

# Kempower Q1 2024 Interim Report



KEMPOWER





# Q1/2024:

*Growth strategy execution continues despite temporary market hiccups*



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# Quarter in brief

- **Financial performance** – **Key financials** on a weak level due to customers' high inventory levels, delayed grid connection availability on customers' installation sites and political strikes in Finland.
- **Sales trends**– Very positive **sales pipeline** and **new customer** development in key markets among commercial vehicles and public charging segments. We expect to be back on growth track during the second half of this year.
- **North America entry** – Sales pipeline, expansion and NEVI compliance process **proceeding well**. Revenue from North America 9 percent of total revenue.
- **Technology** – Launch of **Megawatt Charging System** with a peak power of **1.2 MW** and **North American Charging Standard (NACS)** as part of our satellite charging system. Ramp up of **second generation charging product portfolio** progressing better than planned.



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**42.6**  
EUR million  
Revenue

**44.9**  
EUR million  
Order intake



**-24%**  
Revenue growth  
Year-on-year, %

**-10.8**  
EUR million  
Operative EBIT



# Sales highlights

- Growing interest towards Kempower's charging technology as we have won **several new partnerships** in commercial vehicles and public charging segments.
- We onboarded **15 new customer accounts** during the quarter
- First orders from large **fuel retailers** in Europe, **a global car manufacturer** and **bus and truck depots** in several countries.
- First public charging hub delivered in **Germany**.
- **Positive sales pipeline development** and onboarded customers are expected to generate orders during the second quarter of this year.





## Positive milestones in North America & NACS launch

- **Increased sales efforts** especially in partner sales channels.
- **Production ramp up** has progressed well.
- Operations are in **good hands** while we search for a new North America leader.
- **Very important** NEVI funding compliance progressing as planned.
- After the review period, we announced as the **first** European DC charging company to include **NACS** charging standard for the company's offering in North America.



# Strengthening our competitive edge with our new product portfolio

- Ramping up production of the second-generation product portfolio has progressed better than planned.
- Customers have been satisfied with the high performance and efficiency of the new technology.
- This will strengthen our position as the technological frontrunner in the DC charging market globally.



# First true MCS offering launch in the EV charging industry

- At the Capital Markets Day 2023, we estimated that the commercial vehicle segment will take off rapidly and **become the most important** DC charging application by 2030.
- Kempower launched its **Megawatt Charging System** for electric trucks as the **first** company in the EV charging industry.
- The system follows the Megawatt Charging Standard (**MCS**) protocol.
- Our first version of the MCS based product comes with a peak power of **1.2 MW** and provides the same benefits and flexibility as our existing offering, e.g. **dynamic charging**.







# Italy's first electric bus depot equipped with Kempower charging solutions





# First public charging systems with Kempower DC fast charging technology installed in Germany





**HEINEKEN and  
Einride** joined  
forces to  
revolutionize  
freight mobility  
with Kempower  
DC charging  
solutions





# Kempower and Kenter realize first charging-hub for electric trucks for DFDS in Winterswijk





# Transfer to the Nasdaq Helsinki main list

- Kempower has been listed in the Nasdaq First North Growth Market for over 2 years and now it is time to take the **next step**.
- Transfer to the **Official List of Nasdaq Helsinki** will happen at earliest during the **second quarter of 2024**.
- The transfer will bring more **visibility** to Kempower, access to a **larger investor pool** and improve the **liquidity** of Kempower's shares.





# Sustainability

- We started the pre-assurance process of our sustainability report to prepare for the upcoming **CSRD regulation** which will become mandatory.
- Actions taken to strengthen our **waste management** to increase the utilization of the flow of materials.
- Average daily charging power delivered to electric vehicles rose **61 percent** to 900 MWh/day compared to 2023.





