



Enersense International Plc's Half-year Financial Report January–June 2023: Strong growth continued – profitability improved in core businesses

Enersense International Plc
Half-year Financial Report 3 August 2023 at 12:00 p.m.

The figures in this release are unaudited. The figures in brackets refer to the comparison period (the corresponding period of the previous year), unless otherwise stated. All figures and sums have been rounded off from the exact figures which may lead to minor discrepancies upon addition or subtraction.

APRIL–JUNE 2023

- Revenue EUR 86.3 million (59.8), 44.3% year-on-year.
- EBITDA EUR 3.0 million (-0.6), EBITDA margin 3.5% (-1.0).
- Adjusted EBITDA EUR 3.1 million (-0.4), or 3.6% of revenue (-0.7).
- Operating profit EUR 0.6 million (-2.8), profit margin 0.7% (-4.6).
- Undiluted earnings per share EUR -0.11 (-0.25).

JANUARY–JUNE 2023

- Revenue EUR 161.3 million (120.0), 34.4% year-on-year.
- EBITDA EUR 3.1 million (4.8), EBITDA margin 1.9% (4.0).
- Adjusted EBITDA EUR 3.5 million (5.0), or 2.2% of revenue (4.2).
- Operating profit EUR -1.6 million (0.5), profit margin -1.0% (0.4).
- Undiluted earnings per share EUR -0.34 (-0.31).
- Onshore wind power project portfolio was approximately 8,100 MW at the end of the reporting period (at 12/2022: approximately 8,000 MW).
- The order backlog at EUR 527 million (295) at the end of the first half of the year.

- On 1 June 2023 Enersense announced that it has initiated an evaluation of options to further accelerate its growth ambitions within its Power segment, specifically the strategy to become a significant zero-emission energy producer.
- On 19 June 2023 Enersense announced that it has signed a 35-million euro add-on turnkey contract with Elisa, a Finnish telecommunications and digital services company, for the construction of Elisa's Fibre to the Home optic fibre network in Finland.

After the review period:

- On 27 July 2023 Enersense announced that it changed the accounting of wind power projects from the beginning of 2023 and published comparison figures for 2022.

Guidance for the financial period 2023 (issued on 8 May 2023)

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

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

Key figures

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

	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Revenue (EUR 1,000)	86,324	59,827	161,322	120,030	281,997
EBITDA (EUR 1,000)	3,046	-614	3,103	4,797	12,210
EBITDA, %	3.5	-1.0	1.9	4.0	4.3
Adjusted EBITDA (EUR 1,000)	3,122	-431	3,514	5,048	13,654
Adjusted EBITDA, %	3.6	-0.7	2.2	4.2	4.8
Operating profit (EUR 1,000)	645	-2,772	-1,648	455	3,479
Operating profit, %	0.7	-4.6	-1.0	0.4	1.2
Result for the period (EUR 1,000)	-1,886	-4,133	-5,663	-5,427	-9,835
Equity ratio, %	27.8	40.2	27.8	40.2	28.8
Gearing, %	66.6	32.7	66.6	32.7	19.0
Return on equity, %	-3.2	-6.3	-9.5	-9.9	-17.5
Earnings per share, undiluted, EUR	-0.11	-0.25	-0.34	-0.31	-0.57
Earnings per share, diluted, EUR	-0.11	-0.25	-0.34	-0.31	-0.57

President and CEO Jussi Holopainen

"Enersense's strong growth continued in the second quarter. The Group's revenue increased by 34.4% in January–June and was EUR 161.3 (120.0) million. The order backlog stood at EUR 527 (295) million. The Group's adjusted EBITDA was EUR 3.5 (5.0) million. The profitability of core business operations improved in all business areas, but investments in strategic focus areas had a negative impact of EUR 3.2 million on the EBITDA. In the comparison period, the recognition of EUR 8.5 million arising from the Enersense Wind acquisition had a positive

impact on the EBITDA. On the other hand, the operating environment in early 2022 was very exceptional because of the Russian attack on Ukraine and the strike in the ICT sector in particular, which burdened the result for the comparison period.

