



Q1

Business Review

January – March 2022

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The figures in brackets refer to the comparison period (the corresponding period of the previous year), unless otherwise stated.

Result improved significantly – successful corporate transactions in green energy

JANUARY–MARCH 2022

- Revenue EUR 53.8 million (53.3), 0.9% year-on-year
- EBITDA EUR 5.4 million (1.7), EBITDA margin 10.1% (3.2)
- Operating profit EUR 3.2 million (-0.6), profit margin 6.0% (-1.2)
- The order backlog stood at EUR 295,5 million (309,0) at the end of the first quarter of the year
- Adjusted EBITDA EUR 5.5 million (2.6), or 10.2% of revenue (4.8)

GUIDANCE FOR THE 2022 FINANCIAL PERIOD

The company reiterates its financial guidance, according to which its revenue is expected to be EUR 245–265 million in 2022, and its adjusted EBITDA is expected to be EUR 15–20 million. Compared with the previous year, the result for 2022 will be burdened by investments in a new ERP system. Investments in offshore wind power, a growing sector, will also affect the result.

Due to an exceptional situation, the company estimates that the second quarter of 2022 will be the weakest quarter of the year in terms of profitability. In the first quarter, the Russian attack on Ukraine and its impacts have caused delays in projects scheduled to start in the spring.

The Russian attack on Ukraine, inflation risks, material availability problems and coronavirus can continue to cause delays in ongoing projects and their profitability. The ICT strike, which began on 25 April 2022, may also affect Enersense's business, especially in the Connectivity segment, if prolonged. The guidance and outlook are based on the information available to the company about the progress of ongoing customer projects and on the company's estimate of customer projects to be started in 2022.

Key indicators

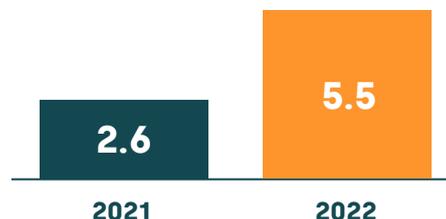
	1-3/2022	1-3/2021	1-12/2021
Revenue (EUR 1,000)	53,787	53,308	239,110
EBITDA (EUR 1,000)	5,410	1,682	16,639
EBITDA, %	10.1	3.2	7.0
Adjusted EBITDA (EUR 1,000)	5,479	2,565	19,231
Adjusted EBITDA, %	10.2	4.8	8.0
Operating profit (EUR 1,000)	3,227	-619	6,834
Operating profit, %	6.0	-1.2	2.9
Result for the period (EUR 1,000)	1,129	-1,331	3,973
Equity ratio, %	42.3	24.0	35.6
Gearing, %	22.1	16.2	3.6
Return on equity, %	2.5	7.0	8.3
Earnings per share, EUR	0.10	-0.12	0.35

**January–March
Revenue
MEUR**



GROWTH 0.9% ↗

**January–March
Adjusted EBITDA
MEUR**



GROWTH 113.6% ↗



President and CEO Jussi Holopainen

“In terms of performance, the first quarter of 2022 was the best first quarter in the history of Enersense. We achieved EUR 53.8 million (53.3) in revenue (+ 0,9%) and EUR 5.5 million (2.6) in adjusted EBITDA (+ 113,6%). Our operating profit improved significantly year-on-year and was EUR 3.2 (-0.6) million. Our profit margin increased to 6.0% (-1.2%).

The year 2022 has started in an environment that is exceptional in many ways. The coronavirus pandemic continues, and the Russian attack on Ukraine has shocked everyone. It has been particularly important to Enersense to support our Ukrainian colleagues and their families in the midst of the crisis.

The war has caused inflation to increase, very steeply in some countries, and there are challenges in the supply chains for materials. So far, however, we have been able to navigate this environment reasonably. We are continuously monitoring the situation and are seeking solutions to continue to manage the challenging global market situation.

As a provider of zero-emission energy solutions, Enersense has long played a key role in enabling the green transition. The Russian attack on Ukraine has accelerated the process to end dependence on Russian oil, gas and coal production. Energy self-sufficiency and the replacement of fossil fuels with renewable energy sources are progressing rapidly and will continue to do so in the near future. Enersense plays an important role in these projects. We are extensively involved in projects related to energy production, transmission, efficiency and storage, from design to construction and from maintenance to servicing. Good examples of these in the first quarter include the Fingrid power line contract that we won in Kuopio and S Group's wind farm maintenance contract, which increases our share of wind power maintenance to more than 50% of all electricity networks in wind farms in Finland.

The corporate arrangements we completed early in the year were timely and successful, in addition to being significant additions to our capacity to respond to the acceleration of the green transition and energy self-sufficiency. We took a major step to reinforce our role in the value chain for wind power production by acquiring Megatuuli Oy, an onshore wind power development company, on 1 February 2022. Megatuuli supplements and supports Enersense's strong service portfolio and enables us to develop, build and maintain wind farms. We also aim to serve as wind farm owners and produce zero-emission energy in the future. Megatuuli's goal is to develop and build 1,000 MW of wind power by 2025,

in cooperation with its partners. Megatuuli and its partners have wind power plant projects in progress or in the feasibility study phase, with a total capacity of around 3,000 MW.

Our investment in P2X Solutions Oy, a green hydrogen production company, is significant and strongly supports Enersense's strategy. The investment was completed on 14 February 2022. Wind power and the production of green hydrogen are strongly interlinked, and we have strong expertise throughout the value chain. In addition to a holding of around 16%, the investment provides us with a primary partnership option in the construction of Finland's first green hydrogen production plant in Harjavalta, as well as in maintenance and operation tasks after the completion of the plant. Hydrogen is a great opportunity for us and for Finland as a whole, and it's a privilege to be involved in creating a hydrogen market in Finland.

In early 2022, Enersense's highly competent team of around 2,000 professionals was further enhanced through corporate arrangements and recruitment. I welcome all our new colleagues to Enersense, on our journey towards the green transition and energy self-sufficiency. I would also like to take this opportunity to thank every member of the Enersense community for their strong input in these challenging global circumstances. As always, we can overcome these challenges through cooperation."

Financial result

Revenue by segment

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Smart Industry	16,603	22,301	85,499
Power	14,348	10,838	49,143
Connectivity	9,349	8,463	45,318
International Operations	13,490	11,635	58,999
Items not allocated to business areas	-2	71	152
Total	53,787	53,308	239,110

Revenue by target area

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Finnish sites	39,904	38,918	177,229
International sites	13,883	14,390	61,881
Total	53,787	53,308	239,110

JANUARY–MARCH 2022

Revenue was EUR 53.8 million (53.3), representing an increase of EUR 0.5 million, or 0.9%, compared with the corresponding period of 2021.

EBITDA was EUR 5.4 million (1.7). The net impact of items affecting comparability was EUR 0.1 million. Adjusted EBITDA was EUR 5.5 million (2.6). In the review period, the most significant items affecting comparability were related to restructuring costs and the closing of the digital unit.

The operating profit was EUR 3.2 million (-0.6). A total of EUR 2.1 million in negative goodwill was recognised from the favourable acquisition of Megatuuli Oy.

ORDER BACKLOG

The order backlog stood at EUR 295.5 million (309.0) at the end of the first quarter of 2022.

The segment-specific figures are presented under "Segment reviews".

Financial position and cash flow

PROFIT BEFORE TAXES, RESULT FOR THE PERIOD AND EARNINGS PER SHARE

The profit before taxes was EUR 2.0 million (-1.3) in January–March, and the result for the period was EUR 1.2 million (-1.3). Earnings per share were EUR 0.10 (-0.12). Net financial expenses in January–March totalled EUR -1.2 million (-0.7), including EUR 0.5 million in impairment related to Fennovoima investment. The total liabilities related to Fennovoima may amount to a total of EUR 1.2 million.

CASH FLOW AND FINANCING

Cash flow from operating activities in January–March was EUR -4.7 million. The payment of trade payables and other liabilities had an impact on the cash flow for the period.

Cash flow from investing activities in January–March was EUR -8.4 million, including investments in P2X Solutions Oy.

Cash flow from financing activities in January–March was EUR -1.3 million, including loan withdrawals and repayments.

The Group's financing agreement includes financial covenants concerning the Group's equity ratio and its ratio of interest-bearing debt to EBITDA. In accordance with the terms of the financing agreement the equity ratio at the end of March needed to be at least 32.5%, and the ratio of interest-bearing debt to 12-month EBITDA needed to be no more than 1.75.