# Financial Review





# Key figures

during the review period, IFRS

EUR million	Q1/2024	Q1/2023	2023	Comments
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%	
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	
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	
Total equity and liabilities	234.5	177.9	237.7	
Headcount end of period	834	465	737	

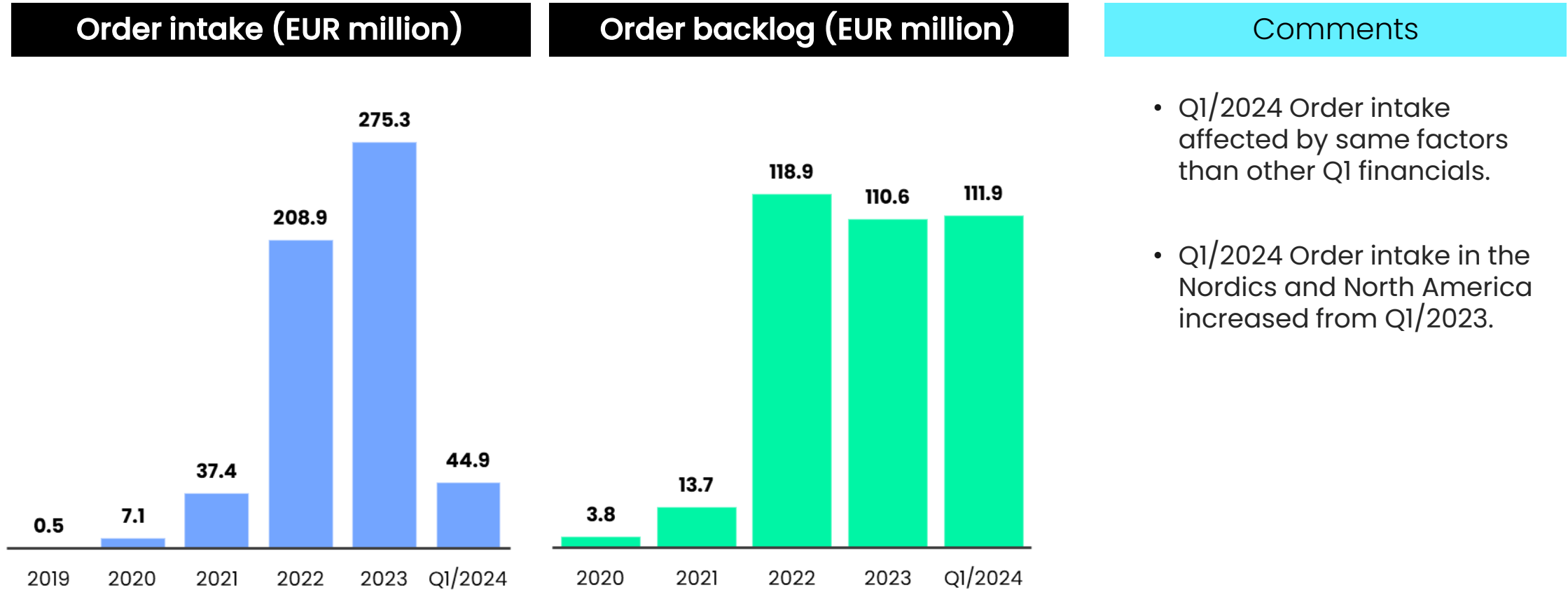
- **Q1/2024 Financials** affected by customers' high inventory levels, the launch of the next generation product portfolio and transportation strikes in Finland.
- **Negative operating cash flow** resulted from negative result and temporary changes in inventory levels driven by increased finished products and securing the components for the second generation charging portfolio.

