



Q2 2021

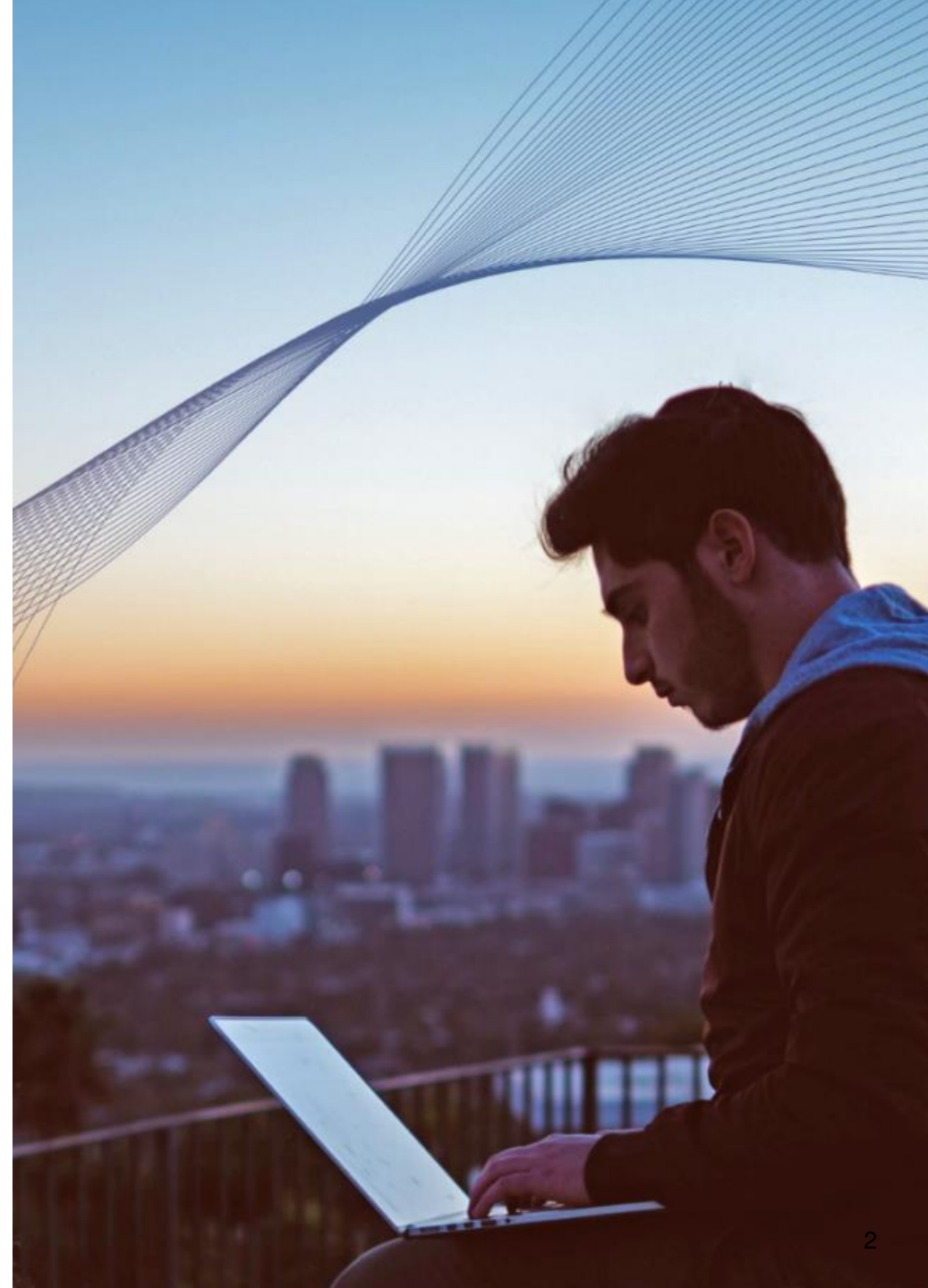
Financial Results

Jan Häglund, President and CEO
Björn Westberg, CFO

July 16, 2021

Agenda

- ▶ **Summary and Key Events**
- ▶ **AdaptiveMobile Acquisition**
- ▶ **Financial Results**
- ▶ **Way Forward and Outlook**



