

# Kempower Q3 2024 Interim Report



**KEMPOWER**





# Q3 2024: Challenging market conditions continued during the quarter



**Tomi Ristimäki**  
Chief Executive Officer



**Jukka Kainulainen**  
Chief Financial Officer



# Quarter in brief

**Challenging market conditions** – High customer inventory levels prevailed, and customers' slow decision making continued to impact sales performance.

**Market situation** – YTD installations grew significantly in both Europe and North America.

**New customer acquisition** – Onboarded 12 new customers in Q3, totaling 44 new customers for the year.

**Strategic developments** – Ramp-up of the next-generation product portfolio completed. North America revenue for January-September more than doubled. Acquired the first customer under the NEVI funding program.

**Profitability improvement** – We are progressing well towards the targeted savings.

**Strong financial position** – One of the strongest liquidity positions in the DC charging industry

## Q3 2024 Key Figures



**52.3**  
EUR million  
Revenue

**51.5**  
EUR million  
Order intake



**-28%**  
Revenue growth  
Year-on-year, %

**-7.9**  
EUR million  
Operative EBIT



# High customer inventory levels

- High inventory levels continue to affect our order intake from the existing customers.
- As we anticipated in June 2024 the decline in inventories was not significant during the third quarter.
- We estimate the excess inventory to be around **EUR 80 million** and to remain high until the first half of the year 2025.
- Positive new customer acquisition will dilute the effect of high inventory levels in the future.





# Electrification megatrend continues

- YTD 2024 data shows that the DC charging installations have grown **18%** in 2024 in **Europe**, and **74%** in **North America**.
- The share of electric vehicles registrations in January–September 2024 **at the same 15 percent level** in Europe compared to corresponding time–period.
- The share of electric vehicles registrations **grew to 7.6 percent** (7.2 percent) in January–July 2024 in North America.
- Customers’ funding for charging network investments is **recovering in 2024** from the weak funding situation in 2023.





# Sales recovery

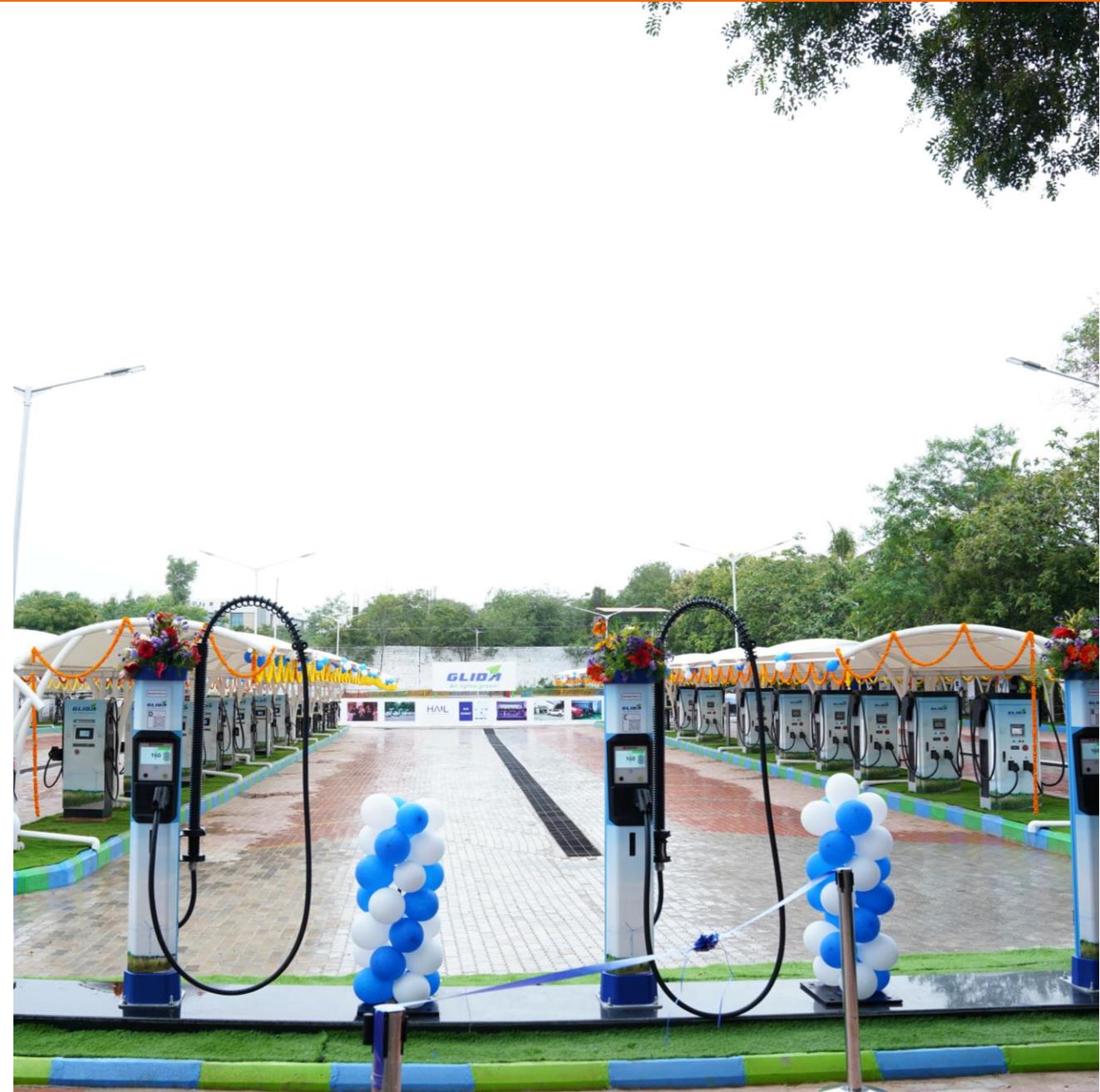
- Sales recovery is progressing step by step.
- Kempower onboarded 12 new customers during the third quarter of the year (44 during 1-9/2024).
- The steady expansion of our customer base positions us well to regain momentum and return to our growth track. Wide customer base also dilutes the effect of excess inventories in the future.
- Ramp-up of the next generation product portfolio is completed and no longer limiting revenue growth.



