



Q2

Half-year Financial Report

January – June 2022

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

The challenging business environment burdened the result for the first half of the year – The company is preparing for the green transition through significant investments

APRIL–JUNE 2022

- Revenue EUR 59.8 million (61.6), -2.9% year-on-year
- EBITDA EUR -0.6 million (5.8), EBITDA margin -1.0% (9.4)
- Operating profit EUR -2.8 million (3.0), profit margin -4.6% (4.9)
- Adjusted EBITDA EUR -0.4 million (4.8), or -0.7% of revenue (7.8)

JANUARY–JUNE 2022

- Revenue EUR 113.6 million (114.9), -1.1 % year-on-year
- EBITDA EUR 4.8 million (7.5), EBITDA margin 4.2% (6.5)
- Operating profit EUR 0.5 million (2.4), profit margin 0.4% (2.1)
- The order backlog stood at EUR 295.4 million (301.0) in the first half of the year
- Adjusted EBITDA EUR 5.0 million (7.4), or 4.4% of revenue (6.4)

GUIDANCE FOR THE 2022 FINANCIAL PERIOD

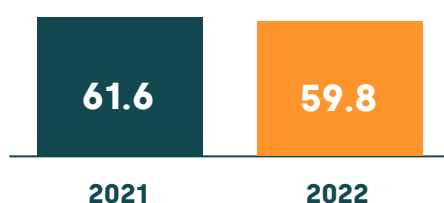
On 27 July 2022, Enersense announced that it would lower its financial guidance for 2022 in terms of EBITDA. According to the company's new financial guidance, its revenue is expected to be EUR 245–265 million in 2022, and its adjusted EBITDA is expected to be EUR 6–12 million.

During the second half of the year, the company's profitability will be burdened by the Russian attack on Ukraine, accelerated inflation, problems with the availability of materials, the coronavirus pandemic and the strike in the ICT sector, as well as delayed project starts caused by these.

Key indicators

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Revenue (EUR 1,000)	59,827	61,621	113,614	114,929	239,110
EBITDA (EUR 1,000)	-614	5,822	4,797	7,504	16,639
EBITDA, %	-1.0	9.4	4.2	6.5	7.0
Adjusted EBITDA (EUR 1,000)	-431	4,816	5,048	7,381	19,231
Adjusted EBITDA, %	-0.7	7.8	4.4	6.4	8.0
Operating profit (EUR 1,000)	-2,772	3,017	455	2,399	6,834
Operating profit, %	-4.6	4.9	0.4	2.1	2.9
Result for the period (EUR 1,000)	-4,133	1,922	-2,930	591	3,973
Equity ratio, %	40.2	34.4	40.2	34.4	35.6
Gearing, %	32.7	-15.6	32.7	-15.6	3.6
Return on equity, %	-6.3	5.0	-5.2	1.8	8.3
Earnings per share, undiluted, EUR	-0.28	0.16	-0.18	0.06	0.35
Earnings per share, diluted, EUR	-0.28	0.16	-0.19	0.06	0.35

April-June Revenue MEUR



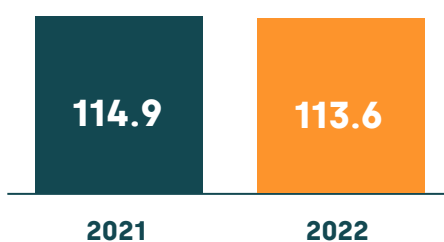
DECREASE 2,9 % ↓

April-June Adjusted EBITDA MEUR



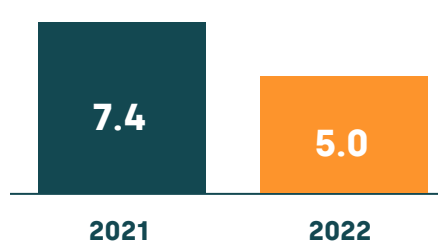
DECREASE 191,9 % ↓

January-June Revenue MEUR



DECREASE 1,1 % ↓

January-June Adjusted EBITDA MEUR



DECREASE 81 % ↓



President and CEO Jussi Holopainen

The first half of 2022 was exceptional in many ways. The Russian attack on Ukraine and its impacts have delayed the start of projects in the spring, and the high inflation rate and problems with the availability of materials have caused challenges worldwide. At the same time the company has invested significantly for the green transition, which demand has grown rapidly.

Energy self-sufficiency is increasing considerably in Europe because of the Russian attack on Ukraine, and the process to end dependence on Russian oil, gas and coal production is progressing rapidly in many sectors. This provides us with a great deal of new opportunities to implement zero-emission energy solutions through our extensive range of services, which has further increased as a result of corporate transactions this year.

Because of the global situation, we anticipated in our business review for the first quarter that the second quarter will be the weakest quarter of the year in terms of profitability. The strike in the ICT sector in the spring also affected our business operations, especially in Connectivity. In addition, the Smart Industry business reflects the completion of the Olkiluoto nuclear power plant project and the resulting decrease in volumes. The Power segment's performance in the first half of the year was better than expected despite the cost increases caused by inflation, and its improved result reflects its investments in renewable energy projects.

However, our performance was reasonable in the first half of the year despite the difficult circumstances. We achieved EUR 113.6 million (114.9) in revenue and EUR 5.0 million (7.4) in adjusted EBITDA. Our operating profit was EUR 0.5 million (2.4), and our profit margin was 0.4% (2.1). The adjusted EBITDA includes EUR 2.4 million in investments in offshore wind power and a new ERP system.

With a gloomier global economic outlook, we issued our new financial guidance after the review period on 27 July 2022. Our adjusted EBITDA is expected to be EUR 6–12 million in 2022 (previously EUR 15–20 million), and our revenue is expected to be EUR 245–265 million in accordance with our previous guidance. Our order backlog has remained at a good level, but the company's performance will continue to be burdened by global challenges during the second half of the year. We were able to negotiate the cost pressure caused by increased inflation to the new contracts and partially to the order backlog contracts during the first half of the year.