\*Operative EBIT = EBIT – items affecting comparability of operating profit/loss (items can arise from, e.g. external advisory costs related to capital reorganization & strategic projects)





# Order Intake was weak as expected

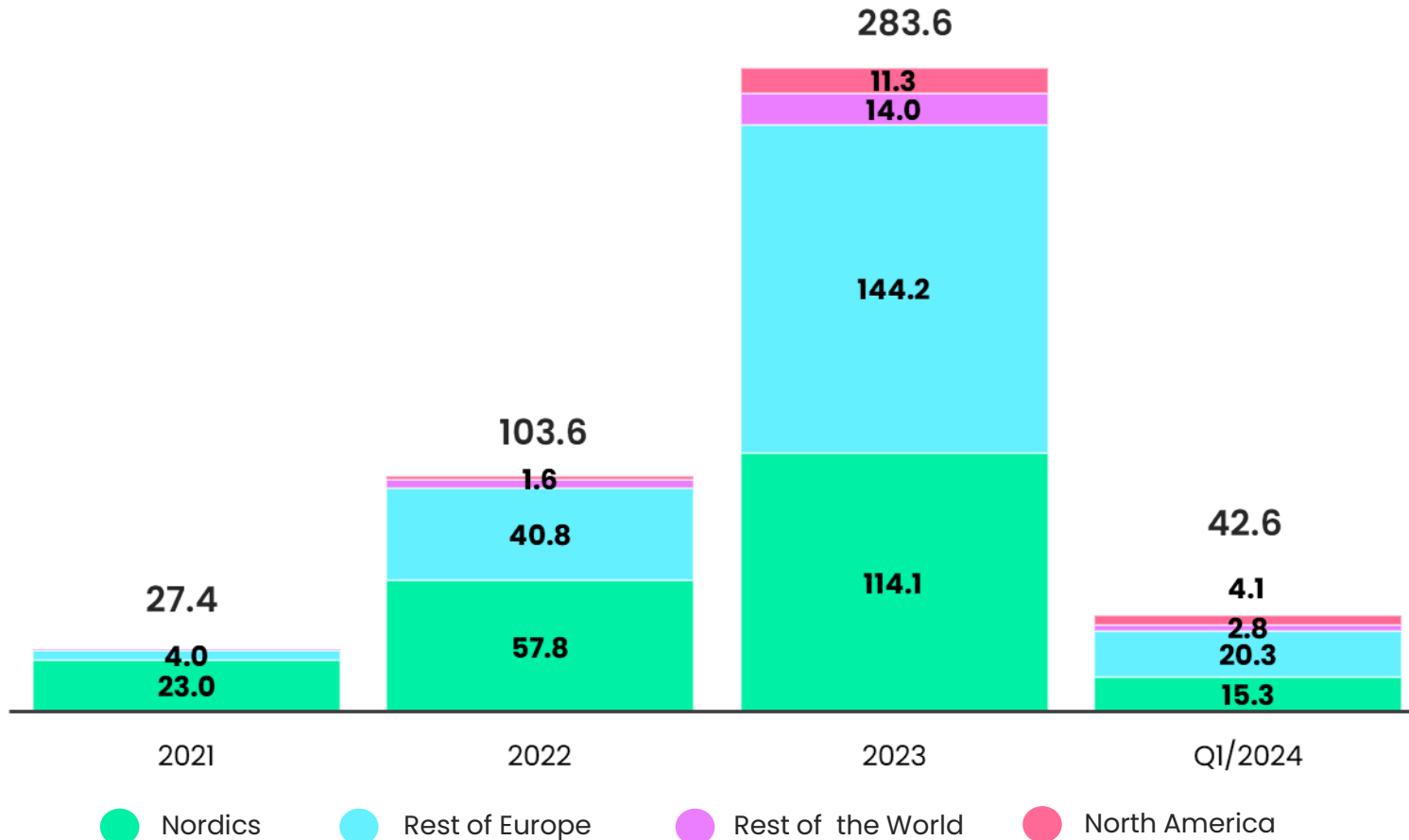




# Q1/2024 revenue on a low level

Revenue by geographical area (EUR million)