The company's covenants were met in accordance with the calculation principles confirmed in the financing agreement.

Enersense has access to a total of EUR 36.9 million in guarantee facilities. The company also has access to invoice financing facilities totalling EUR 38.5 million.

Segment reviews

SMART INDUSTRY

The Smart Industry segment helps customers improve the reliability of their production plants and the efficiency of their maintenance operations. The segment develops digital solutions for improving productivity and provides resource and contracting services and subcontracting chain management services for domestic and international industry projects. The segment is divided into two units: Smart Services (maintenance and operation services and subcontracting chain management services) and Smart Operations (resource, project and contracting services).

January–March 2022

The Smart Industry segment's performance in the review period was weaker than expected. The segment's revenue was EUR 16.7 million (22.3). The decrease in revenue, compared with the previous year, was partly due to the divestment of the Staff Leasing business at the end of June and the volumes of the Olkiluoto nuclear power plant, which were lower than expected. The business operations of the Smart Services unit progressed as planned during the first quarter of the year. The risk of the business impact of the pandemic has decreased significantly in all business areas.

The Smart Industry segment's EBITDA was EUR -1.0 million (1.5). The decrease in the EBITDA, compared with the previous year, was due to ramp-up costs related to the integration of Enersense Offshore Oy, and to the fact that the volumes of the Olkiluoto nuclear power plant were lower than last year. In addition, the Smart Operations unit's volumes were lower than expected, which had a negative impact on the EBITDA. Enersense Offshore Oy is reported as part of the Smart Operations business. The profitability of the Smart Services unit was slightly better than expected in the review period.

The average number of personnel in the Smart Industry segment was 634 person-years during the review period.

Order backlog

The order backlog of the Smart Industry segment increased in line with expectations during the financial year. The order backlog grew considerably through the corporate arrangement related to Enersense Offshore Oy. The significant increase in orders indicates a continued strong demand. In addition, general market interest in Enersense's renewed range of services has further strengthened its quotation base and order backlog. On the other hand, the Russian attack on Ukraine has caused raw material prices to increase, which may affect the timing of possible projects.

POWER

The Power segment helps customers implement the energy transition through services that cover the entire life cycle of the energy sector. The services include the design, construction and maintenance of transmission grids, electric substations and wind farms. The segment also provides solutions for charging systems for electrically powered transport and electricity storage.

January–March 2022

The Power segment's revenue developed favourably in the review period and was EUR 14.4 million (10.9). The increase in revenue resulted from higher business volumes and good project progress. Demand in the Power segment continued to be strong during the review period. The impacts of the coronavirus pandemic were minor in the review period.

The Power segment's EBITDA was EUR 8.7 million (0.5). The change in the EBITDA was due to the increase in revenue, successful project management and the acquisition of Megatuuli Oy, which was completed in February, and of which negative goodwill was recognised. The first onshore wind projects were successfully sold during the first quarter.

Other successes in the Power segment in the first quarter include the Fingrid power line contract that we won in Kuopio and S Group's wind farm maintenance contract, which increases our share of wind power maintenance to more than 50% of all electricity networks in wind farms in Finland.

The average number of personnel in the Power segment was 166 person-years during the review period.

Order backlog

In the Power segment, the order backlog grew by EUR 4 million year-on-year. Compared with the end of 2021, the order backlog decreased by EUR 1 million. The changes in the order backlog resulted from normal fluctuations related to project sales and the Power segment's efforts to hedge its margin levels. The order backlog is expected to develop favourably over the coming months, with demand remaining strong.

CONNECTIVITY

The Connectivity segment helps customers by providing mobile and fixed network services and ensuring their operability. The segment is involved in all phases of the life cycles of data networks, as well as designing, building and maintaining fixed and wireless data networks.

January–March 2022

The Connectivity segment's revenue was EUR 9.4 million (8.5). The volume of long-term framework agreements varies within the agreement period, and was slightly higher than in the previous year. The impacts of the coronavirus pandemic on business operations were minor during the review period.

The Connectivity segment's EBITDA was EUR -0.7 million (-0.4). The change in the EBITDA was due to higher costs and changes in the labour base, compared with last year. The increase in labour and material costs has had a negative impact on Connectivity's EBITDA. However, measures related to Connectivity's profitability improvement programme are in progress, and the improvement of operational efficiency is progressing as planned.

The average number of personnel in the Connectivity segment was 343 person-years during the review period.

Order backlog

In the Connectivity segment, the order backlog decreased by EUR 34 million year-on-year. Compared with the end of 2021, the order backlog decreased by EUR 1 million. Due to the nature of the business operations, the order backlog does not grow steadily, because the majority of sales come from long-term framework agreements that are valid for several years.

INTERNATIONAL OPERATIONS

The International Operations segment includes Enersense's international business operations in Germany, France, the United Kingdom and the Baltic countries.

January–March 2022

The revenue of the International Operations segment was EUR 13.5 million (11.6). The increase in revenue was mainly due to high-voltage power line construction projects in Estonia and Lithuania. The majority of the revenue came from maintenance and construction projects in power grids and distribution grids in the Baltic countries. The revenue of the Industry unit in France decreased. The impacts of the coronavirus pandemic on business operations were minor during the review period.

EBITDA was EUR -0.9 million (0.3). EBITDA is usually low in the Baltic countries in the first quarter due to seasonal variation. The steep increase in material and other costs because of high inflation, more than 15%, in the Baltic countries has posed challenges. Demand for services was high, and revenue growth was mainly limited by a lack of resources.

The average number of personnel in the International Operations segment was 577 person-years during the review period.

Order backlog

The order backlog is at a record high, more than EUR 120 million, due to several long-term construction projects in the Baltic countries. The order backlog will be distributed over the coming years, and capacity is almost sold out for this year. Due to the nature of the business operations, the order backlog does not grow steadily, because the majority of sales come from major framework agreements and long-term projects that are valid for several years.

January–March 2022 highlights

3 January Enersense further specified the implementation schedule for its investment and partnership arrangement related to P2X. The preconditions were expected to be met at the end of January 2022, and the arrangement was expected to be implemented during February 2022.

10 January Enersense announced that its Megatuuli acquisition was progressing: Enersense had signed a letter of intent with Megatuuli's key project development partner on a precondition for the transaction.

11 January To implement the acquisition of Megatuuli Oy, Enersense's Extraordinary General Meeting decided, in accordance with the Board of Directors' proposal, to amend Section 3 of the Articles of Association, authorise the Board of Directors to decide on the issuance of up to 2,675,000 new shares for a directed share issue and, conditional on the completion of the acquisition, authorise the Board of Directors to accept the company's own shares, up to 668,750 shares, as pledge and transfer shares accepted as pledge.

17 January Enersense's Shareholders' Nomination Board submitted its proposal to the 2022 Annual General Meeting.

19 January Enersense announced that Johanna Nurkkala, SVP, Legal, and member of the Group Executive Team, would leave the company in April 2022.

31 January Enersense announced that, with the progress of its investment and partnership arrangement with P2X, the amount of its investment has been confirmed and will be EUR 13 million if the arrangement is implemented.

31 January Enersense's Board of Directors decided on a directed share issue of 2,598,331 new shares in Enersense in connection with the Megatuuli acquisition. The shares were directed to the sellers of Megatuuli, and the implementation of the share issue was conditional on the execution of the acquisition.

1 February The company completed the acquisition of Megatuuli, and the new shares in Enersense were entered into the Trade Register.

3 February Enersense announced that the wind farm projects developed by Enersense's subsidiary Megatuuli Oy and its partner are progressing, and that Megatuuli has agreed on a fee to be paid in instalments under the development cooperation agreement between 2022 and 2025.

14 February Enersense made an investment in P2X Solutions Oy.

28 February Enersense's Board of Directors decided on incentive schemes for the Group's key personnel.

28 March Sami Takila was appointed as SVP, Legal at Enersense and a member of the Group Executive Team.

Events after the review period

At its inaugural meeting after the Annual General Meeting on 4 April 2022, Enersense's Board of Directors elected Jaakko Eskola as its Chair and Sirpa-Helena Sormunen as its Vice Chair. In addition, from among its members, the Board elected Sari Helander as Chair of the Audit Committee and Päivi Jokinen and Petri Suokas as the other members of the Audit Committee, and Herkko Plit as Chair of the Remuneration Committee and Jaakko Eskola and Sirpa-Helena Sormunen as the other members of the Remuneration Committee.

