



Q3

Business Review

January – September 2023

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The figures in brackets refer to the comparison period (the corresponding period of the previous year), unless otherwise stated. All figures and amounts have been rounded off from exact figures, which may result in minor inaccuracies in additions or subtractions.

Strong growth in all business areas – full-year revenue expected to be over EUR 330 million

The figures in this release are unaudited.

JULY–SEPTEMBER 2023

- Revenue EUR 94.2 (64.4) million, 46.2% year-on-year.
- EBITDA EUR 3.9 (4.0) million, EBITDA margin 4.2 (6.3)%.
- There were no items affecting comparability in the third quarter. Adjusted EBITDA for the comparison period was EUR 4.3 million, or 6.6% of revenue.
- Operating profit EUR 1.6 (1.9) million, profit margin 1.7 (3.0)%.
- Undiluted earnings per share EUR -0.05 (0.08).

JANUARY–SEPTEMBER 2023

- Revenue EUR 255.5 (184.4) million, 38.5% year-on-year.
- EBITDA EUR 7.0 (8.8) million, EBITDA margin 2.8 (4.8)%.
- Adjusted EBITDA EUR 7.5 (9.3) million, or 2.9 (5.0)% of revenue.
- Operating profit EUR -0.1 (2.4) million, profit margin 0.0 (1.3)%.
- Undiluted earnings per share EUR -0.39 (-0.23).
- The order backlog stood at EUR 511 (385) million at the end of September.
- On 22 August 2023 Enersense announced that it had signed with Telia Finland a one-year extension agreement on the provision of telecommunications network field services. The value of the agreement is EUR 25 million.

Updated guidance for the 2023 financial period

In 2023, Enersense's revenue is expected to be over EUR 330 million and adjusted EBITDA in the range of EUR 12–18 million.

Despite the general economic uncertainty, the market situation in Enersense's business areas has continued to be good in the beginning of the year and the favourable development is expected to continue. The company's strong order backlog gives a good basis for increasing revenue. We have managed to accelerate the wind power portfolio development and we assume that the same development continues. Profitability will be impacted by the implementation of the new ERP-system as well as on-going investments in developing the offshore wind power business and acceleration of onshore wind power project development. At the end of 2022 the company completed an offering of EUR 26 million convertible bond in order to implement these investments.

Earlier guidance, issued on 8 May 2023:

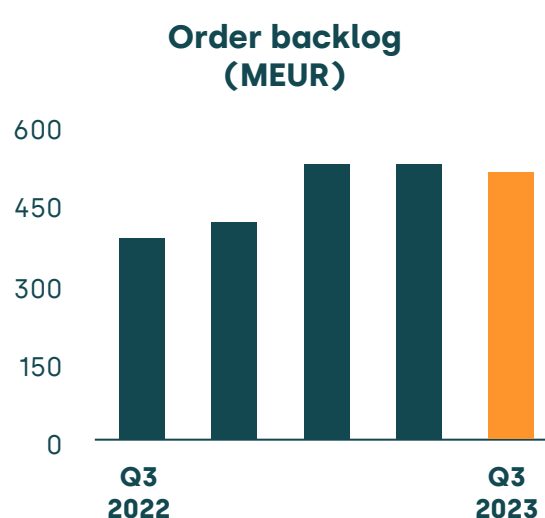
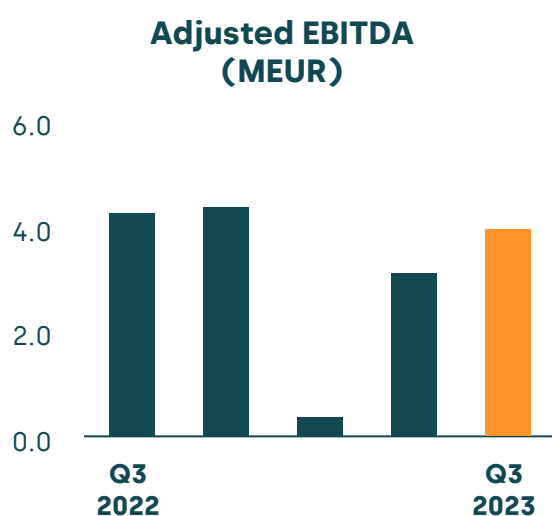
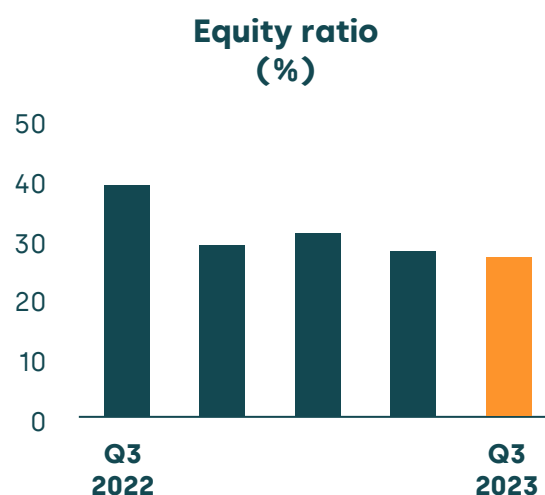
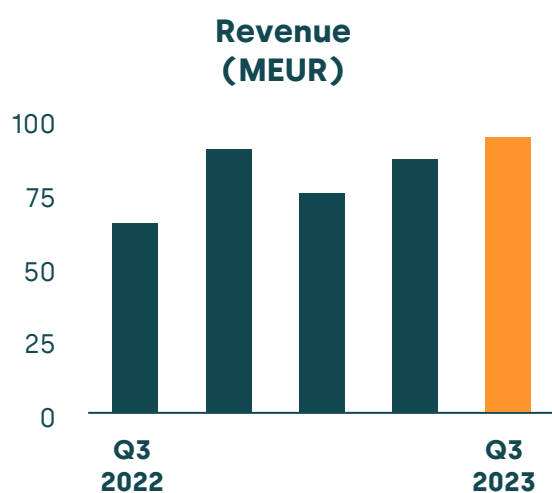
In 2023, Enersense's revenue is expected to be over EUR 300 million and adjusted EBITDA in the range of EUR 12–18 million.

Despite the general economic uncertainty, the market situation in Enersense's business areas has continued to be good in the beginning of the year and the favourable development is expected to continue. The company's strong order backlog gives a good basis for increasing revenue. We have managed to accelerate the wind power portfolio development and we assume that the same development continues. Profitability will be impacted by the implementation of the new ERP-system as well as on-going investments in developing the offshore wind power business and acceleration of onshore wind power project development. At the end of 2022 the company completed an offering of EUR 26 million convertible bond in order to implement these investments.