**Kempower  
provides EV fast-  
charging solutions  
for Revel at Pier 36  
in Manhattan, the  
fastest DC  
charging station in  
New York**



Kempower delivered its fast-charging solutions to a public EV charging hub in Hyderabad, India, in collaboration with GLIDA





Kempower backs electric truck transition in France with the country's first logistics hub equipped with Kempower DC fast-charging solutions



# Steady progress in North America

- Revenue for January–September 2024 in North America **more than doubled** from the corresponding period.
- Good sales pipeline, and there is room to grow.
- We acquired our first customer under the 5 billion **NEVI** funding program.
- New customers include a global truck OEM and a Fortune 500 energy company from North America.





## The ramp-up of the next generation product portfolio is completed

- The production of the next generation product portfolio is now in normal state and no longer limiting production.
- Our new product portfolio will provide top-of-the-class performance to our customers.
- The new charger platform has **exceptional power factor and efficiency**, resulting in better performance to direct customers.



# Technological development

- **Megawatt Charging System (MCS)**

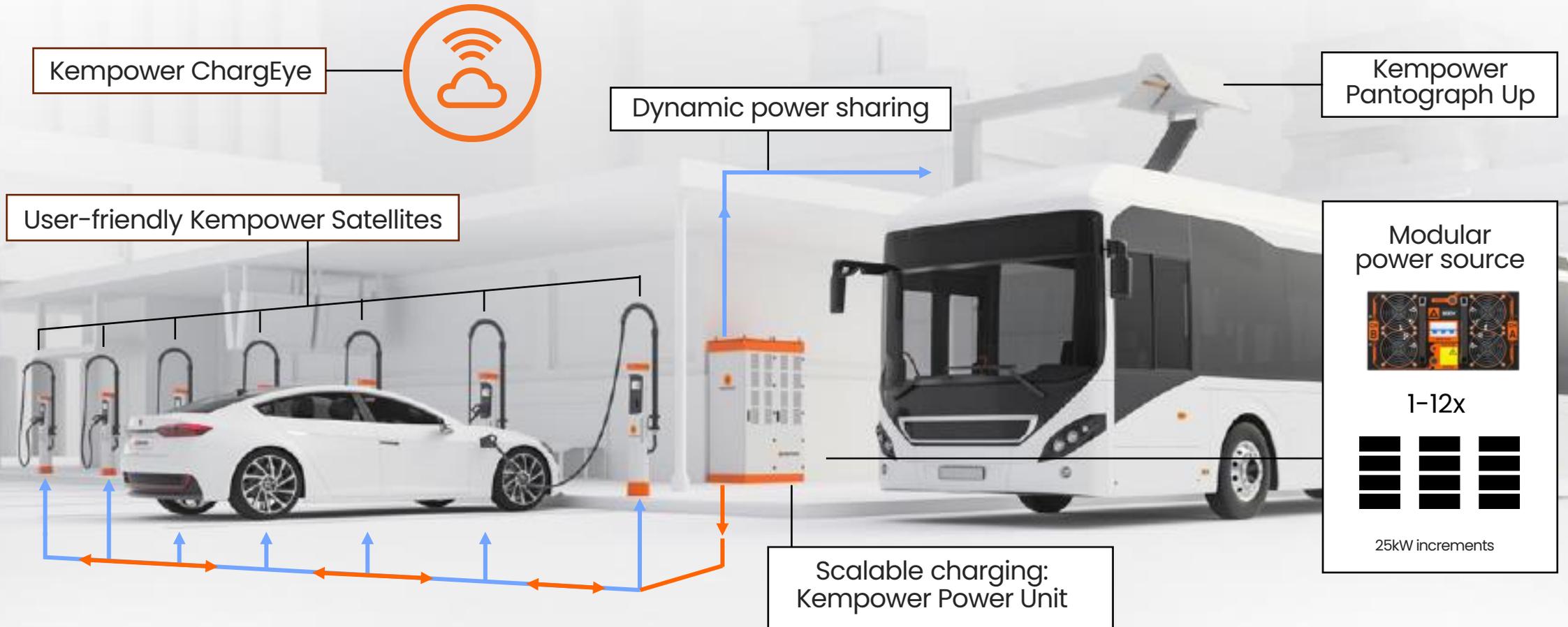
- Kempower is the forerunner in high-power charging according to our strategy – we were the first company to bring MCS to market in Europe.
- First MCS and 700A CCS deliveries in Q4 2024.

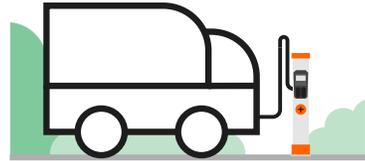
- **California CTEP certification**

- Our CTEP certification opens business opportunities in California state.
- Certifies that Kempower's equipment meets regulatory standards, protecting consumers from faulty or fraudulent devices.



# Modular, scalable, dynamic & user-friendly charging solutions for **all charging applications**

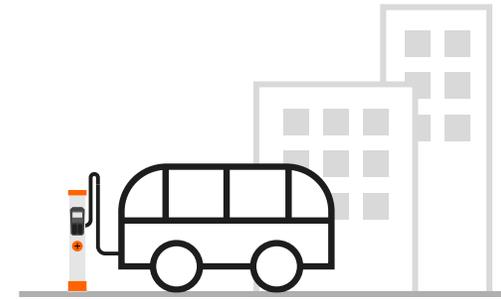




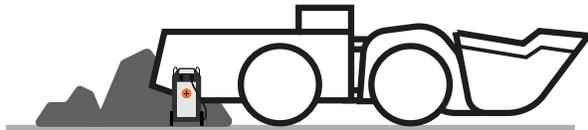
Trucks



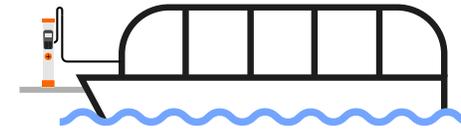
Cars



Buses



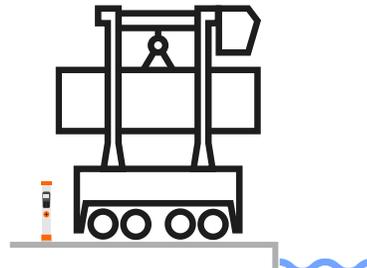
Mining



Vessels



Vans

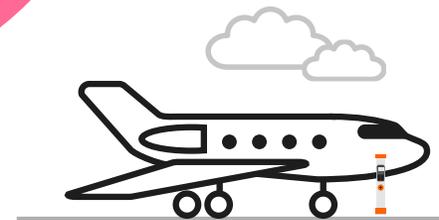


Port  
machinery

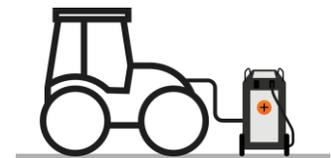
**Our vision  
is to create  
the world's most  
desired EV charging  
solutions  
for everyone,  
everywhere**



