

Kempower Corporation Interim Report, 1 January-30 September 2024 (unaudited): Challenging market conditions continued during the quarter

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July-September 2024 in brief, IFRS (comparison figures in parenthesis July-September 2023)

- Order backlog decreased to EUR 100.2 million (EUR 126.7 million)
- Order intake decreased to EUR 51.5 million (EUR 60.9 million)
- Revenue decreased by 28% to EUR 52.3 million (EUR 72.6 million)
- Revenue outside the Nordics was 51% (56%) of revenue
- Gross profit margin was 51.3% (52.9%)
- Operative EBIT decreased to EUR -7.9 million (EUR 14.4 million), -15.0% of revenue (19.8%)
- Loss for the period was EUR 7.2 million (EUR 11.7 million profit)
- Cash flow from operating activities was EUR -9.3 million (EUR 15.9 million)
- Amount of personnel at the end of the period was 842 (619)
- Amount of energy charged through Kempower chargers was 103,000 MWh (50,000)

January-September 2024 in brief, IFRS (comparison figures in parenthesis January-September 2023)

- Order intake decreased to EUR 150.5 million (EUR 208.6 million)
- Revenue decreased by 24% to EUR 152.0 million (EUR 200.8 million)
- Gross profit margin was 48.3% (51.7%)
- Operative EBIT decreased to EUR -27.1 million (EUR 35.1 million), -17.9% of revenue (17.5%)
- Loss for the period was EUR 23.8 million (EUR 28.4 million profit)
- Cash flow from operating activities was EUR -35.8 million (EUR 39.0 million)

KEY FIGURES

MEUR	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%	122%	-24%	205%	174%
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%
Operating profit/loss (EBIT)	-9.2	14.3	-29.5	35.0	40.6

EBIT margin, %	-17.5%	19.7%	-19.4%	17.4%	14.3%
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
Equity ratio, %	51.4%	58.3%	51.4%	58.3%	58.3%
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
Net cash	44.5	105.4	44.5	105.4	99.8
Items affecting comparability	1.3		2.3	0.1	0.1
Earnings per share, basic, EUR	-0.13	0.21	-0.43	0.51	0.61
Earnings per share, diluted, EUR	-0.13	0.21	-0.43	0.51	0.61
Headcount end of period	842	619	842	619	737

OUTLOOK FOR 2024 (specified on October 29 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. Both of these factors have created excess inventory on customers' side.

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. This has a major negative impact on purchases by the customers.

Outlook has been specified regarding 2024 revenue.

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

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 Q3/24 RESULTS: Challenging market conditions continued during the quarter

Kempower's order intake development in the third quarter continued to be impacted by high customer inventory levels and challenging market conditions, slowing down customers' decision making. Order intake for the period was EUR 51.5 million. Revenue for the third quarter of 2024 was EUR 52.3 million and the operative EBIT was negative, EUR 7.9 million. We have one of the strongest liquidity positions in global DC charging business which makes us a reliable partner to any customer.

We continue to monitor our customers' inventory levels by tracking data on commissioned chargers. As we anticipated in June 2024, the decline in inventories was not significant during the third quarter. We estimate the excess customer inventory to be EUR 80 million and to likely remain high until the first half of the year 2025. At the same time we see high installation numbers from both Europe and North America indicating continued growth of the whole DC charging market. Compared to corresponding time periods in 2023, in Europe the installations for January–September grew 18 percent and for North America January–July installations grew 74 percent.

Kempower onboarded 12 new customers during the third quarter, making the total number of new customers for this year 44. This is a positive indicator for future growth, highlights the ongoing demand for Kempower's solutions and paints a positive picture for the future. New customers from the quarter include a global truck OEM in North America, a Fortune 500 energy company and a truck charging customer in Norway. While sales recovery is taking time, the steady expansion of Kempower's customer base positions us well to regain momentum and return to our growth track. Despite positive new customer acquisition, orders from these customers have not yet offset the effect of the excess inventories. In addition, we have completed the ramp-up for the next generation product portfolio, which will provide top-of-the-class performance to our customers now and in the future.

North America revenue more than doubled during January–September 2024 compared to same period 2023, demonstrating strong performance and operational excellence in this key market. Our sales pipeline in North America continues to develop well in several segments, positioning us for sustained growth in the future. A particularly exciting milestone during the quarter was the acquisition of our first customer under the USD 5 billion NEVI (National Electric Vehicle Infrastructure) funding program, marking a significant milestone in our expansion strategy.

To adjust to current market reality, we initiated and concluded change negotiations resulting in a reduction of around 90 person-years globally. These decisions were essential to improve our profitability and enable future success. We are progressing well towards the targeted EUR 10 million annual savings during the year 2025 compared to Q2 2024.

This year is challenging not just for us but for the whole EV charging industry. Still with the hard work of all Kempowerians we have already achieved great things, and I am confident we will continue to do so in the future. Having completed production ramp up of our next generation product portfolio and acquiring 44 new customers in a difficult year are undisputed indicators of our operational excellence. We have worked hard to enhance and develop our operations and processes in order to increase productivity and serve our customers in the best way possible. I firmly believe that the groundwork we are doing now will contribute to sustained success in the future.

This release is a summary of Kempower Corporation Interim Report, 1 January–30 September 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 Wednesday, October 30, 2024, starting at 1.00 p.m. EET. 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/q3-2024>

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

Kempower, investor relations:

Jukka Kainulainen, CFO, Kempower

jukka.kainulainen@kempower.com

Tel. +358 29 0021900

Kempower, media relations:

Paula Savonen, VP, Communications, Kempower

paula.savonen@kempower.com

Tel. +358 29 0021900

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 the 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 on the Nasdaq Helsinki Stock Exchange in Finland. www.kempower.com

Attachments

- [Download announcement as PDF.pdf](#)
- [Kempower Corporation Q3 2024 Interim Report EN.pdf](#)