



Kempower Corporation Business Review 1 January-30 September 2022 (unaudited): Strong quarter driven by high demand in all customer groups

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July-September 2022 highlights, IFRS (comparison figures in parenthesis July-September 2021)

- Order intake increased to EUR 65.4 million (EUR 5.8 million)
- Revenue increased by 227% to EUR 32.7 million (EUR 10.0 million)
- Gross margin was 46% (49%)
- Operative EBIT increased to EUR 2.4 million (EUR 2.1 million), 7% of revenue (21%)
- Profit for the period was EUR 1.6 million (EUR 1.2 million)
- Cash flow from operating activities was EUR 6.7 million (EUR -0.6 million)
- Amount of personnel at the end of the period grew to 307 (103)

January-September 2022 highlights, IFRS (comparison figures in parenthesis January-September 2021)

- Order backlog* increased to EUR 95.1 million (EUR 10.6 million) end of the Q3
- Order intake increased to EUR 147.2 million (EUR 25.9 million)
- Revenue increased by 247% to EUR 65.8 million (EUR 19.0 million)
- Gross margin was 46% (47%)
- Operative EBIT increased to EUR 3.2 million (EUR 2.3 million), 5% of revenue (12%)
- Profit for the period was EUR 1.0 million (EUR 0.9 million)
- Cash flow from operating activities was EUR 3.0 million (EUR -4.6 million)

* Majority of EUR 95.1 million order backlog is planned to be delivered to customers during first half year of 2023.

IFRS KEY FIGURES

MEUR	Q3/2022	Q3/2021	1-9/2022	1-9/2021	2021
Order backlog	95.1	10.6	95.1	10.6	13.7
Order intake	65.4	5.8	147.2	25.9	37.4
Revenue	32.7	10.0	65.8	19.0	27.4
Revenue growth, %	227%	1726%	247%	1369%	741%
Gross margin	15.1	4.9	30.4	8.9	12.9
Gross margin, %	46%	49%	46%	47%	47%

EBITDA	3.2	2.4	5.6	2.9	0.5
EBITDA margin, %	10%	24%	9%	15%	2%
Operating profit/loss (EBIT)	2.4	2.1	3.2	2.1	-0.7
EBIT margin, %	7%	21%	5%	11%	-3%
Operative EBIT	2.4	2.1	3.2	2.3	1.0
Operative EBIT margin, %	7%	21%	5%	12%	4%
Profit/loss for the period	1.6	1.2	1.0	0.9	0.3
Equity ratio, %	70%	13%	70%	13%	91%
Cash flow from operating activities	6.7	-0.6	3.0	-4.6	-2.6
Investments	1.6	0.2	4.0	0.8	1.6
Net debt	-69.8	7.2	-69.8	7.2	-89.3
Items affecting comparability		0.0		0.2	1.7
Earnings per share, basic, EUR	0.03	0.03	0.02	0.02	0.01
Earnings per share, diluted, EUR	0.03	0.03	0.02	0.02	0.01
Headcount end of period	307	103	307	103	136

CEO TOMI RISTIMÄKI COMMENTS ON THE Q3 RESULTS:

Strong quarter driven by high demand in all customer groups

Our business developed positively during the third quarter of 2022. I am especially pleased on our continued sales expansion outside Nordics. In general, customer demand has been strong in all key markets and customer groups. In Q3 of 2022 our order intake grew once again to a record high EUR 65.4 million compared to EUR 5.8 million in Q3 of 2021. In Q3 of 2022, our revenue increased to EUR 32.7 million, which is almost equal to Q1 and Q2 of 2022 combined, proving our ability to scale up the operations.

Our production capacity has increased after we opened our new production site in Lahti with additional 10 300 square meters of space. We have also rented more factory space from our second site next to the new factory. All together we have currently close to 14 000 square meters space available in Lahti factories. Our biggest challenge to respond to the growing demand is neither recruitments nor the production lines, but the ability to scale up our supply chain where the availability of electronic components continues to be an issue. This limits our short- term deliveries especially in Q4 2022. We are currently ramping up new sub-assembly line to strengthen existing subcontracting model which will further increase our production capacity during 2023.