Construction machinery



Air travel



Agriculture



# Sustainability achievements

- We achieved the **Silver-label** in the EcoVadis evaluation (Bronze in 2023), a recognition of our efforts in ESG performance.
- We also renewed our **Nasdaq Green Equity designation**, a voluntary designation for stock listed companies in Nordic markets wanting to increase visibility around green business models and strategies.
- Average daily charging power delivered in Q3 2024 to electric vehicles with Kempower chargers doubled to **1,100 MWh per day** compared to Q3 2023.





# Financial Review





# Key figures

during the review period, IFRS

EUR million	Q3 2024	Q3 2023	1-9 2024	1-9 2023	2023
Order backlog	100.2	126.7	100.2	126.7	110.6
Order intake	51.5	60.9	150.5	208.6	275.3
Revenue	52.3	72.6	152.0	200.8	283.6
Revenue growth, %	-28.0%	122.4%	-24.3%	205.2%	173.6%
Gross profit	26.8	38.4	73.4	103.8	147.7
Gross profit margin, %	51.3%	52.9%	48.3%	51.7%	52.1%
Operative EBIT	-7.9	14.4	-27.1	35.1	40.7
Operative EBIT margin, %	-15.0%	19.8%	-17.9%	17.5%	14.3%
Profit/loss for the period	-7.2	11.7	-23.8	28.4	33.7
Cash flow from operating activities	-9.3	15.9	-35.8	39.0	39.7
Investments	4.4	2.8	15.9	6.7	9.6
Net debt	-15.1	-81.0	-15.1	-81.0	-74.6
Total equity and liabilities	220.8	234.6	220.8	234.6	237.7
Headcount end of period	842	619	842	619	737