In May, Enersense organised its first ever Capital Markets Day event, during which we published our new long-term financial targets and described the company's adjusted business model. Our new financial targets describe the company's business model more accurately after the corporate transactions implemented earlier and our expansion in the value chain (Enersense Offshore Ltd, which specialises in offshore wind power; Megatuuli Oy, which develops onshore wind power project; and our investment in P2X Solutions, Finland's first green hydrogen production company).

Our expansion in the value chain – from project design, implementation and maintenance to being a key producer, owner and project developer of zero-emission energy – makes our business operations more stable and profitable and reduces project risks. From here, we are seeking to achieve EUR 500 million in revenue and EUR 100 million in profitability by 2027.

In June, we signed a significant agreement on the acquisition of Voimatel Oy, a company specialising in critical infrastructure and energy services, from KPY Cooperative through an exchange of shares. KPY made an additional investment of EUR 2.2 million in Enersense in connection with signing the agreement. The execution of the share transaction is conditional on approval from the Finnish Competition and Consumer Authority.

The acquisition of Voimatel will make Enersense a more capable provider of information and energy network solutions and a partner in critical infrastructure and security of supply.

The acquisition will also substantially strengthen our offering of energy services such as solar energy and charging services for electric transport. Enersense sees good growth potential in solar power, and solar power projects support our role in implementing zero-emission energy projects. In the spring, we announced that we would explore opportunities to build a 20 MW solar power plant of our own in Mäntyluoto in Pori, on the same site where Enersense Offshore Ltd operates.

If the Voimatel transaction is implemented, Enersense's revenue will increase to around EUR 370 million with the number of employees increasing to around 3,000. Highly competent and motivated employees will continue to be a key factor in enabling Enersense's growth and development. We believe that we will continue to be able to provide our employees with interesting career paths and ensure that our understanding and expertise remain at a high international level.

Financial result

Revenue by segment

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Smart Industry	18,703	23,469	35,306	45,780	85,499
Power	14,043	11,980	28,391	22,818	49,143
Connectivity	10,244	11,385	19,592	19,848	45,318
International Operations	16,837	14,757	30,327	26,382	58,999
Items not allocated to business areas	1	31	-2	102	152
Total	59,827	61,621	113,614	114,929	239,110

Revenue by target area

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Finnish sites	41,600	48,176	81,504	87,094	177,229
International sites	18,227	13,455	32,110	27,835	61,881
Total	59,827	61,621	113,614	114,929	239,110

APRIL-JUNE 2022

Revenue was EUR 59.8 million (61.6), representing a decrease of EUR 1.8 million, or 2.9%, compared with the corresponding period in 2021.

EBITDA was EUR -0.6 million (5.8). The decrease was due to the challenging market situation, as well as investments in offshore wind power and a new ERP system in accordance with the company's forecast. The net impact of items affecting comparability was EUR 0.2 million. Adjusted EBITDA was EUR -0.4 million (4.8). 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 -2.8 million (3.0).

JANUARY-JUNE 2022

Revenue was EUR 113.6 million (114.9), representing a decrease of EUR 1.3 million, or 1.1% of, compared with the corresponding period in 2021.

EBITDA was EUR 4.8 million (7.5). The decrease in EBITDA from the comparison period was due to a weak second quarter caused by the market situation, as well as investments in offshore wind power and a new ERP system in accordance with the company's forecast. These investments had an impact of EUR 2.4 million on EBITDA in the first half of the year. In addition, the volumes of the Smart industry segment's operations were affected by the completion of the Olkiluoto nuclear power plant project. The net impact of items affecting comparability was EUR 0.3 million. Adjusted EBITDA was EUR 5.0 million (7.4). 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 0.5 million (2.4). 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 295.4 million (301.0) at the end of the second 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 -1.4 million (0.6) in January–June, and the result for the period was EUR -2.9 million (0.6). Undiluted earnings per share were EUR -0.18 (0.06). Net financial expenses in January–June totalled EUR -1.9 million (-1.8), including EUR 0.5 million in impairment related to the investment in Fennovoima by Yrittäjien Voima Oy, an associated company. The total liabilities related to Fennovoima may increase to EUR 1.2 million.

CASH FLOW AND FINANCING

Cash flow from operating activities in April–June was EUR -3.5 million. An increase in trade and other receivables as a result of the strike in the ICT sector had an impact on the cash flow for the period.

Cash flow from operating activities in January–June was EUR -8.2 million. An increase in trade and other receivables as a result of the strike in the ICT sector had an impact on the cash flow for the period.

Cash flow from investing activities in April–June was EUR 1.1 million, which mainly consisted of the divestment of associated companies acquired in connection with the Megatuuli transaction.

Cash flow from investing activities in January–June was EUR -7.4 million, including investments in P2X Solutions Oy.

Cash flow from financing activities in April–June was EUR -3.8 million, which includes the funds raised through the share issue executed on 28 June 2022, as well as loan repayments and dividends paid.

On 20 June 2022, Enersense announced that it had completed negotiations on the financing of its operations. The company's new financing package consists of two senior loans, a financing facility and several bank guarantee and invoice factoring facilities.

The funding is used for operational development and working capital management. The new financing agreement includes financial covenants concerning the Group's equity ratio and its ratio of interest-bearing net debt to EBITDA. The covenants were measured for the first time on 30 June 2022, and will be reviewed quarterly.

Enersense has access to EUR 9.6 million in senior loans maturing in 2026. Enersense will also have access to a committed revolving financing facility of EUR 5 million, which enables the company to reduce the impact of changes in working capital caused by seasonality on its business operations.

Enersense has replaced some of its earlier bank guarantee facilities with new bank guarantee facilities negotiated as part of its new financing. Enersense will have access to a total of EUR 40 million in guarantee facilities. The total amount of the new guarantee facilities negotiated as part of the new financing is EUR 20.0 million.

The company will also have access to invoice financing facilities totalling EUR 44.2 million. The new facilities account for EUR 5.5 million of the total.

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).

April–June 2022

The Smart Industry segment's performance in the review period was weaker than expected. The segment's revenue was EUR 18.7 million (23.5). 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 2021. The Smart Operations unit's revenue was lower than expected, because the volume of ongoing projects was lower than estimated. The business operations of the Smart Services unit progressed as planned during the second quarter of the year. The risk of business impacts caused by the coronavirus pandemic decreased significantly during the review period in all business areas, but the situation may deteriorate during the second half of the year.

