



# **Enersense International Plc**

**Half-year report  
January–June 2021**



# Positive result and market

## April–June 2021

- Turnover EUR 61.6 million (16.4), +275.2% year-on-year
- EBITDA EUR 5.8 million (1.1), EBITDA margin 9.4% (6.4)
- Operating profit EUR 3.0 million (0.7), profit margin 4.9% (4.4)
- Order backlog EUR 301 million at the end of the second quarter of 2021 (319 million at the end the first quarter of 2021)
- Adjusted EBITDA EUR 4.8 million (1.1), or 7.8% (6.4) of turnover
- Adjusted operating profit EUR 2.8 million (0.7), or 4.5% (4.4) of turnover
- The figures concerning the business operations that were transferred to Enersense through the Empower acquisition are included in the Group's figures from August 2020.

## January–June 2021

- Turnover EUR 114.9 million (31.2), +267.7% year-on-year
- EBITDA EUR 7.5 million (1.4), EBITDA margin 6.5% (4.5)
- Operating profit EUR 2.4 million (0.8), profit margin 2.1% (2.5)
- Order backlog EUR 301 million at the end of the second quarter of 2021 (292 million at the end of 2020)
- Adjusted EBITDA EUR 7.4 million (1.4), or 6.4% (4.5) of turnover
- Adjusted operating profit EUR 3.5 million (0.8), or 3.1% (2.5) of turnover
- Earnings per share EUR 0.06 (0.06)
- Total number of shares 13,397,729 (30 June 2021)
- Guidance for the 2021 financial period remains unchanged
- The figures concerning the business operations that were transferred to Enersense through the Empower acquisition are included in the Group's figures from August 2020.

## January–June 2021

- 1 February Tommi Manninen was appointed SVP, Communications and Public Affairs, and a member of the Group Executive Team at Enersense.
- 4 February The company's Smart Industry business area renewed its plant maintenance contract with a major Finnish industrial company.
- 25 February Enersense complemented its long-term financial targets and further specified its plan for the possible transfer to the Nasdaq Helsinki.
- 1 March Enersense increased its holding in its Latvian associated company, Empower SIA, which became an Enersense Group company through an acquisition.
- 15 March Enersense secured a new significant shareholder and raised EUR 15 million through a directed share issue.
- 19 March At its inaugural meeting, the Board of Directors of Enersense elected Markku Kankaala as its Chair and Herkko Plit as its Vice Chair. In addition, the Board elected the members of its Audit Committee from among its members: Sari Helander (Chair), Markku Kankaala and Petri Suokas. The Board also elected

the members of the Remuneration Committee: Herkko Plit (Chair), Markku Kankaala and Sirpa-Helena Sormunen.

- 23 March Enersense signed an agreement with the Lithuanian company Litgrid AB on the modernisation of the Jurbarkas–Bitėnai power lines.
- 16 April At an Extraordinary General Meeting of Enersense, it was decided that the Board of Directors consist of seven members, and that Jaakko Eskola be selected as a new member of the Board. At its meeting convened after the Extraordinary General Meeting on 16 April 2021, the Board of Directors decided to elect Jaakko Eskola as its Chair.
- 4 May The company completed negotiations on refinancing its operations. The company's new financing package consists of two senior loans and several bank guarantee and factoring facilities.
- 6 May Enersense agreed to sell the entire share capital of Värväämö Oy to Citywork.
- 6 May Enersense adopted IFRS reporting and published its new guidance for 2021.
- 10 May The company published its pro forma IFRS financial information for 1 January to 31 December 2020 to describe the impacts of the Empower acquisition, which was completed on 31 July 2020.
- 2 June Enersense signed a significant agreement on the renewal of the Tsirguliina–Virus power lines.
- 3 June Enersense published its unaudited IFRS financial information for the first quarter of 2021 and the first quarter of 2020.
- 4 June The company announced that it was planning to execute a share issue, and that it would apply for its shares to be listed on the Nasdaq Helsinki.
- 7 June Enersense applied for its shares to be listed on the Nasdaq Helsinki.
- 10 June Enersense published the terms and conditions of its directed share issue.
- 10 June The company published its IFRS financial statements for 2020 and its interim report for the first quarter of 2021 in accordance with IAS 34.
- 10 June The Financial Supervisory Authority approved Enersense's Finnish-language listing prospectus.
- 18 June Enersense's public offering was oversubscribed, and the subscription period was discontinued.
- 21 June Enersense's institutional offering was oversubscribed, and the subscription period was discontinued.
- 22 June Enersense successfully executed a directed share issue of 1,775,000 new shares, raising around EUR 16 million.
- 24 June Enersense announced that Maija Kaski, SVP, HR and member of the Group Executive Team, would leave the company in September 2021.
- 30 June Enersense completed the sale of the Värväämö's share capital to Citywork. Mika Linnamäki, EVP, Staff Leasing, retired from his position as a member of the Group Executive Team and left the company.

## Events after the review period

On 21 July 2021, Enersense announced that Mikko Jaskari, 52, MSc (Tech.), had been appointed as the CFO of the Group and a member of the Group Executive Team from 2 August 2021. The previous CFO of Enersense, Risto Takkala, will support the company during the transition period, and will leave the company during the autumn of 2021.

## Key indicators

	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Turnover (EUR 1,000)	61,621	16,409	114,929	31,238	147,460
EBITDA (EUR 1,000)	5,822	1,055	7,504	1,405	9,775
EBITDA, %	9.4	6.4	6.5	4.5	6.5
Adjusted EBITDA (EUR 1,000)*	4,816	1,055	7,381	1,405	11,510
Adjusted EBITDA, %*	7.8	6.4	6.4	4.5	7.8
Operating profit (EUR 1,000)	3,017	717	2,399	780	4,780
Operating profit, %	4.9	4.4	2.1	2.5	3.2
Adjusted operating profit (EUR 1,000)*	2,754	717	3,538	780	7,474
Adjusted operating profit, %*	4.5	4.4	3.1	2.5	5.1
Result for the period (EUR 1,000)	1,922	338	591	302	2,379
Equity ratio, %	34.4	26.1	34.4	26.1	15.7
Gearing, %	-15.6	55.6	-15.6	55.6	52.3
Return on equity, %	5.0	4.7	1.8	4.2	19.3
Earnings per share EUR	0.16	0.06	0.06	0.06	0.27

\* Reconciliation of adjusted key indicators: Note 11

1) Items outside the ordinary course of business according to the management's judgement that are related to mergers and acquisitions and/or

restructuring, as well as significant redundancy costs

2) Amortisation of customer relationships and order backlog

3) Gains on the sale of fixed assets

## Managing director Jussi Holopainen:

"Our company's profitability developed in the right direction during the first half of 2021, and the market outlook remains very positive. Our turnover increased to EUR 114.9 million (+267.7%), and our adjusted EBITDA to EUR 7.4 million (1.4), or 6.4% (4.5) of turnover. Our adjusted operating profit was EUR 3.5 million (0.8), or 3.1% (2.5) of turnover. (The figures concerning the business operations that were transferred to Enersense through the Empower acquisition are included in the Group's figures from August 2020.)

Our order backlog stood at EUR 301 million at the end of June. Our segments' order backlogs have developed in line with expectations, and the order backlog has remained at a good level during the first six months of the year.

The performance of the Smart Industry segment and the Power segment developed favourably during the review period. The project profitability of the Smart Industry segment was better than expected, which was reflected in its result. Demand in the Power segment continued to be strong, and the order backlog increased as expected. The Connectivity segment's result decreased due to challenging weather conditions in fixed networks during the winter and spring, and in mobile networks during the winter, as well as the smaller size of fixed network projects. Challenging weather conditions also had a negative impact on the EBITDA of the International Operations segment in the review period. Winter is often challenging for us because of the weather conditions, and we expect our performance to develop favourably in the second half of the year.