## Comments

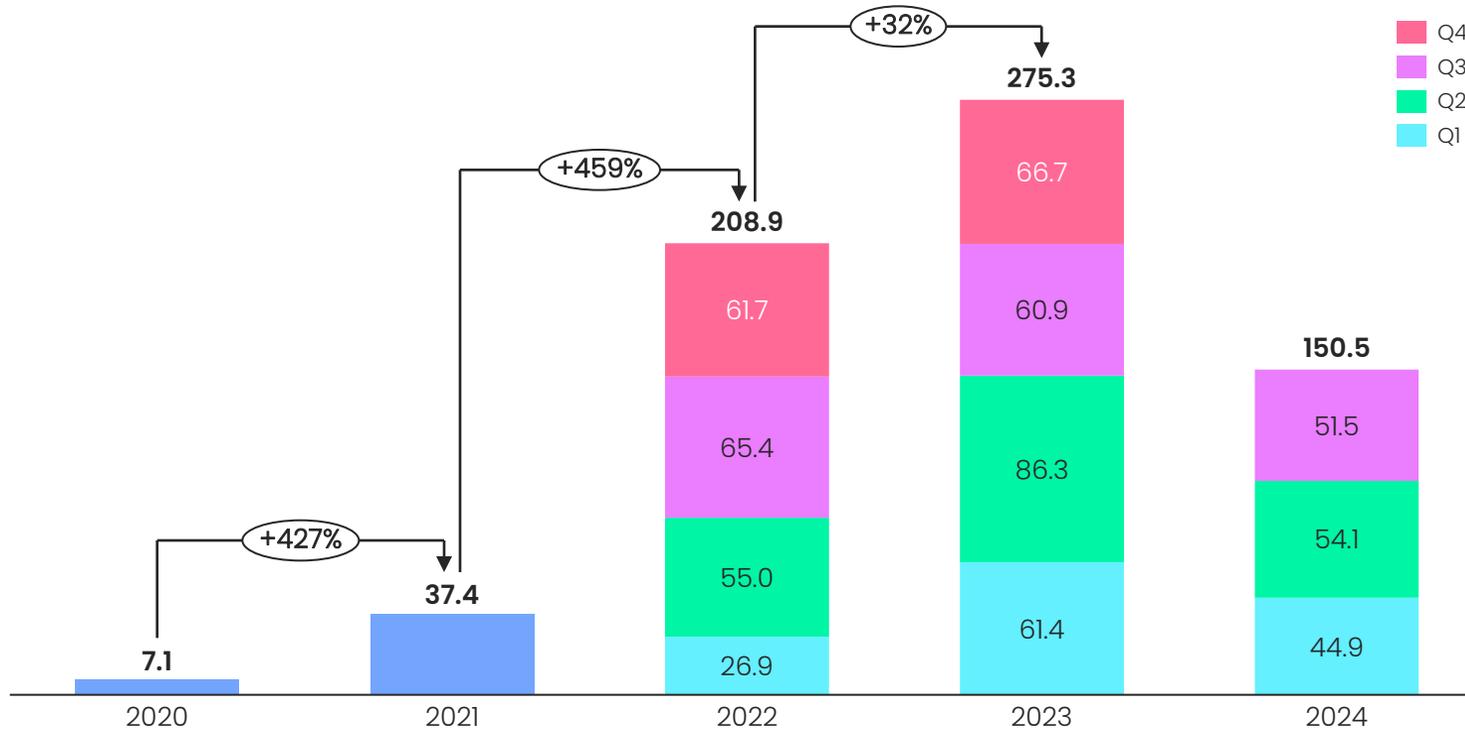
- **Q3 2024 Key financials were still impacted** by ramp up of next generation charging portfolio and additional EUR 5 million warranty provision.
- **Q3 2024 Gross Profit margin, %** on healthy level.
- **Q3 2024 Profitability** was negatively impacted by low revenue and high fixed costs – *targeted EUR 10 million annual savings progressing according to the plan.*
- **Negative operating cash flow** resulted from negative result, investments and increased net working capital.

\*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)