Summary of Q2 2021

Apr-Jun 2021

HEAD
QUARTER
KISTA,
SWEDEN

NET SALES
226
SEK m

OPERATING
MARGIN
27.5
PERCENT

NET DEBT TO
EBITDA
0.43

EARNINGS PER
SHARE
2.41
SEK

OPERATING
CASH FLOW
94
SEK m

R&D ^{1/}
27.3
PERCENT

^{1/} (OPEX and Capitalized R&D)/(Net Sales)

Jan-Jun 2021

NET SALES
440
SEK m

OPERATING
MARGIN ^{1/}
24.3
PERCENT

EARNINGS PER
SHARE
4.43
SEK

OPERATING
CASH FLOW
163
SEK m

Key Events for Enea During the Second Quarter



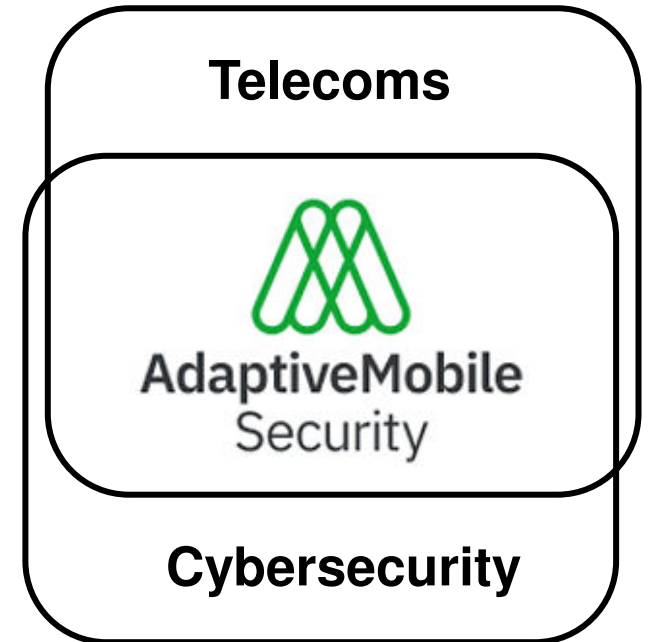
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Enea has Signed an Agreement to Acquire AdaptiveMobile Security

- ▶ A leading provider of mobile network security, at the intersection of Telecoms and Cybersecurity
- ▶ Deployed by > 80 mobile operators, protecting more than 2 billion subscribers globally
- ▶ Founded in 2006, 135 employees
- ▶ Headquartered in Dublin, Ireland, with regional offices in Dallas, Brno, Dubai, and Hyderabad



