



Insider information, negative profit warning: Kempower lowers its earnings outlook for 2024 and publishes preliminary information on financial performance in Q2 of 2024

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Insider information, negative profit warning: Kempower lowers its earnings outlook for 2024 and publishes preliminary information on financial performance in Q2 of 2024

Kempower Corporation lowers its earnings outlook for 2024. Kempower's key figures in the second quarter of 2024 according to preliminary and unaudited calculations are the following (comparison figures in parenthesis):

Q2/2024

- Order backlog decreased to EUR 101.0 million (Q2/2023 EUR 138.5 million)
- Order intake decreased to EUR 54.1 million (Q2/2023 EUR 86.3 million)
- Revenue decreased by 21% to EUR 57.1 million (Q2/2023 EUR 72.5 million)
- Operative EBIT decreased to EUR -8.5 million (Q2/2023 EUR 13.9 million), -14.9% of revenue (Q2/2023 19.2%)

H1/2024

- Order intake decreased to EUR 99.0 million (H1 2023 EUR 147.7 million)
- Revenue decreased by 22% to EUR 99.7 million (H1 2023 EUR 128.2 million)
- Operative EBIT decreased to EUR -19.3 million (H1 2023 EUR 20.8 million), -19.3% of revenue (16.2%)

New outlook for 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. Also charger rollouts have been slower than earlier anticipated due to limited grid connection availability. Both of these factors have created excess inventory on customers' side. Several customers are also waiting for the full availability of our next generation charging portfolio in H2 2024.

Kempower estimates the value of the excess stock of Kempower charging equipment that company's customers have in stock to be approximately EUR 100 million and to decline slowly during the second half of the year. This has a major negative impact on purchases by the customers.

The effect of excess inventories is clearly seen in our order intake actuals as the difference between the orders from our largest clients in H1 2024 and H1 2023 is approximately 75 million euros. Kempower's new customer acquisition has continued to develop positively but has not yet been able to offset the declined orders from existing customers.

To improve profitability, Kempower is evaluating significant short-term and mid-term cost base adjustments to optimize the organizational effectiveness.

Kempower expects:

- 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.

Previous outlook for 2024

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 unchanged

Kempower Board of Directors confirms company's existing 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
- Dividends: No dividends in the short term

We estimate that by 2030, the European and North American DC charging market will grow to approximately EUR 14 billion. Kempower aims to become one of the top five companies in the European and North American DC charging market by 2030.

Kempower will publish its Q2/2024 interim report on Wednesday, July 24, 2024, around 9.30 a.m. EEST. Webcast for shareholders, analysts and media will take place on Wednesday, July 24, 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/q2-2024>.

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About Kempower

We design and manufacture reliable and easy-to-use DC fast charging solutions for electric vehicles. Our vision is to create the world's most desired electric vehicle charging solutions for everyone, everywhere. The development and production of our solutions are carried out in Finland and in the U.S. with the majority of the materials and components are sourced locally. We focus on all areas of e-Mobility, from electric cars, trucks and buses to special machinery and boats. Our modular and scalable charging system and world-class software are designed by EV drivers for EV drivers, providing the best user experience for our customers around the world. Kempower is listed on the Nasdaq Helsinki Stock Exchange in Finland.

www.kempower.com

Attachments

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