We have continued developing our operations and hired a significant amount of new personnel. Our rapidly growing organization creates additional requirements on the recruitment and orientation processes. We are slightly behind our recruitment plans and finding the new people will require even more work in the last quarter of 2022 in order to successfully develop the business with increased volumes.

During the quarter we continued to expand our customer base, especially outside Nordics. For example in the charge point operators (CPO) and retail chains customer group we announced orders for more than EUR 4 million from FOR:EV, a charge point operator based in Scotland. Since December 2021 in the same customer group, we have communicated more than EUR 14 million orders from Power Dot EV to France, Spain, Portugal and Poland. During the quarter we announced the opening of the first public EV charging station in Sweden for the charge point operator Recharge, equipped with Kempower's DC fast chargers. In the bus and truck operators customer group we announced delivery of fast chargers for Sweden's biggest and most powerful electric trucks charging station. In the distributors and installer network customer group we will deliver fast chargers to JET Charge for the new EV highway in Australia, one of the world's longest single EV infrastructure projects.

As we communicated this summer, we target to establish operations in the United States already by the end of 2023. At the moment the US is behind Europe in electrification of traffic, but we expect the \$ 5 billion National Electric Vehicle Infrastructure (NEVI) Formula Program and Inflation Reduction Act to speed up electrification in the US already in 2023. Speed is a key factor in the US market entry, and we are currently looking at a range of entry options including also possible mergers and acquisitions, or partnerships.

During the year 2023 our target is to become fully compliant with German Eichrecht regulation which relates to kWh metering and billing. Eichrecht compliance will give us access to charge point operators (CPO) and retail chain customers in Germany and Austria.

In Q3 of 2022, we received the Green Equity Designation from Nasdaq, an important milestone in executing our ESG strategy. According to an assessment carried out by an external reviewer, Kempower's charging products contribute towards climate change mitigation. The assessment also states Kempower is likely to be 100% aligned with the EU taxonomy.

Kempower ChargeEye's Depot Master, our charging management and optimization system, is now compatible for 3rd party chargers. This feature broadens ChargeEye's customer base, enabling customers also connect chargers from other DC manufacturers to the ChargeEye system. After the review period, we launched the Kempower AC Satellite which is stand-alone EV charger, hosting the unique cable management system similar to Kempower DC Satellites. DC charging will remain Kempower's main business focus and AC charging will continue as a complementary part of the product portfolio.

This was once again an excellent quarter performed by our great Kempower team. In the coming quarters we will put even more focus on developing this skilled, young, dynamic and energetic organization, consisting of people from close to 30 different nationalities.

Short-term outlook unchanged

Kempower anticipates continued good demand and favorable market development for the products it offers. As we have successfully expanded our footprint outside the Nordic region, we do not expect to see material seasonality in our quarterly revenue.

Kempower will continue to expand its business in Europe according to its strategic growth targets. In 2022, Kempower is also exploring different options for expansion into the North American market, in order to meet its goal of having established operations in the United States by the end of the year 2023.

This release is a summary of Kempower Corporation Business Review 1 January–30 September 2022. The complete report is attached to this release and available at <https://investors.kempower.com>

Kempower, Investors:

Jukka Kainulainen, CFO, Kempower
jukka.kainulainen@kempower.com
Puh. +358 29 0021900

Kempower, Media:

Paula Savonen, Director, Communications, Kempower
paula.savonen@kempower.com
+358 400 343 851

Certified Adviser

Aktia Alexander Corporate Finance Oy
+358 50 520 4098

About Kempower:

Kempower designs and manufactures DC fast charging solutions for electric vehicles and machines. We're a team of electric vehicle enthusiasts with a deep understanding of the charging market and a hands-on mentality. 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 transportation, from personal cars and commercial vehicles to mining equipment, boats, and motorsports. With Kemppi Group's 70 years' experience in perfecting DC power supplies, we set the bar high in engineering and user-experience design. Kempower is listed in the Nasdaq First North Growth Market Finland. www.kempower.com

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Contacts

- Jukka Kainulainen, Chief Financial Officer, Kempower, jukka.kainulainen@kempower.com
- Paula Savonen, Director, Communications, Kempower, +358 29 0021900, paula.savonen@kempower.com

Attachments

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