The Smart Industry segment's EBITDA was EUR -0.1 million (5.1). Its EBITDA developed less favourably than expected during the review period. The decrease in the EBITDA, compared with the previous year, was due to the impact of the global situation, the changes in the Group's cost structure, the volumes of the Olkiluoto nuclear power plant project, the divestment of the Värviäämö business in the comparison period and partly to ramp-up costs related to the integration of Enersense Offshore Ltd, which will continue to have an impact throughout the year as planned. In addition, the Smart Operations unit's volumes were lower than expected, which had a negative impact on the EBITDA. Enersense Offshore Ltd is reported as part of the Smart Operations business. The profitability of the Smart Services unit was better than expected in the review period.

January–June 2022

The Smart Industry segment's performance in the review period was weaker than expected. The segment's revenue was EUR 35.3 million (45.8). 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 2021. The Smart Operations unit's revenue was lower than expected, because the volume of ongoing projects was lower than estimated. The business operations of the Smart Services unit progressed as planned during the first half of the year. The risk of business impacts caused by the coronavirus pandemic decreased significantly during the review period in all business areas, but the situation may deteriorate during the second half of the year.

The Smart Industry segment's EBITDA was EUR -1.1 million (6.6). Its EBITDA developed less favourably than expected during the review period. The decrease in the EBITDA, compared with the previous year, was due to the impact of the global situation, the changes in the Group's cost structure, the volumes of the Olkiluoto nuclear power plant project, the divestment of the Värviäämö business in the comparison period and partly to ramp-up costs related to the integration of Enersense Offshore Ltd, which will continue to have an impact throughout the year as planned. In addition, the Smart Operations unit's volumes were lower than expected, which had a negative impact on the EBITDA. Enersense Offshore Ltd is reported as part of the Smart Operations business. The profitability of the Smart Services unit was better than expected in the review period.

The average number of personnel in the Smart Industry segment was 624 person-years during the review period.

Order backlog

The Smart Industry segment's order backlog stood at EUR 51.0 million (58.0) at the end of the second quarter of 2022. Its order backlog decreased by EUR 7.0 million year-on-year. Compared with the end of the previous quarter, the order backlog decreased by EUR 8.0 million. The Russian attack on Ukraine has caused raw material prices and delivery times to increase, which may continue to affect the timing of prospective orders.

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.

April–June 2022

The Power segment's revenue was EUR 14.0 million (12.0). The increase in revenue resulted from higher business volumes and good project progress. Demand in the segment continued to be strong in the review period, and the order backlog increased as expected. The impacts of the coronavirus pandemic were minor in the review period.

The Power segment's EBITDA was EUR 0.6 million (0.9). The change was due to cost increases caused by inflation. In addition, the segment increased resources for wind and solar power development as planned.

January–June 2022

The Power segment's revenue was EUR 28.4 million (22.8). The increase in revenue resulted from higher business volumes and good project progress. Demand in the 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 9.4 million (1.4). The change in the EBITDA was due to increased revenue, successful project management and the acquisition of Megatuuli Oy. The Power segment's performance in the first half of the year was better than expected despite the cost increases caused by inflation, and its improved result reflects its investments in renewable energy projects.

The average number of personnel in the Power segment was 171 person-years during the review period.

Order backlog

The Power segment's order backlog stood at EUR 65.9 million (41.3) at the end of the second quarter of 2022. Its order backlog grew by EUR 24.7 million year-on-year. Compared with the end of the previous quarter, the order backlog grew by EUR 15.6 million. 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.

April–June 2022

The Connectivity segment's revenue was EUR 10.2 million (11.4). Revenue decreased year-on-year, mainly because of the strike in the ICT sector and material shortages. In addition, the coronavirus pandemic caused absences to increase in the review period.

The Connectivity segment's EBITDA was EUR -0.5 million (0.5). Higher labour and material costs caused by inflation and the shortage of materials caused by the Russian attack on Ukraine, as well as the six-week strike in the ICT sector, had a significant negative impact on Connectivity's EBITDA.

January–June 2022

The Connectivity segment's revenue was EUR 19.6 million (19.8). Its revenue decreased year-on-year because of the strike in the ICT sector and material shortages. The coronavirus pandemic caused absences to increase in the review period.

The Connectivity segment's EBITDA was EUR -1.2 million (0.1). Higher labour and material costs caused by inflation, a shortage of materials and the long strike in the ICT sector had a significant negative impact on EBITDA. Discussions have been carried out with customers on transferring the increase in costs to sales prices, but a full transfer to customer prices is not possible. However, other 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 347 person-years during the review period.

Order backlog

The Connectivity segment's order backlog stood at EUR 56.3 million (87.3) at end of the second quarter of 2022. Its order backlog decreased by EUR 31.0 million year-on-year. Compared with the end of the previous quarter, the order backlog decreased by EUR 6.6 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.

April–June 2022

The International Operations segment's revenue was EUR 16.8 (14.8) million. Its revenue increased steadily from the first quarter of the year as a result of a good order backlog and seasonal fluctuations in the Baltic countries. The majority of the revenue came from maintenance and construction projects in power grids and distribution grids in the Baltic countries.

Demand for services increased in the Baltic countries, and remained stable in other countries. The impacts of the coronavirus pandemic on business operations were minor during the review period, but the planning of work was more challenging than usual because of Covid-19 test requirements and unexpected employee quarantines.

EBITDA was EUR -0.1 million (0.7). The steep increase in material and other costs because of high inflation in the Baltic countries posed challenges in the review period.

January–June 2022

The revenue of the International Operations segment was EUR 30.3 million (26.4). The increase in revenue was mainly due to high-voltage power line construction projects in Estonia and Lithuania. The segment's revenue developed favourably during the first half of the year, and most of its revenue came from maintenance and construction projects in power grids and distribution grids in the Baltic countries. The Industry segment's revenue decreased in France but increased in Germany and the UK. Demand for services was high, and revenue growth was mainly limited by a lack of resources.

