



Remuneration Report 2023

Introduction

This remuneration report presents information on the remuneration of Enersense International Plc (“Enersense” or “the company”) Board of Directors (“Board”) and President and CEO (“CEO”) for the period between 1 January 2023 and 31 December 2023. The Company’s remuneration policy was approved in the Company’s Annual General Meeting on 4 April 2022 and it will be applied until the Annual General Meeting in 2026, unless the Board of Directors decides to present it earlier to the Annual General Meeting.

Enersense’s remuneration principles have been designed to attract, retain, and motivate employees, as well as to provide remuneration elements aligned with the interests of the shareholders, to drive long-term financial success and value creation of the Company. The purpose of Enersense’s remuneration is to promote the Company’s competitiveness and the achievement of its goals and strategy. Incentive schemes are also aimed at rewarding good performance and supporting employees commitment to sustainable development. The remuneration of the CEO follows the same principles as for the other employees.

“During 2023, the Remuneration Committee continued to develop common rewarding practices and incentive programs with focus on further aligning them with sustainable practices. ESG development program was included in the long-term incentive program to drive positive change in the areas such as environmental responsibility and diversity. We also evaluated the experiences from the renewed short-term incentive model which supports pay-for-performance culture and sustainable development”, says Jaakko Eskola, Chair of the Remuneration Committee at Enersense.

Five Year Development of Remuneration and Company Performance 2019–2023^{*)}

Remuneration & Financial Performance	2019	2020	2021	2022	2023
Members of the Board of Directors, total EUR	68,000	92,000	183,307	232,500	243,000
President and CEO, EUR	163,267	300,429	322,453	284,969	352,877
Enersense employee average salary, EUR ^{**)}	35,826	41,355	41,038	42,869	48,543
Revenue, MEUR	58.1	147.5	239.1	282.0	363.3
Adjusted EBITDA, MEUR	0.1	11.5	19.2	13.7	15.1

^{*)} Changes in the Group structure done in 2021 are described in Note 24 to the IFRS financial statements.

^{**)} Average employee remuneration comprises personnel costs without other compulsory personnel costs divided by the average number of personnel FTE during the year.

Remuneration of the Board of Directors

At Enersense's Annual General Meeting on 4 April 2023, it was decided that the following annual fees be paid to the members of the Board of Directors:

- Chair of the Board: EUR 42,000
- Vice Chair: EUR 32,000
- Other members of the Board: EUR 27,000

In addition, the Annual General Meeting decided that the following meeting fees be paid for each meeting of the Board of Directors and Board Committees:

- Chair of the Board and the Committee: EUR 1,000 per meeting
- Other members of the Board and Committee: EUR 500 per meeting

Traveling expenses are compensated in accordance with the company's policy on the compensation of travel expenses in force at the time.

Remuneration paid to the members of the Board of Directors 2023

EUR	Annual fees	Meeting fees	Total remuneration
Eskola Jaakko, Chair	41,500	17,500	59,000
Sormunen Sirpa-Helena, Vice Chair	31,500	8,500	40,000
Haglund Carl ^{*)}	20,250	6,000	26,250
Helander Sari	26,500	11,500	38,000
Paanila Päivi ^{*)}	6,250	3,000	9,250
Miettinen Anna ^{*)}	20,250	5,500	25,750
Plit Herkko ^{*)}	6,250	3,500	9,750
Suokas Petri	26,500	8,500	35,000

^{*)} Paanila Päivi and Plit Herkko members of the Board until 4 April, 2023, Haglund Carl and Miettinen Anna since 4 April, 2023.

Remuneration of the CEO

The Board of Directors determines the remuneration of the CEO. The Board considers Enersense's strategy and long-term targets when setting the criteria and targets for remuneration. The criteria selection aims to steer the CEO towards the implementation of the Company's strategy and the achievement of sustainable financial results.