Key figures

Accounting of wind power projects was changed from the beginning of 2023. Comparison figures for 2022 are reported according to the new accounting principle.

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Revenue (EUR 1,000)	94,168	64,390	255,491	184,419	281,997
EBITDA (EUR 1,000)	3,945	4,047	7,049	8,844	12,210
EBITDA, %	4.2	6.3	2.8	4.8	4.3
Adjusted EBITDA (EUR 1,000)	3,945	4,255	7,459	9,303	13,654
Adjusted EBITDA, %	4.2	6.6	2.9	5.0	4.8
Operating profit (EUR 1,000)	1,597	1,929	-51	2,385	3,479
Operating profit, %	1.7	3.0	0.0	1.3	1.2
Result for the period (EUR 1,000)	-1,129	1,169	-6,793	-4,258	-9,835
Equity ratio, %	26.8	39.0	26.8	39.0	28.8
Gearing, %	72.7	19.6	72.7	19.6	19.0
Return on equity, %	-1.9	2.9	-11.5	-10.4	-17.5
Earnings per share, undiluted, EUR	-0.05	0.08	-0.39	-0.23	-0.57
Earnings per share, diluted, EUR	-0.05	0.08	-0.39	-0.23	-0.57





President and CEO Jussi Holopainen

Enersense's revenue has grown strongly in 2023. This trend continued in the third quarter, and the Group's revenue in January–September 2023 grew to EUR 255.5 (184.4) million, with an increase of 38.5% year-on-year. The order backlog remained strong and stood at EUR 511 (385) million at the end of the review period. The Group's adjusted EBITDA was 7.5 (9.3) million. In the review period, growth investments had an impact of EUR -6.3 (-3.4) million on EBITDA. EBITDA for the review period includes, in addition to adjustment items, also EUR 0.9 (4.2) million stemming from items outside the ordinary course of business. EBITDA in the comparison period increased as a result of significant sales revenue from wind power projects, too.

In the third quarter, we focused on our core activities, in which our work to improve profitability is already producing results. Our strong order backlog is keeping business volumes at a good level, which is reflected in the positive profitability trend in our core business operations, although growth investments continue to burden overall profitability.

This is particularly prominent in our Smart Industry business, where the profitability of service and project business operations has developed strongly, but investments in offshore business operations are burdening the overall profitability of the business area. After a difficult 2022, the profitability of the International Operations business area has turned clearly positive in 2023, and this trend continued in the third quarter. In the Connectivity business area, the profitability improvement programme and high volumes supported by a strong order backlog had a positive impact on profitability in the third quarter. In August, we announced that we had signed an extension agreement of EUR 25 million with Telia Finland on the provision of field services for Telia Finland's telecommunications network. The extension agreement covers nearly all Connectivity's services and is one of the most comprehensive agreements in Connectivity. We are very pleased that our long-term cooperation with Telia Finland continues.

In the Power business area, revenue increased markedly year-on-year, and EBITDA remained at the same level as in the third quarter of 2022. Of the core businesses, the construction of transmission networks, in particular, continued steadily. In October, we announced an extension agreement on basic maintenance services for Fingrid's substations and power lines for 2024–2026. The extension agreement is a clear indication that the customer values our expertise and the benefits of long-term cooperation. The agreement further strengthens our position as a provider of maintenance and operation services for

electricity networks in Finland. Our wind power projects progress as planned, too. In September, we sold our minority stake in the Soidinmäki wind farm. We continue to be responsible for O&M services during the operation of the wind farm under a multiyear agreement that covers the monitoring and maintenance of the substation and the electricity network. The transaction did not have a significant impact on the Power business area's EBITDA in the third quarter of 2023. Zero-emission transport is one of the focus areas of the Group's growth strategy. In the spring, we moved to industrial-scale production in our high-power charging stations by starting cooperation with Scanfil and we already have contracts to deliver equipment not only to Finland but also to Norway and Sweden. We see many opportunities for us in the Nordic charging market. Ramping up the electric vehicle charging solutions business continues.

Overall, our performance in the third quarter of 2023 met our expectations. Year-on-year, we are slightly behind our EBITDA in 2022, mainly because of significant revenues from wind power projects and the positive impact of corporate arrangements in the comparison period, as well as expenses related to the introduction of the new ERP system in 2023, which are somewhat higher than in 2022. Based on the strong growth during the early part of the year as well as on the order backlog that is on a good level, we have today updated our outlook for 2023 as regards to the revenue development. We expect the full-year revenue to grow over EUR 330 million. Guidance for the EBITDA remains unchanged.

Operating environment during the review period

Despite the impacts of the Russian attack on Ukraine and general economic uncertainty, the market situation in Enersense's business areas as a whole remained favourable during the review period. Although the prices of raw materials, other materials and energy, which have risen as a result of the war, have stabilised and partly returned to pre-war levels, overall inflation in the markets relevant to Enersense remains high, with a particular impact on material and salary costs and thus on the profitability of projects in a tight competitive environment.

Increased uncertainty about economic development and higher operational and financial costs had a negative impact on the investment environment of certain customers in some respects. On the other hand, given the changed geopolitical situation, energy solutions are becoming more self-sufficient in Europe, and this is expected to speed up the implementation of projects related to the energy transition. This trend is also supported by EU-level and national energy and climate policy.

Financial result

ORDER BACKLOG

The order backlog grew by 33% and was EUR 511 (385) million at the end of the review period. Order backlog decreased by EUR 17 million compared with the second quarter of 2023.

Compared with the comparison period the order backlog increased in all other segments except in International Operations.

Order backlog by segment

MEUR	30.09.2023	30.09.2022	Change-%	31.12.2022
Smart Industry	168	156	8	172
Power	92	65	42	70
Connectivity	141	43	228	57
International Operations	109	121	-10	116
Group total	511	385	33	415

REVENUE AND PROFITABILITY

Revenue by segment

Accounting of wind power projects was changed from the beginning of 2023. Comparison figures for 2022 are reported according to the new accounting principle.

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Smart Industry	26,668	15,314	79,656	50,620	72,721
Power	21,948	14,556	59,505	49,362	74,958
Connectivity	16,364	13,674	40,738	33,266	47,230
International Operations	29,122	20,844	75,476	51,171	87,007
Items not allocated to business areas	66	1	115	—	81
Total	94,168	64,390	255,491	184,419	281,997

EBITDA by business area

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Smart Industry	2,482	2,166	4,542	1,084	268
Power	1,144	1,147	2,814	10,502	19,237
Connectivity	1,363	1,112	1,198	-118	362
International Operations	909	239	2,152	-788	-3,930
Items not allocated to business areas	-1,954	-616	-3,657	-1,837	-3,726
Total	3,945	4,047	7,049	8,844	12,210

Revenue by target area

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Finland	64,761	43,759	174,063	131,678	192,279
Other countries	29,407	20,631	81,427	52,741	89,717
Total	94,168	64,390	255,491	184,419	281,997

July–September 2023

The Group's revenue increased by 46.2% and was EUR 94.2 (64.4) million.

