

A photograph of several white wind turbines in a vast, open field under a clear blue sky. The ground is a mix of brown and green, suggesting a rural or agricultural landscape. The image is partially obscured by a white curved shape on the left side of the page.

Enersense International Oyj

Interim Report Q1 2021



Consolidated statement of comprehensive income

(unaudited)

EUR 1,000	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	1 Jan - 31 Dec 2020
Revenue	53,308	14,829	147,460
Change in inventories of finished goods and in work in progress	-291	-	302
Production for own use	169	-	461
Other operating income	506	170	1,804
Materials and services	-20,789	-5,250	-59,327
Employee benefit expenses	-25,070	-8,612	-69,973
Depreciation, amortisation and impairment	-2,300	-287	-4,995
Other operating expenses	-6,159	-801	-11,019
Share of the profit or loss of investments accounted for using the equity method	7	14	67
Operating profit (loss)	-619	63	4,780
Finance income	30	1	50
Finance expenses	-701	-79	-1,972
Finance expense, net	-671	-78	-1,921
Profit (loss) before taxes	-1,289	-15	2,859
Income tax expense	-41	-21	-480
Profit (loss) for the period	-1,331	-36	2,379
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation differences	309	-2	-367
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	-	-	-42
Other comprehensive income for the period, net of taxes	309	-2	-409
Total comprehensive income for the period	-1,022	-37	1,970
Profit (loss) for the period attributable to:			
Owners of the parent company	-1,154	-12	2,039
Non-controlling interests	-177	-24	340
Profit (loss) for the period	-1,331	-36	2,379
Total comprehensive income for the period attributable to:			
Owners of the parent company	-845	-13	1,630
Non-controlling interests	-177	-24	340
Total comprehensive income for the period	-1,022	-37	1,970
Earnings per share attributable to owners of the parent company			
Undiluted and diluted earnings per share	-0.12	-0.00	0.27

The consolidated statement of comprehensive income should be read together with the notes.

Consolidated balance sheet

(unaudited)

EUR 1,000	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	26,376	4,244	26,376
Other intangible assets	12,929	277	13,566
Property, plant and equipment	18,147	2,512	18,784
Investments accounted for using the equity method	1,505	943	1,467
Loan receivables	150	443	150
Trade and other receivables	1,066	2	960
Deferred tax assets	540	693	570
Total non-current assets	60,714	9,115	61,873
Current assets			
Inventories	3,079	386	3,566
Trade receivables	17,815	10,446	24,184
Current income tax receivables	256	148	158
Other receivables	21,220	1,736	8,439
Cash and cash equivalents	22,487	1,442	17,694
Total current assets	64,858	14,158	54,041
TOTAL ASSETS	125,571	23,273	115,914
EQUITY AND LIABILITIES			
Equity			
Share capital	80	80	80
Reserve for invested unrestricted equity	30,154	8,290	15,602
Legal reserves	313	313	313
Translation differences	-54	2	-363
Retained earnings	263	-1,324	-1,794
Profit (loss) for the period	-1,154	-12	2,039
Total equity attributable to owners of the parent company	29,602	7,350	15,877
Non-controlling interests	1,316	-338	1,768
Total equity	30,919	7,012	17,645
Liabilities			
Non-current liabilities			
Borrowings	3,635	83	3,717
Lease liabilities	5,387	1,161	5,517
Payment arrangement with the Tax Administration	249	-	518
Other liabilities	28	-	12
Deferred tax liability	-	-	0
Employee benefit obligations	435	-	435
Provisions	481	-	481
Total non-current liabilities	10,214	1,244	10,680

EUR 1,000	31 Mar 2021	31 Mar 2020	31 Dec 2020
Current liabilities			
Borrowings	14,550	4,160	14,224
Lease liabilities	3,642	793	3,473
Advances received	3,168	-	3,607
Trade payables	12,349	3,523	16,530
Payment arrangement with the Tax Administration	1,011	-	1,926
Current income tax liabilities	258	83	257
Other liabilities	47,958	6,457	45,980
Provisions	1,504	-	1,592
Total current liabilities	84,438	15,017	87,589
Total liabilities	94,653	16,261	98,269
TOTAL EQUITY AND LIABILITIES	125,571	23,273	115,914

The consolidated balance sheet should be read together with the notes.