We are optimising our business operations. In May, we signed an agreement on the sale of the entire share capital

of Värväämö Oy, our subsidiary offering personnel services for the construction industry. Our company continues to have expertise in personnel services, as well as capacity for project resourcing and internal scaling. The resourcing unit operates as part of our Smart Industry segment.

In May, we announced that we had completed negotiations on refinancing our operations. We are pleased to have new partners to support the development and growth of our operations.

In May, we transferred from applying the Finnish Accounting Standards (FAS) to international IFRS reporting. In June, we were listed on the Nasdaq Helsinki. We successfully executed a directed share issue of 1,775,000 new shares, raising around EUR 16 million. I am very pleased with the outcome of the share issue, which supports our vision of being a creator of zero-emission energy solutions. The share issue in June was a good continuation of the directed share issue executed in March, through which we raised EUR 15 million and gained Nidoco AB as a significant shareholder.

It is our estimate that we have already achieved a large portion of the cost savings we were expecting to achieve after the integration of Enersense and Empower last summer. Our forecast was EUR 4–7 million. We have continued our work to promote a common corporate culture and implement our new strategy. The integration projects will continue in the current and next financial year.

I am pleased with the development of the merger between Enersense and Empower. At the time of the merger around a year ago, Empower was in a very challenging situation, and we have succeeded in turning the whole into a profitable Enersense Group.

The company is ready to take the next step. We are focusing on profitable growth and strategic investments centred on our core operations. Business arrangements are strongly in our focus.”

## Financial result

### Turnover by segment

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Smart Industry	23,469	16,180	45,780	29,898	78,371
Power*	11,980	-	22,818	-	18,916
Connectivity*	11,385	-	19,848	-	23,419
International Operations	14,757	228	26,382	1,340	26,754
Items not allocated to business areas	31	-	102	-	-
<b>Total</b>	<b>61,621</b>	<b>16,409</b>	<b>114,929</b>	<b>31,238</b>	<b>147,460</b>

\* There was no corresponding segment in the comparison period.

### Turnover by target area

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Finnish sites	48,176	15,199	87,094	25,885	111,671
International sites	13,455	1,210	27,835	5,353	35,789
<b>Total</b>	<b>61,621</b>	<b>16,409</b>	<b>114,929</b>	<b>31,238</b>	<b>147,460</b>

### April–June 2021

Turnover was EUR 61.6 million (16.4), which is EUR 45.2 million higher than in the corresponding period of 2020, with an increase of 275.2%. The change in turnover was largely due to the impact of the Empower acquisition, which was completed in July 2020. As a result of the acquisition, the company’s business operations grew in

services for the energy and telecommunications sectors and industry in Finland and the Baltic countries.

EBITDA was EUR 5.8 million (1.1). It includes EUR 1.1 million in costs arising from business arrangements and EUR 2.1 million in gains from the sale of assets. The net impact of items affecting comparability was EUR 1.1 million. Adjusted EBITDA was EUR 4.8 million (1.1).

The operating profit was EUR 3.0 million (0.7). It includes EUR -0.8 million in items affecting comparability and EUR 0.5 million in depreciation on intangible assets related to acquisitions. The adjusted operating profit was EUR 2.8 million (0.7).

## January–June 2021

Turnover was EUR 114.9 million (31.2), which is EUR 83.7 million higher than in the corresponding period of 2020, with an increase of 267.7%. The increase was mainly due to the impact of the Empower acquisition.

EBITDA was EUR 7.5 million (1.4). It includes EUR 1.9 million in costs arising from business arrangements and EUR 2.1 million in gains from the sale of assets. The net impact of items affecting comparability was EUR 0.2 million. Adjusted EBITDA was EUR 7.4 million (1.4).

The operating profit was EUR 2.4 million (0.8). It includes EUR 0.1 million in items affecting comparability and EUR 1.0 million in amortisation of intangible assets related to acquisitions. The adjusted operating profit was EUR 3.5 million (0.8).

## Order backlog

The order backlog was EUR 301 million at the end of the second quarter of 2021 (292 million at the end of 2020).

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 result before taxes was EUR 1.9 million (0.6), and the result for the period was EUR 1.9 million (0.3). Earnings per share were EUR 0.1 (0.06) in April–June.

The result before taxes was EUR 0.6 million (0.5), and the result for the period was EUR 0.3 million (0.3). Earnings per share were EUR 0.06 (0.06) in January–June.

Net financial expenses in January–June were EUR 1.8 million (0.2), and included EUR 0.5 million in non-recurring arrangement fees.

Income tax expenses consist of the tax expense based on taxable income for the period and deferred tax liabilities. Deferred tax assets are recognised only to the extent that it is probable that there will be taxable income in the future against which temporary differences can be used. The assessment of future taxable profits is based on Enersense’s strategy, forecasts and the assessment of uncertainties. In line with the conservatism principle, Enersense’s management assesses the amount of deferred tax assets recognised for tax losses and unused credits.

## Cash flow and financing

Cash flow from operating activities in April–June was EUR -3.9 million. An increase in trade and other receivables as a result of strong turnover growth had an impact on the cash flow for the period.

Cash flow from operating activities in January–June was EUR -12.4 million. An increase in trade and other receivables as a result of strong turnover growth, as well as the payment of trade receivables and other liabilities, had an impact on the cash flow for the period.

Cash flow from investing activities in April–June was EUR 6.0 million, which includes the divestment of Värväämö Oy. Cash flow from investing activities in January–June was EUR 5.4 million, which includes the divestment of Värväämö Oy and an investment in Empower SIA.

Cash flow from financing activities in April–June was EUR 7.7 million, which includes the funds raised through the share issue executed on 22 June 2021, as well as loan repayments. Cash flow from financing activities in January–June was EUR 21.7 million, which includes the funds raised through the share issue executed on 22 June 2021, as well as loan repayments.

On 4 May 2021, Enersense announced that it had completed negotiations on the financing of its operations. The company's new financing package consists of two senior loans and several bank guarantee and invoice financing 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 debt to EBITDA. The covenants were measured for the first time on 30 June 2021, and will be reviewed quarterly.

As part of its new financing, the company took out two senior loans totalling EUR 12.0 million. Each loan amounts to EUR 6.0 million and will mature in 2026. The company has repaid its old EUR 12.7 million short-term financing facilities to the creditors.

In addition, 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 36.9 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 41.5 million. The new facilities account for EUR 27.0 million of the total.

On 15 March 2021, Enersense's Board of Directors decided to execute a share issue, through which 2,075,000 new shares were directed to Nidoco AB. Nidoco AB has subscribed to all the offered shares in the company, and its Board of Directors has approved the subscriptions. The share issue was executed based on the authorisation granted by the Annual General Meeting on 6 April 2020.

Through the share issue, Enersense raised around EUR 15.0 million in gross assets before fees and expenses. The number of shares in the company increased by 2,075,000 to a total of 11,622,729 shares. The shares offered through the share issue represented around 21.7% of all shares in the company before the issue, and around 17.9% of all shares in the company following the issue.

On 22 June 2021, Enersense's Board of Directors decided to execute a targeted share issue. The company issued 1,775,000 new shares to institutions, the public and its personnel. The share issue was executed based on the authorisation granted by the Annual General Meeting on 19 March 2021.

Through the share issue, Enersense raised around EUR 16.0 million in gross assets before fees and expenses. The number of shares in the company increased by 1,775,000, which corresponds to around 13.2% of its outstanding shares following the share issue. The number of shares in the company increased to 13,397,729 following the issue of the new shares.

