

KEMPOWER Corporation

Business Review

1 January–31 March 2023



Kempower Corporation Business Review, 1 January–31 March 2023 (unaudited)

January–March 2023 highlights

(comparison figures in parenthesis January–March 2022)

- Order backlog increased to EUR 124.4 million (EUR 29.1 million)
- Order intake increased to EUR 61.4 million (EUR 26.9 million)
- Revenue increased by 385% to EUR 55.8 million (EUR 11.5 million)
- Revenue outside Nordics increased to 62% (29%) of revenue
- Gross profit margin was 50.8% (48.3%)
- Operative EBIT increased to EUR 6.9 million (EUR -1.0 million), 12.4% of revenue (-8.6%)
- Cash flow from operating activities was EUR 2.5 million (EUR -2.0 million)
- Amount of personnel at the end of the period grew to 465 (176)

KEY FIGURES

MEUR	Q1/2023	Q1/2022	2022
Order backlog	124.4	29.1	118.9
Order intake	61.4	26.9	208.9
Revenue	55.8	11.5	103.6
Revenue growth, %	385%	393%	279%
Gross profit	28.4	5.6	48.2
Gross profit margin, %	50.8%	48.3%	46.5%
EBITDA	7.9	-0.2	9.5
EBITDA margin, %	14.2%	-2.0%	9.2%
Operating profit/loss (EBIT)	6.8	-1.0	6.1
EBIT margin, %	12.3%	-8.6%	5.9%
Operative EBIT	6.9	-1.0	6.7
Operative EBIT margin, %	12.4%	-8.6%	6.4%
Profit/loss for the period	5.6	-1.1	3.6
Equity ratio, %	62.2%	77.7%	67.5%
Cash flow from operating activities	2.5	-2.0	-5.4
Investments	1.6	0.6	6.2
Net debt	-58.6	-71.5	-58.4
Items affecting comparability	0.1		0.6
Earnings per share, basic, EUR	0.10	-0.02	0.06
Earnings per share, diluted, EUR	0.10	-0.02	0.06
Headcount end of period	465	176	375

New outlook for 2023

Kempower gave a positive profit warning on 14 April 2023 and raised its profit guidance for 2023.

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

Kempower expects:

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

Previous outlook for 2023

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

Kempower expects:

- 2023 revenue; EUR 180–210 million (2022 revenue: EUR 104 million), assuming no major impact of foreign currency exchange rates
- 2023 operative EBIT; a positive single digit operative EBIT margin, %.

New financial targets

The Board of Directors resolved on Kempower's financial targets on 19th of 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 Q1 RESULTS:

Strong first quarter in 2023

Kempower's growth accelerated and results were strong in the first quarter of 2023. Our revenue grew by 385% reaching EUR 56 million driven by strong growth in the all four geographical regions. Our order intake reached EUR 61.4 million and our operative EBIT margin reached high level of 12.4%, due to a good sales mix and the fact that our recruitment activity proceeded slightly slower than planned. The North America investment did not yet impact on our profitability.

We have updated our growth strategy, and refined Europe and North America DC charging market forecast until 2030. We also set our new financial targets for the years 2026–2028. According to our new estimate, DC charging market in Europe and North America will grow to EUR 14 billion until year 2030. Electrification is taking a major step in the trucks and we expect the commercial vehicle DC charging to bypass the private car DC charging in terms of market size. Our target by 2030 is to reach top 5 market position in Europe and North America in the DC charging markets.

We have continued to expand and strengthen our sales network. In the private car charging, we secured an order of over EUR 5 million from a large new customer in the United Kingdom. Additionally, we embarked on a new pilot program with Allego, one of Europe's leading charge point operators. Moreover, we entered into a comprehensive agreement with TSG, the foremost provider of technical services for mobility in both Europe and Africa, covering a total of 32 countries.

During Q1 2023, we achieved a significant milestone in commercial vehicle charging with the successful start of the largest electric bus depot in the Nordics, located in the Danish city of Aalborg. The state-of-the-art facility is equipped with Kempower fast chargers capable of servicing up to 100 electric buses, with a total power output of 4 MW. The charging process is optimized and monitored through the use of our cutting-edge technology, the Kempower ChargeEye Depot Master. This accomplishment is a testament to our technological leadership in the DC charging market for commercial vehicle fleets, as we have now been selected as the supplier to the largest electric bus depots in the Nordic countries for two consecutive years. Furthermore, we secured a new order from Scania, which highlights our continued expansion into the fast-charging technology market for commercial vehicles.

We also announced the establishment of our North American operations and production facility in Durham, North Carolina in the first quarter of 2023. This planned investment, totaling around USD 40 million over the next five years, will bring roughly 300 new jobs in the region. The new EV charger manufacturing facilities offer over 14,000 square meters of space for our operations. The Durham-Raleigh area, which hosts the renowned Research Triangle Park, one of the largest research parks in the US, boasts a vibrant ecosystem of high-quality universities, such as Duke University, NC State University, and UNC. The extensive and high-quality local technology scene makes the area very attractive to technology companies like ours. Our goal is to start the production of our NEVI-compatible DC chargers at the new

facility by the end of this year. This strategic move marks a significant step towards expanding our global footprint and reinforces our commitment to delivering cutting-edge charging solutions to customers across the world.

