

# Remuneration report

## Letter from the Chair of the Nomination and Remuneration Committee



Dear Shareholders,

I am pleased to present Kempower's Remuneration Report for the financial year 2024. The report has been reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors. Shareholders will make an advisory decision on the adoption of the remuneration report at the company's Annual General Meeting in May 2025.

Remuneration at Kempower is based on the remuneration policy, which was last presented for an advisory decision on the Annual General Meeting in 2022. The company's remuneration policy is guided by fairness, competitiveness and the implementation of company's growth strategy. We aim to give all Kempowerians an inspiring workplace and equal opportunity to develop their competencies and do meaningful work in promoting green transition. Our remuneration practices aim at aligning the interests of employees with shareholders and share savings plan established in December 2023 encourages all Kempowerians to acquire and own shares at the company.

In 2024, the Nomination and Remuneration Committee undertook several key tasks to enhance

the company's overall remuneration strategy. These tasks included benchmarking the company's remuneration practices, setting targets and remuneration levels for the Global Leadership Team, and establishing both short- and long-term incentive schemes for 2025. Additionally, the Committee focused on succession planning for critical Leadership Team and Board appointments and implemented an employee share savings plan.

At the end of 2023, we introduced an environmental, social, and governance (ESG) metric to our long-term incentive program starting in 2024. This addition, alongside our total shareholder value and revenue targets, underscores our commitment to ESG goals that support long-term shareholder value creation for Kempower.

To further support Kempower's international growth and attractiveness as an employer, the Board approved a new restricted share unit plan. The Committee also played a crucial role in supporting management with talent planning to achieve the company's growth targets. Furthermore, we continued to collaborate with management on initiatives related to diversity, equity, inclusion, and belonging (DEIB) and company culture.

For Kempower, 2024 was a challenging year. In order to get back to profitability and growth track, Kempower was forced to conduct negotiations leading to employee reductions during the summer of 2024. Despite the headwinds of 2024, our long-term strategy is intact. I want to thank every Kempower employee for the hard work and implementation of our strategy in 2024. We are at the forefront of the green transition in e-mobility.

**Tuula Ryttilä,**  
Chair of the Nomination and Remuneration Committee

# 1. Introduction

This remuneration report for 2024 is prepared in accordance with the Finnish Corporate Governance Code 2020 (the "Corporate Governance Code"). In this report, Kempower presents the salaries, fees and other financial benefits paid to the members of the Company's Board of Directors and the CEO during the financial year 2024 and due on the basis of the financial year 2024. In addition, the report describes the decision-making on remuneration and the key principles governing it at Kempower.

## Description of the decision-making process

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

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

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

The Board of Directors decides on the remuneration of the CEO and other members of the Leadership Team and the grounds for it. The remuneration of the CEO and the members of the Leadership Team consists of a monthly salary, benefits, an annual bonus and long-term share-based incentive program. In addition, all Kempower employees are included in an annual bonus program (short-term incentive) that includes company-level targets as well as individual targets. In addition, both the management and all employees can participate in Kempower's long-term share savings program.

## Remuneration principles 2024

In accordance with its remuneration policy, Kempower targets to reward its executives in a way that encourages and commits them to execution of the Company's strategy and the creation of shareholder value. Rewarding and remuneration development are assessed on the basis of the Company's success, general economic development and the industry's remuneration practices. In addition to a fixed salary, the key remuneration principle is performance-based variable compensation elements. Kempower's total remuneration consists of the following:

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

During the financial year 2024, the remuneration policy was followed in the remuneration of the Board of Directors and the CEO. With regard to the performance bonus paid to the CEO during 2024, which was

however based on the 2023 financial period, the terms of the previous bonus system based on the achievement of 2023 goals was followed. The matter is also discussed in more detail below in section 3. It was not resolved to defer, deny, or recover all or part of the remuneration of the members of the Board of Directors or the CEO.

## Remuneration and business development 2020–2024

The table below describes how the remuneration paid to the members of Kempower's Board of Directors and CEO has developed proportionally during its previous financial years compared to the development of the average remuneration of the Kempower Group's employees and the financial development of the Kempower Group during the same period.