Revenue grew in all segments.

EBITDA decreased by 2.5% and was EUR 3.9 (4.0) million. The EBITDA margin was 4.2 (6.3)%. EBITDA includes EUR 0.4 million arising from a change in the contingent consideration related to the acquisition of Enersense Offshore. In the comparison period, EBITDA was improved by EUR 2.1 million in items consisting of a capital gain on the sale of Suomi Teline and a change in the contingent consideration related to the acquisition of Enersense Offshore.

EBITDA grew in the Smart Industry, Connectivity and International Operations segment. In the Power segment, EBITDA was at the same level as in the corresponding period in 2022. Investments in the ramp-up of the offshore and electric vehicle charging solutions businesses and in a new ERP system continued to burden profitability. These had a total impact of EUR 2.5 (1.0) million.

There were no items affecting comparability in the third quarter. Adjusted EBITDA for the comparison period was EUR 4.3 million, or 6.6% of revenue. In the comparison period, the most significant items affecting comparability totalled EUR 0.2 million mainly arising from process integration costs related to finalising the Empower-Enersense corporate arrangement.

The operating profit increased by 17.3% and was EUR 1.6 (1.9) million. The profit margin was EUR 1.7 (3.0)%.

January–September 2023

Revenue increased by 38.5% and was EUR 255.5 (184.4) million. The revenue includes EUR 1.0 (6.4) million of realised sales gains from completed wind power projects.

Revenue grew in all segments.

EBITDA decreased by 20.3% and was EUR 7.0 (8.8) million. The EBITDA margin was 2.8 (4.8)%. EBITDA for the review period includes EUR 0.4 million arising from a change in the contingent consideration related to the acquisition of Enersense Offshore, a capital gain of EUR 0.9 million from the sale of Enersense Solutions, a provider of contractor liability services, and a credit loss provision of EUR -0.4 million related to a customer's insolvency. In the comparison period, EBITDA was improved by significant sales revenue from wind power projects and EUR 4.2 million in items consisting of the recognition of negative goodwill related to the acquisition of Enersense Wind, a capital gain on the sale of Suomi Teline and a change in the contingent consideration related to the acquisition of Enersense Offshore.

EBITDA grew in the Smart Industry, Connectivity and International Operations segments. In the Power segment, EBITDA decreased year-on-year as significant sales revenue from wind power projects as well as the recognition of EUR 2.1 million in negative goodwill arising from the Enersense Wind acquisition had a positive impact on the EBITDA. Investments in the ramp-up of the offshore and electric vehicle charging solutions businesses and in a new ERP system continued to burden profitability. These had a total impact of EUR 6.3 (3.4) million.

Adjusted EBITDA decreased by 19.8% and was EUR 7.5 (9.3) million, or 2.9 (5.0)% of revenue.

The net impact of items affecting comparability was EUR 0.4 million, mainly arising from process integration costs related to the finalisation of the integration of Empower and Enersense and competition authority's processing costs regarding the Voimatel acquisition, which was cancelled in early 2023. In the comparison period, the most significant items affecting comparability totalled EUR 0.5 million mainly arising from process integration costs related to the Empower-Enersense corporate arrangement.

The operating result was EUR -0.1 (2.4) million. The operating margin was 0.0 (1.3)%.

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

July–September 2023

Net financial expenses were EUR -2.8 (-0.8) million, including interest from the convertible bond as well as other loans and financing.

The result before taxes was -1.2 (1.1) million, and the result for the review period was EUR -1.1 (1.2) million.

Undiluted earnings per share were EUR -0.05 (0.08).

January–September 2023

Net financial expenses totalled EUR -6.8 (-5.2) million including distribution of funds to minority shareholders in Enersense Wind based on the shareholders' agreement as well as interests from the convertible bond as well as other loans and financing.

The result before taxes was EUR -6.9 (-2.8) million and the result for the period was EUR -6.8 (-4.3) million.

Undiluted earnings per share were EUR -0.39 (-0.23).

CASH FLOW AND FINANCIAL POSITION

July–September 2023

Net cash flow from operating activities was EUR -1.2 (10.9) million. The cash flow from operating activities was impacted by working capital employed.

Net cash flow from investing activities was EUR 0.6 (-0.3) million.

Net cash flow from financing activities was EUR -2.5 (-3.3) million. The cash flow from financing activities was impacted by repayment of loans and lease liabilities.

January–September 2023

Net cash flow from operating activities was EUR -19.6 (0.2) million. Cash flow was impacted by high value added tax payments in the early part of the year, as well as projects that tie up working capital.

Net cash flow from investing activities was EUR -3.2 (-7.6) million, where the change from the comparison period is related to smaller investments in P2X and the sale of Enersense Solutions.

Net cash flow from financing activities was EUR -5.5 (-5.9) million, including repayment of loans and lease liabilities and distribution of funds paid. The comparison period included a share issue of EUR 2.2 million.

The Group's cash and cash equivalents totalled EUR 10.4 (15.8) million at the end of the review period. Cash and cash equivalents decreased by EUR -5.5 million year-on-year and by EUR -3.1 million from the end of second quarter 2023.

The Group's balance sheet total stood at EUR 213.6 (179.0) million at the end of the review period. The increase in the balance sheet was mainly related to acquisitions, investments and the impact of revenue growth on working capital.

Equity stood at EUR 54.3 (64.2) million at the end of the review period. Liabilities amounted to EUR 159.3 (114.8) million. At the end of the review period, the equity ratio was 26.8 (39.0)%, and net gearing was 72.7 (19.6)%. Increase in net gearing was impacted mainly by the convertible bond issued in late 2022. Return on equity in the review period was -11.5 (-10.4)%.

Segment reviews

SMART INDUSTRY

The Smart Industry segment helps customers improve the reliability of their production plants and the efficiency of their maintenance operations, in addition to developing digital solutions that improve profitability. As its strategic growth area, the segment also provides resource and project services for Finnish and international customers' onshore and offshore projects.

MEUR	7–9/2023	7–9/2022	Change-%	1–9/2023	1–9/2022	Change-%	1–12/2022
Revenue	26.7	15.3	74.1	79.7	50.6	57.4	72.7
EBITDA	2.5	2.2	14.6	4.5	1.1	318.9	0.3
EBITDA-%	9.3	14.1		5.7	2.1		0.4
Order backlog				168	156	8	172
Personnel (FTE)				713	608		638

July–September 2023

The market environment of the Smart Industry segment remained stable in the review period.