Operating environment

The ongoing energy transition is a global phenomenon that will change energy production, shifting its focus from fossil options to renewable energy sources. The impacts of the energy transition will be reflected in changes in energy production methods, but the transition will also shape society in various ways and affect many sectors of the economy.

With energy production moving towards renewable energy sources, the changes will be reflected in the geographical diversification of energy production in particular. This will require substantial investments in transmission grids, electric substations and energy storage. Renewable energy forms often use natural phenomena – such as hydropower, wind power and solar power – as sources of energy, which will make energy production more uneven in the future than energy produced from fossil sources, for example, depending on weather conditions.

The energy transition will also require more real-time and high-speed data transmission, which in turn will require investment in telecommunications networks. In addition, the information network infrastructure will play a key role in society in the renewal of manufacturing industry towards higher efficiency and sustainability, and in maintaining its competitiveness. The energy transition and industrial renewal are supported by EU-level and national energy efficiency and emissions targets.

THE IMPACT OF THE RUSSIAN ATTACK ON UKRAINE ON ENERSENSE AND ITS OPERATIONS

The Russian attack on Ukraine, global economic uncertainty and weaker growth may have an impact on Enersense's business operations. The war and the related measures may have a negative impact on the investment capacity and willingness of Enersense's customers, for example, or on the availability of financing and, thereby, also on the demand for Enersense's services. The war has caused inflation to increase, very steeply in some countries, and there are challenges in the supply chains for materials.

Weaker global economic growth may also have a negative impact on projects already included in Enersense's order backlog, in the form of delays or interruptions. The prices of some of the materials used in Enersense's business operations are susceptible to changes, especially because of global economic uncertainty and the war in Ukraine. In addition, there are challenges in the supply chains for certain materials such as steel.

So far, Enersense has been able to navigate this environment reasonably. We are seeking solutions to continue to manage the challenging global market situation.

As a provider of zero-emission energy solutions, Enersense has long played a key role in enabling the green transition. The Russian attack on Ukraine has accelerated the process to end dependence on Russian oil, gas and coal production. Energy self-sufficiency and the replacement of fossil fuels with renewable energy sources are progressing rapidly and will continue to do so in the near future.

THE IMPACT OF THE CORONAVIRUS PANDEMIC ON ENERSENSE AND ITS OPERATIONS

The coronavirus pandemic continues to spread and may have both direct and indirect impacts on Enersense's business operations through the uncertainty that is affecting society as a whole. The impacts of the coronavirus pandemic on Enersense have mainly consisted of the following: delays, interruptions or postponements related to projects; delays and challenges arising from travel restrictions, particularly in projects implemented abroad; hindrances or delays in foreign material purchases and subcontracting; and challenges caused by illness or quarantine among the company's own employees or employees in the subcontracting chain.

If the coronavirus pandemic continues, it can still affect project decisions and project operation chains in industry, in addition to delaying decisions to start projects or causing delays in ongoing projects. The coronavirus pandemic may also affect employees' willingness and ability to travel, which also highlights the risk related to the availability of employees. The coronavirus pandemic has already had a significant impact on the uncertainty of the world economy and the global financial markets. If the pandemic continues further, it may lead to a deeper or longer-term global recession or depression. This could

have a negative impact on certain types of investment and generally reduce Enersense's business opportunities.

Similarly, weaker confidence in the economy and reduced economic activity among Enersense's customers may have a negative impact on Enersense's revenue, cash flows and solvency in the future. If the coronavirus pandemic continues further or the related restrictions become stricter, a deterioration in the financial position of Enersense's customers in the public and private sectors may lead to a decrease in demand for Enersense's services, slower-than-expected sales development and a decrease in the prices of its services.

The full impact (including the timing, duration and extent of the impact) of the coronavirus pandemic on the global economy and the economies in Enersense's area of operation, as well as on Enersense's business operations and customers, is difficult to predict, especially as the pandemic situation and the related public administration decisions and measures keep changing rapidly.

Enersense seeks to ensure the health and safety of its personnel through various measures, including travel restrictions and opportunities to work remotely. The Covid-19 team established by Enersense is monitoring the situation closely.

Market situation

We estimate that Enersense's total market in Finland is around EUR 4 billion. Our order backlog at the end of the first quarter of 2022 was EUR 295.5 million (309.0), and it is distributed over 2022–2023. Compared with last year, the order backlog has decreased in Connectivity and increased in the other segments. The decrease in the Connectivity segment is due to the cyclical nature of framework agreements.

SMART INDUSTRY

The Smart Industry segment's market is expected to develop favourably. We seek new customers through the implementation of zero-emission and low-emission projects. Existing service contracts will continue at their normal level. The increase in orders indicates a continued good demand. We estimate that the total market in Finland is around EUR 2 billion.

Through the acquisition of Enersense Offshore Oy, Enersense is involved in the offshore wind power sector and, particularly, in the offshore wind power market. The offshore wind power market is estimated at around EUR 3 billion in the Baltic Sea region. In accordance with the EU strategy on offshore renewable energy, the goal is to increase Europe's offshore wind capacity from its current level of 12 GW to 300 GW by 2050. Investments of nearly EUR 800 billion are needed to achieve this goal.

POWER

The business environment for the Power segment is expected to develop favourably, and demand for services is expected to remain at a good level in 2022. With Russian attack on Ukraine, the replacement of fossil fuels with renewable energy sources is progressing faster than previously estimated. The overall market in Finland continues to grow, and the market size is currently estimated at more than EUR 500 million.

CONNECTIVITY

The moderate and stable growth of the Connectivity segment's market is driven by the need for high-speed connections in fixed and mobile networks. We estimate that the total market in Finland is around EUR 250 million. The market is growing with the construction of 5G networks.

INTERNATIONAL OPERATIONS

The business environment for the International Operations segment is expected to improve moderately in 2022. Performance development in the Baltic countries is expected to remain at the same level as in 2021. Positive performance development is expected to continue in France. Business development continues in the United Kingdom and Germany. In the first quarter of 2022, demand for services increased in the Baltic countries and remained stable in other countries.

Near-term risks and uncertainties

In its operations, Enersense is exposed to strategic, operational and financial risks and external threats.

Global economic uncertainty and unfavourable changes in world politics, including the Russian attack on Ukraine and the related measures, may have a negative impact on the investment capacity and willingness of Enersense's customers, for example, or on the availability of financing and, thereby, also on the demand for Enersense's services. The war has caused inflation to increase, very steeply in some countries, and there are challenges in the supply chains for materials. Weaker global economic growth may have a negative impact on Enersense's business operations and on projects already included in Enersense's order backlog, in the form of delays or interruptions. Changes in official regulations and restrictions and the related uncertainty may also have a material impact, especially among customers in the energy business.

The prices of some of the materials used in Enersense's business operations are susceptible to changes, especially because of global economic uncertainty and the war. In addition, the availability of certain materials such as steel has decreased. Salary levels are expected to increase strongly, particularly in the Baltic countries, in the coming years. If Enersense fails to hedge against changes in prices and salaries by entering into fixed-price procurement agreements or transferring cost increases to its prices for customers, the materialisation of risks may have a significant impact on project profitability and Enersense's financial position. Furthermore, if Enersense is unable to acquire the materials needed for its project and service production, this may have a material impact on its profitability.

The coronavirus pandemic continues to spread and may have both direct and indirect impacts on Enersense's business operations through the uncertainty that is affecting society as a whole. If the coronavirus pandemic continues, it can still affect project decisions and project operation chains in industry, in addition to delaying decisions to start projects or causing delays in ongoing projects. The coronavirus pandemic may also affect employees' willingness and ability to travel, which also highlights the risk related to the availability of employees. Similarly, weaker confidence in the economy and reduced economic activity among Enersense's customers may have a negative impact on Enersense's revenue, cash flows and solvency in the future. If the coronavirus pandemic continues further or the related restrictions become stricter, a deterioration in the financial position of Enersense's customers may lead to a decrease in demand for Enersense's services, slower-than-expected sales development and a decrease in the prices of its services.

The ICT strike, which began on 25 April 2022, may also affect Enersense's business, especially in the Connectivity segment, if prolonged.

Enersense has a number of major key customers whose purchasing behaviour has a significant impact on its business performance. If a major customer transferred its purchases from Enersense to its competitors or significantly changed its operating model, or if a significant project ended, discontinued or decreased unexpectedly, the company would have limited opportunities to replace the customer volume over a short period of time.