Financials – AdaptiveMobile Security

► Sales

- Net sales EUR 15.5 million in 2020
- Estimated sales FY 2021 of EUR 17 million

► Operating margin

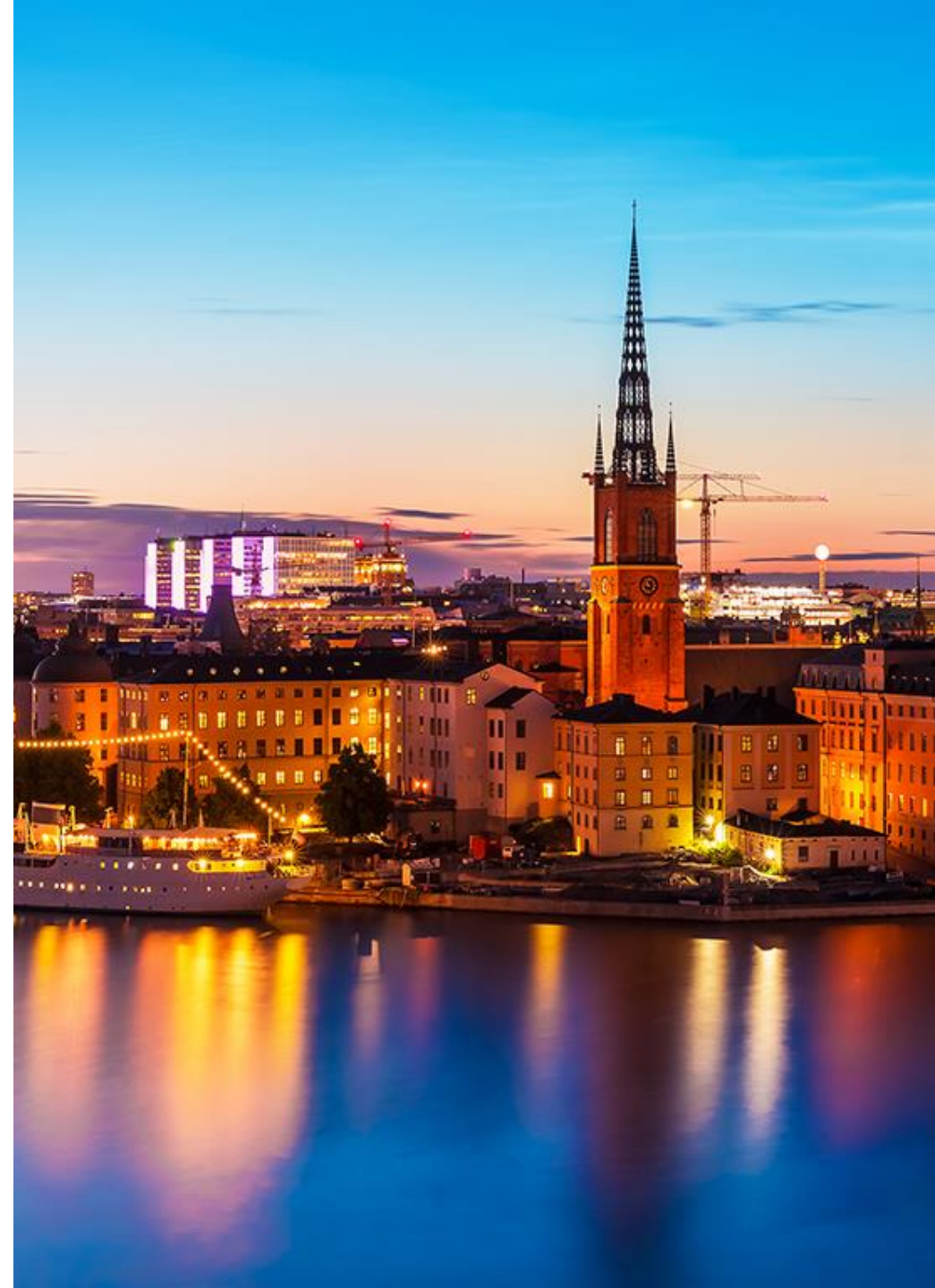
- EBIT margin in 2022 that will be close to Enea's operating margin target

► Consolidated as part of Enea during Q3 2021



Acquisition Financials

- ▶ **Enterprise value of EUR 45 million**
- ▶ **Financed by cash and bank loan**
- ▶ **Expected to be EPS accretive from Q4 2021**
- ▶ **Transaction costs ~ SEK 13 million**
 - Includes stamp duty estimated at SEK 4.6 million



AdaptiveMobile Security – a Market Leader