We have also made significant progress in scaling up our production and supply chain operations in Finland. With our increased capacity, we have successfully reduced lead times, enabling us to better serve our customers with greater efficiency than ever before. Additionally, the ramp-up of our new sub-assembly line in our second site at Lahti is on track, which will further augment our production capacity this year. The availability of electronic components has improved from the previous year, but we still see availability risks with certain components.

In line with our growth strategy, we are currently exploring various options to expand our production capacity in Europe. Our goal is to have this new capacity operational during years 2024 and 2025.

We had a very promising start to the year thanks to fantastic Kempowerians and our customers. Our updated strategy positions us strongly to grow our DC charging business globally in collaboration with our customers.

Our aim is to ensure that we continue to provide exceptional value to our stakeholders, while delivering on our long-term vision of creating a more sustainable world through our innovative charging solutions. I wish an electric spring and good charging experiences to all our stakeholders.

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 61.4 (26.9) million in the first quarter of 2023. We have removed an order of EUR 5 million from the order backlog. The reason for the removal was customer's financial difficulties.

Kempower reports revenue according to geographical regions below:

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

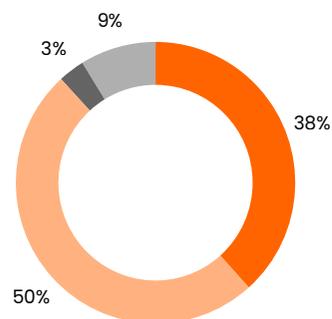
Revenue

REVENUE BY GEOGRAPHICAL REGIONS

MEUR	Q1/2023	Q1/2022	Change %	2022
Nordics*	21.4	8.2	161%	57.8
Rest of Europe	27.8	3.3	754%	40.7
North America	1.7			1.6
Rest of the World	4.9	0.0	12,262%	3.5
Total	55.8	11.5	385%	103.6

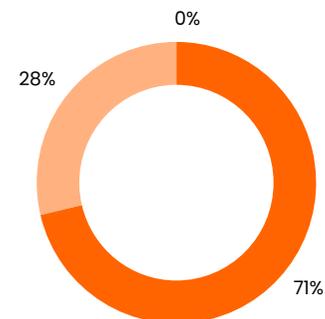
*Nordics includes Finland, Sweden, Norway, Denmark and Iceland.

REVENUE Q1/2023



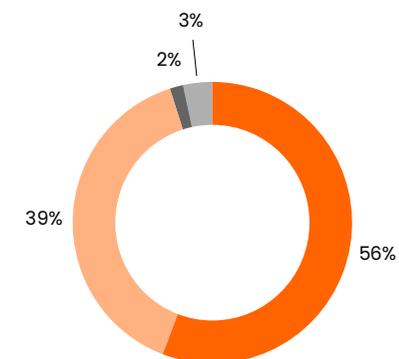
■ Nordics 21.4 MEUR
■ Rest of Europe 27.8 MEUR
■ North America 1.7 MEUR
■ Rest of the World 4.9 MEUR

REVENUE Q1/2022



■ Nordics 8.2 MEUR
■ Rest of Europe 3.3 MEUR
■ Rest of the World 0.0 MEUR

REVENUE 2022



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

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

Kempower's revenue for the first quarter of 2023 amounted to EUR 55.8 (11.5) million. Revenue increased by 385 percent compared to the first quarter of 2022.

Kempower's charging solutions have been delivered to almost 50 countries globally. Kempower's main geographical markets include the Nordics, which accounted for 38 (71) percent of Kempower's revenue for the first quarter of 2023, and the Rest of Europe, which accounted for 50 (28) percent of Kempower's revenue for the first quarter of 2023. North America accounted for 3 (-) and the rest of the World 9 (0) percent of Kempower's revenue for the first quarter of 2023.

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

Profitability

Kempower's operative EBIT for the first quarter of 2023 amounted to EUR 6.9 (-1.0) million. Operative EBIT increased by EUR 7.9 million, as compared to the first quarter of 2022. The increase in profit was mainly driven by strong demand in all customer groups, good sales mix and recruitment activity proceeding slower than planned.

Kempower's operating profit (EBIT) for the first quarter of 2023 amounted to EUR 6.8 (-1.0) million. Operating profit (EBIT) increased by EUR 7.8 million, as compared to the first quarter of 2022. Items affecting comparability for the first quarter of 2023 amounted to EUR 0.1 (-) million and related to expenses of establishing operations in the USA.

Cash flow and balance sheet

Kempower's cash flow from operating activities amounted to EUR 2.5 (-2.0) million in the first quarter of 2023. Increase was mainly due to improved profitability. Changes in working capital impacted cash flow from operating activities by EUR -11.1 (-2.0) million.

Kempower's total assets on the balance sheet on 31 March 2023 were EUR 177.9 (126.4) million.

Kempower's equity ratio on 31 March 2023 was 62.2% (77.7%). Net debt on 31 March 2023 amounted to EUR -58.6 (-71.5) million. The increase in net debt was mainly due to decrease in cash and cash equivalents driven by increased business volumes.

ITEMS AFFECTING COMPARABILITY

MEUR	Q1/2023	Q1/2022	2022
Expenses related to establishing operations in the United States presented in other operating expenses	0.1		0.6
Total	0.1		0.6

Calculation of key figures

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



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