## Segment reviews

The company's business operations grew in services for the energy and telecommunications sectors and industry in Finland and the Baltic countries as a result of the Empower acquisition, which was completed in July 2020. The figures concerning the business operations that were transferred to Enersense through the acquisition are included in the consolidated figures from August 2020.

### 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 2021**

The Smart Industry segment's result developed favourably during the review period. The segment's turnover was EUR 23.5 million (16.2). The increase in turnover was mainly due to the expansion of business operations following the Empower acquisition. The volumes of the Smart Operations unit were higher than expected. The business operations of the Smart Services unit progressed as planned during the second quarter of the year. At the end of June, the company sold its Staff Leasing business, which was part of the segment. The order backlog of the Smart Industry segment increased in line with expectations in April–June, and is expected to remain high throughout the financial year. The significant increase in orders indicates a continued strong demand. The risk of the business impact of the pandemic continues to exist in all our business areas in the forthcoming review period.

The Smart Industry segment's EBITDA was EUR 5.1 million (1.4). The Empower acquisition and the improved profitability of the Smart Operations unit had an impact on the increase in EBITDA. The profitability of the Smart Services unit developed as planned during the review period. The EBITDA includes EUR 1.8 million in gains from the sale of assets.

## **January–June 2021**

The turnover of the Smart Industry segment was EUR 45.8 million (29.9). Turnover increased mainly as a result of the Empower acquisition and the volumes of the Smart Operations unit, which were higher than expected. The Smart Services unit's business operations progressed as planned during the first half of the year. The order backlog of the Smart Industry segment increased in line with expectations in January–June, and is expected to remain high throughout the financial year. The significant increase in orders indicates a continued strong demand. The coronavirus pandemic caused delays in maritime industry projects in the first quarter, but the impacts were short-term. The risk of the business impact of the pandemic continues to exist in all our business areas in the forthcoming review period.

The average number of personnel in the Smart Industry segment was 940 person-years during the review period.

The Smart Industry segment's EBITDA was EUR 6.6 million (1.9). The change was caused by the improved profitability of the Smart Operations unit. The profitability of the Smart Services unit developed as planned during the review period. The EBITDA includes EUR 1.8 million in gains from the sale of assets.

## **Order backlog**

The order backlog of the Smart Industry segment increased in line with expectations in January–June. Market interest in the joint service offering of Enersense and Empower has further strengthened the offer and order backlog.

## **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 2021**

The Power segment's result developed favourably during the review period. The segment's turnover was EUR 12.0 million (-). Turnover increased as a result of the Empower acquisition. The Power segment's turnover for the second quarter of 2020 is not included in the Group's total turnover, because the segment was not yet part of the Enersense Group at that time. Demand in the Power segment continued to be strong during the review period, and the order backlog increased in a controlled manner in line with expectations, without compromising profitability. The impacts of the coronavirus pandemic were minor in the review period.

The Power segment's EBITDA was EUR 0.9 million (-). The change was caused by the Empower acquisition.



## January–June 2021

The Power segment's turnover was EUR 22.8 million (-). Turnover increased as a result of the Empower acquisition. The segment's order backlog increased, demand for maintenance and services remained strong during the first half of the year, and projects progressed well. The impacts of the coronavirus pandemic were minor in the review period.

The average number of personnel in the Power segment was 158 person-years during the review period.

The Power segment's EBITDA was EUR 1.4 million (-). The change was caused by the Empower acquisition. Project margins remained at target levels, and profitability improvement measures affected the accumulated EBITDA.

### Order backlog

The Power segment's order backlog increased by EUR 11.9 million year-on-year due to growth in the order backlog for wind power. Compared with the end of the first quarter of 2021, its order backlog decreased by EUR 3.0 million, which was mainly due to the seasonal nature of its operations and strong turnover in the first quarter.

## 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 2021

The Connectivity segment's turnover was EUR 11.4 million (-). The business operations within the Connectivity segment were transferred to Enersense in connection with the Empower acquisition in July 2020. The volume of work related to fixed networks was affected by challenging weather conditions during the spring, which made construction work related to fixed networks more difficult compared with the corresponding period of 2020. The construction volume of mobile networks was lower than in the corresponding period of 2020. This was due to a change in a customer agreement in the spring of 2020. The impacts of the change will not be reflected in the result until this year. The volume of installation and maintenance work increased slightly year-on-year.

Demand for services in the Connectivity segment remained stable in installation and maintenance. Demand for mobile network construction is expected to focus particularly on the second half of the year. Demand for fixed network subscriptions decreased slightly year-on-year. The impacts of the coronavirus pandemic on business operations were minor during the review period.

The Connectivity segment's EBITDA was EUR 0.5 million (-). The change was due to the impact of the Empower acquisition. Compared with the corresponding period of the previous year, the weather conditions were more challenging during the spring. Fixed network projects were smaller in some respects. A new operating model for mobile network construction for a customer caused efficiency challenges, but these challenges are expected to be resolved.

### January–June 2021

The Connectivity segment's turnover was EUR 19.9 million (-). The business operations within the Connectivity segment were transferred to Enersense in connection with the Empower acquisition in July 2020. The Connectivity segment's result decreased due to challenging weather conditions in fixed networks during the winter and spring, which made construction work more difficult compared with the corresponding period of the previous year. The scope of fixed network projects was also smaller. The volume of mobile network construction decreased year-on-year as a result of a change in a framework agreement. The change was implemented 2020 in the spring of 2020, but its impacts will not be reflected in business operations until this year. The volume of installation and maintenance work increased slightly year-on-year.

Demand for services in the Connectivity segment remained stable in installation and maintenance. Demand for mobile network construction is expected to focus particularly on the second half of the year. Demand for fixed network subscriptions decreased slightly year-on-year. The impacts of the coronavirus pandemic on business operations were minor during the review period.

The average number of personnel in the Connectivity segment was 345 person-years during the review period.

The Connectivity segment's EBITDA was EUR 0.1 million (-). The change was due to the impact of the Empower acquisition. Weather conditions were challenging in the first half of the year, affecting the construction of fixed and mobile networks. Fixed network projects were smaller in some respects. A new operating model for mobile network construction for a customer caused efficiency challenges, but these challenges are expected to be resolved.

### **Order backlog**

The Connectivity segment's order backlog increased by EUR 51 million year-on-year through new framework agreements. Compared with the end of the first quarter of 2021, the order backlog decreased by EUR 10 million. 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 that are valid for several years.

## **International Operations**

*The International Operations segment covers Enersense's international business operations in Germany, France and the United Kingdom, as well as the Baltic business transferred as part of the Empower acquisition.*

### **April–June 2021**

The turnover of the International Operations segment was EUR 14.8 million (0.2). The increase was mainly due to the impact of the business operations in the Baltic countries that were transferred to Enersense in connection with the Empower acquisition. Its turnover increased 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 turnover came from maintenance and construction projects in power grids and distribution grids in the Baltic countries. The operations of the Industry unit in France also developed favourably.

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 difficult than usual because of test requirements and unexpected employee quarantine.

EBITDA was EUR 0.7 million (-0.3). The increase from the first quarter of the year resulted from a good order backlog and seasonal fluctuations in the Baltic countries.

### **January–June 2021**

The turnover of the International Operations segment was EUR 26.4 million (1.3). The increase was mainly due to the impact of the business operations in the Baltic countries that were transferred to Enersense in connection with the Empower acquisition. Turnover has developed favourably. The first half of the year was difficult because of cold weather, which caused orders to be postponed. A major power line project was completed at the end of 2020, and new projects did not start until February 2021. The break was used for training and annual leave, which was reflected in the result for the first half of the year.