Consolidated statement of cash flows

(unaudited)

EUR 1,000	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	1 Jan - 31 Dec 2020
Cash flow from operating activities			
Profit (loss) for the financial period	-1,331	-36	2,379
Adjustments for:			
Depreciation, amortisation and impairment	2,300	287	4,995
Gains and losses on sale of associates	-	-	-220
Gains and losses on sale of property, plant and equipment	-117	-	-75
Share of profit (loss) of associates	-7	-4	-67
Interest income and other financial income and expenses	671	78	1,921
Income tax expense	41	21	480
Other adjustments	316	-29	-129
Total adjustments	3,204	353	6,905
Other adjustments			
Change in trade and other receivables	-6,544	-172	-2,628
Change in trade and other payables	-3,385	-1	-956
Change in inventories	487	-13	-873
Change in provisions	-67	-	-950
Interest received	30	1	50
Interest paid	-453	-14	-871
Other financial items	-347	-61	-932
Income tax	-108	-17	-258
Net cash flow from operating activities	-8,512	41	1,866
Cash flow from investing activities			
Investments in property, plant and equipment and intangible assets	-363	-122	-1,217
Acquisition of subsidiaries, net of cash acquired	-257	-	12,966
Investments in associates	-31	-	-
Disposal of associates	-	-	633
Proceeds of loans by associates	-	-	-150
Repayment of loans by associates	-	-	443
Payment to bank deposit accounts	-	-	-600
Net cash flow from investing activities	-651	-122	12,075
Cash flow from financing activities			
Proceeds from issue of shares	14,552	-	7,312
Proceeds from borrowings	900	1,339	1,539
Repayments of borrowings	-449	-874	-4,288
Repayments of lease liabilities	-1,039	-219	-2,112
Net cash flow from financing activities	13,964	247	2,451
Net change in cash and cash equivalents	4,800	165	16,391
Cash and cash equivalents at the beginning of the period	17,694	1,276	1,276
Exchange rate effect on cash and cash equivalents	-6	-	26
Cash and cash equivalents at the end of the period	22,487	1,442	17,694

The consolidated statement of cash flows should be read together with the notes.

Consolidated statement of changes in equity

(unaudited)

EUR 1,000	Total equity attributable to owners of the parent company						Non-controlling interest	Total equity
	Share capital	Reserve for invested unrestricted equity	Legal reserves	Translation differences	Retained earnings	Total equity attributable to owners of the parent company		
Equity as at 1 Jan 2021	80	15,602	313	-363	245	15,877	1,768	17,645
Profit (loss) for the period	-	-	-	-	-1,154	-1,154	-177	-1,331
Other comprehensive income								
Translation differences	-	-	-	309	-	309		309
Total comprehensive income	-	-	-	309	-1,154	-845	-177	-1,022
Transactions with the owners of the parent company:								
Share issue	-	14,552	-	-	-	14,552	-	14,552
Transactions with non-controlling interests	-	-	-	-	18	18	-275	-257
Total transactions with the owners of the parent company	-	14,552	-	-	18	14,570	-275	14,295
Equity as at 31 Mar 2021	80	30,154	313	-54	-891	29,602	1,316	30,919

EUR 1,000	Total equity attributable to owners of the parent company						Non-controlling interest	Total equity
	Share capital	Reserve for invested unrestricted equity	Legal reserves	Translation differences	Retained earnings	Total equity attributable to owners of the parent company		
Equity as at 1 Jan 2020	80	8,290	313	4	-1,324	7,363	-314	7,050
Profit (loss) for the period	-	-	-	-	-12	-12	-24	-36
Other comprehensive income								
Translation differences	-	-	-	-2	-	-2	-	-2
Total comprehensive income	-	-	-	-2	-12	-13	-24	-37
Equity as at 31 Mar 2020	80	8,290	313	2	-1,335	7,350	-338	7,012