# Q3 2024 order intake was weak

## Order intake (EUR million)



## Comments

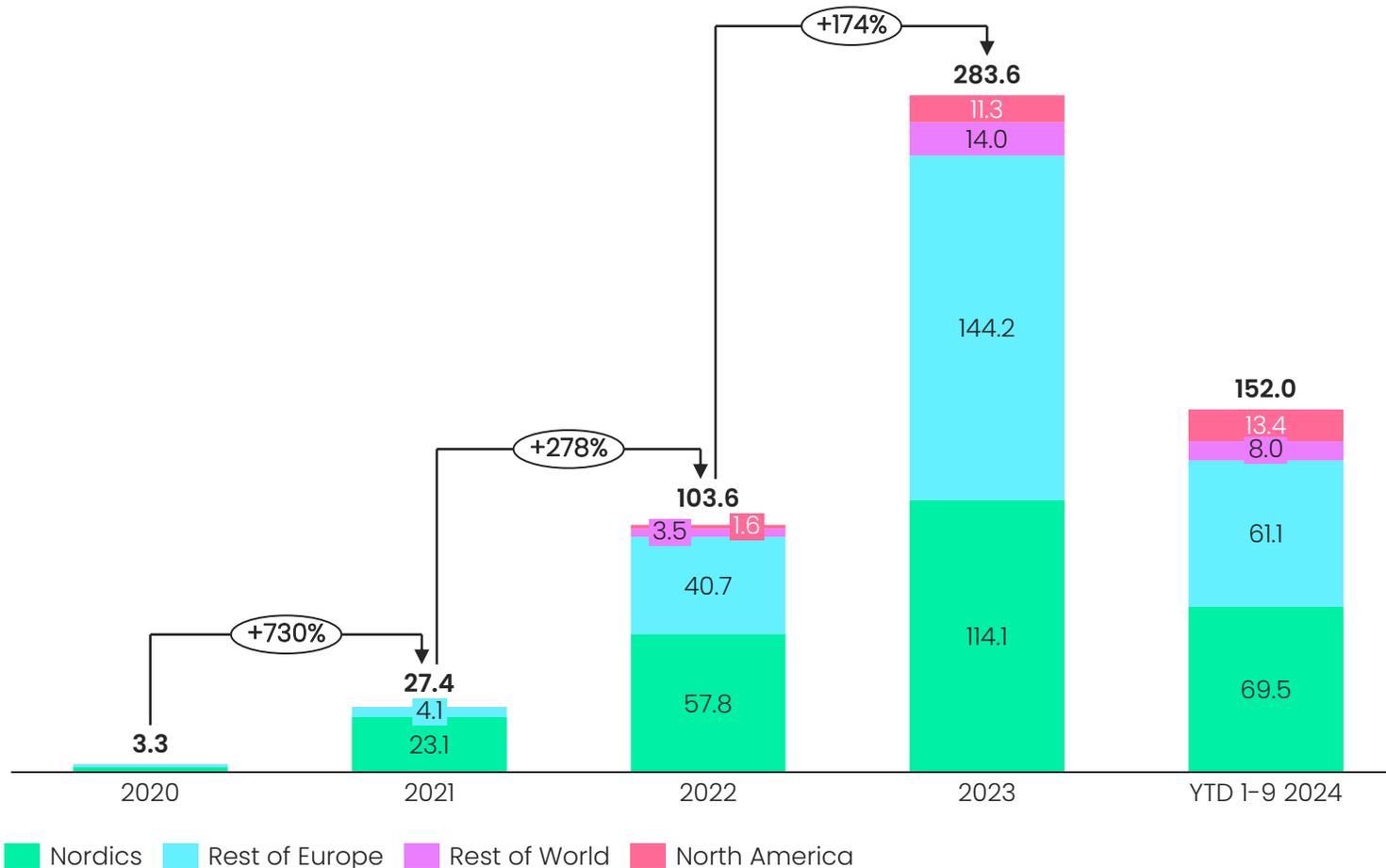
- Q3 2024 **order intake** EUR 51.5 million (EUR 60.9 million) and January-September 2024 EUR 150.5 million (EUR 208.6 million)
- Order intake has been negatively affected by customers' high inventory levels and challenging market conditions.
- Order backlog decreased to EUR 100.2 million at the end of Q3 2024 (EUR 126.7 million in Q3 2023).



# Q3 2024 revenue decreased

## Revenue development (EUR million)

## Comments

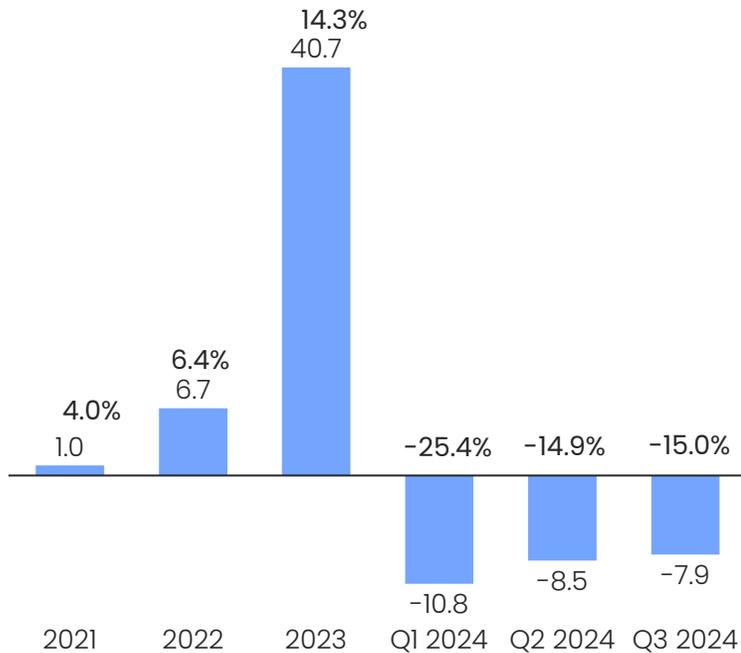


- Q3 2024 **revenue** EUR 52.3 million (EUR 72.5 million) and January-September 2024 EUR 152.0 million (EUR 200.8 million)
- **The decrease** in revenue was negatively impacted by ramp up of next generation charging portfolio and limited production volumes.
- During January-September 2024 **revenue grew in North America grew** +127 % to EUR 13.4 million.
- Revenue from all other regions decreased.
- **Positive highlight** for the January-September 2024 has been **DACH** and **Benelux**, (part of our Rest of Europe region) where revenue more than doubled compared to 2023.