The International Operations segment's average number of personnel was 578 person-years during the review period.

Its EBITDA was EUR -1.0 million (1.0). EBITDA is typically low in the Baltic countries at the beginning of the year due to seasonal variation. In addition, cost increases arising from the high inflation rate (more than 20%) in the Baltic countries and delays in several projects as a result of the challenging market situation had a negative impact on the result. A shortage of skilled labour because of high demand is also causing challenges for the segment.

Order backlog

The International Operations segment's order backlog stood at a record high of EUR 122.1 million (114.5) at end of the second quarter of 2022. Its order backlog increased by EUR 7.7 million year-on-year. Compared with the end of the previous quarter, the order backlog grew by EUR 6.8 million. The International Operations segment has extended existing contracts and entered into new agreements on long-term construction projects in the Baltic countries. 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–June 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.

4 April At its inaugural meeting after the Annual General Meeting, 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.

3 May Enersense updated its long-term financial targets.

20 June Enersense announced that it would acquire Voimatel Oy, a company specialising in critical infrastructure and energy services, through an exchange of shares and that it would also carry out a directed share issue to KPY Cooperative.

20 June Enersense completed negotiations on a more extensive financing package.

28 June The new shares included in the directed share issue to KPY Cooperative were entered into the Trade Register.

Events after the review period

On 27 July 2022, Enersense announced that it would lower its financial guidance for 2022 in terms of EBITDA and provided preliminary information about its financial performance in the second quarter. According to the company's new financial guidance, its revenue is expected to be EUR 245–265 million in 2022, and its adjusted EBITDA is expected to be EUR 6–12 million.

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, in accordance with 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 Russian attack on Ukraine, global economic uncertainty and weaker growth have affected Enersense's business operations. Enersense has been able to navigate this environment tolerably. The Russian attack on Ukraine will burden the company's profitability during the second half of the year. We are seeking solutions 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 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.

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 second quarter of 2022 was EUR 295.4 million (301.0), and it is distributed over 2022–2023.

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 Ltd, 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 million are needed to achieve this goal.

The increase in material prices caused by the Russian attack on Ukraine has partly affected the postponement of projects to a later date. Accordingly, self-sufficiency in terms of zero-emission energy solutions will be increased in Europe, and this may cause larger energy projects to start earlier than planned.

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. Profitability improvement and operational stabilisation have been successful. The overall market in Finland continues to grow, and the market size is currently estimated at more than EUR 500 million. On 20 June 2022, Enersense signed an agreement to acquire all shares in Voimatel Oy, a company specialising in critical infrastructure and energy services, through an exchange of shares. The transaction is conditional on approval from the Finnish Consumer and Competition Authority and the fulfilment of standard conditions for acquisitions.

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 280 million. On 20 June 2022, Enersense signed an agreement to acquire all shares in Voimatel Oy, a company specialising in critical infrastructure and energy services, through an exchange of shares. The transaction is conditional on approval from the Finnish Consumer and Competition Authority and the fulfilment of standard conditions for acquisitions.

INTERNATIONAL OPERATIONS

The business environment for the International Operations segment is expected to improve moderately. Existing service contracts will continue at their normal level, although customers' budgets are extremely tight because of price increases in new projects. Moderate growth is expected in Germany. Business development continues in the UK and France, and the quotation base is expected to increase rapidly in the nuclear sector in both countries in the coming years.

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 appetite of Enersense's customers, for example, or on the availability of financing and, thereby, also on the demand for Enersense's services. 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.

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. In addition, Megatuuli's operations focus on early-stage development work in wind power projects and the implementation of development projects. The related revenue recognition and its schedule depend 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 net 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 June 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 16,293,357 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

	30.6.2022	30.6.2021	31.12.2021
Market value, EUR	123,829,513,200	139,336,382	91,640,466
Number of shareholders at the end of the period ^{*)}	6,870	6,281	6,957
Share price at the end of the period	7.60	10.40	6.84
Average share price, EUR	7.22	—	8.63
Highest share price, EUR	8.22	12.00	12.00
Lowest share price, EUR	5.22	6.60	5.96
Number of shares at the end of the period, undiluted	16,293,357	13,397,729	13,397,729
Number of shares at the end of the period, diluted	16,147,558	13,397,729	13,397,729
Average number of shares during the period, undiluted	15,612,554	10,874,110	12,130,679
Average number of shares during the period, diluted	15,515,355	10,874,110	12,130,679
Share trading, pcs	3,504,053	4,309,109	9,568,586
Turnover rate, %	21.5	32.2	78.8

^{*)} 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 was 15,996,060, and the number of new shares accounted for around 16.24% of Enersense's share capital after the registration of the new shares.

In accordance with the conditions for the acquisition of Megatuuli Oy, EUR 2.5 million in dividends is paid to the minority shareholders 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 share-based 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.

On 20 June 2022, Enersense International Plc announced that Enersense's Board of Directors had decided to carry out a directed share issue of EUR 2.2 million to KPY Cooperative. A total of 297,297 new shares in Enersense were entered into the Trade Register on 28 June 2022. Following the registration of the new shares, the total number of shares in Enersense is 16,293,357. Trading in the new shares on the Nasdaq Helsinki began on 29 June 2022.

The directed share issue is described in more detail in the stock exchange release issued by Enersense on 20 June 2022.

FLAGGING NOTIFICATIONS

During the review period, Enersense received seven 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.

7 From Virala Oy Ab: According to the notification, the shareholding of Nidoco Ab, which belongs to the Virala Oy Ab Group, increased to 25.01% of all shares and votes in Enersense on 16 June 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-years (average over the period)

	1-6/2022	1-6/2021	1-12/2021
Smart Industry	624	940	769
Power	171	158	156
Connectivity	347	345	345
International	578	539	579
Other	92	78	93
Group total	1,812	2,060	1,942



Reconciliation of alternative performance measures

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Adjusted EBITDA					
Operating profit (loss)	-2,772	3,017	455	2,399	6,834
Depreciation, amortisation and impairment	2,158	2,805	4,341	5,105	9,806
EBITDA	-614	5,822	4,797	7,504	16,639
Differences affecting comparability	182	-1,006	251	-122	2,592
Adjusted EBITDA	-431	4,816	5,048	7,381	19,231

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Items affecting comparability					
+ Items outside the ordinary course of business	182	1,122	251	2,013	2,814
Gains (-) / losses (+) from the sale of fixed assets	—	-2,127	—	-2,136	-222
Total extraordinary items affecting the adjusted EBITDA	182	-1,006	251	-122	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.