Comments

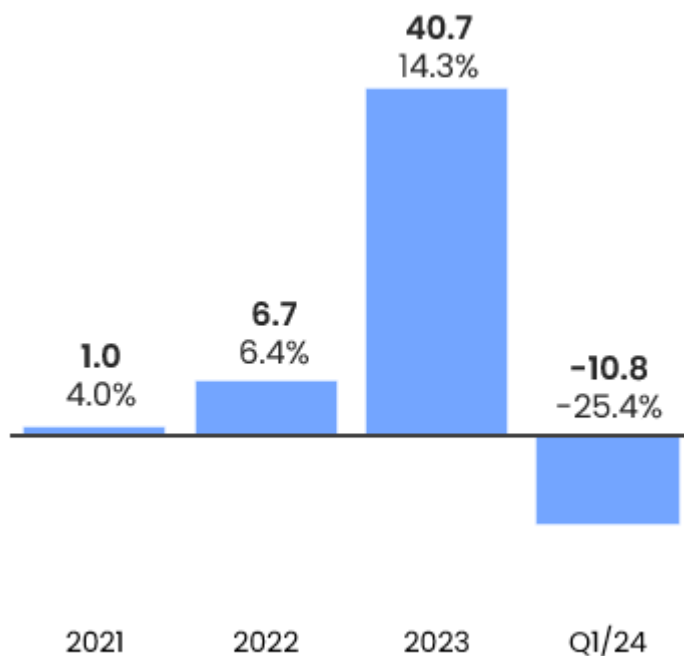


- Revenue for Q1/2024 decreased 24 percent compared to Q1/2023.
- Revenue from North America grew 139 percent compared to Q1/2023.
- Revenue from all other regions geographical regions decreased.
- Altogether revenue worth EUR 10 million was shifted to second quarter of 2024 driven by transportation strikes in Finland and also the postponement of certain customer deliveries.

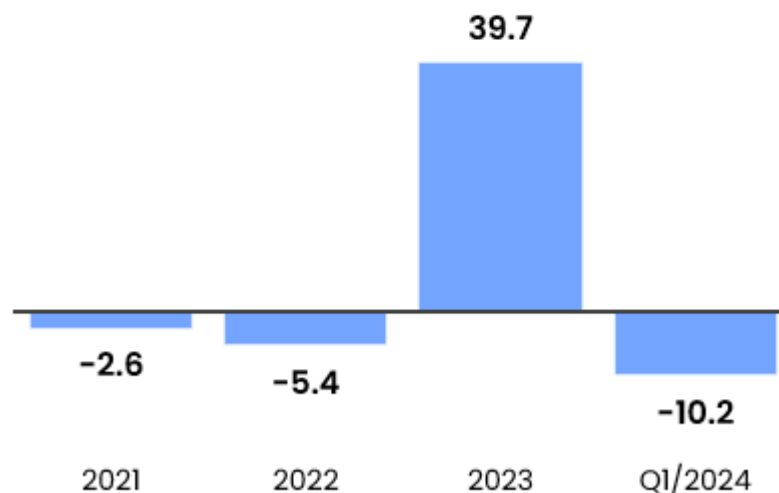


# Profitability and cash flow impacted by top line development

## Operative EBIT (EUR million)



## Operating cash flow (EUR million)



## Comments

- Operative EBIT impacted by low revenue for the quarter.
- Operative EBIT was also impacted by EUR 10.6 million higher fixed costs compared to Q1/2023 especially in R&D, sales and marketing and we accounted additional EUR 0.5 million accrual regarding change in North America leadership.
- Operating cash flow was impacted by negative result and temporary changes in inventory levels driven by increased finished products and securing the components for the second generation charging portfolio.
- Kempower has taken actions in order to improve short term-profitability by limiting new recruitments and external spending but continues recruitments selectively.

\* 2021, and 2022 according IFRS



# Kempower's outlook for 2024

*Kempower remains committed to strive for rapid and profitable growth.*

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%**



# Kempower's financial targets

## Financial targets

### 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

## Dividend policy

### Dividend

Short term: no dividends

1) Operative EBIT = EBIT – items affecting comparability of operating profit/loss (items can arise from, e.g. external advisory costs related to capital reorganization & strategic projects)



# Q&A

