



Kempower Corporation Interim Report, 1 January–31 March 2024 (unaudited): Growth strategy execution continues despite temporary market hiccups

25.4.2024 09:30:00 EEST | Kempower Oyj | Interim information

Kempower Corporation, Company release, 25.04.2024 at 9:30 am EEST

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January–March 2024 highlights (comparison figures in parenthesis January–March 2023)

- Order backlog was EUR 111.9 million (EUR 124.4 million) at end of Q1
- Order intake decreased to EUR 44.9 million (EUR 61.4 million)
- Revenue decreased by 24% to EUR 42.6 million (EUR 55.8 million)
- Revenue outside the Nordics increased to 64% (62%) of revenue
- Gross profit margin was 49.8% (50.8%)
- Operative EBIT decreased to EUR -10.8 million (EUR 6.9 million), -25.4% of revenue (12.4%)
- Loss for the period was EUR 8.8 million (EUR 5.6 million profit)
- Cash flow from operating activities was EUR -10.2 million (EUR 2.5 million)
- Amount of personnel at the end of the period grew to 834 (465)
- Outlook for 2024 unchanged

KEY FIGURES

MEUR	Q1/2024	Q1/2023	2023
Order backlog	111.9	124.4	110.6
Order intake	44.9	61.4	275.3
Revenue	42.6	55.8	283.6
Revenue growth, %	-24%	385%	174%
Gross profit	21.2	28.4	147.7
Gross profit margin, %	49.8%	50.8%	52.1%
Operating profit/loss (EBIT)	-10.9	6.8	40.6
EBIT margin, %	-25.5%	12.3%	14.3%
Operative EBIT	-10.8	6.9	40.7
Operative EBIT margin, %	-25.4%	12.4%	14.3%
Profit/loss for the period	-8.8	5.6	33.7
Equity ratio, %	55.0%	62.2%	58.3%
Cash flow from operating activities	-10.2	2.5	39.7
Investments	4.6	1.6	9.6

Net debt	-58.7	-58.6	-74.6
Items affecting comparability	0.1	0.1	0.1
Earnings per share, basic, EUR	-0.16	0.10	0.61
Earnings per share, diluted, EUR	-0.16	0.10	0.61
Headcount end of period	834	465	737

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 success with new customer opportunities in commercial vehicles and public charging segments, successful market launch of next generation product portfolio and reduction in customers' inventory levels.

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%

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 Q1/24 RESULTS:

Growth strategy execution continues despite temporary market hiccups

In the beginning of the year, the market development has been slow as several customers still have high inventory levels and have delayed their decision making hindering the market growth. We expect the situation to improve during the rest of the year.

As we communicated earlier, the revenue and profitability for the first quarter of 2024 was at a weak level. This was due to customers' high inventory levels, delayed grid connection availability on customers' installation sites and the launch of Kempower's second generation charging platform, which has led some customers to delay their purchasing decisions. On top of this, as we communicated in March of 2024, the political strikes in Finland have had a significant effect on the exports of Kempower's production in Finland, leading to postponement of some customer deliveries, affecting the financials of Q1 2024. Altogether revenue worth EUR 10 million was shifted to second quarter of 2024. Eventually, our revenue for the first quarter of 2024 was EUR 42.6 million and operative EBIT negative EUR 10.8 million. Order intake EUR 45 million was weak as expected and impacted by the same factors as other Q1 financials.

Despite the market conditions, our sales pipeline and the number of new customers in our key markets have developed very positively among commercial vehicles and public charging segments where we have won several major partnerships. We have received the first orders from a large fuel retailer in Belgium, a global European car manufacturer, global fleet operator and several bus operators in countries like Italy and the Netherlands. We onboarded 15 new customer accounts during the quarter and we expect these new customers to generate orders during the second quarter. In addition, we have increased our capacity to the level which supports bigger opportunities going forward as we expect to be back on growth

track during the second half of this year. Our operations in Central Europe took important steps as we delivered our first public charging hub in the European biggest EV charging market Germany. To further strengthen and expand our activities in Central Europe, we will open a competence center in Düsseldorf, Germany, in the beginning of 2025.