Additional information

Pori 4 August 2022
Enersense International Plc
Board of Directors

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Financial reporting in 2022

Enersense will publish the following reports in 2022:

- Business review for January–September on 28 October 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	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Revenue	59,827	61,621	113,614	114,929	239,110
Change in inventories of finished goods and work in progress	-829	-51	-1,239	-341	2,060
Work performed for own purposes and capitalised	-29	287	-29	456	-35
Other operating income	89	2,602	8,860	3,108	10,514
Material and services	-30,760	-28,813	-56,366	-49,602	-115,011
Employee benefits expense	-21,973	-25,737	-46,459	-50,807	-97,898
Depreciation and amortisation	-2,158	-2,805	-4,341	-5,105	-9,806
Other operating expenses	-6,830	-4,144	-13,471	-10,303	-22,196
Share of profit /loss accounted for using the equity method	-108	56	-113	63	95
Operating profit	-2,772	3,017	455	2,399	6,834
Finance income	98	143	101	174	41
Finance expense	-776	-1,259	-1,989	-1,960	-3,334
Finance income and expense	-678	-1,115	-1,888	-1,786	-3,294
Profit/loss before tax	-3,450	1,902	-1,433	612	3,540
Tax on income from operations	-683	21	-1,497	-21	433
Profit/loss for the period	-4,133	1,922	-2,930	591	3,973
Other OCI-items					
Items that may be reclassified to profit or loss					
Translation differences	-211	-184	53	125	382
Remeasurements of post-employment benefit obligations	—	—	—	—	-117
Other comprehensive income for the period, net of tax	-211	-184	53	125	265
Total comprehensive income for the period	-4,344	1,738	-2,876	716	4,238
Profit (loss) for the period attributable to:					
Equity holders of the parent company	-3,944	1,842	-2,358	688	4,301
Non-controlling interests in net income	-188	80	-572	-97	-328
Profit/loss for the period	-4,133	1,922	-2,930	591	3,973
Total comprehensive income for the period attributable to:					
Owners of the parent company	-4,156	1,658	-2,304	813	4,566
Non-controlling interests	-188	80	-572	-97	-328
Total comprehensive income for the period	-4,344	1,738	-2,876	716	4,238
Earnings per share attributable to the owners of the parent company	-0.28	0.16	-0.18	0.06	0.35
Basic and diluted earnings per share	-0.28	0.16	-0.19	0.06	0.35

Consolidated balance sheet

EUR thousand	30.6.2022	30.6.2021	31.12.2021
Assets			
Non-current assets			
Goodwill	26,154	26,154	26,154
Other intangible assets	40,604	11,891	18,591
Property, plant, equipment	20,960	14,397	21,706
Investments accounted for using the equity method	10,135	1,561	1,564
Loan receivables	—	1,025	—
Non-current trade and other receivables	4,276	497	3,919
Deferred tax-assets	1,099	559	1,096
Total non-current assets	103,229	56,086	73,032
Current assets			
Inventories	6,824	3,348	6,513
Trade receivables	21,356	20,348	21,501
Current income tax receivables	34	49	48
Other receivables	24,389	25,670	16,449
Cash and cash equivalents	8,534	32,326	29,166
Total current assets	61,137	81,740	73,677
Total assets	164,366	137,826	146,709
Equity and liabilities			
Equity			
Share capital	80	80	80
Unrestricted equity reserve	64,420	43,819	43,794
Other reserves	313	313	313
Translation differences	70	-240	17
Retained earnings	393	397	95
Profit (loss) for the period	-2,358	688	4,301
Total equity attributable to owners of the parent company	62,918	45,057	48,599
Non-controlling interests	493	1,396	1,064
Total equity	63,411	46,452	49,664
Liabilities			
Non-current liabilities			
Borrowings	8,947	9,802	10,095
Lease liabilities	12,118	7,509	12,825
Other liabilities	2,217	9	2,206
Deferred tax liabilities	6,605	—	1,469
Employee benefit obligations	545	435	545
Provisions	1,271	2,065	852
Total non-current liabilities	31,704	19,819	27,992
Current liabilities			
Borrowings	3,485	3,639	3,072
Lease liabilities	4,291	3,840	4,427
Advances received	6,514	2,637	7,203
Trade payables	16,335	16,449	14,758
Payment arrangement with the Tax administration	393	1,688	963
Current income tax liabilities	1,444	259	28
Other payables	36,479	42,670	37,985
Provisions	309	373	618
Total current liabilities	69,250	71,555	69,054
Total liabilities	100,954	91,374	97,046
Total equity and liabilities	164,366	137,826	146,709