In 2023, the total remuneration of the CEO of EUR 352,877 consisted of a fixed base salary of EUR 334,488 including holiday pay and fringe benefits of EUR 18,389. The relative proportion of the paid remuneration in 2023 for the fixed pay and fringe benefits was 100% and variable pay 0%.

The CEO's short-term incentive for 2023, with the maximum opportunity of 60% of the annual salary, was based on the Group's Adjusted EBITDA (weight 90%) and Group Safety (weight 10%). The Group Safety outcome was below the minimum level meaning no payout from the measure. The short-term incentive payment was dependent on reaching the Group Adjusted EBITDA minimum, where the target level was achieved. The bonus due to be paid to the CEO based on 2023 performance is EUR 77 838.

The CEO participates in two Performance Share Plans. From the Performance Share Plan 2022–2025, the CEO was allocated 32,917 shares. The minimum targets of the performance period 2022–2023 were not achieved and consequently no award from the Performance Share Plan 2022–2025. From the Performance Share Plan 2023–2025, the CEO was allocated 40,960 shares. The potential rewards based on the Performance Share Plan 2023–2025 will be paid after the end of the performance period 2023–2025 in 2026, The rewards will be paid partly in Enersense International Plc shares and partly in cash.

The pension benefits of the CEO are determined in accordance with the Finnish legislation in force at the time. In 2023, the CEO did not have a supplementary pension.

Total remuneration of the CEO during 2023

Remuneration element	Description	2022	2023
Fixed salary	Monthly salary and a vacation allowance	264,600	334,488
Fringe benefits	Car benefit and a mobile phone	20,369	18,389
Short-term incentives	Based on financial performance (paid during the financial year)	—	—
	Other financial benefits – one-off payments and transactional bonuses	—	—
Long-term incentives	Performance Share Plan 2022–2025 with rewards payable in 2024 and in 2025 and Performance Share Plan 2023–2025 with rewards payable in 2026	—	—
Total		284,969	352,877

Outcomes of the short-term and long-term incentives and rewards due to the CEO

STI 2023	Measures	Weight	Achievement	Total outcome	Max opportunity of Annual Salary, %	Achievement of Annual Salary, %	Due to be paid in 2024, EUR
	Group's Adjusted EBITDA	90%	at target	47%	60%	28%	77,838
	Group Safety	10%	below minimum				

PSP 2022–2025	Measures	Weight	Achievement	Total outcome	Allocated gross shares	Awarded gross shares	Gross shares due to be delivered in 2024
	Absolute total shareholder return of the company's share (TSR)	30%	below minimum	0%	32,917	0	0
	Group's cumulative adjusted EBITDA in euro	55%	below minimum				
	Share of renewable and zero emission energy of revenue	15%	below minimum				

Share-based incentive plans

On 28 February 2022, the Board of Directors of Enersense International Plc approved two share-based incentive plans directed to the Group's key employees. Further, on 27 February 2023, the Board decided on a new Performance Share Plan 2023–2025, which is a continuation of the Performance Share Plan 2022–2025. The aim of the share-based incentive plans is to align the objectives of the shareholders and key employees to increase the value of the company in the long-term, to retain the key employees at the company and to offer them competitive incentive plans that are based on earning and accumulating the company's shares.

The rewards will be paid partly in Enersense International Plc shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

Performance share plan 2022–2025

The Performance Share Plan 2022–2025 consisted of one performance period, covering the financial years 2022–2023.

In the plan, the target group was given an opportunity to earn Enersense International Plc shares based on performance. The potential rewards based on the plan were to be paid in two equal instalments after the end of the performance period, in 2024 and 2025. The minimum targets of the performance period 2022–2023 were not achieved and consequently no awards are paid from the Performance Share Plan 2022–2025.

The rewards of the plan were based on the absolute total shareholder return of the company's share (TSR) for the financial years 2022–2023 (weight 30%), on the Group's cumulative adjusted EBITDA in euro for the financial years 2022–2023 (weight 55%), and on the share of renewable and zero emission energy of revenue (weight 15%). The rewards to be paid based on the plan corresponded to the value of an approximate maximum total of 211,000 Enersense International Plc shares, also including the proportion to be paid in cash.