Total equity attributable to owners of the parent company

EUR 1,000	Share capital	Reserve for unrestricted invested equity	Legal reserves	Translation differences	Retained earnings	Total equity attributable to owners of the parent company	Non- controlling interest	Total equity
Equity as at 1 Jan 2020	80	8,290	313	4	-1,324	7,363	-314	7,050
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
Total comprehensive income	-	-	-	-367	1,996	1,630	340	1,970
Transactions with the owners of the parent company								
Share issue	-	7,312	-	-	-	7,312	-	7,312
Transactions with non-controlling interests	-	-	-	-	-428	-428	373	-54
Share of non-controlling interests in business combinations	-	-	-	-	-	-	1,369	1,369
Total transactions with the owners of the parent company	-	7,312	-	-	-428	6,884	1,742	8,626
Equity as at 31 Dec 2020	80	15,602	313	-363	245	15,877	1,768	17,645

The consolidated statement of equity should be read together with the notes.

Notes to the interim report

1. General information and basis of preparation

General information of the Group

Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting standard and the accounting policies presented in the 2020 financial statements. The new standards and improvements to the IFRS standards in effect as at 1 January 2021 do not have significant impact on the figures presented.

The information presented in the interim report is unaudited. All figures presented have been rounded up, and the sum of individual figures may deviate from the presented sum figure.

2. Investments in subsidiaries

Change in the shareholding of Empower SIA

Empower Oyj, a subsidiary of Enersense International Oyj, has acquired a majority share in its Latvian subsidiary Empower SIA on 1 March 2021.

Empower SIA specialises in the design, construction and maintenance of transmission grids,

electric substations and wind farms. In 2020, the company's revenue was approximately EUR 14.2 million (EUR 18.6 million in 2019), while its profit for the financial period 2020 was about EUR 0.5 million (EUR 1.2 million in 2019). The figures for 2020 are unaudited.

Empower SIA has approximately 210 employees.

Empower Oyj acquired a total of ten (10) shares in Empower SIA, thereby increasing its share of ownership from 49 per cent to 59 per cent of the company's share capital.

The sale price of the shares is EUR 257,324, which will be adjusted up or down on the basis of Empower SIA's net assets for the 2020 financial period once the company's financial statements for 2020 have been confirmed. The price will be paid in cash after the change in share ownership has been entered in the trade register in Latvia.

The sellers in the transaction are two individuals belonging to Empower SIA's executive management. They will continue to work for the company and will remain minority shareholders in Empower SIA with a 41 per cent holding.

3. Revenue and business areas

Revenue by business area

EUR 1,000	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	1 Jan - 31 Dec 2020
Smart Industry	22,311	13,791	78,371
Power	10,838	-	18,916
Connectivity	8,463	-	23,419
International Operations	11,625	1,038	26,754
Items not allocated to the business areas	71	-	
Total	53,308	14,829	147,460

Revenue by geographical areas by destination

EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020	1.1.-31.12.2020
Finland	38,918	10,686	111,671
Other countries	14,390	4,143	35,789
Total	53,308	14,829	147,460

EBITDA by business area

EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020	1.1.-31.12.2020
Smart Industry	1,473	514	6,208
Power	492	-	1,002
Connectivity	-400	-	1,475
International Operations	293	-102	1,730
Eliminations and items not allocated to the business areas	-177	-62	-640
Total	1,681	350	9,775

Reconciliation of EBITDA to operating profit (loss)

EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020	1.1.-31.12.2020
EBITDA	1,681	350	9,775
Depreciation, amortisation and impairment	-2,300	-287	-4,995
Operating profit (loss)	-619	63	4,780