Consolidated cash flow statement

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Cash flow from operating activities					
Profit (loss) for the period	-4,133	1,922	-2,930	591	3,973
Adjustments:					
Depreciation, amortisation and impairment	2,158	2,621	4,341	4,921	9,806
Gains and losses on the sale of subsidiaries	—	-1,760	—	-1,760	-1,760
Gains and losses on the sale of property, plant and equipment	-29	-258	-32	-375	-222
Share of profits (losses) of associates	108	-56	113	-63	-95
Interest income and other financial income and expenses	678	1,115	1,888	1,786	3,294
Income tax	683	-20	1,497	21	-433
Other adjustments	-89	177	-1,978	493	-11,758
Total adjustments	3,509	1,819	5,829	5,023	-1,169
Changes in working capital					
Change in trade and other receivables	-6,948	-6,671	-6,741	-13,215	-4,829
Change in trade payables and other liabilities	4,675	54	-2,229	-3,331	-9,050
Change in inventories	32	-319	-310	168	-2,615
Change in provision	—	440	—	373	—
Interest received	—	2	4	32	43
Interest paid	-301	-437	-561	-890	-1,379
Other financial items	-377	-831	-1,302	-1,178	-1,957
Income tax	—	107	—	-1	1,376
Net cash flow from operating activities	-3,542	-3,916	-8,241	-12,428	-15,608
Cash flow from investing activities					
Investments in tangible and intangible fixed assets	-299	-710	-1,212	-1,073	-1,406
Sale of fixed assets	-114	6,603	613	6,346	15,170
Acquisition of subsidiaries, less cash and cash-equivalents acquired	—	—	—	—	-151
Sale of subsidiaries, less cash and cash equivalents sold	—	281	—	281	281
Additional investments in associated companies	—	—	-7,799	-31	-104
Sale of associated companies	1,000	—	1,000	—	—
Withdrawals of loans granted to associated companies	—	—	—	—	100
Repayments of loans granted to associated companies	486	—	486	—	—
Payment received from bank deposit accounts	—	600	—	600	600
Payments to bank deposit accounts	—	-875	-450	-875	-3,053
Dividends from associated companies	—	102	—	102	102
Net cash flow from investing activities	1,074	6,002	-7,362	5,351	11,539
Cash flow from financing activities					
Issue of shares	2,200	13,666	2,200	28,218	28,218
Withdrawals of loans	—	11,100	595	12,000	14,964
Repayments of loans	-1,306	-16,051	-1,602	-16,500	-22,898
Acquisition of non-controlling interests less cash and cash equivalents acquired	—	-257	—	-257	-257
Paid dividend	-3,297	—	-3,297	—	—
Payments of lease liabilities	-1,373	-710	-2,925	-1,749	-4,485
Net cash flow from financing activities	-3,777	7,747	-5,029	21,711	15,541
Net change in cash and cash equivalents	-6,245	9,834	-20,632	14,634	11,472
Cash and cash equivalents at the beginning of the period	14,779	22,487	29,166	17,694	17,694
Impact of exchange rate changes on cash and cash equivalents	—	6	—	-2	—
Cash and cash equivalents at the end of the period	8,534	32,326	8,534	32,326	29,166

Consolidated statement of changes in equity

EUR thousand	Equity attributable to owners of the parent company					Total equity attributable to owners of the parent company	Non-controlling interest	Total equity
	Share capital	Invested unrestricted equity reserve	Other reserves	Translation differences	Retained earnings			
Equity at 1 Jan 2022	80	43,794	313	17	4,394	48,598	1,064	49,662
Profit (loss) for the period	—	—	—	—	-2,358	-2,358	-572	-2,930
Other comprehensive income	—	—	—	—	—	—	—	—
Translation differences	—	—	—	53	—	53	—	53
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—	—	—
Total comprehensive income				53	-2,358	-2,304	-572	-2,876
Transactions with owners:								
Share issue	—	20,626	—	—	—	20,626	—	20,626
Transactions with non-controlling interests	—	—	—	—	—	—	—	—
Share issue to employees	—	—	—	—	—	—	—	—
Share based payments	—	—	—	—	93	93	—	93
Dividend ^{*)}	—	—	—	—	-4,097	-4,097	—	-4,097
Other transactions	—	—	—	—	3	3	—	3
Total transactions with owners	—	20,626	—	—	-4,001	16,625	—	16,626
Equity at 30 Jun 2022	80	64,420	313	70	-1,964	62,918	493	63,411

^{*)} Dividend for share holders were EUR 1,6 million and Megatuuli Oy shareholder agreement based dividend payment to minority shareholders were EUR 2,5 million

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 2021	80	15,602	31	-363	245	15,877	1,768	17,645
Profit (loss) for the period	—	—	—	—	688	688	-97	591
Other comprehensive income	—	—	—	—	—	—	—	—
Translation differences	—	—	—	125	—	125	—	125
Remeasurements of post-employment benefit obligations	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	125	688	813	-97	716
Transactions with owners:								
Share issue	—	28,218	—	—	—	28,218	—	28,218
Transactions with non-controlling interests	—	—	—	—	—	—	-275	-275
Share issue to employees	—	—	—	—	150	150	-1	149
Other transactions	—	—	—	—	—	—	—	—
Total transactions with owners	—	28,218	—	—	150	28,367	-276	28,091
Equity at 30 Jun 2021	80	43,819	313	-240	1,085	45,057	1,396	46,452

Notes to the consolidated interim report

1. ACCOUNTING PRINCIPLES

This is an interim report in accordance with IAS 34. The half-year report 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 1 January 2022 do not have a significant impact on the figures presented.

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

The risks are described earlier in the text section "Near-term risks and uncertainties".

2. CHANGES IN THE GROUP STRUCTURE AND ACQUISITIONS

Through a directed share issue (EUR 18.5 million), 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. The acquisition of Megatuuli Oy did not involve arrangements related to IFRS 16.

Enersense International Plc announced on 8 December 2021 that it had 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%. In accordance with the agreement, EUR 7.8 million of the investment had been paid by the end of June. P2X is treated as an associated company in the Group. In addition to ownership, Enersense has a seat of board in P2X.

Enersense International Plc announced on 20 June 2022 that it had signed an agreement to acquire all outstanding shares in Voimatel Oy, a company specialising in critical infrastructure and energy services, through an exchange of shares. In the share transaction, the purchase price to be paid to KPY Cooperative, the current owner, is EUR 9.0 million. The purchase price will be paid in full in new shares in Enersense which will be issued in connection with the implementation of the share transaction and will be directed to KPY Cooperative, the owner of Voimatel Oy. The share transaction is conditional on approval from the Finnish Consumer and Competition Authority and the fulfilment of standard conditions for acquisitions.

The shareholding of the associated company Yrittäjien Voima Oy has been booked down, EUR 0.5 million, due to liabilities related to Fennovoima.