The Smart Industry segment's revenue increased by 74.1% and was EUR 26.7 (15.3) million.

Higher volumes in both service and project businesses increased the revenue.

The Smart Industry segment's EBITDA increased by 14.6% and was EUR 2.5 (2.2) million. EBITDA includes EUR 0.4 million arising from a change in the contingent consideration related to the acquisition of Enersense Offshore. In the comparison period, EBITDA was improved by EUR 2.1 million in items consisting of a capital gain on the sale of Suomi Teline and a change in the contingent consideration related to the acquisition of Enersense Offshore.

In the review period, the growth in volumes improved the profitability of both service and project business operations. The increase in the EBITDA was also impacted by the above mentioned items stemming from outside the ordinary course of business. The level of activity has also increased in offshore business operations, but investments in growth continue to burden the segment's overall profitability. In the comparison period, materials cost inflation caused by the Russian attack on Ukraine and a decrease in volumes in the Olkiluoto nuclear power plant project had a negative impact on profitability.

January–September 2023

Although general uncertainty continued in the global economy, the market environment of the Smart Industry segment began to return to normal in the first quarter of the year and has since remained stable. It seems that offshore projects in particular are being activated earlier than anticipated. Some customers have decided to manage part of their purchases of materials on their own. If this trend becomes more widespread, it may affect Smart Industry's projects in the future. The adjustment measures in progress in the Finnish paper industry may reduce service business volumes in the final quarter of 2023.

The Smart Industry segment's revenue increased by 57.4% and was EUR 79.7 (50.6) million.

Higher volumes in both service and project businesses increased the revenue.

The Smart Industry segment's EBITDA increased by 318.9% and was EUR 4.5 (1.1) million. EBITDA for the review period includes EUR 0.4 million arising from a change in the contingent consideration related to the acquisition of Enersense Offshore, a capital gain of EUR 0.9 million from the sale of Enersense Solutions, a provider of contractor liability services, and a credit loss provision of EUR -0.4 million related to a customer's insolvency. In the comparison period, EBITDA was improved by EUR 2.1 million in items consisting of a capital gain on the sale of Suomi Teline and a change in the contingent consideration related to the acquisition of Enersense Offshore.

In the review period, the growth in volumes improved the profitability of both service and project business operations. The increase in the EBITDA was also impacted by the above mentioned items stemming from outside the ordinary course of business. The level of activity has also increased in offshore business operations, but investments in growth continue to burden the segment's overall profitability. In the comparison period, materials cost inflation caused by the Russian attack on Ukraine, a decrease in volumes in the Olkiluoto nuclear power plant project and the divestment of the Staff Leasing business were the main factors burdening profitability.

The average number of personnel in the Smart Industry segment was 713 (608) person-years during the review period.

Order backlog

The Smart Industry segment's order backlog stood at EUR 168 (156) million at the end of the review period. The order backlog grew by EUR 12 million, or 8% year-on-year. At the end of the review period, the order backlog was EUR 2 million lower than at the end of the second quarter 2023.

Significant orders received during the financial period included, for example, the following:

An agreement with Boliden, a Swedish metals company, in a large development project at the Odda production plant in Norway (press release 24 Jan 2023). In the project, which aims for increasing sustainability and the production capacity of the plant, Enersense is responsible for the supply and installation of steel, equipment installations and insulation work in one of the project areas. The project was launched in early 2023.

An agreement with Q Power, a Finnish company specialising in Power-to-X technology deliveries, on the delivery of steel structures for reactor modules for a methanation plant (investor news 6 Mar 2023). The agreement is related to the synthetic methane production plant delivered by Q Power to P2X Solutions in Harjavalta. The plant is being built in connection with a green hydrogen production plant. The modular structures will be manufactured in Enersense's production facilities in Mäntyluoto.

An agreement to deliver steel structures (pre-assembled units) to Aker Solutions, who is involved in various offshore projects internationally, for the Hugin A production platform which is part of the Aker BP-operated Yggdrasil oil and gas development in the North Sea (Investor News 7 July 2023). The fabrication of the modules will start in Enersense's production facilities in Mäntyluoto towards the end of the year. The last modules are scheduled to be delivered in December 2024.

An agreement with P2X on an equipment and pipeline contract for Finland's first renewable green hydrogen production plant. The plant is under construction in Harjavalta and is expected to be commissioned in 2024 (Investor News 18 July 2023).

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 and electric substations. Additionally, the segment also covers, as its strategic growth areas, the design, construction, maintenance and project development of wind farms and solar farms as well as solutions for charging systems for electrically powered transport and electricity storage. In the future, the aim is also to invest in starting its own renewable energy production.

Accounting of wind power projects was changed from the beginning of 2023. Comparison figures for 2022 are reported according to the new accounting principle.

MEUR	7-9/2023	7-9/2022	Change-%	1-9/2023	1-9/2022	Change-%	1-12/2022
Revenue	21.9	14.6	50.8	59.5	49.4	20.5	75.0
EBITDA	1.1	1.1		2.8	10.5	-73.2	19.2
EBITDA-%	5.2	7.9		4.7	21.3		25.7
Order backlog				92	65	42	70
Personnel (FTE)				197	173		172

July-September 2023

In the review period, increased uncertainty related to economic development was reflected in some customers' investment decisions. The construction of transmission networks continued steadily.

Backed by the strong order backlog, the Power segment's revenue increased by 50.8% and was EUR 21.9 (14.6) million.

The Power segment's EBITDA remained at the same level as in the comparison period and was EUR 1.1 (1.1) million. In September, Enersense sold its minority stake in the Soidinmäki wind farm. The shares were recognised at fair value on the company's balance sheet, and the transaction did not have a significant impact on the Power business area's EBITDA in the third quarter 2023.

The segment's profitability was burdened by investments in the electric vehicle charging solutions business.

January–September 2023

The market situation was strong, particularly in services related to the construction of transmission networks, in the review period. Uncertainty increased towards the end of the review period and was reflected in some customers' investment decisions.

The Power segment's revenue increased by 20.5% and was EUR 59.5 (49.4) million. The revenue includes EUR 1.0 (6.4) million of realised sales gains from completed wind power projects.

The Power segment's EBITDA decreased by 73.2% and was EUR 2.8 (10.5) million. In the comparison period, significant sales revenue from wind power projects had a positive impact on the EBITDA, and the comparison period also includes the recognition of EUR 2.1 million in negative goodwill arising from the Enersense Wind acquisition.

The segment's profitability was burdened by investments in the electric vehicle charging solutions business.