In addition, large fixed-price projects are typical of Enersense's business operations, and the profitability of such projects requires Enersense to estimate the related contract risks and production costs with sufficient accuracy, in addition to successful project management, technical implementation and schedule management. The company often enters into project-specific contracts, which involve uncertainty in terms of successful competitive bidding. This makes it more difficult to estimate the company's performance and financial position over a period of time longer than the order book.

Increased competition may also have a negative impact on the development of Enersense's order backlog, and thereby also on its revenue and profitability.

If Enersense is not able to recruit, train, motivate and retain highly competent employees, it may not necessarily be able to compete effectively or fully implement its strategy.

Enersense's loss and continuity risks are mainly related to people, property and IT systems. Although the company has protected its operations and property by means of insurance, the materialisation of loss risks may result in damage to people and property or business interruption. In addition, the reliability and functioning of IT systems are essential for the continuity of Enersense's operations. Prolonged interruptions in key systems could limit Enersense's opportunities to operate profitably and efficiently. Cyberthreats can also pose threats to Enersense's data resources.

The Group companies have ongoing legal disputes, some of which are in progress in general or administrative courts in Finland and abroad. The disputes are typically related to claims against Enersense concerning alleged defective performance, delays or damage incurred by customers in project operations in particular, or to claims made by Enersense against its suppliers or customers. The end results of claims, disputes and legal processes are difficult to predict. However, they have no significant short-term impacts on the company's operations. The company has assessed the potential impacts of the disputes, and has recorded provisions based on these assessments.

When the company completes acquisitions or expands its operations into new countries, it is possible that the revenue and profits of the target companies or Enersense's foreign subsidiaries and/or branches will not meet its expectations. In addition, changes in customer relationships, local labour markets, political conditions and legislation, as well as changes in the company's locations, may have an adverse impact on Enersense's business operations, performance and financial position.

On 1 February 2022, Enersense announced that it had completed the share transaction related to Megatuuli Oy, an onshore wind power development company. In Megatuuli, the most typical risks and uncertainties of project development operations and the related revenues include the approvability of projects, as well as complaints related to statutory land use planning processes and permit procedures in particular, which may delay or prevent the implementation of development projects. Megatuuli's operations also focus on early-stage development work in wind power projects, and the implementation of development projects. The related revenue recognition and its schedule depends on certain key partners and the continuity of contracts with these partners, which requires, for example, that Megatuuli is able to comply with the obligations included in such contracts.

The Enersense Group's financing agreement includes financial covenants concerning the Group's equity ratio and its ratio of interest-bearing debt to EBITDA. If the company fails to meet the terms of the covenants, the financiers have the right to change the terms and conditions of the financing agreement, or terminate the agreement in extreme cases. Enersense's other financial, credit, liquidity, currency and interest rate risks are described in more detail in its Board of Directors' report for the 2021 financial year. No material changes have taken place in these risks during the first quarter of 2022.

General meetings 2022

EXTRAORDINARY GENERAL MEETING

Enersense International Plc held an Extraordinary General Meeting (EGM) in Helsinki on 11 January 2022. The company's shareholders and their proxies were able to participate in the EGM and exercise their rights only by voting in advance and presenting counterproposals and questions in advance. It was not possible to attend the meeting on-site. The EGM was held by applying exceptional meeting practices in accordance with the temporary Act of Parliament (375/2021) adopted to limit the spread of the coronavirus.

Enersense announced on 20 December 2021 that it had signed an agreement on the acquisition of the share capital of Megatuuli Oy, an onshore wind farm developer. To implement the acquisition, the EGM decided, in accordance with the Board of Directors' proposal, (a) to amend Section 3 of the Articles of

Association, (b) to authorise the Board of Directors to decide on the issuance of shares for a directed share issue and (c), conditional on the completion of the acquisition, to authorise the Board of Directors to accept the company's own shares as pledge and to transfer shares accepted as pledge.

The shares issued based on the authorisation were directed to the shareholders of Megatuuli Oy in proportion to the voting shares in Megatuuli Oy that they had sold in connection with the acquisition. The maximum number of shares to be issued is 2,675,000, or around 19.9% of all shares in the company at the time of the EGM. The Board was granted the right to decide, within the authorisation mentioned above, on the terms and conditions of the directed share issue,

The authorisation was valid until the close of the 2022 Annual General Meeting and could not be used for any purpose other than the execution of the acquisition.

Based on the authorisation concerning the acceptance as pledge of the company's own shares and the transfer of shares accepted as pledge, the Board may accept as pledge a maximum of 668,750 shares in the company, but not more than 10% of all shares in the company. The company's own shares may be accepted as pledge in a proportion other than that of the shareholders' current holdings in the company (directed acceptance as pledge). The Board decides how the shares will be accepted as pledge.

In addition, based on the authorisation, the Board may decide on the transfer of a maximum of 668,750 treasury shares in connection with the possible implementation of the pledge arrangement. The Board is authorised to decide to whom and in what order treasury shares will be transferred. The Board may decide on the transfer of shares accepted as pledge in a proportion other than that determined by the shareholders' pre-emptive right to acquire shares in the company. Shares may be transferred in a manner and extent decided by the Board. The Board also has the right to decide on the sale of shares in the company accepted as pledge in public trading. The authorisation includes the right of the Board to decide on all other terms and conditions of transferring shares in the company accepted as pledge.

The authorisation is valid until 29 June 2023 and cannot be used for any purpose other than the accepting as pledge of shares issued through the directed share issue described above and the transfer of shares accepted as pledge.

On 31 January 2022, Enersense announced that it had carried out a directed share issue conditional on the completion of the acquisition of Megatuuli. Furthermore, on 1 February 2022, Enersense announced that it had completed the acquisition of Megatuuli.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Enersense International Plc was held at the company headquarters in Pori on 4 April 2022. The company's shareholders and their proxies were able to participate in the EGM and exercise their rights only by voting in advance and presenting counterproposals and questions in advance. It was not possible to attend the meeting on-site. The EGM was held by applying exceptional meeting practices in accordance with the temporary Act of Parliament (375/2021) adopted to limit the spread of the coronavirus.

The AGM adopted the company's financial statements for 2021. In addition, the AGM decided that a dividend of EUR 0.10 per share will be paid from the company's distributable funds, based on the balance sheet adopted for the 2021 financial year. The dividend will be paid in two instalments. The first instalment (EUR 0.05 per share) will be paid to shareholders registered in the shareholder register maintained by Euroclear Finland on the record date (6 April 2022). The first instalment will be paid on 6 May 2022. The second instalment (EUR 0.05 per share) will be paid in November 2022. The second instalment will be paid to shareholders registered in the share register maintained by Euroclear Finland on the record date, which will be decided later by the Board. The Board will determine the record and payment date for the second instalment of the dividend at its meeting scheduled to be held in October. The tentative record date is 1 November 2022, and the tentative payment date is 8 November 2022 at the earliest.

In addition, the AGM decided to discharge the members of the Board and the CEO from liability. The AGM also adopted the 2021 remuneration report for the governing bodies of the company, as well as its remuneration policy, by means of advisory decisions.

At the AGM, the number of members of the Board of Directors was confirmed at six. Jaakko Eskola, Sirpa-Helena Sormunen, Herkko Plit, Petri Suokas, Sari Helander and Päivi Jokinen were re-elected as Board members. At its inaugural meeting after the AGM, the Board elected Jaakko Eskola as its Chair and Sirpa-Helena Sormunen as its Vice Chair. Sari Helander was elected as Chair of the Audit Committee, and Päivi Jokinen and Petri Suokas were elected as the other members of the Audit Committee. Herkko Plit was elected as Chair of the Remuneration Committee, and Jaakko Eskola and Sirpa-Helena Sormunen were elected as the other members of the Remuneration Committee.

In addition, the AGM decided that the following fees be paid: an annual fee of EUR 40,000 to the Chair of the Board, EUR 30,000 to the Vice Chair and EUR 25,000 to the other members of the Board. The meeting fees were determined as follows: EUR 1,000 per meeting for the Chairs of the Board and its committees, and EUR 500 per meeting for the other members of the Board and its committees.

KPMG Oy Ab, Authorised Public Accountants, was selected as the auditor, with Heli Tuuri, Authorised Public Accountant, as the principal auditor. The auditor will be paid a fee against a reasonable invoice approved by the Audit Committee.