Acquisition of Megatuuli Oy

EUR thousand	
Paid acquisition price	—
Cash and cash equivalent acquired	9
Net of cash acquired	9

The acquired net assets and the goodwill arising from the transaction are presented in the table below:

EUR thousand	
Assets	
Non-current assets	
Other intangible assets	22,868
Property, plant, equipment	58
Investments accounted for using the equity method	2,400
Other shares and equity interests	—
Non-current trade and other receivables	704
Deferred tax-assets	—
Total non-current assets	26,030
Current assets	
Inventories	—
Trade receivables	207
Other receivables	61
Cash and cash equivalents	9
Total current assets	277
Total assets	26,307
Liabilities	
Non-current liabilities	
Borrowings	123
Employee benefit obligations	—
Deferred tax liabilities	5,188
Provisions	—
Total non-current liabilities	5,311
Current liabilities	
Borrowings	150
Advances received	—
Trade payables	192
Other payables	137
Current income tax liabilities	—
Provisions	—
Total current liabilities	479
Total liabilities	5,790
Total equity and liabilities	8,868
Non-controlling interests	—
Acquisition price	-6,748
Negative goodwill	-2,120

Megatuuli Oy's procurement calculation is preliminary. The fair value of intangible assets at the time of acquisition was EUR 22.9 million, including EUR 22.8 million in wind farm projects at various stages of development.

The amount of the negative goodwill defined as residual value is EUR 2.1 million. The net amount of the fair values of the acquired assets and liabilities exceeded the acquisition cost. The amounts of assets and liabilities acquired in accordance with IFRS 3 have been reassessed. As the acquisition showed a profit even after the second assessment, it is recognised immediately, because IFRS 3 does not allow negative goodwill to be presented on the balance sheet. The negative goodwill is recognised in other operating income. In addition, other operating income mainly includes income from the sale of wind farms.

The costs related to the transaction were EUR 0.5 million in the first half of the year and are included in other expenses on the consolidated income statement and in the net cash flow from operating activities on the cash flow statement.

3. REVENUE AND BUSINESS AREAS

Revenue by business area

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Smart Industry	18,703	23,469	35,306	45,780	85,499
Power	14,043	11,980	28,391	22,818	49,143
Connectivity	10,244	11,385	19,592	19,848	45,318
International Operations	16,837	14,757	30,327	26,382	58,999
Items not allocated to business areas	1	31	-2	102	152
Total	59,827	61,621	113,614	114,929	239,110

Geographical distribution of revenue by target country

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Finland	41,600	48,176	81,504	87,094	177,229
Other countries	18,227	13,455	32,110	27,835	61,881
Total	59,827	61,621	113,614	114,929	239,110

EBITDA by business area

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Smart Industry	-127	5,122	-1,081	6,595	15,388
Power	599	879	9,355	1,371	2,426
Connectivity	-528	540	-1,229	140	1,559
International Operations	-133	733	-1,027	1,026	1,672
Items not allocated to business areas	-425	-1,452	-1,221	-1,629	-4,405
Total	-614	5,823	4,797	7,504	16,639

Reconciliation of EBITDA to operating profit

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
EBITDA	-614	5,823	4,797	7,504	16,639
Depreciation, amortisation and impairment	-2,158	-2,805	-4,341	-5,105	-9,806
Operating profit	-2,772	3,018	455	2,399	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. INTANGIBLE FIXED ASSETS

EUR thousand	Goodwill	Customer relationships	Development Costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Other intangible assets total
2022							
Cost at 1 Jan	26,154	9,647	2,848	193	10,538	122	23,348
Business combinations	—	—	—	—	22,838	30	22,868
Additions	—	—	—	—	—	11	11
Disposals	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—
Exchange differences	—	—	—	—	—	—	—
Cost at 30 Jun	26,154	9,647	2,848	193	33,376	164	46,229
Accumulated depreciation and impairment at 1 Jan	—	-1,371	-1,721	-92	-1,572	—	-4,756
Depreciation	—	-483	-146	-27	-192	—	-848
Disposals	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—
Exchange differences	—	—	—	—	—	—	—
Impairment charge	—	—	-5	-14	—	—	-19
Accumulated amortisation and impairment at 30 Jun	—	-1,854	-1,872	-133	-1,764	—	-5,623
Net book value at 1 Jan	26,154	9,255	1,864	95	1,616	737	13,567
Net book value at 30 Jun	26,154	7,793	977	59	31,611	164	40,604

EUR thousand	Goodwill	Customer relationships	Development Costs	Immaterial rights	Other intangible assets	Advance payments for intangible assets	Other intangible assets total
2021							
Cost at 1 Jan	26,531	9,660	2,119	127	2,213	737	14,856
Business combinations	—	—	—	—	—	—	—
Additions	—	—	—	—	3	439	442
Disposals	-222	—	-16	—	-20	-69	-105
Reclassifications	—	—	976	—	—	-976	—
Exchange differences	—	—	—	-1	—	—	-1
Cost at 30 Jun	26,154	9,660	3,079	190	2,196	131	15,256
Accumulated depreciation and impairment at 1 Jan	—	-405	-255	-32	-597	—	-1,289
Depreciation	—	-483	-523	-41	-766	—	-1,813
Disposals	—	—	16	—	—	—	16
Reclassifications	—	—	—	—	—	—	—
Exchange differences	—	—	—	—	—	—	—
Impairment charge	—	-13	-267	—	—	—	-280
Accumulated amortisation and impairment at 30 Jun	—	-901	-1,059	-73	-1,363	—	-3,396
Net book value at 1 Jan	26,376	9,255	1,864	95	1,616	737	13,567
Net book value at 30 Jun	26,154	8,759	2,050	118	833	131	11,891

6. PROPERTY, PLANT AND EQUIPMENT

During the first half of the year, EUR 2.1 million in new lease liabilities were recognised on the balance sheet.