The average number of personnel in the Power segment was 197 (173) person-years during the review period.

Order backlog

The progress of the energy transition is supporting demand in the Power segment, and the order backlog increased year-on-year, thanks to successful sales work.

The Power segment's order backlog stood at EUR 92 (65) million at the end of the review period. The order backlog grew by EUR 27 million, or 42%, year-on-year. Compared with the end of the second quarter 2023, the order backlog decreased by 10 million.

Significant orders received during the financial period included, for example, the following:

A project won in Fingrid's public procurement tendering regarding adding capacitors into substations in order to improve transmission capacity (investor news 12 April 2023). The project will employ Enersense for approximately two years, and the value of the project is approximately EUR 6.6 million.

A project won in Fingrid's public procurement tendering regarding substation expansions in Huittinen-Forssa, Finland (investor news 14 April 2023). The project will employ Enersense for approximately three years and the value of the project is approximately EUR 13 million.

An agreement with Gigawatti Oy about construction of the Oosinselkä wind farm in Luvia at Eurajoki, Finland (investor news 17 April 2023). Oosinselkä wind farm consists of 13 turbines. According to plans, the project will be completed by the end of 2024. Enersense will provide construction of the wind farm's roads and platforms, foundations and internal network as a turnkey delivery. Gigawatti Oy is fully owned by S-Voima Oy, who is responsible for the S Group's electricity procurement. S-Voima Oy is owned by the cooperatives and SOK together.

A project won in Fingrid's public procurement tendering regarding substation contract to build a new transformer substation and expand the 110 kV switchgear in Nuojunkangas (investor news 6 June 2023). The project also includes the expansion of the substation in Pyhänselkä. The project will employ Enersense until spring 2026. The value of the contract is more than EUR 20 million.

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.

MEUR	7-9/2023	7-9/2022	Change-%	1-9/2023	1-9/2022	Change-%	1-12/2022
Revenue	16.4	13.7	19.7	40.7	33.3	22.5	47.2
EBITDA	1.4	1.1	22.6	1.2	-0.1	n.a.	0.4
EBITDA-%	8.3	8.1		2.9	-0.4		0.8
Order backlog				141	43	228	57
Personnel (FTE)				353	348		347

July–September 2023

Demand in the Connectivity segment continued stable.

The Connectivity segment's revenue was backed by the strong order backlog and increased by 19.7% to EUR 16.4 (13.7) million.

The Connectivity segment's EBITDA increased by 22.6% and was EUR 1.4 (1.1) million.

Higher volumes and the segment's improved operational efficiency had a positive impact on profitability. Higher costs were transferred to sales prices in response to cost inflation. Efforts to improve operational efficiency and discussions with customers to adjust price levels continued in the review period.

January–September 2023

Demand in the Connectivity segment has been good in the reporting period, during the early part of the year activity in fibre-to-the home construction projects, in particular, was strong.

The Connectivity segment's revenue increased, backed by the strong order backlog, by 22.5% and was EUR 40.7 (33.3) million.

The Connectivity segment's EBITDA increased to EUR 1.2 (-0.1) million, thanks to the strong third quarter.

Profitability was supported by higher volumes and the segment's profitability improvement programme in the review period. Higher costs have been successfully transferred to sales prices, but discussions with customers to adjust price levels continue. In the comparison period, EBITDA was burdened by the Russian attack on Ukraine, which started in February 2022, and the impacts of the six-week strike in the ICT sector in the spring.

The average number of personnel in the Connectivity segment was 353 (348) person-years during the review period.

Order backlog

The Connectivity segment's order backlog stood at EUR 141 (43) million at the end of the review period. The order backlog increased by EUR 98 million, or 228%, year-on-year. Compared with the end of the second quarter of 2023, the order backlog increased by EUR 14 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.

Significant orders received during the financial period included, for example, the following:

An agreement with a Finnish optic fiber company Valoo on a turn-key project contract of construction of an optic fiber network (stock exchange release, insider information 17 Jan 2023). The total value of the contract that spans over four years is approximately EUR 35 million. Enersense is responsible for the turn-key delivery which contains project management, planning, construction and documentation of the network. In the first phase the focus of the construction works is in the South-Eastern part of Finland in Lappeenranta, Kotka and Hamina.

An add-on turnkey contract with Elisa, a Finnish telecommunications and digital services company, for the construction of Elisa's Fibre to the Home optic fibre network in Finland (stock exchange release, insider information 19 June 2023). The total value of the add-on contract is EUR 35 million, and it more than doubles the volume of optic fibre networks Enersense will construct for Elisa in 2024–2026. Enersense is responsible for the turnkey delivery, which contains the project management, planning and construction of the network, materials logistics, and customer deliveries.

A one-year extension agreement between Enersense and Telia Finland on the provision of telecommunications network field services (investor news 22 August 2023). The value of the agreement is EUR 25 million. The agreement is a continuation of the companies' long-term cooperation, and its substance corresponds to the scope of their previous framework agreement on field services. The new agreement period will begin on 1 April 2024.

INTERNATIONAL OPERATIONS

The International Operations segment includes Enersense's international business operations mainly in Estonia, Latvia and Lithuania.

MEUR	7–9/2023	7–9/2022	Change-%	1–9/2023	1–9/2022	Change-%	1–12/2022
Revenue	29.1	20.8	39.7	75.5	51.2	47.5	87.0
EBITDA	0.9	0.2	280.9	2.2	-0.8	n.a.	-3.9
EBITDA-%	3.1	1.1		2.9	-1.5		-4.5
Order backlog				109	121	10	116
Personnel (FTE)				613	580		590

July–September 2023

Demand in the International Operations segment's business areas has remained good.

The International Operations segment's revenue increased by 39.7% and was EUR 29.1 (20.8) million.

The increase in revenue was mainly supported by high-voltage power line construction projects in progress in the Baltics. The majority of the segment's revenue comes from construction and maintenance projects in power grids and distribution grids.

The International Operations segment's EBITDA increased by 280.9% and was EUR 0.9 (0.2) million. In the comparison period, the EBITDA was burdened by steep increase in material and other costs in the Baltic countries due to the geopolitical situation.

January–September 2023

Annual inflation level has remained high but prices for materials have stabilised.

The International Operations segment's revenue increased by 47.5% and was EUR 75.5 (51.2) million.

The increase in revenue was mainly supported by high-voltage power line construction projects in progress in the Baltics. The majority of the segment's revenue comes from construction and maintenance projects in power grids and distribution grids.

The International Operations segment's EBITDA strengthened markedly and was EUR 2.2 (-0.8) million.

Compensation regarding inflation has been agreed with most of the customers, and inflation is taken into account in new contracts.