The AGM decided to authorise the Board of Directors to decide on share issues, as well as the issue of option rights and other special rights entitling their holders to shares in accordance with chapter 10, section 1 of the Limited Liability Companies Act, or combinations of all or some of the above, in one or more instalments on the following conditions:

Based on the authorisation, a maximum of 1,599,600 new shares in the company and/or treasury shares (including shares issued based on special rights) can be issued, which corresponds to around 10% of the total number of shares in the company at the time of the notice of the Annual General Meeting. The Board is granted the right to decide, within the authorisation mentioned above, on the terms and conditions of the share issue, as well as the issue of option rights and special rights entitling their holders to shares. The Board is authorised to decide on the recognition of the subscription price, either as an increase in the share capital or in the invested unrestricted equity reserve, in part or in full. The issue of shares and special rights can also be a directed issue in deviation from the shareholders' pre-emptive rights if there is a weighty financial reason for this in accordance with the Limited Liability Companies Act (directed issue). In such a case, the authorisation can be used to finance acquisitions or other investments included in the company's business operations, as well as to maintain and increase the Group's solvency, implement incentive schemes, expand the ownership base and develop the capital structure. The maximum number of shares to be issued to implement the company's incentive schemes is 239,940 new shares in the company and/or shares held by the company.

The authorisation invalidates previous unused authorisations concerning share issues and the issue of option rights and special rights entitling their holders to shares. The authorisation is valid until the close of the next AGM, but not beyond 30 June 2023.

The AGM authorised the Board to decide on the acquisition and/or acceptance as pledge of the company's own shares on the following conditions:

A maximum of 799,800 shares can be acquired and/or accepted as pledge, which corresponds to around 5% of the total number of shares in the company at the time of the AGM. The shares must be acquired as part of trading organised by Nasdaq Helsinki Oy at the market price at the time of acquisition. The company's own shares may be acquired and/or accepted as pledge in a proportion other than that of the shareholders' current holdings in the company (directed acquisition and/or acceptance as pledge). The acquisition and/or acceptance as pledge of shares will reduce the company's unrestricted equity. The Board decides how the shares will be acquired and/or accepted as pledge. The authorisation is valid until the close of the next Annual General Meeting, but not beyond 30/06/2023.

Shares and shareholders

SHARE CAPITAL AND NUMBER OF SHARES

Shares in Enersense International Plc are traded on the Nasdaq Helsinki under ticker symbol ESENSE (ISIN code FI4000301585). At the end of the review period, the company's share capital consisted of 15,996,060 shares, each of which provided its holder with one vote. The company's share capital was EUR 80,000 at the end of the review period. The company holds no treasury shares.

Key figures per share

	31.3.2022	31.3.2021	31.12.2021
Market value, EUR	128,288,401	116,227,290	91,640,466
Number of shareholders at the end of the period ^{*)}	6,882	3,607	6,957
Share price at the end of the period	8.02	10.00	6.84
Average share price, EUR	7.12	8.38	8.63
Highest share price, EUR	8.22	11.90	12.00
Lowest share price, EUR	5.52	6.60	5.96
Number of shares at the end of the period	15,996,060	11,622,729	13,397,729
The share issue-adjusted number of shares at the end of the period	15,850,261	11,622,729	13,397,729
The average share issue-adjusted number during the review period	15,081,350	9,927,030	12,140,606
Share trading, pcs	2,473,521	2,820,357	9,568,586
Turnover rate, %	16.35	28.41	78.81

*) Source Euroclear Finland Oy

AUTHORISATIONS OF THE BOARD OF DIRECTORS

The share issue authorisations, as well as the authorisation concerning the acquisition and/or acceptance as pledge of the company's own shares, granted by the Annual General Meeting to the Board, are discussed above under "General meetings".

SHARE ISSUES AND SHARE-BASED INCENTIVE SCHEMES

On 20 December 2021, Enersense announced that it had signed an agreement to acquire the share capital of Megatuuli Oy, a development company for onshore wind power projects. Enersense's Board of Directors decided on 31 January 2022, based on the authorisation granted by the Extraordinary General Meeting on 11 January 2022, to carry out a directed issue of 2,598,331 new shares in Enersense to the sellers of Megatuuli in connection with the acquisition. The share issue was conditional on the implementation of the acquisition. On 1 February 2022, by means of a separate stock exchange release, Enersense announced that it had completed the acquisition.

The new shares are subject to a collateral arrangement and transfer restrictions concerning 50% of the shares provided as consideration to Megatuuli's shareholders. The restrictions will be lifted 24 months after the completion of the acquisition. Following the subscription and registration of the new shares, the total number of shares in Enersense is 15,996,060, and the number of new shares accounts for around 16.24% of Enersense's share capital after the registration of the new shares.

In accordance with the terms of the transaction of Megatuuli Oy, a dividend of EUR 2.5 million will be paid to the minority owners of Megatuuli.

More information about the share issue is provided in the releases published on the dates mentioned above.

On 28 February 2022, Enersense's Board of Directors decided on a new share-based incentive scheme for the Group's key personnel. The incentive scheme for 2022–2025 has one performance period, which consists of the 2022–2023 financial years. The potential rewards within the scheme will be paid in two equal instalments after the performance period in 2024 and 2025.

Rewards within the scheme will be based on the total absolute return on the company's share for the 2022–2023 financial years, the Group's cumulative euro-denominated adjusted EBITDA for the 2022–2023 financial years and the share of renewable and zero-emission energy of revenue. The rewards to be paid in accordance with the scheme are estimated at the value of a maximum of 211,000 shares in Enersense. The target group of the scheme consists of around 40 people, including the President and CEO and the other members of the Group Executive Team.

Rewards within the restricted share plan for 2022–2024 are based on a valid employment contract or executive agreement and the continuation of the employment or service relationship during the vesting period. Rewards will be paid after the vesting period, which lasts for 24 to 36 months. The plan is only intended for specifically designated key people. The rewards to be allocated based on the restricted share plan in 2022–2024 correspond to the value of a maximum of 10,000 shares in Enersense.

More information about the share-based incentive schemes is provided in a stock exchange release issued by the company on 28 February.

FLAGGING NOTIFICATIONS

During the review period, Enersense received six flagging notifications in accordance with chapter 9, section 5 of the Securities Markets Act.

1. From Kyösti Kakkonen: According to the notification, the shareholding of Joensuun Kauppa ja Kone Oy, an entity controlled by Kyösti Kakkonen, decreased to 8.64% of all shares and votes in Enersense on 1 February 2022.
2. From MBÅ Invest Oy: According to the notification, the shareholding of MBÅ Invest Oy decreased to 14.09% of all shares and votes in Enersense on 1 February 2022.
3. From Janne Vertanen: According to the notification, the shareholding of Janne Vertanen and his controlled entities decreased to 8.57% of all shares and votes in Enersense on 1 February 2022.
4. From Tomi Hyttinen: According to the notification, the shareholding of Tomi Hyttinen and Taloustieto Incrementum Oy, an entity controlled by Tomi Hyttinen, decreased to 4.77% of all shares and votes in Enersense on 1 February 2022.
5. From Verman Group Oy: According to the notification, the shareholding of Verman Group Oy decreased to 8.40% of all shares and votes in Enersense on 1 February 2022.
6. From Virala Oy Ab: According to the notification, the shareholding of Nidoco Ab, which belongs to the Virala Oy Ab Group, increased to 23.88% of all shares and votes in Enersense on 22 March 2022.

DIVIDEND POLICY

The company's goal is to distribute at least 30% of earnings per share as dividends. Performance development and outlook, as well as investments in organic growth or acquisitions in line with the strategy, among other factors, will affect the distribution of dividends in the future. In addition, the company's special condition agreement with its key financiers includes restrictions on the distribution of dividends in the event that the terms and conditions of the financing agreements under the special condition agreement are violated, the distribution of dividends leads to a breach of the terms and conditions, or the distribution of dividends may jeopardise the repayment of financing.