Messaging Security

Prevents unwanted messaging traffic which can be linked to security threats, service abuse or revenue loss



Signaling Security

Protects against attacks exploiting signaling traffic



Networks and Mobile Phones are under Threat

At least 40% of the world's mobile devices are inherently vulnerable to cyberattacks

Source: CheckPoint Mobile Security Report 2021

More than 80% of the surveyed telecom operators in the EU responded they have detected or encountered some attacks

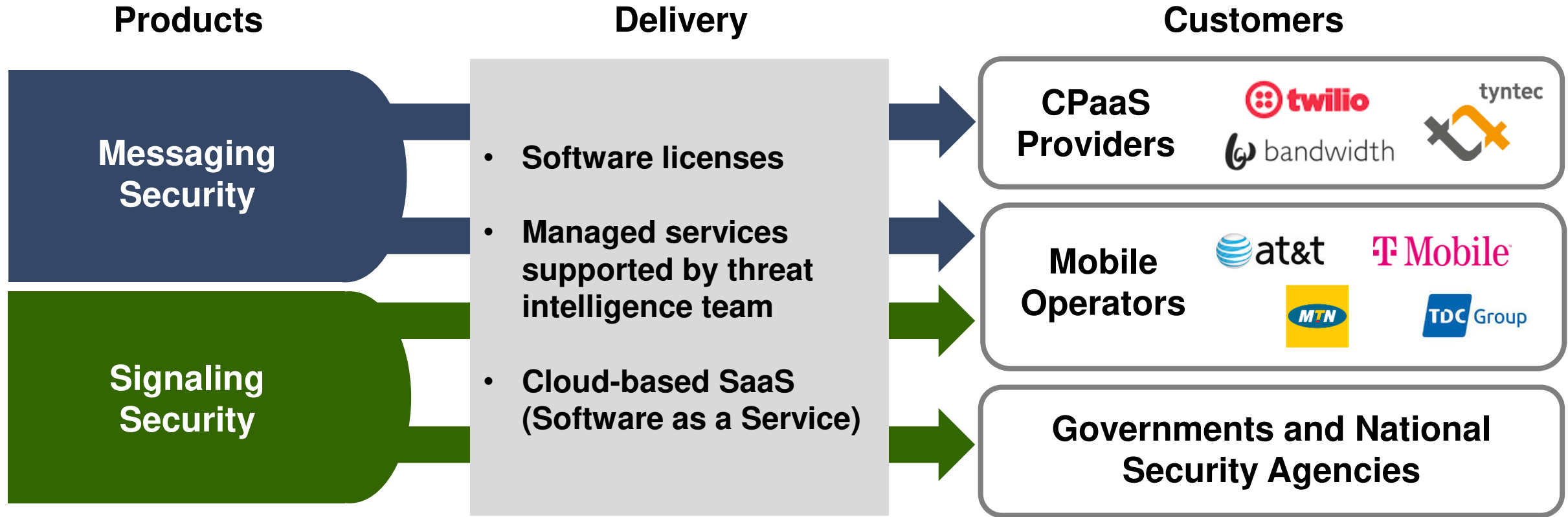
Source: ITU report on SS7 vulnerabilities, 2020