Demand for services was high, and turnover growth was mainly limited by a lack of resources.

The average number of personnel in the International Operations business segment was 539 person-years during the review period.

EBITDA was EUR 1.0 million (-0.4). A low EBITDA is typical of the beginning of the year because of reduced work efficiency in winter conditions. In addition, the winter of 2021 was colder than usual, and there was a break in January between the completion of a major power line project and the start of new projects. Furthermore, high demand led to a lack of competent employees, and increased costs in the Baltic countries also posed challenges.

### **Order backlog**

The order backlog was at a record high at EUR 114 million (+65 million from the end of June 2020; +43 million from the end of 2020; and +18 million from the end of March 2021) as a result of agreements signed by the International Operations segment on several long-term construction projects in the Baltic countries. The order backlog will be distributed over the coming years. 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.

# Guidance for the 2021 financial period remains unchanged

The company expects its turnover to be EUR 215–245 million in 2021. Its adjusted EBITDA is expected to be EUR 17–20 million, and its adjusted operating profit is expected to be EUR 8–11 million in 2021. Because of the seasonal nature of the company's business operations, its turnover and profitability are usually at their highest during the second and third quarters and part of the fourth quarter.

Our longer-term goal is to achieve EUR 300 million in turnover and an EBITDA of 10% organically by 2025, as well as increasing the proportion of low-emission and zero-emission energy solutions to 75% of total turnover. Enersense is also actively seeking acquisitions to implement its strategy, and any inorganic growth can increase its turnover significantly.

The guidance and outlook are based on the information available to the company about the progress of ongoing customer projects and on the company's estimate of customer projects to be started in 2021. In the outlook for 2021, the global coronavirus pandemic and its spread must still be considered, as the pandemic continues to affect the company's operating environment. Enersense monitors the impacts of the virus and communicates about the situation transparently with its customers. Delays in ongoing projects are possible. The coronavirus pandemic may affect the company's operations and performance.

## 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 coal, for example, depending on weather conditions.

The energy transition will also require more real-time and high-speed data transmission, which in turn will require investment in telecommunication 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.

## Market situation

Our operational focuses in 2021 include improved profitability and growth in the domestic market and selected international markets, as well as continuing the integration of Empower after the acquisition. We estimate that Enersense's total market in Finland is around EUR 4 billion. We are well positioned for the second half of 2021 in terms of both orders and offers. Enersense's order backlog has grown from EUR 292 million at the end of 2020 to EUR 301 million at the end of June 2021. The order backlog is distributed over 2021–2023.

### 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.

## **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 2021. Multiple measures have been implemented to improve profitability, and the stabilisation of operations has progressed more rapidly than planned. The overall market in Finland continues to grow, and the market size is currently estimated at more than EUR 500 million.

## **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 250 million. The market is growing with the construction of 4G and 5G networks.

## **International Operations**

The business environment for the International Operations segment is expected to improve moderately. Performance development in the Baltic countries is expected to remain at the same level as in 2020. The positive development in France in 2020 is expected to continue in 2021. A moderate result is expected in Germany. Business development continues in the United Kingdom.

# **Near-term risks and uncertainties**

The spread of the coronavirus pandemic, the coronavirus variants and the third wave of the pandemic are continuing to reduce confidence in the economy, which may lead to an economic downturn or recession. The coronavirus pandemic can still affect project decisions and project operation chains in the industry, in addition to delaying start-up decisions and ongoing projects. The pandemic may affect employees' willingness to travel, which highlights the risk related to employee availability. In other words, the pandemic may have an impact on Enersense's operations, turnover and result in 2021 in many ways.

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. 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.

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 risks of damage are mainly related to people, property and information technology. Although the company has protected its operations and property by means of insurance, the materialisation of risks may result in damage to people and property or business interruption.

The company has ongoing legal disputes, some of which are in progress in general or administrative courts, including a case concerning penalty payments related to competition law in the Supreme Administrative Court which may lead to damages. There is currently no information available concerning the outcome of the disputes and legal proceedings, meaning that their adverse impact on the company's financial situation is uncertain. 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 turnover and profits of 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 or discontinuation of the company's locations, may have an adverse impact on Enersense's business operations,

performance and financial position.

The Group's financing agreement includes financial covenants concerning the Group's equity ratio and its ratio of interest-bearing 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.

## General meetings

### Annual General Meeting

The Annual General Meeting (AGM) of Enersense International Plc was held in Pori on 19 March 2021 by applying exceptional meeting practices in accordance with the temporary Act of Parliament (677/2020) adopted to limit the spread of the coronavirus pandemic. The company's shareholders and their proxies were able to participate in the AGM 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 AGM adopted the company's financial statements for 2020 and decided that the profit for the period on the balance sheet should be recognised in retained earnings/losses, and that no dividend should be paid for the 2020 financial period. In addition, the AGM decided to discharge the members of the Board and the CEO from liability.

At the AGM, the number of members of the Board was confirmed at six. Markku Kankaala, Herkko Plit, Petri Suokas, Sari Helander and Päivi Jokinen were re-elected as Board members, and Sirpa-Helena Sormunen was elected as a new member to the Board. In addition, it was decided that the following fees be paid: EUR 3,000 per month for the Chair of the Board; EUR 2,000 per month for the Board members; EUR 700 per meeting for the Chairs of the Audit Committee and the Remuneration Committee; and EUR 500 per month for the members of the committees. KPMG Oy Ab was selected as the auditor, with Mauri Eskelinen, Authorised Public Accountant, as the principal auditor. The auditor will be paid a fee against a reasonable invoice.

The AGM also decided to establish a permanent Shareholders' Nomination Committee and confirm its rules of procedure. The Nomination Committee is responsible for preparing and presenting proposals on the remuneration, number and election of the members of the Board annually to the AGM and to any Extraordinary General Meetings. Its main duty is to ensure that the Board and its members have sufficient expertise, competence and experience in accordance with the company's needs. The Nomination Committee consist of three members. The three largest shareholders of the company are entitled to nominate one member each. Based on the situation on the record date of the AGM, the three largest shareholders – MBÅ Invest Oy, Joensuun Kauppa ja Kone Oy and Verman Group Oy – announced that they would elect Markku Kankaala, Kyösti Kakkonen and Janne Vertanen as the members of the Nomination Committee. The Nomination Committee will continue its work until otherwise decided by the AGM. Its members' term of office ends annually following the appointment of new members.

In accordance with a counterproposal presented to the AGM, 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 3,000,000 new shares in the company and/or treasury shares (including shares issued based on special rights) can be issued, which corresponds to around 31.42% 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 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 Annual General Meeting, but not beyond 30 June 2022.

The Annual General Meeting 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 950,000 shares can be acquired and/or accepted as pledge. 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 a 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 30/06/2022.

## Extraordinary General Meeting

An Extraordinary General Meeting (EGM) of Enersense International Plc was held in Pori on 16 April 2021 by applying exceptional meeting practices in accordance with the temporary Act of Parliament (677/2020) adopted to limit the spread of the coronavirus pandemic. 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 decided that the Board of Directors consist of seven members, and that Jaakko Eskola be elected as a new member of the Board. At its meeting convened after the EGM on 16 April 2021, the Board of Directors decided to elect Jaakko Eskola as its Chair and Markku Kankaala as its Vice Chair.

## 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 the company is not planning to change its dividend policy, it cannot be guaranteed that dividends will actually be paid or capital repayments will actually 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.

## 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 review period, the company's share capital consisted of 13,397,729 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.