Our work to improve the profitability of our core business operations has begun to produce results.

In Smart Industry in particular, the growth of volumes in service and project business operations is reflected in improved profitability. In the International Operations and Connectivity business areas, the good volumes and profitability improvement measures produced results in the first half of the year. High activity in the construction of high-voltage power lines continues in the Baltic countries, and since the end of 2022, Connectivity has announced optical fibre connection construction contracts totalling around EUR 100 million, which will increase business volumes. The market situation in the Power business area continues to be good, and after the seasonally challenging first quarter, the profitability of core business operations improved in the second quarter. Enersense plays an important role in projects related to Finland's main grid, and in the first half of the year, we won projects totalling around EUR 40 million.

During the past five years, Enersense has been the strongest grower on Nasdaq Helsinki by revenue growth (CAGR). In line with our specified strategy, we are actively investing in strengthening our position also in our strategic focus areas. At the beginning of June, we announced that we had started an assessment of the options to accelerate the achievement of the Power business area's growth targets and especially our strategic target to become a significant producer of clean energy. Our own energy production target is 600–700 MW by 2027, which we have estimated will require investments of EUR 700–800 million. We are now looking for the best possible solution to boost the implementation of our growth strategy. At the end of the review period, our renewable energy project portfolio was around 8,100 MW (December 2022: 8,000 MW), which provides a good basis for our determined progress towards our own energy production target.

In charging solutions for zero-emission transport, we moved to industrial-scale production by starting cooperation with Scanfil during the review period. Enersense's new high-power charger makes it possible to increase the charging power of an individual charging device from 30 kW to 160 kW. We believe that this cooperation will offer us good growth opportunities. During summer 2023, we will deliver high-power charging solutions to Norway, Finland and Sweden, and we are seeing plenty of opportunities in the Nordic charging site market.

In June, we announced that the City of Pori had started to build an international centre of excellence and operations for offshore wind power. Enersense is involved in the project, and our expertise in offshore wind power as well as our production facilities (50,000 m²) in Mäntyluoto in Pori are playing an important role in building the centre of excellence. The Bothnian Sea region is one of the most favourable areas for the construction of wind power plants, even in international comparison: a total of 15 major power plant projects within a radius of 400 kilometres from Pori have been announced in Finland and Sweden. The centre of excellence supports Enersense's growth targets and enables Enersense to further strengthen its role as an EPCI supplier in offshore wind power projects. Investments in the ramp-up of Enersense Offshore, which we acquired in autumn 2021, are also beginning to materialise. At the beginning of July, Aker Solutions ordered steel structure modules from Enersense for the Hugin A production platform, which is part of the development of the Yggdrasil oil and gas field operated by Aker BP in the North Sea. We believe that a well-executed project will enable the expansion of our cooperation into the rapidly growing energy market, where Aker Solutions has strong experience..

Alongside strategic projects, we are continuing our work to streamline our core business portfolio. We are aiming to focus on our core competences and divest operations that are not integral to them. As part of this review, we sold all shares in Enersense Solutions to Econia, which is part of Administer Group. Enersense Solutions provides contractor liability services, and the transaction also included its E-Sense system. A capital gain of EUR 0.9 million from the

transaction was recorded in the second quarter."

This release is a summary of Enersense's Half-year Financial Report. The complete report is attached to this release as a pdf-file. It is also available on the company's website at www.enersense.com/press-releases/reports-and-presentations/.

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Enersense in brief:

Enersense International Plc is a creator of zero emission energy solutions and strongly supports the ongoing energy transition and enabling a zero-emission society. Enersense Group's revenue in 2022 was EUR 282 million. The company has approximately 2,000 employees, with operations in Finland and internationally. Enersense's shares are listed on Nasdaq Helsinki (ESENSE). The company's investor pages can be found at www.enersense.com/investors.