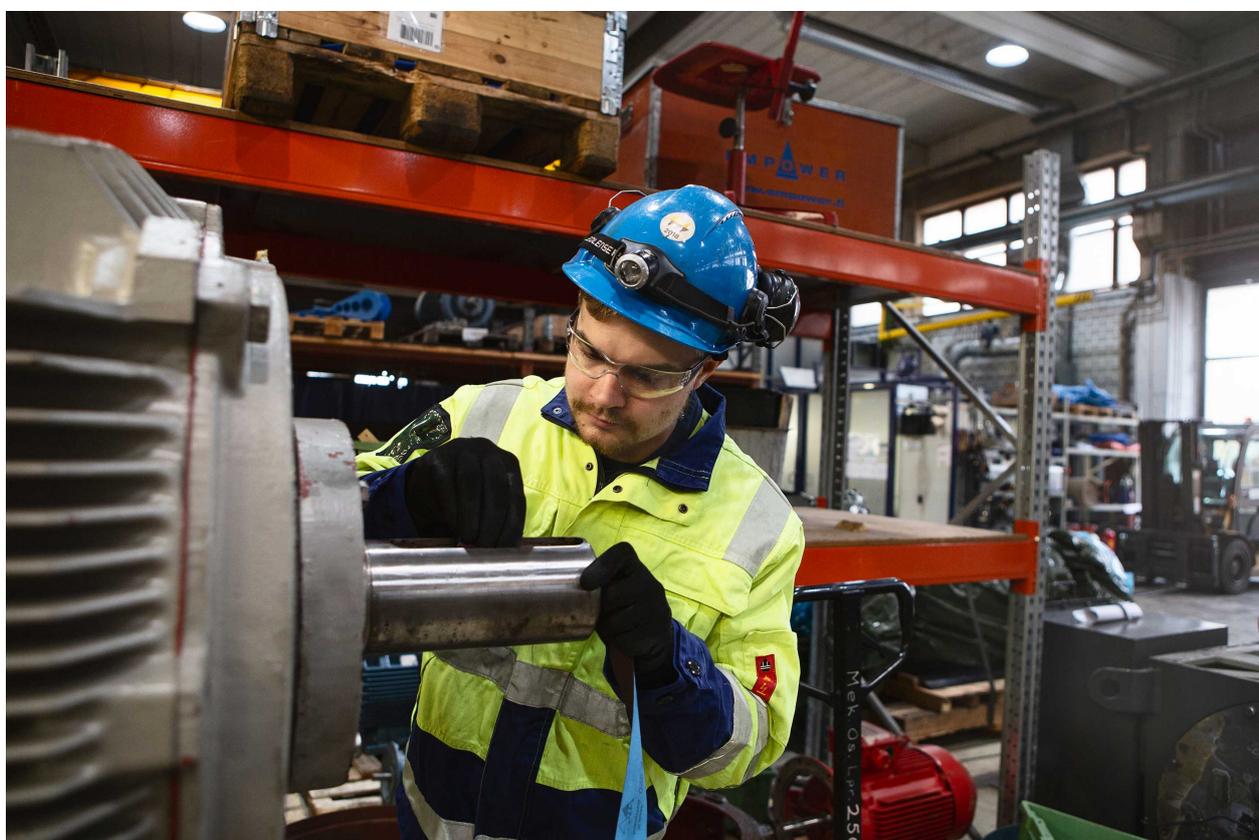
Even though Enersense is not planning to change its dividend policy, it cannot be guaranteed that dividends will be paid or capital repayments will be made in the future, and no guarantee can be given on the amount of dividends paid or capital repayments made in any specific year.

Group personnel

Enersense mainly operates in Finland, Germany, France, the United Kingdom and the Baltic countries.

Person-year (average for the period)

	1-3/2022	1-3/2021	1-12/2021
Smart Industry	634	929	769
Power	166	153	156
Connectivity	343	341	345
International	577	482	579
Other	93	93	93
Group total	1,813	1,998	1,942



Additional information

Pori 29/04/2022
Enersense International Plc
Board of Directors

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This is not an interim report in accordance with IAS 34. The company follows a half-year reporting cycle in accordance with the Securities Markets Act, and it publishes business reviews with key financial performance information for the first three and nine months of the year.

The financial information presented in the business review is unaudited.

Financial reporting in 2022

Enersense will publish the following reports in 2022:

- Half-year report for January–June on 4 August 2022
- Business review for January–September on 28 October 2022

A Capital Markets Day for shareholders, investors, analysts and representatives of banks and the media will be held on 3 May 2022.

Distribution:

Nasdaq Helsinki
Key media
www.enersense.com

More information is available on the Enersense website at www.enersense.com/investors

Consolidated income statement

EUR thousand	1–3/2022	1–3/2021	1–12/2021
Revenue	53,787	53,308	239,110
Change in inventories of finished goods and work in progress	-410	-291	2,060
Work performed for own purposes and capitalised	—	169	-35
Other operating income	8,771	506	10,514
Material and services	-25,606	-20,789	-115,011
Employee benefits expense	-24,486	-25,070	-97,898
Depreciation and amortisation	-2,183	-2,300	-9,806
Other operating expenses	-6,641	-6,159	-22,196
Share of profit /loss accounted for using the equity method	-4	7	95
Operating profit	3,227	-619	6,834
Finance income	4	30	41
Finance expense	-1,214	-701	-3,334
Finance income and expense	-1,210	-671	-3,294
Profit/loss before tax	2,017	-1,289	3,540
Tax on income from operations	-814	-41	433
Profit/loss for the period	1,203	-1,331	3,973
Other OCI-items			
Items that may be reclassified to profit or loss			
Translation differences	265	309	382
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	—	—	-117
Other comprehensive income for the period, net of tax	265	309	265
Total comprehensive income for the period	1,468	-1,022	4,238
Profit (loss) for the period attributable to:			
Equity holders of the parent company	1,587	-1,154	4,301
Non-controlling interests in net income	-384	-177	-328
Profit/loss for the period	1,203	-1,331	3,973
Total comprehensive income for the period attributable to:			
Owners of the parent company	1,852	-845	4,566
Non-controlling interests	-384	-177	-328
Total comprehensive income for the period	1,468	-1,022	4,238
Earnings per share attributable to the owners of the parent company	0.10	-0.12	0.35
Basic and diluted earnings per share	0.10	-0.12	0.35

Consolidated balance sheet

EUR thousand	31.03.2022	31.03.2021	31.12.2021
Assets			
Non-current assets			
Goodwill	26,154	26,376	26,154
Other intangible assets	41,036	12,929	18,591
Property, plant, equipment	21,116	18,147	21,706
Investments accounted for using the equity method	10,243	1,505	1,564
Other shares and equity interests	1	—	1
Loan receivables	—	150	—
Non-current trade and other receivables	4,203	1,066	3,919
Deferred tax-assets	1,109	540	1,096
Total non-current assets	103,862	60,714	73,032
Current assets			
Inventories	6,856	3,079	6,513
Trade receivables	18,433	17,815	21,501
Current income tax receivables	29	256	48
Other receivables	20,436	21,220	16,449
Cash and cash equivalents	14,779	22,487	29,166
Total current assets	60,534	64,858	73,677
Total assets	164,396	125,571	146,709
Equity and liabilities			
Equity			
Share capital	80	80	80
Unrestricted equity reserve	62,220	30,154	43,794
Other reserves	313	313	313
Translation differences	281	-54	17
Retained earnings	1,910	263	95
Profit (loss) for the period	1,587	-1,154	4,301
Total equity attributable to owners of the parent company	66,391	29,602	48,599
Non-controlling interests	681	1,316	1,064
Total equity	67,072	30,919	49,663
Liabilities			
Non-current liabilities			
Borrowings	9,847	3,635	10,095
Lease liabilities	12,345	5,387	12,825
Payment arrangement with the Tax administration	—	249	—
Other liabilities	2,206	28	2,206
Deferred tax liabilities	5,991	—	1,469
Employee benefit obligations	545	435	545
Provisions	1,232	481	852
Total non-current liabilities	32,167	10,214	27,992
Current liabilities			
Borrowings	2,597	14,550	3,072
Lease liabilities	4,279	3,642	4,427
Advances received	5,794	3,168	7,203
Trade payables	12,881	12,349	14,758
Payment arrangement with the Tax administration	349	1,011	963
Current income tax liabilities	1,448	258	28
Other payables	37,343	47,958	37,985
Provisions	466	1,504	618
Total current liabilities	65,158	84,438	69,054
Total liabilities	97,325	94,653	97,046
Total equity and liabilities	164,396	125,571	146,709