### Enersense shares on the Nasdaq Helsinki

January–June 2021	Highest share price, EUR	Lowest share price, EUR	Closing price, EUR
ESENSE	EUR 12.00	EUR 6.60	EUR 10.40

The closing price of the share on the last trading day of the review period (30/06/2021) was EUR 10.40. A total of 4,309,109 shares in Enersense were traded during the review period.

	30 Jun 2021	30 Jun 2020	31 Dec 2020	31 Dec 2019
Market value, EUR	139,336,382	14,274,550	79,246,151	9,218,980
Shareholders	6,281	807	1,980	710
Number of shares at the end of the period	13,397,729	5,947,729	9,547,729	5,947,729
Average number of shares during the period	10,874,110	5,947,729	7,432,975	5,947,729

## 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".

## Group personnel

Enersense mainly operates in Finland, Germany, France, the United Kingdom and the Baltic countries.

Person-year (average for the period)	1-6/2021	1-6/2020	1-12/2020	1-12/2019
Smart Industry	940	778	903	788
Power	158	-	65	-
Connectivity	345	-	145	-
International	539	62	236	72
Other	78	27	47	24
<b>Group total</b>	<b>2,060</b>	<b>867</b>	<b>1,397</b>	<b>884</b>

The figures concerning the business operations that were transferred to Enersense through the Empower acquisition are included in the Group's figures from 1 August 2020.

Pori 13 August 2021

Enersense International Plc

Board of Directors

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The financial information in this half-year report is unaudited.

**Financial reporting in 2021**

Enersense will publish its business review for January–September on 2 November 2021.

**Distribution:**

Nasdaq Helsinki  
Key media  
[www.enersense.com](http://www.enersense.com)

More information is available on the Enersense website at [www.enersense.com/investors](http://www.enersense.com/investors).



## Consolidated income statement

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Turnover</b>	<b>61,621</b>	<b>16,409</b>	<b>114,929</b>	<b>31,238</b>	<b>147,460</b>
Change in inventories of finished goods and work in progress	-51	0	-341	0	302
Production for own use	287	0	456	0	461
Other operating income	2,602	213	3,108	383	1,804
Materials and services	-28,813	-5,009	-49,602	-10,259	-59,327
Employee benefit expenses	-25,737	-9,766	-50,807	-18,378	-69,973
Depreciation, amortisation and impairment	-2,805	-337	-5,105	-624	-4,995
Other operating expenses	-4,144	-803	-10,303	-1,604	-11,019
Share of the profit or loss of associates accounted for using the equity method	56	10	63	24	67
<b>Operating profit (loss)</b>	<b>3,017</b>	<b>717</b>	<b>2,399</b>	<b>780</b>	<b>4,780</b>
Financial income	143	25	174	26	50
Financial expenses	-1,259	-182	-1,960	-260	-1,972
Financial income and expenses	-1,115	-157	-1,786	-234	-1,921
<b>Profit (loss) before income tax</b>	<b>1,902</b>	<b>561</b>	<b>612</b>	<b>546</b>	<b>2,859</b>
Income tax	21	-223	-21	-244	-480
<b>Profit (loss) for the period</b>	<b>1,922</b>	<b>338</b>	<b>591</b>	<b>302</b>	<b>2,379</b>
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation differences	-184	16	125	14	-367
Items that will not be reclassified to profit or loss	-	-	-	-	-
Remeasurements of post-employment benefit obligations	-	-	-	-	-42
<b>Other comprehensive income for the period, net of tax</b>	<b>-184</b>	<b>16</b>	<b>125</b>	<b>14</b>	<b>-409</b>
<b>Total comprehensive income for the period</b>	<b>1,738</b>	<b>354</b>	<b>716</b>	<b>316</b>	<b>1,970</b>
Profit (loss) for the period attributable to:					
Owners of the parent company	1,842	367	688	355	2,039
Non-controlling interests	80	-29	-97	-53	340
<b>Profit (loss) for the period</b>	<b>1,922</b>	<b>338</b>	<b>591</b>	<b>302</b>	<b>2,379</b>
Total comprehensive income for the period attributable to:					
Owners of the parent company	1,658	383	813	370	1,630
Non-controlling interests	80	-29	-97	-53	340
<b>Total comprehensive income for the period</b>	<b>1,738</b>	<b>354</b>	<b>716</b>	<b>316</b>	<b>1,970</b>
Earnings per share attributable to the owners of the parent company	0.16	0.06	0.06	0.06	0.27
Basic and diluted earnings per share	0.16	0.06	0.06	0.06	0.27

# Consolidated balance sheet

EUR thousand	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	26,154	4,244	26,376
Other intangible assets	11,891	354	13,566
Property, plant and equipment	14,397	2,604	18,784
Investments accounted for using the equity method	1,561	1,016	1,467
Loan receivables	1,025	504	150
Other shares and interests	1	2	-
Trade and other receivables	497	-	960
Deferred tax assets	559	690	570
<b>Total non-current assets</b>	<b>56,086</b>	<b>9,414</b>	<b>61,873</b>
<b>Current assets</b>			
Inventories	3,348	355	3,566
Trade receivables	20,348	12,955	24,184
Tax receivables based on taxable income for the period	49	218	158
Other receivables	25,670	2,566	8,439
Cash and cash equivalents	32,326	2,674	17,694
<b>Total current assets</b>	<b>81,740</b>	<b>18,769</b>	<b>54,041</b>
<b>TOTAL ASSETS</b>	<b>137,826</b>	<b>28,182</b>	<b>115,914</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	80	80	80
Invested unrestricted equity reserve	43,819	8,290	15,602
Other reserves	313	313	313
Translation differences	-240	18	-363
Retained earnings	397	-1,324	-1,794
Profit (loss) for the period	688	355	2,039
<b>Total equity attributable to owners of the parent company</b>	<b>45,057</b>	<b>7,733</b>	<b>15,877</b>
Non-controlling interests	1,396	-367	1,768
<b>Total equity</b>	<b>46,452</b>	<b>7,366</b>	<b>17,645</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans	9,802	83	3,717
Lease liabilities	7,509	1,345	5,517
Payment arrangement with the Tax Administration	0	-	518
Other liabilities	9	-	12
Deferred tax liabilities	0	-	0
Obligations arising from employee benefits	435	-	435
VAT liability	-	206	-
Provisions	2,065	-	481
<b>Total non-current liabilities</b>	<b>19,819</b>	<b>1,633</b>	<b>10,680</b>
<b>Current liabilities</b>			
Loans	3,639	4,596	14,224

Lease liabilities	3,840	749	3,473
Advances received	2,637	0	3,607
Trade payables	16,449	5,146	16,530
Payment arrangement with the Tax Administration	1,688	0	1,926
Tax liabilities based on taxable income for the period	259	306	257
Other liabilities	42,670	8,386	45,980
Provisions	373	0	1,592
<b>Total current liabilities</b>	<b>71,555</b>	<b>19,183</b>	<b>87,589</b>
<b>Total liabilities</b>	<b>91,374</b>	<b>20,816</b>	<b>98,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>137,826</b>	<b>28,182</b>	<b>115,914</b>

