

## Kempower Corporation Business Review, 1 January - 30 September 2023 (unaudited): Solid profitable quarter

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Kempower Corporation, Company release, 19.10.2023 at 9:30 am EEST

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### July-September 2023 highlights, IFRS (comparison figures in parenthesis July-September 2022)

- Order backlog increased to EUR 126.7 million (EUR 95.1 million) at end of Q3
- Order intake was EUR 60.9 million (EUR 65.4 million)
- Revenue increased by 122% to EUR 72.6 million (EUR 32.7 million)
- Revenue outside the Nordics increased to 56% (41%) of revenue
- Gross profit margin was 52.9% (46.2%)
- Operative EBIT increased to EUR 14.4 million (EUR 2.4 million), 19.8% of revenue (7.3%)
- Profit for the period was EUR 11.7 million (EUR 1.6 million)
- Cash flow from operating activities was EUR 15.9 million (EUR 6.7 million)
- Amount of personnel at the end of the period grew to 619 (307)

### January-September 2023 highlights, IFRS (comparison figures in parenthesis January-September 2022)

- Order intake increased to EUR 208.6 million (EUR 147.2 million)
- Revenue increased by 205% to EUR 200.8 million (EUR 65.8 million)
- Gross profit margin was 51.7% (46.2%)
- Operative EBIT increased to EUR 35.1 million (EUR 3.2 million), 17.5% of revenue (4.9%)
- Profit for the period increased to EUR 28.4 million (EUR 1.0 million)
- Cash flow from operating activities was EUR 39.0 million (EUR 3.0 million)

### IFRS KEY FIGURES

MEUR	Q3/2023	Q3/2022	1-9/2023	1-9/2022	2022
Order backlog	126.7	95.1	126.7	95.1	118.9
Order intake	60.9	65.4	208.6	147.2	208.9
Revenue	72.6	32.7	200.8	65.8	103.6
Revenue growth, %	122%	227%	205%	247%	279%
Gross profit	38.4	15.1	103.8	30.4	48.2
Gross profit margin, %	52.9%	46.2%	51.7%	46.2%	46.5%

EBITDA	16.0	3.2	39.3	5.6	9.5
EBITDA margin, %	22.0%	9.8%	19.6%	8.5%	9.2%
Operating profit (EBIT)	14.3	2.4	35.0	3.2	6.1
EBIT margin, %	19.7%	7.3%	17.4%	4.9%	5.9%
Operative EBIT	14.4	2.4	35.1	3.2	6.7
Operative EBIT margin, %	19.8%	7.3%	17.5%	4.9%	6.4%
Profit for the period	11.7	1.6	28.4	1.0	3.6
Equity ratio, %	58.3%	69.8%	58.3%	69.8%	67.5%
Cash flow from operating activities	15.9	6.7	39.0	3.0	-5.4
Investments	2.8	1.6	6.7	4.0	6.2
Net debt	-81.0	-69.8	-81.0	-69.8	-58.4
Items affecting comparability	0.0		0.1		0.6
Earnings per share, basic, EUR	0.21	0.03	0.51	0.02	0.06
Earnings per share, diluted, EUR	0.21	0.03	0.51	0.02	0.06
Headcount end of period	619	307	619	307	375

## OUTLOOK FOR 2023 (updated)

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

Outlook has been specified regarding 2023 operative EBIT margin, %.

New outlook:

- 2023 revenue; EUR 280–310 million, assuming no major impact from foreign currency exchange rates (revenue 2022: EUR 104 million),
- 2023 operative EBIT margin, %; over 14%

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

Previous outlook:

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

## 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 Q3/23 RESULTS:**

### *Solid profitable quarter*

Kempower's strong performance continued as we delivered a solid third quarter for the year 2023. We recorded a record high revenue of EUR 72.6 million even with EUR 10 million of UK revenue being shifted to Q4 due to cross-border logistical delays in customer deliveries. Order intake was EUR 60.9 million and impacted by fluctuation of orders between the quarters and the fact we improved our lead times over 25 % compared to H1 2023 reducing customers' needs for extra inventory. The energy charged through Kempower chargers grew from 18,000 MWh in Q3 of 2022 to 50,000 MWh in Q3 of 2023 which indicates increased usage of Kempower charging solutions. Operative EBIT margin was very strong 19.8% and cash flow generation was positive. The current level of operative EBIT does not yet fully reflect the full costs arising from the North America expansion.

