



Kempower Corporation Business Review, 1 January - 31 March 2023 (unaudited): Strong first quarter in 2023

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Kempower Corporation, Company Release, April 20, 2023, at 9.30 a.m. EEST

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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	0.0	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 between 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.

Kempower's Capital Markets Day 2023

Kempower will arrange a Capital Markets Day for investors, analysts and media today Thursday, 20 April 2023 at 1 pm (EEST). You can follow the webcast at <http://kempower.worksup.com>.

At the event, the Kempower management team will give an update on the future of the company's business including its strategy and targets, and present Kempower's Business Review for January 1-March 31, 2023.

This release is a summary of Kempower's Business Review for 1 January – 31 March 2023. The complete report is attached to this release and available at <https://investors.kempower.com>.

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About Kempower:

We design and manufacture reliable and user-friendly DC fast charging solutions for electric vehicles. Our vision is to create the world's most desired EV charging solutions for everyone, everywhere. Our product development and production are based in Finland, with a majority of our materials and components sourced locally. We focus on all areas of e-mobility, from electric cars, trucks, and buses to machines and marine. Our modular and scalable charging system and world-class software are designed by EV drivers for EV drivers, enabling the best user experience for our customers around the world. Kempower is listed in the Nasdaq First North Growth Market Finland. www.kempower.com

Attachments

- [Download announcement as PDF.pdf](#)
- [Kempower Business Review Q1-2023 EN.pdf](#)