## Consolidated cash flow statement

EUR thousand	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Cash flow from operating activities</b>			
<b>Profit (loss) for the period</b>	<b>591</b>	<b>302</b>	<b>2,379</b>
Adjustments:			
Depreciation, amortisation and impairment	4,921	624	4,995
Gains and losses on the sale of subsidiaries	-1,760	-	-
Gains and losses on the sale of associated companies	-	-	-220
Gains and losses on the sale of property, plant and equipment	-375	-	-75
Share of the profits (losses) of associates	-63	-24	-67
Interest income and other financial income and expenses	1,786	234	1,921
Income tax	21	244	480
Other adjustments	493	-128	-129
<b>Total adjustments</b>	<b>5,023</b>	<b>951</b>	<b>6,905</b>
Changes in working capital:			
Change in trade and other receivables	-13,215	-3,495	-2,628
Change in trade payables and other liabilities	-3,331	3,761	-956
Change in inventories	168	18	-873
Change in provisions	373	-	-950
Interest received	32	26	50
Interest paid	-890	-64	-871
Other financial items	-1,178	-196	-932
Income tax	-1	-85	-258
<b>Net cash flow from operating activities</b>	<b>-12,428</b>	<b>1,218</b>	<b>1,866</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible fixed assets	-1,073	-243	-1,217
Sale of fixed assets	6,346	-	-
Acquisition of subsidiaries less cash and cash equivalents acquired	-	-	12,966
Sale of subsidiaries, less cash and cash equivalents sold	281	-	-
Additional investments in associated companies	-31	-	-
Sale of associated companies	-	-	633
Withdrawals of loans granted to associated companies	-	-	-150
Repayments of loans granted to associated companies	-	-	443

Payments received from bank deposit accounts	600	-	-
Payments to bank deposit accounts	-875	-	-600
Dividends from associated companies	102	-	-
<b>Net cash flow from investing activities</b>	<b>5,351</b>	<b>-243</b>	<b>12,075</b>
<b>Cash flow from financing activities</b>			
Issue of shares	28,218	-	7,312
Withdrawals of loans	12,000	5,333	1,539
Repayments of loans	-16,500	-4,432	-4,288
Payments of lease liabilities	-1,749	-478	-2,112
Acquisition of subsidiaries less cash and cash equivalents acquired NCI	-257	-	-
<b>Net cash flow from financing activities</b>	<b>21,711</b>	<b>423</b>	<b>2,451</b>
<b>Net change in cash and cash equivalents</b>			
	<b>14,634</b>	<b>1,398</b>	<b>16,391</b>
Cash and cash equivalents at the beginning of the period	17,694	1,276	1,276
Impact of exchange rate changes on cash and cash equivalents	-2	-	26
<b>Cash and cash equivalents at the end of the period</b>	<b>32,326</b>	<b>2,674</b>	<b>17,694</b>

The net method has been replaced with the gross method in projects presented through partial revenue recognition from 1 January 2021. This increases the amount of short-term receivables and liabilities in these respects.

# Consolidated statement of changes in equity

## Equity attributable to owners of the parent company

EUR thousand	Share capital	Invested unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Total equity attributable to owners of the parent company	Non- controlling interest	Total equity
<b>Equity on 1 Jan 2021</b>	<b>80</b>	<b>15,602</b>	<b>31</b>	<b>-363</b>	<b>245</b>	<b>15,877</b>	<b>1,768</b>	<b>17,645</b>
Profit/loss for the period	-	-	-	-	688	688	-97	591
Other comprehensive income								
Translation differences	-	-	-	125	-	125	-	125
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>688</b>	<b>813</b>	<b>-97</b>	<b>716</b>
<b>Transactions with shareholders:</b>								
Share issue		28,218	-	-	-	28,218	-	28,218
Business transactions with non-controlling interest		-	-	-	-	-	-275	-275
Share issue to employees	-	-	-	-	150	150	-1	149
<b>Total transactions with shareholders</b>	<b>-</b>	<b>28 218</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>28,367</b>	<b>-276</b>	<b>28,091</b>
<b>Equity on 30 Jun 2021</b>	<b>80</b>	<b>43,819</b>	<b>313</b>	<b>-240</b>	<b>1,085</b>	<b>45,057</b>	<b>1,396</b>	<b>46,452</b>

## 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
<b>Equity on 1 Jan 2020</b>	<b>80</b>	<b>8,290</b>	<b>313</b>	<b>4</b>	<b>-1,324</b>	<b>7,363</b>	<b>-314</b>	<b>7,050</b>
Profit/loss for the period	-	-	-	-	355	355	-53	302
Other comprehensive income								
Translation differences	-	-	-	14	-	14	-	14
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b></b>	<b>355</b>	<b>370</b>	<b>-53</b>	<b>316</b>
<b>Equity on 30 Jun 2020</b>	<b>80</b>	<b>8,290</b>	<b>313</b>	<b>18</b>	<b>-968</b>	<b>7,733</b>	<b>-367</b>	<b>7366</b>

**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
<b>Equity on 1 Jan 2020</b>	<b>80</b>	<b>8,290</b>	<b>313</b>	<b>4</b>	<b>-1,324</b>	<b>7,363</b>	<b>-314</b>	<b>7,050</b>
Profit/loss for the period					2,039	2,039	340	2,379
Other comprehensive income								
Translation differences				-367		-367		-367
Remeasurement of defined benefit obligations					-42	-42		-42
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-367</b>	<b>1,996</b>	<b>1,630</b>	<b>340</b>	<b>1,970</b>
<b>Transactions with shareholders:</b>								
Share issue		7,312				7,312		7,312
Business transactions with non-controlling interest					-428	-428	373	-54
Share of non-controlling interest of joint arrangements						-	1,369	1,369
<b>Total transactions with shareholders</b>	<b>-</b>	<b>7,312</b>	<b>-</b>	<b>-</b>	<b>-428</b>	<b>6,884</b>	<b>1,742</b>	<b>8,626</b>
<b>Equity on 31 Dec 2021</b>	<b>80</b>	<b>15,602</b>	<b>313</b>	<b>-363</b>	<b>245</b>	<b>15,877</b>	<b>1,768</b>	<b>17,645</b>

# Notes to the interim report

## 1. Accounting principles

The interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting* and the accounting principles presented in the Group's financial statements for 2020. The adjustments and annual improvements to the IFRS standards which came into force on 1 January 2021 do not have a significant impact on the figures presented.

In April 2021, the IFRS Interpretations Committee issued its final agenda decision on the accounting of configuration and customisation costs in a cloud computing arrangement (IAS 38 *Intangible Assets*). In this agenda decision, the Interpretations Committee examined whether customers should recognise the configuration and customisation of an application as an intangible asset in accordance with IAS 38, and if an intangible asset is not recognised, how customers should recognise such configuration and customisation costs. The IFRIC agenda decisions do not have a date of entry into force, and are therefore expected to be adopted as soon as possible. Because the Group has cloud computing arrangements in place, it has started an analysis of whether this agenda decision has an impact on the accounting principles applied to the implementation costs of cloud services. The analysis will be conducted in the Group during the autumn of 2021, and any impact will be taken into account retrospectively in the financial statements for 2021 at the latest.

The information presented in the interim 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.

## 2. Changes in the Group structure

Empower Oyj, a subsidiary of Enersense International Plc, has acquired an additional stake in Empower SIA, its Latvian subsidiary, through a transaction completed on 1 March 2021.

Empower SIA specialises in the design, construction and maintenance of transmission grids, electric substations and wind farms. Its turnover in 2020 was around EUR 14.2 million (EUR 18.6 million in 2019), and its profit for the 2020 financial period was around EUR 0.5 million (EUR 1.2 million in 2019). The information for 2020 is unaudited. Empower SIA has around 210 employees. Through the transaction, Empower Oyj acquired a total of ten shares in Empower SIA, increasing its holding in the company from 49% to 59%. The purchase price of the shares was EUR 257,324, and this will be adjusted up or down based on the net assets of Empower SIA once the company's financial statements for 2020 have been adopted. The purchase price was paid in cash on 1 March 2021. The sellers in the transaction are two members of Empower SIA's executive management. They will remain with the company, and will remain minority shareholders in Empower SIA with a 41% holding. The payment for the shares has been recognised as an equity transaction.