The Company's financial development is expressed by presenting the development of the Kempower Group's revenue and order intake between the financial years 2020–2024. Kempower was listed on the First North Growth Market Finland in December 2021 and transferred to Main List of Nasdaq Helsinki in June 2024.

	2024	2023	2022	2021	2020
Board fees EUR	515,175	327,674	245,375	217,792	12,000
CEO fees EUR	477,608	493,456	361,085	192,792	135,384
Remuneration of employees (average)* EUR	75,190	70,845	68,196	74,431	64,758
Revenue TEUR	223,697	283,614	103,644	27,400	3,252
Order intake TEUR	218,339	275,305	208,891	37,388	7,092

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

## 2. Board remuneration during the financial year 2024

Kempower Corporation's Annual General Meeting decided on March 27, 2024 that the Chair of the Board will be paid EUR 100,000 per year, the Deputy Chair EUR 80,000 per year and the other members of the Board EUR 60,000 per year. Entitlement to the Board's annual fee accrues over time and is paid in equal monthly instalments (annual fee / 12). 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 700 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 double (EUR 1,400) 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 triple (EUR 2,100) 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.

Travel expenses are reimbursed in accordance with Kempower's travel policy.

### Remuneration paid to members of the Board of Directors

#### during the financial year 1.1.–31.12.2024:

Board Member	Annual fees (EUR)	Meeting fees	Total annual fees (EUR)
Vesa Laisi, Chair of the Board	88,125	10,000	98,125
Tero Era, Board Member*	8,750	3,000	11,750
Kimmo Kemppi, Board Member*	8,750	3,000	11,750
Teresa Kemppi-Vasama, Board Member	53,750	10,000	63,750
Antti Kemppi, Vice Chair of the Board	71,250	10,000	81,250
Olli Lauren, Board Member	53,750	21,600	75,350
Eriikka Söderström, Board Member	62,500	9,500	72,000
Tuula Ryttilä, Board Member	57,500	8,800	66,300
Barbara Thierart-Perrin, Board Member**	30,000	4,900	34,900
<b>Total</b>	<b>434,375</b>	<b>80,800</b>	<b>515,175</b>

\*member of the Board until March 2024

\*\*member of the Board since July 2024

In addition, the Chair of the Audit Committee is paid EUR 10,000 per year in addition to the Board fee and the Chair of the Nomination and Remuneration Committee is paid EUR 5,000 per year.

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

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

## 3. Remuneration of the CEO during the financial year 2024

### Fees paid during the financial year 2024

The remuneration of Kempower Corporation's CEO Tomi Ristimäki in the financial year January 1, 2024–December 31, 2024 consisted of a base salary, fringe benefits and an annual bonus related to the achievement of business objectives.

The CEO is part of Kempower's general annual bonus program. In the financial year 2024, the CEO was paid a performance bonus based on the achievement of the targets under the 2023 bonus program, in

accordance with the Board's assessment and decision. Based on the 2023 bonus plan the CEO's STI percentage was 25 percent in a target level and 50 percent in a maximum level.

The targets of the yearly bonus from 2023 were based on Kempower Group's revenue and order backlog, total weight 70% of targets, and Product Gross Profit Margin, total weight 30% of targets. Due to a highly successful financial year 2023, both targets were achieved on a maximum 200% level, followed by a maximum performance bonus of EUR 130,608 paid to the CEO in April 2024, corresponding to 4.8 months' basic salary.

The total compensation of the CEO and other leadership team members of Kempower was widely benchmarked at the end of 2023 against both Finnish mid-cap and large-cap companies market data, and consequently both the base salary and STI percentage were increased for the CEO in the beginning of 2024. Based on the company's and individual performance, and the benchmark data CEO's base salary was increased by 21% and the STI maximum percentage from 50% to 100% for the year 2024.

## Remuneration and benefits paid to the CEO during the financial year 1.1.2024–31.12.2024

Fixed basic salary EUR/year	Fringe benefits, EUR/year		Changing components of remuneration, EUR/year	CEO remuneration EUR/year
	Car benefit	Phone benefit	Performance bonus based on the year 2023	Total
330,380	16,380	240	130,608	477,608

The fixed annual salary and fringe benefits paid to the CEO in 2024 accounted for 72.6% of the total remuneration, the short-term incentive bonuses paid accounted for 27.3%. No long term incentives were paid during 2024.