Consolidated cash flow statement

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Cash flow from operating activities			
Profit (loss) for the period	1,203	-1,331	3,973
Adjustments:			
Depreciation, amortisation and impairment	2,183	2,300	9,806
Gains and losses on the sale of subsidiaries	—	—	-1,760
Gains and losses on the sale of associated companies	—	—	—
Gains and losses on the sale of property, plant and equipment	-2	-117	-222
Share of profits (losses) of associates	4	-7	-95
Interest income and other financial income and expenses	1,210	671	3,294
Income tax	814	41	-433
Other adjustments	-1,889	316	-11,758
Total adjustments	2,320	3,204	-1,169
Changes in working capital			
Change in trade and other receivables	207	-6,544	-4,829
Change in trade payables and other liabilities	-6,905	-3,385	-9,050
Change in inventories	-343	487	-2,615
Change in provision	—	-67	—
Interest received	4	30	43
Interest paid	-260	-453	-1,379
Other financial items	-953	-347	-1,957
Income tax	—	-108	1,376
Net cash flow from operating activities	-4,727	-8,512	-15,608
Cash flow from investing activities	—		
Investments in tangible and intangible fixed assets	-913	-363	-1,406
Sale of fixed assets	726	-257	15,170
Acquisition of subsidiaries, less cash and cash-equivalents acquired	—	-31	-151
Sale of subsidiaries, less cash and cash equivalents sold	—	—	281
Additional investments in associated companies	-7,799	—	-104
Sale of associated companies	—	—	—
Withdrawals of loans granted to associated companies	—	—	100
Repayments of loans granted to associated companies	—	—	—
Payment received from bank deposit accounts	—	—	600
Payments to bank deposit accounts	-450	—	-3,053
Dividends from associated companies	—	—	102
Net cash flow from investing activities	-8,436	-651	11,539
Cash flow from financing activities			
Issue of shares	—	14,552	28,218
Withdrawals of loans	595	900	14,964
Repayments of loans	-295	-449	-22,898
Acquisition of non-controlling interests less cash and cash equivalents	—	—	-257
Payments of lease liabilities	-1,552	-1,039	-4,485
Net cash flow from financing activities	-1,252	13,964	15,541
Net change in cash and cash equivalents	-14,387	4,800	11,472
Cash and cash equivalents at the beginning of the period	29,166	17,694	17,694
Impact of exchange rate changes on cash and cash equivalents	—	-6	26
Cash and cash equivalents at the end of the period	14,779	22,487	29,166

Consolidated statement of changes in equity

Equity attributable to owners of the parent company

EUR thousand	Equity attributable to owners of the parent company					Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interest	Total equity
	Share capital	Invested unrestricted equity reserve	Other reserves	Translation differences					
Equity at 1.1.2022	80	43,794	313	17	4,394	48,598	1,064	49,662	
Profit (loss) for the period	—	—	—	—	1,587	1,587	-384	1,203	
Other comprehensive income	—	—	—	—	—	—	—	—	
Translation differences	—	—	—	265	—	265	—	265	
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—	—	—	
Total comprehensive income				265	1,587	1,852	-384	1,468	
Transactions with owners:									
Share issue	—	18,426	—	—	—	18,426	—	18,426	
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	
Share issue to employees	—	—	—	—	—	—	—	—	
Share based payments	—	—	—	—	12	12	—	12	
Dividend *)	—	—	—	—	-2,497	-2,497	—	-2,497	
Other transactions	—	—	—	—	—	—	—	—	
Total transactions with owners	—	18,426	—	—	-2,485	15,941	—	15,942	
Equity at 31.3.2022	80	62,220	313	281	3,497	66,391	681	67,072	

*) Dividends paid to minority shareholders based on Megatuuli Oy's shareholder agreement

Equity attributable to owners of the parent company

Equity attributable to owners of the parent company								
EUR thousand	Share capital	Invested unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interest	Total equity
Equity at 1.1.2021	80	15,602	313	-363	245	15,877	1,768	17,645
Profit (loss) for the period	—	—	—	—	-1,154	-1,154	-177	-1,331
Other comprehensive income	—	—	—	—	—	—	—	—
Translation differences	—	—	—	309	—	309	—	309
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	309	-1,154	-845	-177	-1,022
Transactions with owners:								
Share issue	—	14,552	—	—	—	14,552	—	14,552
Transactions with non-controlling interests	—	—	—	—	18	18	-275	-257
Share issue to employees	—	—	—	—	—	—	—	—
Other transactions	—	—	—	—	—	—	—	—
Total transactions with owners	—	14,552	—	—	18	14,570	-275	14,295
Equity at 31.3.2021	80	30,154	313	-54	-891	29,602	1,316	30,919

Notes to the consolidated interim report

1. ACCOUNTING PRINCIPLES

This is not an interim report in accordance with IAS 34. The business review has been prepared in accordance with the accounting principles presented in the financial statements for 2021. The adjustments and annual improvements to the IFRS standards which came into force on 01/01/2022 do not have a significant impact on the figures presented.

The information presented in the business review is unaudited. All the figures presented have been rounded. Therefore, the sum of individual figures does not necessarily correspond to the total amount presented.

2. CHANGES IN THE GROUP STRUCTURE

Through a directed share issue, Enersense International Plc acquired the entire share capital of Megatuuli Oy, an onshore wind farm developer. The share transaction was completed on 1 February 2022.

Enersense International Plc signed an agreement on an equity investment of EUR 13 million in P2X Solutions Oy, a green hydrogen production company. Following the investment, Enersense's holding in P2X is around 16.3% after any options.

3. REVENUE AND BUSINESS AREAS

Revenue by business area

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Smart Industry	16,603	22,301	85,499
Power	14,348	10,838	49,143
Connectivity	9,349	8,463	45,318
International Operations	13,490	11,635	58,999
Items not allocated to business areas	-2	71	152
Total	53,787	53,308	239,110

Geographical distribution of revenue by target country

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Finland	39,904	38,918	177,229
Other countries	13,883	14,390	61,881
Total	53,787	53,308	239,110

EBITDA by business area

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Smart Industry	-954	1,473	15,388
Power	8,756	492	2,426
Connectivity	-701	-400	1,559
International Operations	-894	293	1,672
Items not allocated to business areas	-796	-177	-4,405
Total	5,410	1,681	16,639

Reconciliation of (EBITDA) to operating profit

EUR thousand	1-3/2022	1-3/2021	1-12/2021
EBITDA	5,410	1,681	16,639
Depreciation, amortisation and impairment	-2,183	-2,300	-9,806
Operating profit	3,227	-619	6,834

4. INCENTIVE SCHEME (IFRS 2)

Enersense International Plc's Board of Directors decided in February on two new share-based incentive schemes for the Group's key personnel. The purpose is to align the key personnel's goals with those of the shareholders to increase the company's value in the long term and to engage key personnel in the company and provide them with competitive incentive schemes based on earning and accumulating shares in the company.

The rewards will be paid partly in shares in Enersense International Plc and partly in cash. The cash portion is intended to cover taxes and tax-like payments arising from the rewards for the participants. If a participant's employment contract or executive agreement ends before the date of payment, no reward will usually be paid.

Share-based incentive scheme for 2022–2025

The share-based incentive scheme for 2022–2025 has one performance period, which consists of the 2022–2023 financial years.

Within the scheme, the members of the target group can earn shares in Enersense International Plc based on their performance. The potential rewards within the scheme will be paid in two equal instalments after the performance period in 2024 and 2025.

Rewards within the scheme will be based on the total absolute return on the company's share for the 2022–2023 financial years, the Group's cumulative euro-denominated adjusted EBITDA for the 2022–2023 financial years and the share of renewable and zero-emission energy of revenue. The rewards to be paid in accordance with the scheme are estimated at the value of a maximum of 211,000 shares in Enersense International Plc, including the cash portion.

The target group of the scheme consists of around 40 people, including the President and CEO and the other members of Enersense International Plc's Group Executive Team.

The President and CEO of Enersense International Plc and the members of its Group Executive Team must hold at least 50% of the shares they have received as net rewards within the scheme, until the total value of the President and CEO's shareholding in the company corresponds to their annual salary for the previous year or until the total shareholding of a member of the Group Executive Team corresponds to 50% of their annual salary for the previous year. They must hold this number of shares for as long as their membership of the Group Executive Team continues.

Restricted share plan for 2022–2024

Rewards within the restricted share plan for 2022–2024 are based on a valid employment contract or executive agreement and the continuation of the employment or service relationship during the vesting period. Rewards will be paid after the vesting period, which lasts for 24 to 36 months. The plan is only intended for specifically designated key people.