The Group sold the entire share capital of Värväämö Oy to Citywork Oy in June 2021. The purchase price for the entire share capital will be at least EUR 2.0 million, but not higher than EUR 3.0 million. The basic purchase price of EUR 0.5 million was paid in June, and this will be adjusted in accordance with the terms and conditions of the contract of sale. The additional purchase price is linked to the EBITDA of Citywork's support and personnel services business for the construction industry in 2022 and 2023. The achievement of the maximum purchase price will also be affected by the turnover of Citywork's construction support and personnel services business and Värväämö in the 2021 financial year. Värväämö was part of the Smart Industry business area.

Enersense Technologies Oy, Liability Act Information Office Finland Oy and Process Communication Finland Oy were merged with Enersense Solutions Oy on 30 April 2021.

## 3. Turnover and business areas

### Turnover by business area

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Smart Industry	23,469	16,180	45,780	29,898	78,371
Power*	11,980	-	22,818	-	18,916
Connectivity*	11,385	-	19,848	-	23,419
International Operations	14,757	228	26,382	1,340	26,754
Items not allocated to business areas	31	-	102	-	-
<b>Total</b>	<b>61,621</b>	<b>16,409</b>	<b>114,929</b>	<b>31,238</b>	<b>147,460</b>

\* There was no corresponding segment in the comparison period.

### Geographical distribution of turnover by target country

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Finland	48,176	15,199	87,094	25,885	111,671
Other countries	13,445	1,210	27,835	5,353	35,789
<b>Total</b>	<b>61,621</b>	<b>16,409</b>	<b>114,929</b>	<b>31,238</b>	<b>147,460</b>

### EBITDA by business area

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Smart Industry	5,122	1,449	6,595	1,950	6,208
Power*	879	-	1,371	-	1,002
Connectivity*	540	-	140	-	1,475
International Operations	733	-299	1,026	-376	1,730
Items not allocated to business areas	-1,452	-96	-1,629	-169	-640
<b>Total</b>	<b>5,823</b>	<b>1,055</b>	<b>7,504</b>	<b>1,405</b>	<b>9,775</b>

\* There was no corresponding segment in the comparison period.

### Reconciliation of EBITDA to operating profit

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
EBITDA	5,823	1,055	7,504	1,405	9,775
Depreciation, amortisation and impairment	-2,805	-337	-5,105	-624	-4,995
<b>Operating profit (loss)</b>	<b>3,018</b>	<b>717</b>	<b>2,399</b>	<b>780</b>	<b>4,780</b>



## 4. Share issue to employees (IFRS 2)

In its stock exchange release on 10 June 2021, the company announced that its Board of Directors had decided on the detailed terms and schedule of a share issue to employees. The complete terms and conditions of the share issue to employees are provided as an attachment to the stock exchange release. In its stock exchange release on 22 June 2021, Enersense announced that its Board of Directors had approved the subscription of a total of 118,774 new shares through the share issue to employees, with a total subscription price of EUR 972,759.06. The shares subscribed for in the share issue to employees represent 1.02% of all shares and votes in the company before the share issue. A total of no more than 150,000 new shares in the company were offered for subscription in the share issue to employees. The subscription price was EUR 8.19 per share (10% lower than in the public offering).

Of those entitled to a subscription, 9.2% participated in the share issue to employees (207 people out of 2,238). The shares approved in the share issue to employees were entered into the Trade Register on 22 June 2021, and became subject to public trading on the Nasdaq Helsinki on 23 June 2021. Following the registration of the new shares, the total number of shares in Enersense International Plc is 13,397,729. The share issue to employees is treated as an arrangement under IFRS 2. The subscription price paid by the subscribers, EUR 973,000 in total, is recognised in the invested unrestricted equity reserve. The discount granted by the company to the subscribers, EUR 150,000 in total, is recognised in employee benefit expenses and retained earnings.

## 5. Property, plant and equipment

### Sale and leaseback

The Group carried out a car sale and leaseback arrangement in June 2021. A previous item of property, plant and equipment (EUR 5.4 million) was removed from the balance sheet, and a right-of-use asset (EUR 3.4 million) was recognised instead. A lease liability of EUR 3.8 million was recognised on the balance sheet. A capital gain of EUR 0.3 million on the sale and leaseback arrangement was recognised in other operating income in June 2021.

1-6/2021						
EUR thousand	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Total
<b>2021</b>						
<b>Acquisition cost 1 Jan</b>	143	8,861	13,810	294	69	23,177
Increases	-	293	4,200	13	136	4,642
Decreases	-	-451	-5,503	-2	-	-10,203
Divestments	-	-392	-108	-2	-	-502
Exchange rate differences	-	-	0	-	-	0
Transfers between items	-	11	-	-	-	11
<b>Acquisition cost 30 Jun</b>	<b>143</b>	<b>8,320</b>	<b>8,153</b>	<b>303</b>	<b>206</b>	<b>17,124</b>
Accumulated depreciation and impairment 1 Jan	-5	-2,183	-2,191	-14	-	-4,393
Depreciation	-6	-1,384	-1,597	-70	-	-3,057
Accumulated depreciation on decreases and transfers	-	-	-	2	-	4,248
Impairment	-	-1	-0	-	-	-1
Exchange rate differences	-	-	-0	-	-	-0
Accumulated depreciation of divestments	-	392	83	-	-	476
<b>Accumulated depreciation and impairment 30 Jun</b>	<b>-11</b>	<b>-3,176</b>	<b>541</b>	<b>-82</b>	<b>-</b>	<b>-2,727</b>
<b>Book value 1 Jan</b>	<b>138</b>	<b>6,677</b>	<b>11,619</b>	<b>280</b>	<b>69</b>	<b>18,784</b>
<b>Book value 30 Jun</b>	<b>132</b>	<b>5,140</b>	<b>8,698</b>	<b>222</b>	<b>206</b>	<b>14,397</b>

1-6/2020

EUR thousand	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Total
<b>2020</b>						
<b>Acquisition cost 1 Jan</b>	5	2,349	1,417	2	-	3,773
Increases	-	413	190	-	-	603
Decreases	-	-	-21	-	-	-20
<b>Acquisition cost 30 Jun</b>	5	2,434	1,587	2	-	4,356
Accumulated depreciation and impairment 1 Jan	-	-603	-545	-	-	-1,148
Depreciation	-	-380	-223	-	-	-603
<b>Accumulated depreciation and impairment 30 Jun</b>	-	-983	-768	-	-	-1,752
<b>Book value 1 Jan</b>	5	1,746	872	2	-	2,625
<b>Book value 30 Jun</b>	5	1,779	818	2	-	2,604

## 6. Share issues

### Directed share issue

Enersense's Board of Directors decided on 15 March 2021 to execute a share issue, with 2,075,000 new shares directed to Nidoco AB, a wholly owned subsidiary of Virala Oy Ab. Nidoco AB has subscribed to all the offered shares in the company, and its Board of Directors has approved the subscriptions. The share issue was executed based on the authorisation granted by the Annual General Meeting on 6 April 2020. Through the share issue, the company raised around EUR 15.0 million in gross assets before fees and expenses. The number of shares in the company increased by 2,075,000 to a total of 11,622,729 shares. The shares offered through the share issue represented around 21.7% of all shares in the company before the issue, and around 17.9% of all shares in the company following the issue. The subscription price was EUR 7.23 per share, which was around 5.5% lower than the volume weighted average price for the period between the publication of the financial statements bulletin and the share issue (26 February to 12 March 2021), and around 11.8% lower than the closing price on the trading day immediately preceding the share issue (12 March 2021).