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

CEO's annual fixed base salary with fringe benefits for 2025 will remain the same as in 2024, EUR 342,000 and the STI percentage for 2025 bonus plan is increased to 60 percent in a target level and 120 percentage in a maximum level. Salary is based on a market comparison with the remuneration of CEOs in similar positions in stock listed companies.

## Fees payable in the financial year 2025 based on the financial year 2024

The CEO was part of Kempower's short-term incentive (STI) plan, under which the performance bonus will be paid in April 2025. Based on the 2024 bonus plan the STI percentage was 50 percent in a target level and 100 percentage in a maximum level. A total amount of approximately EUR 48,843 will be paid to the CEO as a bonus, which corresponds to a fixed base salary of 1.8 months.

The targets of the annual bonus to be paid to the CEO on the basis of the financial year 2024 were based on the Kempower Group's revenue and order backlog, total weight 70% of targets, North American revenue and order backlog with 15% weight and product gross profit margin with 15% weight of total targets. Both Group's and North American Revenue and Order backlog targets ended up below minimum threshold, end result being 0%. Product Gross Profit Margin was achieved with maximum 200% result leading to a bonus payout of 15% out of maximum.

## CEO STI Targets

Performance period	Payable	Performance metrics	Weight	Result
2023	2024	Revenue + Order backlog on 31.12.2023	70 %	200 %
		Gross Margin, products	30 %	200 %
2024	2025	Revenue + Order backlog on 31.12.2024	70 %	0
		North America Revenue + Order backlog on 31.12.2024	15 %	0
		Gross Margin, products	15 %	200 %

The performance bonus to be paid to the CEO for the financial year 2024 is based on the Board's assessment and decision on the achievement of targets.

## Other benefits

### Personnel Offering

In October 2021, the company carried out a directed share issue made in deviation from the shareholders' pre-emptive subscription rights to engage personnel of Kempower by issuing 5,789 new shares in a Personnel Offering. The subscription price in the personnel offering was EUR 100.00 per share before the share issue without consideration registered on 26 November 2021, in which for each existing share, 53 new shares were given. Amount of shares which CEO subscribed, after the share issue without consideration, was 15 768. The members of Kempower's personnel including CEO who participated in the personnel offering have signed a shareholder agreement in which they have, among others, committed to sell their shares to the company if their employment with Kempower ends in certain situations and committed to a lock-up period based on which they could not sell, transfer, donate or pledge the shares subscribed by them without a permission granted by the Board of Directors of the company until 31 December 2024.

### Share-based incentive plan 2022–2024 (PSP)

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

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

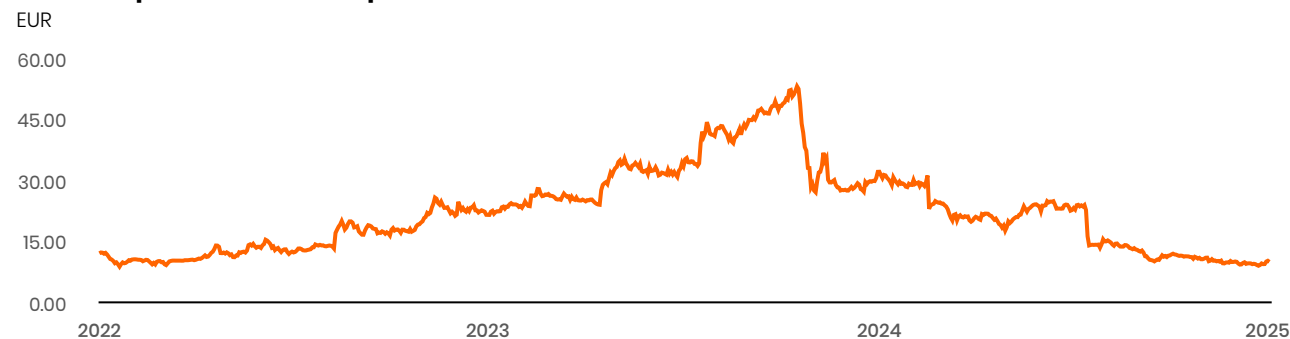
During the performance period 2022–2024, the rewards are based on the Total Shareholder Return of the Kempower share in 2022–2024 and Group Revenue in 2024. The value of the maximum rewards to be paid on the CEO will correspond to a total of approximately 14,000 Kempower's shares including also the cash proportion. The final achievement of the plan after the performance period is 64% of the maximum allocation.