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	—	—	57
Increases	3	1,329	1,275	78	602	3,287
Divestments in subsidiaries	—	—	—	—	—	—
Decreases	—	-152	-247	-29	-322	-750
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Acquisition cost 30 Jun	362	16,081	17,659	322	383	34,807
Accumulated depreciation and Impairment 1 Jan	-17	-5,004	-5,418	-80	—	-10,519
Depreciation	-6	-1,579	-1,834	-47	—	-3,466
Decreases	—	—	116	25	—	141
Impairment	—	-2	—	—	—	-2
Transfers between items	—	—	—	—	—	—
Exchange rate differences	—	—	—	—	—	—
Accumulated depreciation and Impairment 30 Jun	-23	-6,585	-7,136	-102	—	-13,846
Book value 1 Jan	342	9,906	11,163	193	102	21,705
Book value 30 Jun	339	9,496	10,523	220	383	20,960

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	—	293	4,200	13	136	4,642
Divestments in subsidiaries	—	-392	-108	-2	—	-502
Decreases	—	-452	-9,749	-2	—	-10,203
Transfers between items	—	11	—	—	—	11
Exchange rate differences	—	—	—	—	—	—
Acquisition cost 30 Jun	143	8,320	8,153	303	206	17,124
Accumulated depreciation and Impairment 1 Jan	-5	-2,183	-2,191	-15	—	-4,393
Depreciation	-6	-1,384	-1,597	-70	—	-3,057
Decreases	—	—	4,246	2	—	4,248
Impairment	—	-1	—	—	—	-1
Accrued depreciation on divestments in subsidiaries	—	392	83	—	—	476
Exchange rate differences	—	—	—	—	—	—
Accumulated depreciation and Impairment 30 Jun	-11	-3,176	541	-82	—	-2,727
Book value 1 Jan	138	6,677	11,619	280	69	18,784
Book value 30 Jun	132	5,140	8,698	222	206	14,397

7. SHARE ISSUES

Directed share issue

Enersense International Plc carried out two share issues during the first half of 2022.

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 (with a value of EUR 18.4 million) 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 was 15,996,060 until 28 June 2022. All shares provide their holders with equal voting rights. Trading in the new shares on the Nasdaq Helsinki began on 3 February 2022.

In addition, on 20 June 2022, Enersense International Plc announced that Enersense's Board of Directors had decided to carry out a directed share issue of EUR 2.2 million to KPY Cooperative.

A total of 297,297 new shares in Enersense were entered into the Trade Register on 28 June 2022. Following the registration of the new shares, the total number of shares in Enersense is 16,293,357. Following the registration of the new shares, the number of new shares included in the directed share issue accounts for around 1.8% of all shares in Enersense. The shares entitle their holders in full to any dividend or other funds distributed by Enersense and provide them with all other shareholder's rights in the company. All shares provide their holders with equal rights. Trading in the new shares on the Nasdaq Helsinki began on 29 June 2022.

8. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

	30.6.2022		30.6.2021		31.12.2021	
	At amortised cost	At fair value through profit or loss	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	—	150	—
Pledged account	1,325	—	875	—	875	—
Other receivables	1,629	—	—	—	1,500	—
Trade receivables	330	—	497	—	552	—
Total non-current assets	3,433	—	1,522	—	3,077	—
Current assets						
Trade receivables	19,075	—	12,088	—	18,064	—
Factored trade receivables – pledged as collateral for financial loans	—	—	807	—	—	—
Factored trade receivables – derecognised on the balance sheet	—	—	—	346	—	—
Other financial assets	3,850	—	1,574	—	4,076	—
Cash and cash equivalents	8,534	—	32,326	—	29,166	—
Total current assets	31,459	—	46,795	346	51,306	—
Total assets	34,893	—	48,318	346	54,383	—
Financial liabilities, long-term liabilities						
Loans	8,947	—	9,802	—	10,095	—
Trade payables	5	—	6	—	5	—
Total non-current liabilities	8,952	—	9,807	—	10,099	—
Current liabilities						
Loans	3,485	—	3,639	—	3,072	—
Trade payables	25,684	—	22,148	—	21,813	—
Total current liabilities	29,169	—	25,787	—	24,885	—
Total liabilities	38,121	—	35,594	—	34,984	—

Financial arrangements

On 20 June 2022, Enersense announced that it had completed negotiations on the financing of its operations. The company's new financing package consists of two senior loans, a financing facility and several bank guarantee and invoice factoring facilities. The company has access to a total of EUR 40.0 million in guarantee facilities and EUR 44.2 million in invoice financing facilities.

Enersense's financing arrangements are explained in more detail under "Financial position and cash flow" in this half-year report.

9. RELATED PARTY TRANSACTIONS

EUR thousand	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Sales of goods and services	31	—	71	—	23
Purchases of goods and services	1	50	4	115	258
Interest income	—	—	—	—	—

On 8 December 2021, Enersense International Plc announced that it had signed an agreement on an equity investment of EUR 13–18 million in P2X Solutions Oy. The investment was implemented on 14 February 2022, at around EUR 13 million, of which EUR 7.8 million was paid by 30 June 2022. Before the arrangement, Herkko Plit, a member of Enersense's Board of Directors, was one of the largest shareholders in P2X through a company in which he exercises control, and he exercises joint control in P2X. In connection with the investment, Enersense subscribed for new shares in P2X so that its holding in

P2X is around 16.3% after any options. In connection with the investment, the company and P2X have also agreed on a partnership arrangement in which, if certain preconditions related to pricing, quality level and some other aspects are met, the company will have the status of the primary partner in the work to be carried out during the construction phase of Finland's first green hydrogen production plant, which P2X will build in Harjavalta, as well as in maintenance and operation after the plant has been completed. The value of the cooperation is estimated at around EUR 7–8 million, which will mainly be spread over 2022–2024, and will continue in terms of maintenance and operation. If the preconditions mentioned above are met, the primary partnership will also concern any other future projects of P2X, for which an agreement on partnership has been signed for three years.

10. CONTINGENT LIABILITIES AND ASSETS, AND COMMITMENTS

EUR thousand	30.6.2022	30.6.2021	31.12.2021
Guarantees			
Company mortgages	585,200	583,800	584,800
Real estate mortgages	7,200	7,200	7,200
Contract and delivery guarantees	48,426	19,830	35,354
Bank guarantees	2,066	313	185
Other guarantees	—	20	20
Pledged assets			
For own commitments	84,294	102,326	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.

11. EVENTS AFTER THE REPORTING PERIOD

On 27 July 2022, Enersense announced that it would lower its financial guidance for 2022 in terms of EBITDA and provided preliminary information about its financial performance in the second quarter. According to the company's new financial guidance, its revenue is expected to be EUR 245–265 million in 2022, and its adjusted EBITDA is expected to be EUR 6–12 million.

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
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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