Approximately 40 persons, including the President and CEO and other members of the Group Executive Team, belonged to the target group of the plan.

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

Performance share plan 2023–2025

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

In the plan, the target group is given an opportunity to earn Enersense International Plc shares based on performance. The potential rewards based on the plan will be paid after the end of the performance period, in spring 2026.

The rewards of the plan are based on the absolute total shareholder return of the company's share (TSR) for the financial years 2023–2025, on the Group's cumulative adjusted EBITDA in euro for the financial years 2023–2025, and on the Group's ESG development program. The rewards to be paid based on the plan correspond to the value of an approximate maximum total of 241,000 Enersense International Plc shares, also including the proportion to be paid in cash.

Approximately 40 persons, including the President and CEO and other members of the Group Executive Team, belong to the target group of the plan.

The shareholding requirements of the Performance Share Plan 2023–2025 are the same as for the Performance Share Plan 2022–2025.

Restricted share plan 2022–2024

The reward from the Restricted Share Plan 2022–2024 is based on a valid employment or director contract and on the continuity of the employment or service during a vesting period. The reward will be paid after the end of a 24–36-month vesting period. The plan is intended for selected key employees only.

The rewards to be allocated based on the Restricted Share Plan during 2022–2024 correspond to the value of a maximum total of 10,000 Enersense International Plc shares, also including the proportion to be paid in cash.

SHARE-BASED INCENTIVE PLANS	PERFORMANCE SHARE PLAN PSP 2022–2025	PERFORMANCE SHARE PLAN PSP 2023–2025	RESTRICTED SHARE PLAN RSP 2022–2024	TOTAL SHARES
Maximum number of shares (gross) to be paid as rewards based on the plan	211,000	241,000	10,000	462,000
Target group of participants	~ 40 Group key employees incl CEO and Group Executive Team members	~ 40 Group key employees incl CEO and Group Executive Team members	Selected key employees	
Initial grant date	28.2.2022	27.2.2023	28.2.2022	
Vesting	Two equal instalments in 2024 and 2025	In 2026	After the end of a 24–36-month vesting period	
Vesting conditions	Rewards based on three performance measures in 2022–2023: <ul style="list-style-type: none"> absolute total shareholder return of the company's share (TSR), (30%) the Group's cumulative adjusted EBITDA in euro (55%) the share of renewable and zero emission energy of revenue (15%) 	Rewards based on three performance measures in 2023–2025: <ul style="list-style-type: none"> absolute total shareholder return of the company's share (TSR), (30%) the Group's cumulative adjusted EBITDA in euro (55%) the Group's ESG development program (15%) 	Rewards based on a valid employment or director contract and on the continuity of the employment or service during a vesting period	
	No reward is paid if the participant's employment or director contract terminates before the reward payment.			
Payment method	Partly in shares and partly in cash (cash portion intended for covering taxes and tax-related expenses)			
Ownership obligation for the shares received as rewards	<ul style="list-style-type: none"> CEO's shareholding = value of annual base salary of the preceding year Group Executive Team member's shareholding = 50 per cent of the value of the annual base salary of the preceding year Shares must be held as long as the membership in the Group Executive Team continues 			
AS OF 31 DECEMBER 2023	PSP 2022–2025	PSP 2023–2025	RSP 2022–2024	TOTAL SHARES
Number of participants	31	33	0	
Outstanding rewards in shares (gross) including cash portion	183,267	221,944	0	405,211
CEO	32,917	40,960	0	73,877
Executive Team	89,556	105,460	0	195,016
Other key employees	60,794	75,524	0	136,318



www.enersense.com
Enersense International Plc
Konepajaranta 2
FI-28100, Pori, Finland
+358 29 020 011
info@enersense.com