Our growth strategy execution in North America has been impacted by the change in leadership. At the moment, North America operations are in good hands with our Interim Managing Director Erin Johnston leading the team, while the search for the new North America leader is ongoing. We have ramped up the production quickly in North Carolina. Our NEVI compliance process is also progressing as planned – a very important aspect for our customers to have access to governmental NEVI funding. We continue increasing our sales efforts in North America, especially to the partner sales channel which plays an important role in growing the business in North America. As a good example of our progress in partnership sales is the National Car Charging (NCC) which we announced during the quarter. NCC selected Kempower satellite charging system as it's solution for State of California for EV Infrastructure Enhancement Project. Revenue from North America during the first quarter represented 9 percent of our total revenue. After the review period, we announced an important milestone regarding the North America strategy execution. As the first European DC charging company we were proud to include NACS charging standard for the company's offering in North America. Almost all major car manufacturers in North America have committed to switch to NACS standard in their vehicles addressing its importance.

We continuously strengthen our technological competitiveness to answer to the ever-evolving customer needs. The ramp up of the second generation product portfolio and first deliveries to customers have progressed better than planned. Even though the ramp up is in the early stage, customers have been satisfied with the high performance of the new technology. This will strengthen our position as the technological frontrunner in the DC charging market globally. We estimate that already by the end of Q2 of 2024, we can produce the second generation product portfolio in mass volumes. Huge thanks go to our technology team who are working relentlessly to deliver cutting-edge technology to our customers based on silicon carbide technology and world-class charging management software ChrgEye.

After the review period, we took critical steps in our strategy execution as we were the first DC charging company to launch the Megawatt Charging System for electric trucks following the Megawatt Charging Standard (MCS) protocol and with a peak power of 1.2 megawatt (MW). We have also made significant progress with our cloud-based Charging Management System (CMS) ChrgEye. The third party evaluation ranked Kempower ChrgEye as one of the leading charging management systems in the global EV charging market.

Kempower has now been listed in the Nasdaq First North Growth Market Finland for over two years. During this time, we have grown extremely rapidly, taken huge steps in establishing our geographical presence in our target markets and developing our operations. We are still a young company on a new industry, but we feel that now is the right time to take the next step and to move to the Official List of Nasdaq Helsinki. The transfer is expected to bring more visibility to Kempower, access to a larger investor pool and improve the liquidity of Kempower's shares. We aim that the transfer to the main list would happen at the earliest during the second quarter of 2024.

Although the year started on a low note, we are confident of our performance when looking at the near and long-term future. The amount of EVs grows rather steadily and the megatrends and demand behind electrification and reliable and intelligent charging solutions have not changed. At the same time as we prepare for the listing to the Official List of Nasdaq Helsinki, we continue to focus on our growth strategy execution with our new Global Leadership Team and whole personnel. I am confident that together with our stakeholders and customers, we will accomplish great things in this new chapter.

This release is a summary of Kempower Corporation Interim Report, 1 January–31 March 2024. The complete report is attached to this release and available at <https://investors.kempower.com>.

Webcast

Webcast for shareholders, analysts and media will take place on Thursday, April 25, 2024, starting at 1.00 p.m. EEST. In the webcast, Kempower's President and CEO **Tomi Ristimäki** and CFO **Jukka Kainulainen** will present the results and discuss current company topics. The event, including the Q&A session, will be held in English. However, participants can ask questions in English and Finnish via the event chat room. Participants will be able to access the event as registered users on the webcast platform <https://kempower.videosync.fi/q1-2024>

Presentation material and webcast recording will be available later on the company's website at <https://investors.kempower.com/reports-materials/>

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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 and in the U.S., 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_Q1-2024_EN_final.pdf](#)