The average number of personnel in the International Operations segment was 613 (580) person-years during the review period.

Order backlog

The International Operations segment's order backlog stood at EUR 109 (121) million at the end of the review period. The order backlog decreased by EUR 12 million from the corresponding period. The order backlog decreased by EUR 18 million from the end of of the second quarter 2023.

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. In the synchronisation projects between the Baltic countries' and European electricity distribution systems, the order intake reached its peak in early 2023, which is why the segment's order backlog has decreased during 2023. The order intake has remained good in the segment's other business operations.

Significant orders received during the financial period included, for example, the following:

A contract with Estonian transmission system operator AS Elering (press release 3 Jan 2023). The contract covers the renewal of the 330-kV power line between Mustvee and Paide substations as well as construction of a new 110-kV power line between Mustvee and Kantkyla substations. The project includes preparatory and design works, demolition of the existing power line and construction of a 90-km-long new 330 kV and 110 kV power line. The project is expected to be completed in July 2025 at the latest. The total value of the contract is EUR 36.9 million. Enersense's share of the contract is approximately EUR 18.5 million. Enersense As and Leonhard Weiss Oü, who specializes in design, construction and maintenance of integrated transmission systems, will carry out the project in a consortium.

Group personnel

Enersense mainly operates in Finland, Estonia, Latvia and Lithuania. The Group had an average of 1,933 (1,801) employees during the review period.

The growth in business volume was also reflected in the number of personnel, which increased by 7.3% year-on-year.

Person-years (average over the period)

	1-9/2023	1-9/2022	1-12/2022
Smart Industry	713	608	638
Power	197	173	172
Connectivity	353	348	347
International	613	580	590
Other	57	92	90
Group total	1,933	1,801	1,836



Near-term risks and uncertainties

In its operations, Enersense is exposed to strategic, operational and financial risks and external threats. Enersense seeks to protect against these risks by means of a continuous and systematic risk assessment process, for example, and by fully considering risk factors when deciding on business projects or investments that are significant for the Group. Compared with what was reported in the Board of Directors' report for 2022, no material changes have taken place in significant short-term risks and uncertainties.

The Russian attack on Ukraine, which began in February 2022, and other on-going international conflicts maintain geopolitical tensions and uncertainty about the development of the global economy. Inflation in the markets relevant to Enersense continues to be markedly higher than usual, which is reflected especially in the Baltic countries, where high wage inflation is causing costs to increase. The prices of materials are also higher than usual, and there is a risk that old contracts in particular cannot be renegotiated. Geopolitical uncertainty may also be reflected in labour availability, especially in the Baltic countries and elsewhere in Eastern Europe. The risk of power outages arising from the energy availability issues caused by the war still exists during the coming winter. This may have a negative impact on the business operations of Enersense's customers and thereby also on Enersense's operations next winter.

Increased uncertainty about economic development and the increase in operating and financial costs caused by high inflation have had a negative impact on investment environment. This may lead to a deterioration in the financial position of Enersense and its customers, through factors such as the availability of financing, and further to a decrease in demand for Enersense's services and slower-than-expected sales development. Changes in the investment environment may have a negative impact on value measurement of certain items in the balance sheet.

The tight competitive situation in many of Enersense's business areas and the offerings of any new competitors may cause pressure in terms of project sales prices and profitability.

A broader description of the company's major risks and uncertainties is available on the company's website at www.enersense.com/investors/governance/risk-management/.

The risks related to the company's financing are explained in more detail in Note 20 Financial risk and capital management to the Financial Statements 2022, which is available on the company's website at www.enersense.com/press-releases/reports-and-presentations/.

Updated guidance for the 2023 financial period

In 2023, Enersense's revenue is expected to be over EUR 330 million and adjusted EBITDA in the range of EUR 12–18 million.

Despite the general economic uncertainty, the market situation in Enersense's business areas has continued to be good in the beginning of the year and the favourable development is expected to continue. The company's strong order backlog gives a good basis for increasing revenue. We have managed to accelerate the wind power portfolio development and we assume that the same development continues. Profitability will be impacted by the implementation of the new ERP-system as well as on-going investments in developing the offshore wind power business and acceleration of onshore wind power project development. At the end of 2022 the company completed an offering of EUR 26 million convertible bond in order to implement these investments.

Earlier guidance, issued on 8 May 2023:

In 2023, Enersense's revenue is expected to be over EUR 300 million and adjusted EBITDA in the range of EUR 12–18 million.

Despite the general economic uncertainty, the market situation in Enersense's business areas has continued to be good in the beginning of the year and the favourable development is expected to continue. The company's strong order backlog gives a good basis for increasing revenue. We have managed to accelerate the wind power portfolio development and we assume that the same development continues. Profitability will be impacted by the implementation of the new ERP-system as well as on-going investments in developing the offshore wind power business and acceleration of onshore wind power project development. At the end of 2022 the company completed an offering of EUR 26 million convertible bond in order to implement these investments.

Significant events after the review period

No significant events were announced after the review period.

Reconciliation of alternative performance measures

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Adjusted EBITDA					
Operating profit (loss)	1,597	1,929	-51	2,385	3,479
Depreciation, amortisation and impairment	2,349	2,118	7,100	6,459	8,731
EBITDA	3,945	4,047	7,049	8,844	12,210
Differences affecting comparability	—	208	411	461	1,444
Adjusted EBITDA	3,945	4,255	7,459	9,304	13,654

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Items affecting comparability					
+ Items outside the ordinary course of business	—	208	411	459	1,444
Gains (-) / losses (+) from the sale of fixed assets	—	—	—	—	—
Total extraordinary items affecting the adjusted EBITDA	—	208	411	459	1,444

ALTERNATIVE PERFORMANCE MEASURES:

Enersense publishes certain commonly used alternative measures that can be derived from the IFRS financial statements. The calculation formulas for these alternative measures are presented in the section Calculation principles for key performance indicators of this Business Review.

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

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.