The subscription price was paid on 15 March 2021 in accordance with the terms and conditions of the share issue, and was recognised in full in the company's invested unrestricted equity reserve. A total of 2,075,000 new shares were subscribed for in the directed share issue. The total number of shares in Enersense was 11,622,729 following the registration of the new shares.

### List transfer

On 19 March 2021, the Board of Directors of Enersense decided on the implementation of a directed share issue in connection with the company's list transfer. The final subscription price of the shares offered was EUR 9.10 per share in the institutional offering and public offering, and 10% lower in the share issue to employees, at EUR 8.19 per share. Enersense issued 1,775,000 new shares in the company, which corresponded to around 13.2% of the total number of its outstanding shares following the share issue. The company raised EUR 16.0 million through the share issue, and the expenses related to the share issue amounted to EUR 2.8 million. The subscription price

and the expenses related to the share issue were recognised in full in the company's invested unrestricted equity reserve.

The total number of shares in the company increased to 13,397,729 following the entry of the new shares offered in the share issue into the Trade Register. The company gained more than 2,000 new shareholders through the share issue.

## 7. Financial assets and liabilities by measurement category

	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	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
<b>Financial assets Long-term assets</b>						
Loan receivables	150	-	504	-	150	-
Pledged account	875	-	-	-	600	-
Trade receivables	497	-	-	-	62	-
<b>Total non-current assets</b>	<b>1,522</b>	<b>-</b>	<b>504</b>	<b>-</b>	<b>812</b>	<b>-</b>
<b>Current assets</b>						
Trade receivables	12,088	-	12,955	-	19,631	-
Factored trade receivables – pledged as collateral for financial loans	807	-	750	-	2,230	-
Factored trade receivables – derecognised on the balance sheet	-	346	-	750	-	2,322
Other financial assets	1,574	-	226	-	1,539	-
Cash and cash equivalents	32,326	-	2,674	-	17,694	-
<b>Total current assets</b>	<b>46,795</b>	<b>346</b>	<b>14,931</b>	<b>750</b>	<b>41,094</b>	<b>2,322</b>
<b>Total assets</b>	<b>48,318</b>	<b>346</b>	<b>15,435</b>	<b>750</b>	<b>41,906</b>	<b>2,322</b>
<b>Financial liabilities Long-term liabilities</b>						
Loans	9,802	-	1,427	-	9,233	-
Trade payables	6	-	-	-	6	-
<b>Total non-current liabilities</b>	<b>9,807</b>	<b>-</b>	<b>1,427</b>	<b>-</b>	<b>9,239</b>	<b>-</b>
<b>Current liabilities</b>						
Loans	3,639	-	5,345	-	17,697	-
Trade payables	22,148	-	8,178	-	18,964	-

<b>Total non-current liabilities</b>	<b>25,787</b>	<b>-</b>	<b>13,523</b>	<b>-</b>	<b>36,661</b>	<b>-</b>
<b>Total liabilities</b>	<b>35,594</b>	<b>-</b>	<b>14,950</b>	<b>-</b>	<b>45,900</b>	<b>-</b>

## New financing arrangement

On 4 May 2021, the company announced that it had completed negotiations on the financing of its operations. The company's new financing package consists of two senior loans and several bank guarantee and invoice financing facilities. The funding is used for operational development and working capital management. The senior loans and bank guarantees negotiated as part of the new financing are available to Enersense as long as the standard preconditions for their use are met.

The company will replace its EUR 12.7 million short-term financial facilities with two senior loans as part of the new financing, totalling EUR 12.0 million. Each loan amounts to EUR 6.0 million and will mature in 2026.

In addition, Enersense will replace 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 36.9 million in bank guarantee facilities. The total amount of the new bank 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 41.5 million. The new facilities account for EUR 27.0 million of the total.

## 8. Related party transactions

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Sale of goods and services	-	-	-	-	2
Purchase of goods and services	-50	-122	-115	-197	-468
Interest income	-	-	-	-	64

## 9. Contingent liabilities and assets, and commitments

EUR thousand	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Collateral provided</b>			
Business mortgages	583,800	10,000	606,000
Mortgages on property	7,200	-	3,600
Contract and delivery guarantees	19,830	-	12,651
Bank guarantees	313	-	2,038
Other guarantees	20	95	95
<b>Pledges given</b>			
On own behalf	102,326	1,196	100,079

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.

## 10. Reconciliation of alternative performance measures

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Adjusted EBITDA</b>					
Operating profit (loss)	3,017	717	2,399	780	4,780
+ Depreciation, amortisation and impairment	2,805	338	5,105	624	4,995
<b>EBITDA</b>	<b>5,822</b>	<b>1,055</b>	<b>7,504</b>	<b>1,405</b>	<b>9,775</b>
+ Items affecting comparability	-1,006	-	-122	-	1,735
<b>Adjusted EBITDA</b>	<b>4,816</b>	<b>1,055</b>	<b>7,381</b>	<b>1,405</b>	<b>11,510</b>

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Adjusted EBIT</b>					
Operating profit (loss)	3,017	717	2,399	780	4,780
+ Items affecting comparability	-781	-	102	-	1,735
+ Amortisation of intangible assets related to acquisitions	518	-	1,037	-	959
<b>Adjusted EBIT</b>	<b>2,754</b>	<b>717</b>	<b>3,538</b>	<b>780</b>	<b>7,474</b>

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
<b>Items affecting comparability</b>					
+ Items outside the ordinary course of business	1,122	-	2,013	-	2,031
Gains (-) / losses (-) from the sale of fixed assets	-2,127	-	-2,136	-	-296
<b>Total extraordinary items affecting the adjusted EBITDA</b>	<b>-1,006</b>	-	<b>-122</b>	-	<b>1,735</b>
Extraordinary item affecting the adjusted EBITDA	225	-	225	-	-
<b>Total extraordinary items affecting the adjusted EBITDA</b>	<b>-781</b>	-	<b>102</b>	-	-

#### Items affecting comparability

1) Items outside the ordinary course of business according to the management's judgement that are related to mergers and acquisitions and/or

restructuring, as well as significant redundancy costs

2) Amortisation of customer relationships and order backlog

3) Gains on the sale of fixed assets

## 11. Events after the reporting period (IAS 34)

No significant events have taken place in the Group after the reporting period.

## 12. Calculation principles for key performance indicators

EBITDA Operating profit + depreciation and impairment

EBITDA, % of turnover  $100 \times (\text{EBITDA}/\text{turnover})$

Adjusted EBITDA EBITDA + Items affecting comparability

Adjusted EBITDA, % of turnover  $100 \times (\text{adjusted EBITDA}/\text{turnover})$

Operating profit (EBIT) Turnover + other operating income – materials and services- personnel expenses – other operating expenses + share of the result of associates – depreciation and impairment

Operating profit, % of turnover  $100 \times (\text{operating profit}/\text{turnover})$

Adjusted operating profit Operating profit + Items affecting comparability + Amortisation of intangible assets related to acquisitions

Adjusted operating profit, % of turnover  $100 \times (\text{adjusted operating profit}/\text{turnover})$

Profit (loss) for the period, % of turnover  $100 \times (\text{profit (loss) for the period}/\text{turnover})$

Equity ratio %  $100 \times (\text{equity}/\text{balance sheet total} - \text{advances received})$

Gearing, %  $100 \times ((\text{interest-bearing debt} - \text{cash in hand and at bank}) / \text{equity})$

Return on equity, %  $(100 \times \text{profit for the period})/\text{average equity during the review period}$

Earnings per share, EUR Result for financial period / Average number of shares