4. Property, plant and equipment

EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Total
2021						
Cost as at 1 Jan	143	8,861	13,810	294	69	23,177
Additions	-	609	429	0	15	1,054
Disposals	-	-141	-196	-1	-	-337
Exchange differences	-	-	0	0	-	0
Cost as at 31 Mar	143	9,329	14,043	294	84	23,894
Accumulated depreciation and impairment as at 1 Jan	-5	-2,183	-2,191	-14	-	-4,393
Depreciation	-3	-705	-737	-38	-	-1,483
Disposals	-	-	128	0	-	129
Impairment charge	-	-	-0	-	-	-0
Exchange differences	-	-	-0	-	-	-0
Accumulated depreciation and impairment as at 31 Mar	-8	-2,888	-2,799	-51	-	-5,747
Carrying value as at 1 Jan	138	6,677	11,619	280	69	18,784
Carrying value as at 31 Mar	135	6,441	11,244	243	84	18,147

EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Total
2020						
Cost as at 1 Jan	5	2,349	1,417	2	-	3,773
Additions	-	84	85	-	-	170
Disposals	-	-	-6	-	-	-6
Cost as at 31 Mar	5	2,434	1,497	2	-	3,937
Accumulated depreciation and impairment as at 1 Jan	-	-603	-545	-	-	-1,148
Depreciation	-	-171	-105	-	-	-277
Accumulated depreciation and impairment as at 31 Mar	-	-775	-650	-	-	-1,425
Carrying value as at 1 Jan	5	1,746	872	2	-	2,625
Carrying value as at 31 Mar	5	1,659	846	2	-	2,512

EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and assets under construction	Total
2020						
Cost as at 1 Jan	5	2,349	1,417	2	-	3,773
Business combinations	138	5,545	11,511	354	178	17,727
Additions	-	906	1,045	9	3	1,963
Disposals	-	-	-333	-71	-106	-510
Reclassifications	-	60	169	-	-5	224
Exchange differences	-	-	-0	-	-	-0
Cost as at 31 Dec	143	8,861	13,810	294	69	23,177
Accumulated depreciation and impairment as at 1 Jan	-	-603	-545	-	-	-1,148
Depreciation	-5	-1,580	-1,674	-78	-	-3,337
Disposals	-	-	260	64	-	324
Impairment charge	-	-	-49	-	-	-49
Reclassifications	-	-	-183	-	-	-183
Exchange differences	-	-	0	-	-	0
Accumulated depreciation and impairment as at 31 Dec	-5	-2,183	-2 191	-14	-	-4,393
Carrying value as at 1 Jan	5	1,746	872	2	-	2,625
Carrying value as at 31 Dec	138	6,677	11,619	280	69	18,784

5. Financial assets and liabilities by category

	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	At amortised cost	At fair value through profit and loss	At amortised cost	At fair value through profit and loss	At amortised cost	At fair value through profit and loss
Financial assets						
Non-current assets						
Loan receivables	150	-	443	-	150	-
Pledged account	600	-	-	-	600	-
Trade receivables	-	-	-	-	62	-
Total non-current assets	750	-	443	-	812	-
Current assets						
Trade receivables	17,450	-	10,009	-	19,631	-
Factored trade receivables – pledged as security for financial liabilities	2,072	-	437	-	2,230	-
Factored trade receivables – to be derecognised	-	365	-	903	-	2,322
Other financial assets	2,437	-	263	-	1,539	-
Cash and cash equivalents	22,487	-	1,445	-	17,694	-
Total current assets	44,446	365	12,151	903	41,094	2,322
Total assets	45,196	365	12,594	903	41,906	2,322
Financial liabilities						
Non-current liabilities						
Borrowings	9,022	-	1,244	-	9,233	-
Trade payables	6	-	-	-	6	-
Total non-current liabilities	9,027	-	1,244	-	9,239	-
Current liabilities						
Borrowings	18,191	-	4,953	-	17,697	-
Trade payables	14,013	-	4,467	-	18,964	-
Total current liabilities	32,205	-	9,421	-	36,661	-
Total liabilities	41,232	-	10,664	-	45,900	-

6. Directed share issue

The Board of Directors of Enersense decided on 15 March 2021 to execute a share issue ("Share Issue"), with 2,075,000 new shares directed to Nidoco AB ("Nidoco"), a wholly owned subsidiary of Virala Oy Ab. Nidoco 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 represent around 21.7% of all shares in the company before the issue, and around 17.9% of all shares in the company after the issue. The subscription price was EUR 7.23 per share, which is 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 has been paid on 15 March 2021 in accordance with the terms and conditions of the Share Issue, and will be recognised in full in the company's invested unrestricted equity reserve.