The rewards to be allocated based on the restricted share plan for 2022–2024 correspond to the value of a maximum of 10,000 shares in Enersense International Plc, including the cash portion.

5. PROPERTY, PLANT AND EQUIPMENT

Sale and leaseback

During the first quarter, EUR 1.3 million in new lease liabilities were recognised on the balance sheet.

The acquisition of Megatuuli Oy did not involve arrangements related to IFRS 16.

EUR thousand	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Total
2022						
Acquisition 1 Jan	359	14,910	16,580	273	102	32,225
Business combinations	—	6	51	—	—	58
Increases	1	875	587	82	350	1,895
Divestments in subsidiaries	—	—	—	—	—	—
Decreases	—	-463	-33	-13	-322	-831
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Acquisition cost 31 Mar	361	15,328	17,185	342	130	33,346
Accumulated depreciation and impairment 1 Jan	-17	-5,004	-5,418	-80	—	-10,519
Depreciation	-3	-812	-916	-24	—	-1,755
Decreases	—	—	33	13	—	46
Impairment	—	-2	—	—	—	-2
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Accumulated depreciation and impairment 31 Mar	-20	-5,818	-6,301	-91	—	-12,230
Book value 1 Jan	342	9,906	11,163	193	102	21,705
Book value 31 Mar	340	9,511	10,884	251	130	21,116

EUR thousand	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Total
2021						
Acquisition 1 Jan	143	8,861	13,810	294	69	23,177
Business combinations	—	—	—	—	—	—
Increases	—	609	429	—	15	1,054
Divestments in subsidiaries	—	—	—	—	—	—
Decreases	—	-141	-196	-1	—	-337
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Acquisition cost 31 Mar	143	9,329	14,043	294	84	23,894
Accumulated depreciation and impairment 1 Jan	-5	-2,183	-2,191	-14	—	-4,393
Depreciation	-3	-704	-737	-38	—	-1,483
Decreases	—	—	128	—	—	129
Impairment	—	—	—	—	—	—
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Accumulated depreciation and impairment 31 Mar	-8	-2,888	-2,799	-51	—	-5,747
Book value 1 Jan	138	6,677	11,619	280	69	18,784
Book value 31 Mar	135	6,441	11,244	243	84	18,147

6. SHARE ISSUES

Directed share issue

On 31 January 2022, Enersense International Plc announced that its Board of Directors had decided on a directed share issue in connection with the acquisition of Megatuuli Oy, an onshore wind farm developer, and on the schedule and impacts of the execution of the share transaction. The share transaction was completed on 1 February 2022.

In connection with the execution of the share transaction, a total of 2,598,331 new shares in Enersense were provided as consideration to the sellers and subscribed for against the transfer of voting shares in Megatuuli. The new shares in Enersense were entered into the Trade Register on 1 February 2022. The new shares in Enersense are subject to a collateral arrangement and transfer restrictions concerning 50% of the shares provided as consideration to Megatuuli's shareholders. The restrictions will be lifted 24 months after the completion of the share transaction.

Following the registration of the new shares, the total number of shares in Enersense is 15,996,060. All shares provide their holders with equal voting rights. Trading in the new shares on the Nasdaq Helsinki began on 3 February 2022 (estimate).

7. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

	31.3.2022		31.3.2021	
	At amortised cost	At fair value through profit or loss	At amortised cost	At fair value through profit or loss
Financial assets				
Non-current				
Loan receivables	150	—	150	—
Pledged account	1,325	—	600	—
Other receivables	1,500	—	—	—
Trade receivables	386	—	—	—
Total non-current assets	3,361	—	750	—
Current assets				
Trade receivables	14,155	—	17,450	—
Factored trade receivables – pledged as collateral for financial loans	—	—	2,072	—
Factored trade receivables – derecognised on the balance sheet	—	—	—	365
Other financial assets	3,256	—	2,437	—
Cash and cash equivalents	14,779	—	22,487	—
Total current assets	32,190	—	44,446	365
Total assets	35,551	—	45,196	365
Financial liabilities, long-term liabilities				
Loans	9,847	—	9,022	—
Trade payables	5	—	6	—
Total non-current liabilities	9,852	—	9,027	—
Current liabilities				
Loans	2,981	—	18,191	—
Trade payables	23,547	—	14,013	—
Total current liabilities	26,528	—	32,205	—
Total liabilities	36,380	—	41,232	—

Financial arrangements

The company has access to a total of EUR 36.9 million in guarantee facilities and EUR 38.5 million in invoice financing facilities.

8. RELATED PARTY TRANSACTIONS

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Sales of goods and services	40	20	23
Purchases of goods and services	2	65	258
Interest income	—	—	—

9. CONTINGENT LIABILITIES AND ASSETS, AND COMMITMENTS

EUR thousand	31.3.2022	31.3.2021	31.12.2021
Guarantees			
Company mortgages	585,200	606,000	584,800
Real estate mortgages	7,200	3,600	7,200
Contract and delivery guarantees	30,160	14,550	35,302
Bank guarantees	185	1,550	185
Other guarantees	20	95	20
Pledged assets			
For own commitments	62,233	101,779	61,782

Enersense has pledged shares in its subsidiaries as collateral for its loans. Contract, delivery and bank guarantees mainly consist of guarantees provided by Enersense to its customers as collateral for projects.

10. RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Adjusted EBITDA			
Operating profit (loss)	3,227	-619	6,834
Depreciation, amortisation and impairment	-2,183	-2,300	9,806
EBITDA	5,410	1,682	16,639
Differences affecting comparability	69	883	2,592
Adjusted EBITDA	5,479	2,565	19,231

EUR thousand	1-3/2022	1-3/2021	1-12/2021
Items affecting comparability			
+ Items outside the ordinary course of business	69	892	2,814
Gains (-) / losses (+) from the sale of fixed assets	—	-8	-222
Total extraordinary items affecting the adjusted EBITDA	69	883	2,592

Alternative performance measures:

Certain transactions that are not part of the ordinary course of business, or valuation items that do not have an impact on the cash flow but have a significant impact on the income statement for the period, have been adjusted as items affecting comparability if they arise from:

- Material items outside the ordinary course of business according to the management's judgement that are related to mergers and acquisitions that are not part of the strategy, such as acquisition-related transaction costs and employment termination expenses, and/or restructuring, as well as significant redundancy costs
- Integration costs related to acquired companies
- Gains and losses on the sale of fixed assets and investments

By using adjusted performance measures, the company seeks to provide information about its business operations covered by its strategy. Profitable organic and inorganic growth is a key strategic goal of the company. For this reason, the company adjusts its result for transaction costs, significant redundancy costs and restructuring arising from mergers and acquisitions not covered by its strategy.

All of these are costs arising from events outside the strategy. The company has not adjusted its result for transaction expenses or income arising from acquisitions made in line with its strategy, as acquisitions represent the core of the strategy.

Its result is also adjusted for integration costs related to mergers and acquisitions, because these costs are non-recurring by nature, as are gains from the sale of fixed assets and investments.

11. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

Calculation principles for key performance indicators

EBITDA	=	Operating profit + depreciation, amortisation and impairment
EBITDA, % of revenue	=	EBITDA / revenue x 100
Adjusted EBITDA	=	EBITDA + items affecting comparability
Adjusted EBITDA (%)	=	Adjusted EBITDA / revenue x 100
Operating profit (EBIT)	=	Revenue + other operating income – materials and services – personnel expenses – other operating expenses + share of the result of associates – depreciation and impairment
EBIT, % of revenue	=	Operating profit / revenue x 100
Adjusted EBIT	=	Operating profit + items affecting comparability + amortisation of intangible assets related to acquisitions
Adjusted EBIT (%)	=	Adjusted operating profit / revenue x 100
Profit (loss) for the period, % of revenue	=	Profit (loss) for the period / revenue x 100
Equity ratio	=	Equity / balance sheet total – advances received x 100
Gearing	=	Interest-bearing debt – cash in hand and at bank / equity x 100
Return on equity (%)	=	Profit for the period / average equity during the review period x 100
Earnings per share (EUR)	=	Profit for the period / average number of shares
Average cost per share	=	Total share revenue in euros / the issue-adjusted number of shares exchanged during the financial year
The market value of the share capital	=	(number of shares – own shares) x stock exchange rate on the closing date
Share trading	=	The number of shares traded during the financial year
Revenue (%)	=	Share trading (pcs) x 100 / The average number of shares issued during the period



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