointentie 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.

1.2 Basis of preparation

The unaudited condensed consolidated financial statements of Kempower Corporation for 12 months ending on 31 December 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 Kempower’s annual consolidated financial statements as of 31 December 2022.

Kempower’s Board of Directors approved these unaudited condensed consolidated financial statements to be published on 13 February 2024.

The 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 condensed consolidated financial statements are consistent with those followed in the preparation of the Kempower’s annual consolidated financial statements for the year ended 31 December 2022.

2. Revenue

REVENUE BY GEOGRAPHICAL REGIONS

MEUR	Q4/2023	Q4/2022	Change %	H2/2023	H2/2022	Change %	2023	2022	Change %
Nordics*	30.9	18.0	72%	63.0	37.2	69%	114.1	57.8	97%
Rest of Europe	44.1	16.3	170%	78.3	29.1	169%	144.2	40.7	254%
North America	5.4	1.2	343%	8.7	1.5	491%	11.3	1.6	612%
Rest of the World	2.3	2.3	2%	5.4	2.7	101%	14.0	3.5	303%
Total	82.8	37.8	119%	155.4	70.5	120%	283.6	103.6	174%

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

REVENUE BY RECOGNITION TYPES

MEUR		Q4/2023	Q4/2022	H2/2023	H2/2022	2023	2022
Products	Point in time	81.3	36.7	152.9	69.3	279.1	102.0
Services	Over time	1.5	1.1	2.5	1.2	4.5	1.7
Total		82.8	37.8	155.4	70.5	283.6	103.6

3. Fixed assets

INTANGIBLE ASSETS

MEUR	Intangible rights	Capitalized development costs	Other intangible assets	Total
31 Dec 2023				
Carrying amount at the beginning of the period	0.4	0.5	1.7	2.6
Additions	0.2		0.0	0.2
Amortizations and impairment	-0.1	-0.2	-0.7	-1.0
Carrying amount at the end of the period	0.5	0.3	1.0	1.8
Cost at the end of the period	0.7	1.1	1.8	3.6
Accumulated amortizations and impairment	-0.2	-0.8	-0.8	-1.8
Carrying amount at the end of the period	0.5	0.3	1.0	1.8
31 Dec 2022				
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	Machinery and equipment	Other tangible assets	Prepayments and work in progress	Right-of-use assets	Total
31 Dec 2023					
Carrying amount at the beginning of the period	4.3	0.0	1.3	15.5	21.1
Additions	4.8	4.0	0.6	13.4	22.8
Disposals	-0.0	-0.0		-0.0	-0.0
Depreciations and impairment	-1.1	-0.2		-4.2	-5.5
Translation differences	-0.0	-0.1		-0.1	-0.2
Carrying amount at the end of the period	8.0	3.8	1.9	24.5	38.2
Cost at the end of the period	9.8	4.1	1.9	32.3	48.1
Accumulated depreciations and impairment	-1.7	-0.2		-7.7	-9.7
Translation differences	-0.0	-0.1		-0.1	-0.2
Carrying amount at the end of the period	8.0	3.8	1.9	24.5	38.2
31 Dec 2022					
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	-0.0			-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	19.0	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, 31 Dec 2023	Buildings	Machinery and equipment	Total
Carrying amount at the beginning of the period	14.1	1.4	15.5
Additions	10.6	2.8	13.4
Disposals		-0.0	-0.0
Depreciations and impairment	-3.2	-1.0	-4.2
Translation differences	-0.1	0.0	-0.1
Carrying amount at the end of the period	21.4	3.1	24.5

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

4. Financial assets and liabilities by category

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

MEUR, 31 Dec 2023	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets							
Non-current deposits		1.4	1.4	1.4			
Current financial assets							
Trade receivables		35.4	35.4	35.4			
Other receivables		2.5	2.5	2.5			
Derivatives	0.4		0.4	0.4		0.4	
Other financial assets	72.4		72.4	72.4	72.4		
Cash and cash equivalents		27.4	27.4	27.4			
Total financial assets	72.9	66.7	139.5	139.5	72.4	0.4	
Non-current financial liabilities							
Non-current lease liabilities		20.5	20.5	20.5			
Current financial liabilities							
Current lease liabilities		4.7	4.7	4.7			
Trade payables		31.7	31.7	31.7			
Derivatives	0.3		0.3	0.3		0.3	
Other non-interest-bearing liabilities		2.1	2.1	2.1			
Total financial liabilities	0.3	59.0	59.3	59.3		0.3	

MEUR, 31 Dec 2022	Fair value through profit or loss	Amortized 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		1.9	1.9	1.9			
Total financial liabilities		34.3	34.3	34.3			

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 amortized cost.

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

5. 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 significant influence or 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 significant influence or control.

Business transactions between Kempower and Kemppi Group are presented as related party transactions. Such related party transactions include purchases of materials and administration services from Kemppi Group companies and premises leased from Kemppi Group companies. Commitments related to future purchases from Kemppi Oy are also 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 following table.

MEUR	H2/2023	H2/2022	2023	2022
Sales and purchases of goods and services to and from Kemppi Group companies				
Products sold	0.3	0.3	0.4	0.3
Purchased materials	-21.4	-17.1	-44.1	-26.5
Purchased administration and support services	-0.0	-0.7	-0.1	-1.2
Office and facility lease	-1.2	-1.2	-2.3	-2.3
Sales and purchases of goods and services to and from other related parties				
Purchased services		-0.0		-0.0
Products sold		0.0		0.0

MEUR	31 Dec 2023	31 Dec 2022
Outstanding balances with Kemppi Group companies		
Trade and other receivables	0.2	0.2
Total current receivables	0.2	0.2
Total non-current liabilities		
Lease liabilities	11.6	11.6
Total non-current liabilities	11.6	11.6
Total current liabilities		
Lease liabilities	1.5	1.1
Trade and other payables	6.7	6.8
Other current liabilities		2.1
Total current liabilities	8.2	10.0
Commitments to Kemppi Group companies		
Purchase commitments	4.4	6.6
Total commitments	4.4	6.6

6. Commitments

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

MEUR	31 Dec 2023	31 Dec 2022
Purchase commitments to Kemppi Group companies	4.4	6.6
Purchase commitments to other companies	10.1	
Commitment to a lease commencing in 2024	2.2	
Guarantees given on own behalf	1.4	0.0
Total	18.1	6.7



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