The 2,075,000 shares issued in the Share Issue have been registered to trade register on 15 March 2021. The total number of the shares after the share issue is 11,622,729. New shares will be included in the book-entry register and traded in the First North Growth Market Finland marked place maintained by NASDAQ Helsinki Oy on 16 March 2021. New shares will provide equal rights to the existing shares of the company after they have been registered to trade register.

7. Related party transactions

EUR 1,000	1 Jan - 31 Mar 2021	1 Jan - 31 Mar 2020	1 Jan - 31 Dec 2020
Sales of goods and services	20	1	2
Purchases of goods and services	-65	-91	-468
Interest income	-	-	64

8. Contingent liabilities and assets and commitments

Commitments

EUR 1,000	31 Mar 2021	31 Mar 2020	31 Dec 2020
Collaterals given			
Business mortgages	606,000	10,000	606,000
Real estate mortgages	3,600	-	3,600
Contract and delivery guarantees	14,550	-	12,651
Bank guarantees	1,550	-	2,038
Other guarantees	95	-	95
Pledges given			
On own behalf	101,779	300	100,079

Enersense has pledged the shares of its subsidiaries as securities for its loans. Project, delivery and bank guarantees mainly comprise guarantees granted by Enersense as securities for the projects.

9. Events after the reporting period

New financing arrangement

On 4 May 2021 Enersense International Oyj concluded the negotiations on the financing its operations ("New Financing"). The company's new financing package consists of two senior loans and several bank guarantee and invoice financing facilities. The financing is used for developing operations and managing working capital. The senior loans and bank guarantee facilities made available as a part of the New Financing will be at Enersense's disposal, provided certain customary conditions precedents for utilisation have been fulfilled.

Enersense has negotiated the New Financing for replacing the short-term financing facilities of EUR 12.7 million in total with two financiers. The total amount of the senior loans is EUR 12 million. Each senior loan amounts to EUR 6 million and will mature in 2026.

In addition, Enersense has negotiated an extension to the maturity of its old bank guarantees of EUR 16.9 million and new guarantee facilities of EUR 20 million. Going forward, Enersense has bank guarantee facilities of EUR 36.9 million in total available.

Enersense has also invoice financing facilities totalling to EUR 41.5 million. The new facilities account for EUR 27 million of the total.

Sale of Värväämö Oy

With a deed of sales signed on 6 May 2021, Enersense International Oyj agreed to sell the entire share capital of its subsidiary Värväämö Oy, which offers personnel services for the construction industry, to Citywork Oy. Founded in 2006, Citywork

is a member of the Celebris Group and provides personnel services in the whole of Finland.

The completion of the transaction is subject to the fulfilment of the terms and conditions of the buyer's funder, agreed in the deed of sale. The transaction is expected to be completed by the end of June 2021.

The minimum price for all the shares will be EUR 2,000,000 and the maximum EUR 3,000,000, and the price consists of a basic purchase price of EUR 500,000, adjusted in accordance with the terms of the deed of sale, and an additional purchase price 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 financial year 2021.

The purchase price will be paid in cash. When completed, the transaction will have no impact on Enersense's financial guidance or medium-term financial targets.

Värväämö Oy has approximately 380 employees. Värväämö specialises in employment services for the construction industry. In 2020, its revenue was EUR 13.1 million (EUR 16.5 million in 2019). In 2020, the company's EBITDA was approximately EUR -0.5 million (EUR 0.05 million in 2019) and its balance sheet total amounted to about EUR 2.2 million (EUR 2.1 million in 2019).

Enersense will not completely divest its personnel leasing services as the company will retain both know-how and an ability to scale resources internally.