



Enersense International Plc's Business Review January–March 2024: Enersense's growth continued and Q1 EBITDA at a good level even though offshore business weaker than expected

Enersense International Plc
Business Review Q1 2024, 26 April 2024 at 12:00 p.m.

The figures in this release are unaudited. 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.

January–March 2024

- Revenue was EUR 98.1 (75.0) million, 30.9% year-on-year.
- EBITDA was EUR 4.5 (0.1) million. The EBITDA margin was 4.6 (0.1)%.
- The operating profit was EUR 1.7 (-2.3) million. The profit margin 1.8 (-3.1)%.
- Undiluted earnings per share were EUR -0.34 (-0.23).
- The order backlog stood at EUR 445 (526) million at the end of the review period.
- On 9 January 2024, Enersense announced that it is merging the Power and International Operations business areas into a single business area. At the same time, the Smart Industry business area was renamed Industry. From the beginning of 2024, Enersense will report three business areas: Power, Industry, and Connectivity. In accordance with the planned organizational changes Margus Veensalu, a member of the Group Executive Team, will step down from the Group Executive Team but will continue at Enersense in another role.
- On 29 February 2024, the Board of Directors of Enersense decided on the group key employee incentive plan.
- Financiers approved a lower limit for the equity ratio covenant at the time of review at the end of the first quarter. Enersense is negotiating with financiers to further specify the covenant level for the full year 2024.

After the review period:

- On 9 April 2024, Enersense announced that Mikko Jaskari, the company's CFO and a member of the Group Executive Team, will step down from his position. Jyrki Paappa has been appointed new CFO and member of the Group Executive Team from 22 July 2024.

Guidance for the financial period 2024 (issued on 29 February 2024)

- In 2024, Enersense's revenue is expected to be in the range of EUR 365–435 million and EBITDA in the range of EUR 15–25 million.
- The revenue is expected to grow in 2024. Outlook especially for the company's growth areas is favourable. The EBITDA is expected to grow. Profitability is expected to improve even if the investments in growth continue.

Key figures

	1–3/2024	1–3/2023	1–12/2023
Revenue, (EUR 1,000)	98,143	74,998	363,318
EBITDA, (EUR 1,000)	4,489	58	14,704
EBITDA, %	4.6	0.1	4.0
Operating profit, (EUR 1,000)	1,734	-2,293	5,260
Operating profit, %	1.8	-3.1	1.4
Result for the period, (EUR 1,000)	-5,520	-3,778	-9,149
Equity ratio, %	22.8	30.6	26.0
Gearing, %	84.1	57.7	70.2
Return on equity, %	-10.5	-6.0	-16.0
Earnings per share, undiluted, EUR	-0.34	-0.23	-0.54
Earnings per share, diluted, EUR	-0.34	-0.23	-0.54

President and CEO Jussi Holopainen

"The beginning of 2024, too, has been marked by uncertainties related to the operating environment. However, Enersense's growth continued in the first quarter, supported by its strong order backlog. Our revenue increased by 31% year-on-year, increasing to EUR 98 (75) million. The Group's EBITDA, supported by a recognition of around EUR 7 million in revenue from wind power projects, was EUR 4.5 (0.1) million. In the core business operations, considering that profitability is typically low in the first quarter because of seasonality, our performance was partly even better than expected. Offshore business's weaker than expected Q1 burdened, however, the profitability for the entire Group. In total, investments in our strategic focus areas burdened the EBITDA by EUR -5.6 (-2,3) million in the review period. The Group's order backlog was EUR 445 (526) million at the end of March, almost at the same good level as at the end of 2023 (457).

Revenue increased significantly in the Power and Industry business areas. The Power business area's revenue includes sales from wind power projects, and revenue from core business operations also increased. This is the first time we are reporting the Power and International Operations business areas together. Very similar projects have been carried out in these business areas for customers in the electricity network and energy sectors, for example. We believe that by combining international projects under one Power business area, we will increase both our competitiveness and our efficiency. In the Industry business area, revenue from core business operations grew markedly, but the most significant portion of the growth came from offshore business operations. Revenue in the Connectivity business area decreased in the first quarter, which is seasonally slower than the rest of the year.

In the first quarter, EBITDA grew considerably year-on-year. Profitability in the core businesses was good, but the loss in the first quarter in the offshore business turned the Industry business area's EBITDA nearly EUR 3 million in the negative which weakened the profitability of the entire Group. The profitability development of the offshore business is being monitored closely by the management. Difficulties in resource management due to overlapping projects that have increased the realised costs have been identified as the reason for the poor profitability. Necessary organisational replacements have been carried out in the business, and the measures

have been initiated to reverse the profitability trend. The goal is for the EBITDA of the offshore business to become positive by the end of the year.

As a result of the poor performance of the offshore business, with the balance sheet treatment of wind power revenue, the equity ratio was lower than expected at the end of the review period. I am pleased that we reached an agreement with our financiers on lowering the equity ratio covenant limit at the time of review at the end of March. Despite increased uncertainty in the market environment, we believe that the profitability development for the rest of the year will be better, and we reiterate our guidance for 2024 from February.

Enersense's strategy work started in 2020 and is entering the next phase. Enersense's Board of Directors, elected in April, has established a Strategy Committee from among its members, and a review of Enersense's long-term strategy has been started under the leadership of the committee. The strategy work and the related action plans are expected to be completed during 2024. To strengthen and accelerate the implementation of the company's new development phase, Jyrki Paappa has been appointed as Enersense's CFO as of 22 July 2024. He is a highly experienced professional who will contribute to our growth journey and the achievement of our strategic targets."

This release is a summary of Enersense's Business Review January-March 2024. The complete report is attached to this release as a pdf-file. It is also available on the company's website at www.enersense.com/press-releases/.

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Enersense in brief:

Enersense International Plc is a creator of zero emission energy solutions and strongly supports the ongoing energy transition and enabling a zero-emission society. Enersense Group's revenue in 2023 was EUR 363 million. The company has approximately 2,000 employees, with operations in Finland and internationally. Enersense's shares are listed on Nasdaq Helsinki (ESENSE). The company's investor pages can be found at www.enersense.com/investors.