### Share-based incentive plan 2023–2025 (PSP)

In 2023 the Board of Directors of Kempower decided to continue share-based incentive plan with new three-year period 2023–2025. The aim aim of the plan which is part of LTI remuneration 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 program is for company's management and key employees.

The Performance Share Plan 2023–2025 consists of a three year performance period, covering the financial years of 2023–2025. 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 CEO will correspond to a total of approximately 12,400 Kempower's shares including also the cash proportion.

## Share price development



### Share-based incentive plan 2024–2026 (PSP)

In December 2023 the Board of Directors of Kempower decided to continue share-based incentive plan with new three-year period 2024–2026. The aim of the plan which is part of LTI remuneration 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 program is for company's management and key employees.

The Performance Share Plan 2024–2026 consists of a three year performance period, covering the financial years of 2024–2026. 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 on the CEO will correspond to a total of approximately 14,000 Kempower's shares including also the cash proportion.

### Share-based incentive plan 2025–2027 (PSP)

In February 2025 the Board of Directors of Kempower decided to continue share-based incentive plan with new three-year period 2025–2027. The aim of the plan which is part of LTI remuneration 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 program is for company's management and key employees.

The Performance Share Plan 2025–2027 consists of a three year performance period, covering the financial years of 2025–2027. During the performance period, the rewards are based on the Absolute Total Shareholder Return (TSR) of the Kempower share in 2025–2027, Group Revenue in 2025–2027 and CO2 emission reduction / Revenue. The value of the maximum rewards to be paid will correspond to a total of approximately 675,000 Kempower's shares including also the cash proportion.

Plan	Payout year	Performance metrics	Weight	Result
PSP 2022–2024	2025	Total Shareholder Return	50 %	3 %
		Revenue at the end of 2024	50 %	125%*
PSP 2023–2025	2026	Total Shareholder Return	40 %	
		Cumulative Revenue 2023–25	60 %	
PSP 2024–2026	2027	Total Shareholder Return	30 %	
		Cumulative Revenue 2024–26	60 %	
		ESG: -CO2 emission/ EUR Revenue	10 %	
PSP 2025–2027	2028	Total Shareholder Return	30 %	
		Cumulative Revenue 2025–27	60 %	
		ESG: -CO2 emission/ EUR Revenue	10 %	

\* target 50%, max 100%, extraordinary supermaximum in 2022–24 plan 125%, not implemented in other plans

2021	2022	2023	2024	2025	2026	2027
	Share Issue Restriction period					
	PSP 2022–2024					
		PSP 2023–2025				
			PSP 2024–2026			
				PSP 2025–2027		

### **Employee Share Savings Plan**

In 2023 the Board of Directors of Kempower decided to establish an Employee Share Savings Plan for all Kempower and its subsidiaries employees. The objective of the Employee Share Savings Plan is to offer the employees of Kempower Group an opportunity to invest a part of their regular salary in Kempower shares. By encouraging the employees to purchase and own the company's shares the company is pursuing to strengthen the connection of interests between the employees and the shareholders, and to increase the employees' motivation and commitment to the company.

The Employee Share Savings Plan 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 and management 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 consistently and invest those savings in Kempower shares. After three-year saving period the Company rewards for the commitment by granting the participating employees a gross award of one matching share for every two (2) savings shares acquired with their savings.

In 2024 the Board of Directors of Kempower decided on a possibility for the participants to invest their short-term incentive (STI) to the second plan period in addition to the savings made from their salaries.

### **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. In February 2025 the Board of Directors decided to increase the maximum allocation up to 100,000 shares.

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.

### **Termination, severance pay and pension**

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

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

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