During the quarter we continued executing our growth strategy by expanding our customer base. We signed a sales and service agreement with GP Joule Connect, a leading e-mobility and charging solutions provider covering Germany, Denmark, Austria, and Poland. We also took important steps in advancing the electrification of heavy-duty vehicles when we received the largest order so far for truck charging from Milence which is one of the leading truck CPOs in Europe (joint venture between Daimler Trucks, the Traton Group and the Volvo Group). This significant order is an excellent indication of the truck customer's trust in our technology. We also supplied fast-charging solutions for WattHub in the Netherlands, the world's largest fast-charging plaza for electric trucks and off-highway vehicles. After the review period we published Kempower's Megawatt Charging System for electric trucks and electric vehicles using power above one megawatt. The deliveries for the new system will start in the first quarter of 2024.

In North America we have been working hard to set up our organization and operations to fully serve the North American customers in 2024. We have witnessed increasing interest towards Kempower's charging solutions and as a result the sales pipeline has developed very well and order intake from North America has also started to pick up. During the quarter, we expanded our presence in the continent by deploying Kempower EV fast charging solutions to Canada for the first time. Our new President, North America, Tim Joyce joined Kempower during Q3 and started to lead our North America expansion. I am also very satisfied with our revenue from North America that represented 5% of our total revenue.

In our European market we reached a significant milestone when Kempower received the German Eichrecht certification. The certification enables Kempower to deploy chargers for public EV charging in Germany and Austria. Germany is one of the fastest EV adopters in Europe and provides huge market opportunity for us. We already have a sales office in Germany and our regional team is ready to answer the market demand. During Q3 we have partnered with one of Europe's largest operators of energy networks and energy infrastructure, to deliver charging infrastructure across Germany and the Nordics.

Our Research, Development and Innovation front had an important milestone in Q3 when we opened our new facilities in Vaasa, Finland, focusing on the development of high-power charging for heavy-duty vehicles. We have also expanded our RDI center in Tampere, Finland, and progressed in our cooperation with LUT university to open the Kempower Electric Mobility Research Center (EMRC). EMRC is scheduled to open by the end of 2023.

Our growth ambitions are increasingly high and as we have communicated in our half-year financial report, we will open a new factory in Lahti, Finland during 2024. To further support our growth ambitions, Kempower and the City of Lahti signed a growth agreement which aims to address and anticipate Kempower's needs for rapid growth and to ensure the timing and scale of the solutions provided by the City of Lahti.

Kempower's journey has been fast paced and eventful, but we have only just begun the transition towards electric future. The share of EVs from the total vehicle base in the US and in Europe in August 2023 were only around 1.4% and 2% respectively. These numbers give perspective of the road ahead of us and how much there is work to do and potential to realize. I am confident that Kempower will play a central role in the electric future.

The EV charging industry is evolving extremely rapidly, and we will continue to seek strong growth in a profitable manner going forward. In that context, we have found several new growth initiatives and we are at the same time evaluating financing alternatives, in addition to our positive operational cash flows and available liquidity, to deliver on the ever-evolving opportunities under the current growth strategy.

Many thanks to the hard working Kempowerians who truly make our success possible in this new and exciting industry. I also want to thank our customers and partners for your trust and support towards Kempower. Together, we will make this

planet a cleaner and quieter place for us all.

This release is a summary of Kempower Corporation's Business Review, 1 January – 30 September 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](http://www.kempower.com)

**Attachments**

- [Download announcement as PDF.pdf](#)
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