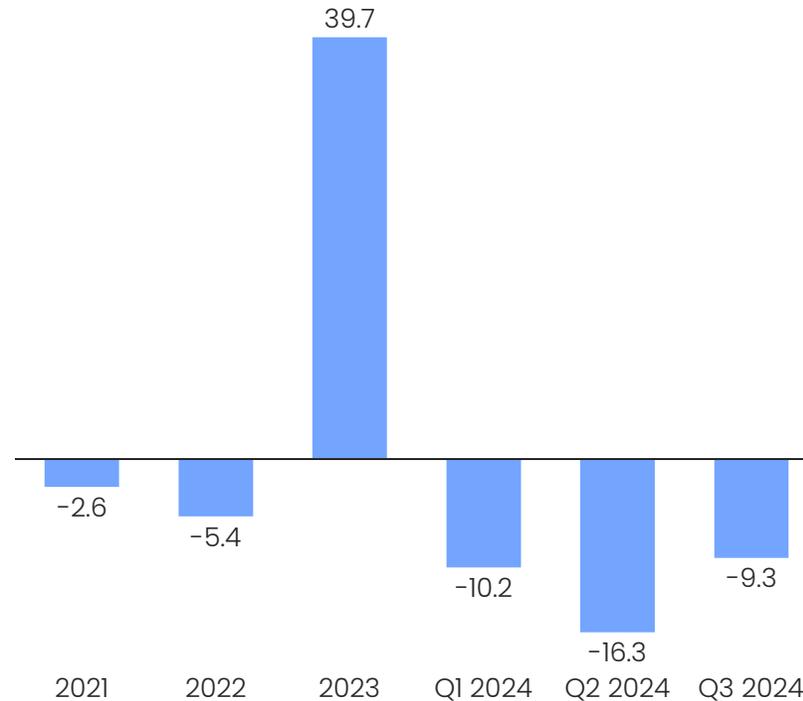


# Profitability and cash flow development

## Operative EBIT (EUR million)



## Operating cash flow (EUR million)



## Comments

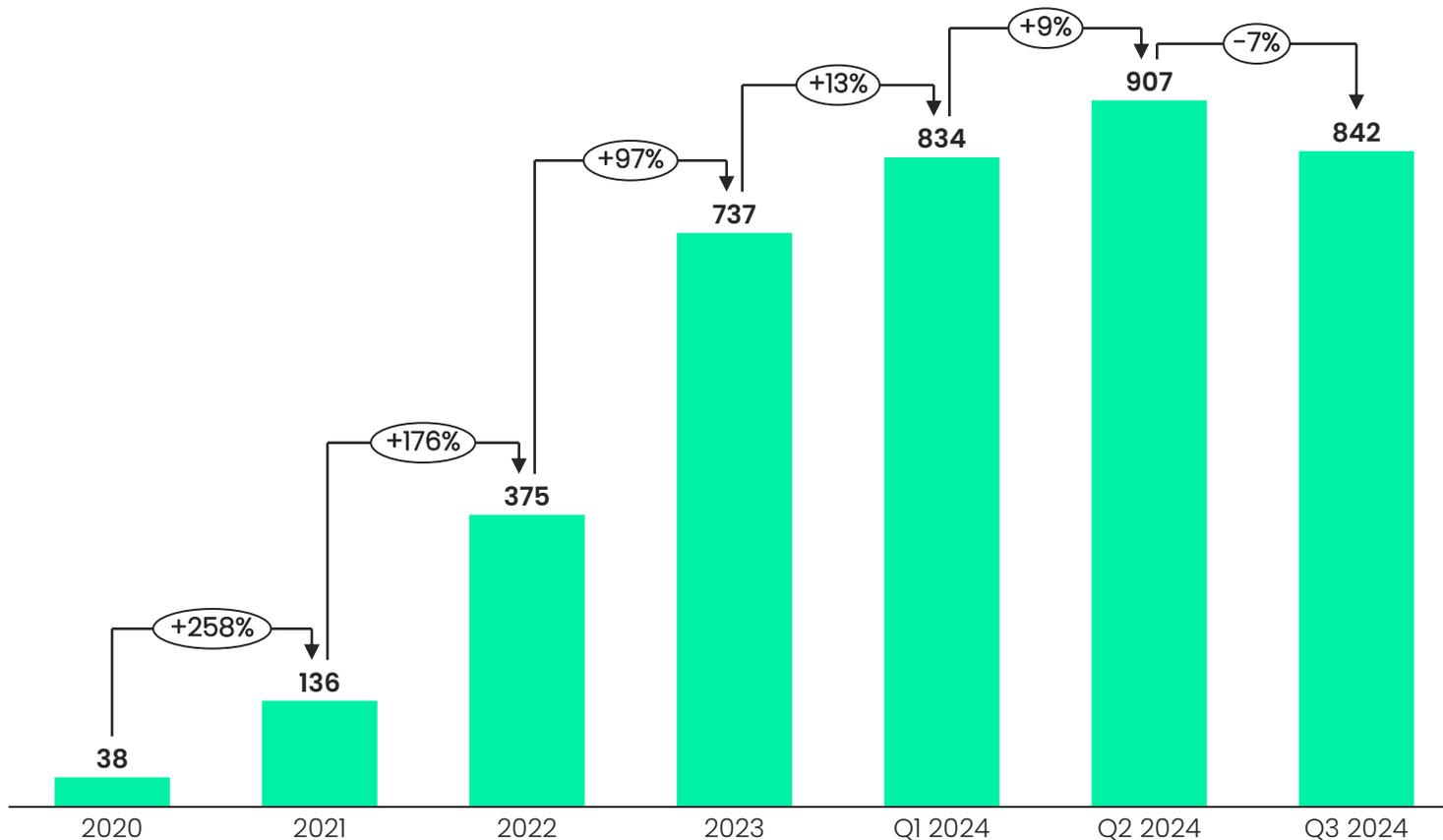
- **The operative EBIT** was impacted by costs associated with the US operations, higher fixed cost base and increase in warranty provision.
- **Actions ongoing to improve net working capital** and reduce inventory levels during Q4 2024 in order to improve cash flow.
- We have **strong overall liquidity** at the end of Q3 2024 EUR 100.5 (EUR 105.4).



# Headcount reduced significantly

## Headcount development

## Comments



- We initiated and concluded change negotiations resulting of **around 90 reduction in headcount** globally –full reduction visible in Q4 2024.
- Planned reductions were made without endangering technology roadmap and customer experience and focusing on resources intended for scaling-up business even further.
- Current operational capabilities are sufficient for our strategy execution on the short-term.



# Profitability improvement progressing

- In addition to personnel reduction, other actions include temporary lay-offs in Finland and limiting external spending.
- Targeted EUR 10 million annual savings (compared to cost level at the end of second quarter 2024) progressing according to the plan.
- We are progressing well to achieve a break-even in Q4 of 2024.





# Kempower's updated outlook for 2024

## (specified on 29 October 2024)

DC charging market demand has been lower than Kempower has earlier anticipated. After COVID-19, there was a component shortage which created higher than normal demand for charging solutions. This has a major negative impact on purchases by the customers.

Kempower estimates the value of the excess stock of Kempower charging equipment that company's customers have in stock to be approximately EUR 80 million and to decline slowly during the second half of the year and first half of 2025.

### Specified outlook:

- 2024 revenue; between **EUR 220 million and EUR 230 million**, assuming no major impact from foreign currency exchange rates (revenue 2023: EUR 283,6 million),
- 2024 operative EBIT margin, % will be negative. However, the profitability is expected to improve towards the end of the year and be at break-even in Q4 2024.

### Previous outlook:

- 2024 revenue; between **EUR 220 million and EUR 260 million**, assuming no major impact from foreign currency exchange rates (revenue 2023: EUR 283,6 million),
- 2024 operative EBIT margin, % will be negative. However, the profitability is expected to improve towards the end of the year and be at break-even in Q4 2024.



# 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