Pori October 27, 2023
 ENERSENSE INTERNATIONAL PLC
 Board of Directors

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Consolidated income statement

EUR thousand	7–9/2023	7–9/2022	1–9/2023	1–9/2022	1–12/2022
Revenue	94,168	64,390	255,491	184,419	281,997
Change in inventories of finished goods and work in progress	3,194	4,334	5,392	3,094	5,267
Work performed for own purposes and capitalised	—	26	-18	-3	-3
Other operating income	981	2,324	2,613	4,768	4,833
Material and services	-59,929	-38,781	-146,013	-95,147	-152,815
Employee benefits expense	-25,623	-21,896	-85,901	-68,355	-97,733
Depreciation and amortisation	-2,349	-2,118	-7,100	-6,459	-8,731
Other operating expenses	-8,772	-6,329	-24,327	-19,800	-29,147
Share of profit /loss accounted for using the equity method	-74	-20	-188	-132	-189
Operating profit	1,597	1,929	-51	2,385	3,479
Finance income	33	-69	84	33	476
Finance expense	-2,809	-717	-6,915	-5,204	-10,982
Finance income and expense	-2,776	-786	-6,831	-5,171	-10,507
Profit/loss before tax	-1,179	1,143	-6,882	-2,797	-7,027
Tax on income from operations	50	26	89	-1,471	-2,807
Profit/loss for the period	-1,129	1,169	-6,793	-4,258	-9,835
Other OCI-items					
Items that may be reclassified to profit or loss					
Translation differences	13	16	-31	70	68
Remeasurements of post-employment benefit obligations	—	—	—	—	179
Other comprehensive income for the period, net of tax	13	16	-31	70	247
Total comprehensive income for the period	-1,116	1,185	-6,823	-4,188	-9,588
Profit (loss) for the period attributable to:					
Equity holders of the parent company	-878	1,234	-6,470	-3,621	-9,174
Non-controlling interests in net income	-251	-65	-323	-637	-661
Profit/loss for the period	-1,129	1,169	-6,793	-4,258	-9,835
Total comprehensive income for the period attributable to:					
Owners of the parent company	-865	1,250	-6,500	-3,551	-8,927
Non-controlling interests	-251	-65	-323	-637	-661
Total comprehensive income for the period	-1,116	1,185	-6,823	-4,188	-9,588
Earnings per share attributable to the owners of the parent company, undiluted	-0.05	0.08	-0.39	-0.23	-0.57
Earnings per share attributable to the owners of the parent company, diluted	-0.05	0.08	-0.39	-0.23	-0.57

Consolidated balance sheet

EUR thousand	30.09.2023	30.09.2022	31.12.2022
Assets			
Non-current assets			
Goodwill	27,805	26,154	27,874
Other intangible assets	39,626	40,205	40,379
Property, plant, equipment	21,972	21,141	22,213
Investments accounted for using the equity method	13,941	9,794	10,937
Loan receivables	—	—	—
Non-current investment and receivables	6,105	5,782	6,890
Deferred tax-assets	1,216	1,084	1,338
Total non-current assets	110,665	104,160	109,631
Current assets			
Inventories	19,533	10,324	13,124
Trade receivables	32,200	19,495	33,696
Current income tax receivables	2	38	9
Other receivables	40,848	29,185	35,003
Cash and cash equivalents	10,381	15,841	38,704
Total current assets	102,963	74,884	120,537
Total assets	213,628	179,044	230,168
Equity and liabilities			
Equity			
Share capital	80	80	80
Unrestricted equity reserve	62,361	62,820	64,010
Other reserves	313	313	313
Translation differences	54	86	84
Retained earnings	-2,096	4,135	6,906
Profit (loss) for the period	-6,470	-3,621	-9,174
Total equity attributable to owners of the parent company	54,241	63,814	62,220
Non-controlling interests	67	412	389
Total equity	54,309	64,226	62,609
Liabilities			
Non-current liabilities			
Borrowings	31,010	8,637	30,458
Lease liabilities	9,782	10,779	10,738
Other liabilities	-9	887	550
Deferred tax liabilities	6,436	6,564	6,630
Employee benefit obligations	381	545	381
Provisions	382	1,145	543
Total non-current liabilities	47,982	28,557	49,300
Current liabilities			
Borrowings	3,469	3,171	3,439
Lease liabilities	5,633	5,391	5,968
Advances received	10,998	14,216	12,637
Trade payables	32,032	24,780	36,271
Payment arrangement with the Tax administration	—	300	—
Current income tax liabilities	3,002	1,437	2,990
Other payables	55,731	36,529	55,835
Provisions	474	435	1,119
Total current liabilities	111,338	86,261	118,258
Total liabilities	159,320	114,818	167,559
Total equity and liabilities	213,628	179,044	230,168

Consolidated cash flow statement

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Cash flow from operating activities					
Profit (loss) for the period	-1,201	1,169	-6,793	-4,258	-9,834
Adjustments:					
Depreciation, amortisation and impairment	2,349	2,118	7,100	6,459	8,731
Gains and losses on the sale of subsidiaries	37	—	-893	—	—
Gains and losses on the sale of property, plant and equipment	-100	-793	-100	-824	-850
Share of profits (losses) of associates	74	20	188	132	189
Interest income and other financial income and expenses	2,776	786	6,831	5,171	10,507
Income tax	-50	-26	-89	1,471	2,807
Other adjustments	266	793	-643	-1,185	-1,064
Total adjustments	5,351	2,898	12,393	11,224	20,320
Changes in working capital					
Change in trade and other receivables	-9,240	-4,133	-4,421	-10,875	-32,342
Change in trade payables and other liabilities	7,659	15,265	-3,235	13,036	35,795
Change in inventories	-1,594	-3,501	-6,409	-3,811	-6,356
Interest received	8	25	17	29	52
Interest paid	3,891	-313	-2,832	-874	-1,208
Other financial items	-6,056	-498	-8,305	-4,297	-4,416
Income tax	—	—	-32	—	-102
Net cash flow from operating activities	-1,182	10,912	-19,618	174	1,912
Cash flow from investing activities					
Investments in tangible and intangible fixed assets	-293	-909	-1,969	-2,121	-3,268
Sale of fixed assets	—	635	371	1,248	1,749
Sale of subsidiaries, less cash and cash equivalents sold	200	—	343	—	—
Additional investments in associated companies	-629	—	-3,228	-7,799	-10,399
Sale of associated companies	1,023	10	1,023	1,010	1,100
Repayments of loans granted to associated companies	218	—	218	486	566
Payments to bank deposit accounts	—	—	—	-450	1,728
Dividends from associated companies	36	—	36	—	93
Net cash flow from investing activities	556	-264	-3,206	-7,626	-8,430
Cash flow from financing activities					
Issue of shares	—	—	—	2,200	2,200
Withdrawals of loans	7,419	10	9,472	605	26,460
Repayments of loans	-8,254	-635	-9,482	-2,237	-3,466
Acquisition of subsidiaries less cash and cash equivalents acquired	—	-29	—	-29	-192
Investments in shares	—	-850	—	-850	-850
Paid distribution of funds	—	-2	-825	-802	-1,614
Payments of lease liabilities	-1,676	-1,835	-4,665	-4,761	-6,481
Net cash flow from financing activities	-2,511	-3,341	-5,500	-5,873	16,056
Net change in cash and cash equivalents	-3,137	7,307	-28,323	-13,325	9,538
Cash and cash equivalents at the beginning of the period	13,518	8,534	38,704	29,166	29,166
Cash and cash equivalents at the end of the period	10,381	15,841	10,381	15,841	38,704

Consolidated statement of changes in equity

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 Jan 2023	80	64,010	313	84	-2,268	62,220	389	62,609
Profit (loss) for the period	—	—	—	—	-6,470	-6,470	-322	-6,792
Translation differences	—	—	—	-31	—	-31	—	-31
Total comprehensive income	—	—	—	-31	-6,470	-6,500	-322	-6,823
Transactions with owners:								
Share based payments	—	—	—	—	176	176	—	176
Distribution of funds	—	-1,649	—	—	—	-1,649	—	-1,649
Other transactions	—	—	—	—	-5	-5	—	-5
Total transactions with owners	—	-1,649	—	—	171	-1,478	—	-1,478
Equity at 30 Sep 2023	80	62,361	313	54	-8,567	54,241	67	54,309

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 Jan 2022	80	43,794	313	17	4,394	48,598	1,064	49,662
Profit (loss) for the period	—	—	—	—	-3,621	3,621	-637	-4,258
Translation differences	—	—	—	70	—	70	—	70
Total comprehensive income	—	—	—	70	-3,621	-3,551	-637	-4,188
Transactions with owners:								
Share issue	—	20,626	—	—	—	20,626	—	20,626
Transactions with non-controlling interests	—	—	—	—	-327	-327	-15	-342
Share based payments	—	—	—	—	58	58	—	58
Distribution of funds	—	-1,600	—	—	—	-1,600	—	-1,600
Other transactions	—	—	—	—	10	10	—	10
Total transactions with owners	—	19,026	—	—	-260	18,767	-15	18,752
Equity at 30 Sep 2022	80	62,820	313	86	514	63,813	412	64,226

Notes to the consolidated business review

1. ACCOUNTING PRINCIPLES

This is not an interim report in accordance with IAS 34. The company complies with the semiannual reporting in accordance with the Finnish Securities Markets Act and discloses business reviews for the first three and first nine months of the year, which present key information regarding the company's financial position and development.

The financial information presented in this 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. REVENUE AND BUSINESS AREAS

The accounting treatment of wind power projects has been changed from the beginning of 2023. The comparison data for 2022 has been updated to reflect the new accounting policy.

Revenue by business area

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Smart Industry	26,668	15,314	79,656	50,620	72,721
Power	21,948	14,556	59,505	49,362	74,958
Connectivity	16,364	13,674	40,738	33,266	47,230
International Operations	29,122	20,844	75,476	51,171	87,007
Items not allocated to business areas	66	1	115	—	81
Total	94,168	64,390	255,491	184,419	281,997

Geographical distribution of revenue by target country

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Finland	64,761	43,759	174,063	131,678	192,279
Other countries	29,407	20,631	81,427	52,741	89,717
Total	94,168	64,390	255,491	184,419	281,997

EBITDA by business area

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Smart Industry	2,482	2,166	4,542	1,084	268
Power	1,144	1,147	2,814	10,502	19,237
Connectivity	1,363	1,112	1,198	-118	362
International Operations	909	239	2,152	-788	-3,930
Items not allocated to business areas	-1,954	-616	-3,657	-1,837	-3,726
Total	3,945	4,047	7,049	8,844	12,210

Reconciliation of EBITDA to operation profit

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
EBITDA	3,945	4,047	7,049	8,844	12,210
Depreciation, amortisation and impairment	-2,349	-2,118	-7,100	-6,459	-8,731
Operating profit	1,597	1,929	-51	2,385	3,479

3. INCENTIVE SCHEME (IFRS 2)

Enersense International Plc's Board of Directors decided in February 2023 on new share-based incentive schemes for the Group's key personnel. The aim is to align the objectives of the shareholders and key employees for increasing the value of the company in the long-term, to retain the key employees at the company and to offer them competitive incentive plan that is based on earning and accumulating the company's shares. The new incentive plan is a continuation of the Performance Share Plan 2022–2025 decided in February 2022. The new Performance Share Plan 2023–2025 consists of one performance period, covering the financial years 2023–2025.

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 installments 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.

Share-based incentive scheme for 2023–2025

The Performance Share Plan 2023–2025 consists of one performance period, covering the financial years 2023–2025.

In the plan, the target group is given an opportunity to earn Enersense International Plc shares based on performance. The rewards of the plan are based on the absolute total shareholder return of the company's share (TSR) for the financial years 2023–2025, on the Group's cumulative Operating Profit in euro for the financial years 2023–2025, and on the Group's ESG development program. The potential rewards based on the plan will be paid after the end of the performance period, in spring 2026. The rewards will be paid partly in Enersense International Plc shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and statutory social security contributions arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

The rewards to be paid based on the plan correspond to the value of an approximate maximum total of 241,000 Enersense International Plc shares, also including the proportion to be paid in cash. Approximately 40 persons, including the President and CEO and other members of the Group Executive Team, belong to the target group of the plan.

The President and CEO of Enersense International Plc and the member of the Group Executive Team must own at least 50 per cent of the shares received as a net reward from the plan, until the value of the President and CEO's shareholding in Enersense International Plc equals to his annual base salary of the preceding year, and until the value of other Group Executive Team member's shareholding in Enersense International Plc equals to 50 per cent of their annual base salary of the preceding year. Such number of Enersense International Plc shares must be held as long as the membership in the Group Executive Team or the position as the President and CEO 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.

4. SHARE ISSUES AND OWNERSHIP ARRANGEMENTS

Merger

The completion of the merger decided by the Boards of Directors of Enersense International Plc and MBÅ Invest Oy on 27 March 2023, announced by Enersense, has been registered in the Trade Register on 1 April 2023. The new Enersense shares issued in the merger to the shareholders of MBÅ Invest as merger consideration, totalling 2,176,068 shares, have been registered in the Trade Register on 1 April 2023. The cancellation of a total of 2,176,072 Enersense shares transferred to the Company in the merger has also been registered in the Trade Register on 1 April 2023. Following the registration of the new shares and of the cancellation of own shares transferred to the Company in the merger, the total number of Enersense's shares is 16,492,527.

Ownerships

In August, Enersense International Plc invested in associate company P2X Oy, which increased Enersense's ownership to 18.5 percent.

In addition, in September Enersense Wind Oy sold its entire minority stake in Tuulivoimapuisto Soidinmäki Oy (4.6%).

5. 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, amortisation and impairment
EBIT, % of revenue	=	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
Net 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
Turnover rate, (%)	=	Share trading (pcs) x 100 / The average number of shares issued during the period



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