SS7 exploited to intercept 2FA bank confirmation codes to raid accounts

SC Media, 2019

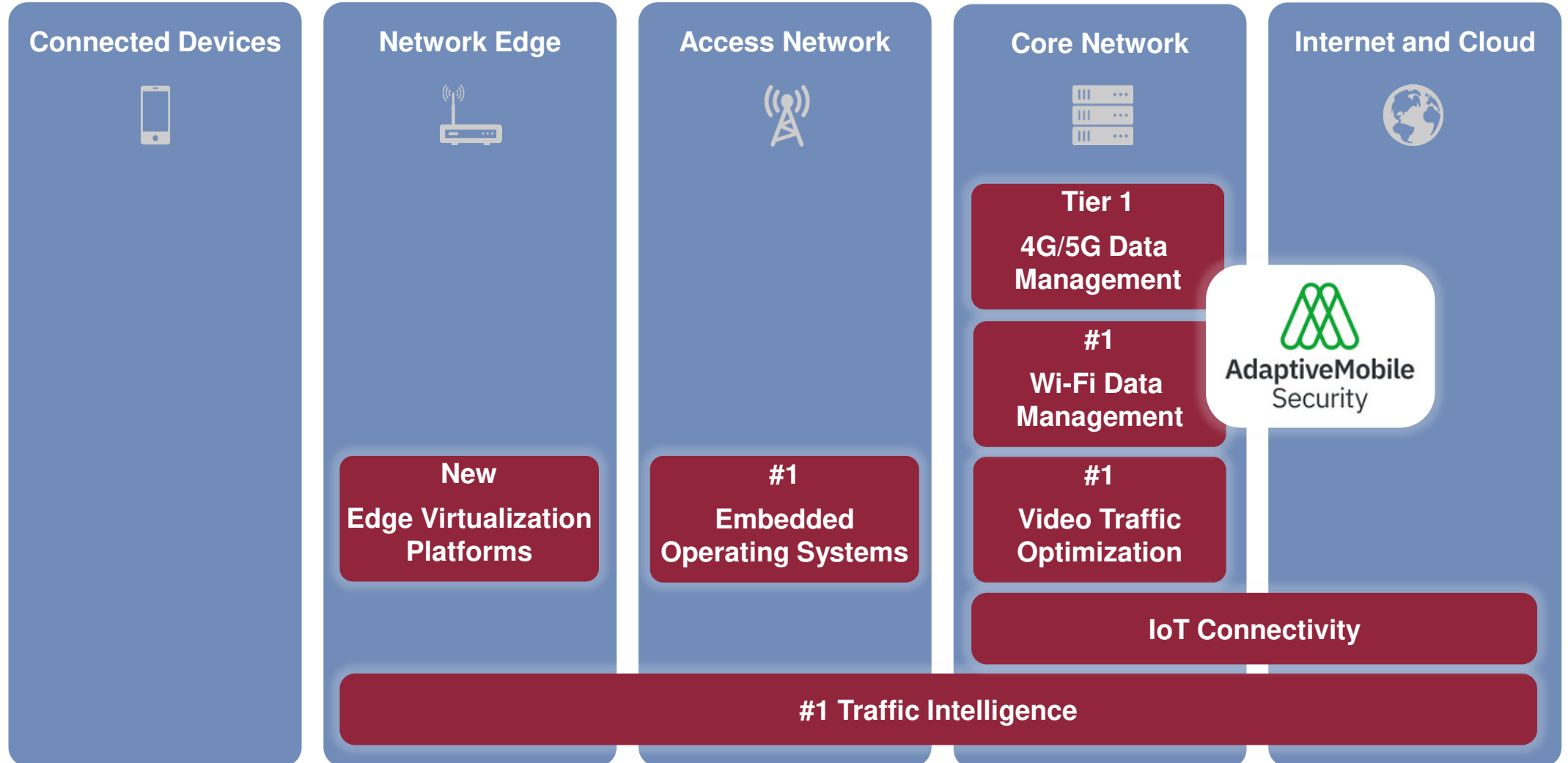


AdaptiveMobile Security's Business Model

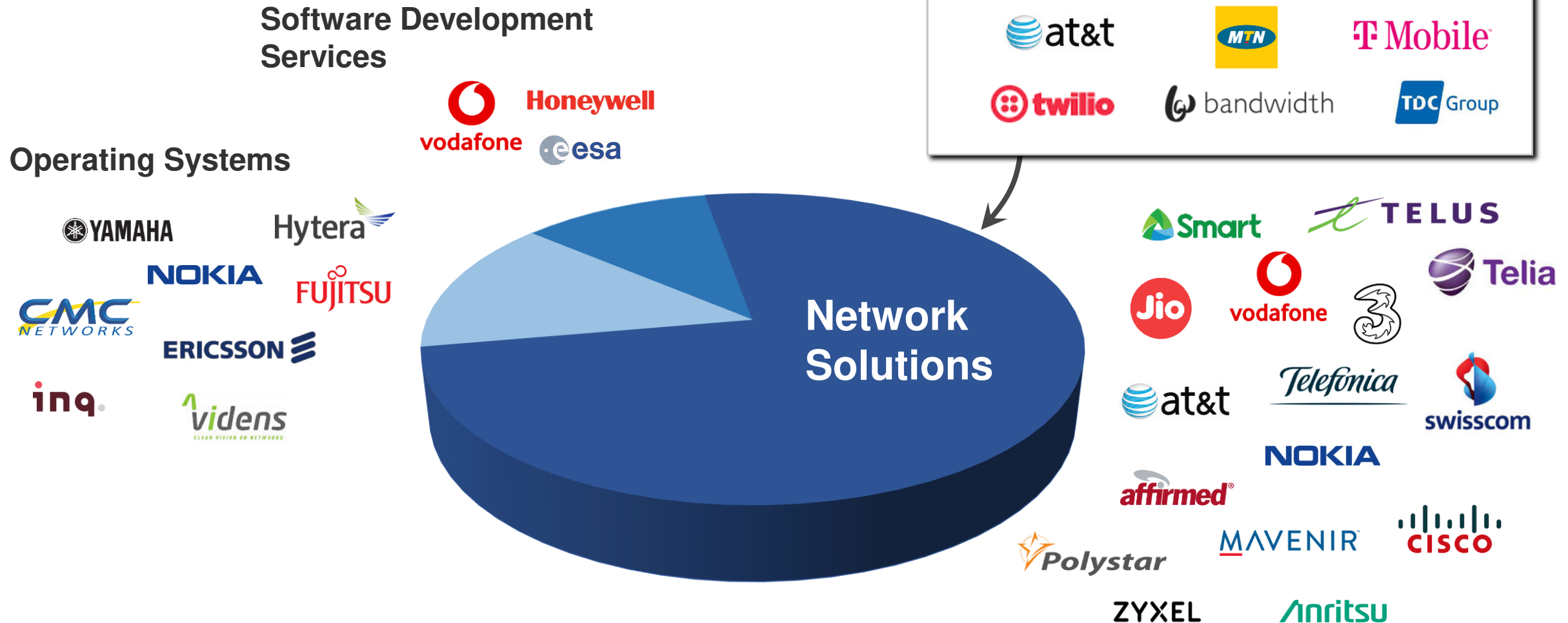


More than half of revenue is recurring

Unique Combination of Networking and Security



AdaptiveMobile Security expands Product Group Network Solutions



Summary - Strong Combined Portfolio and Customer Base

ENEAA

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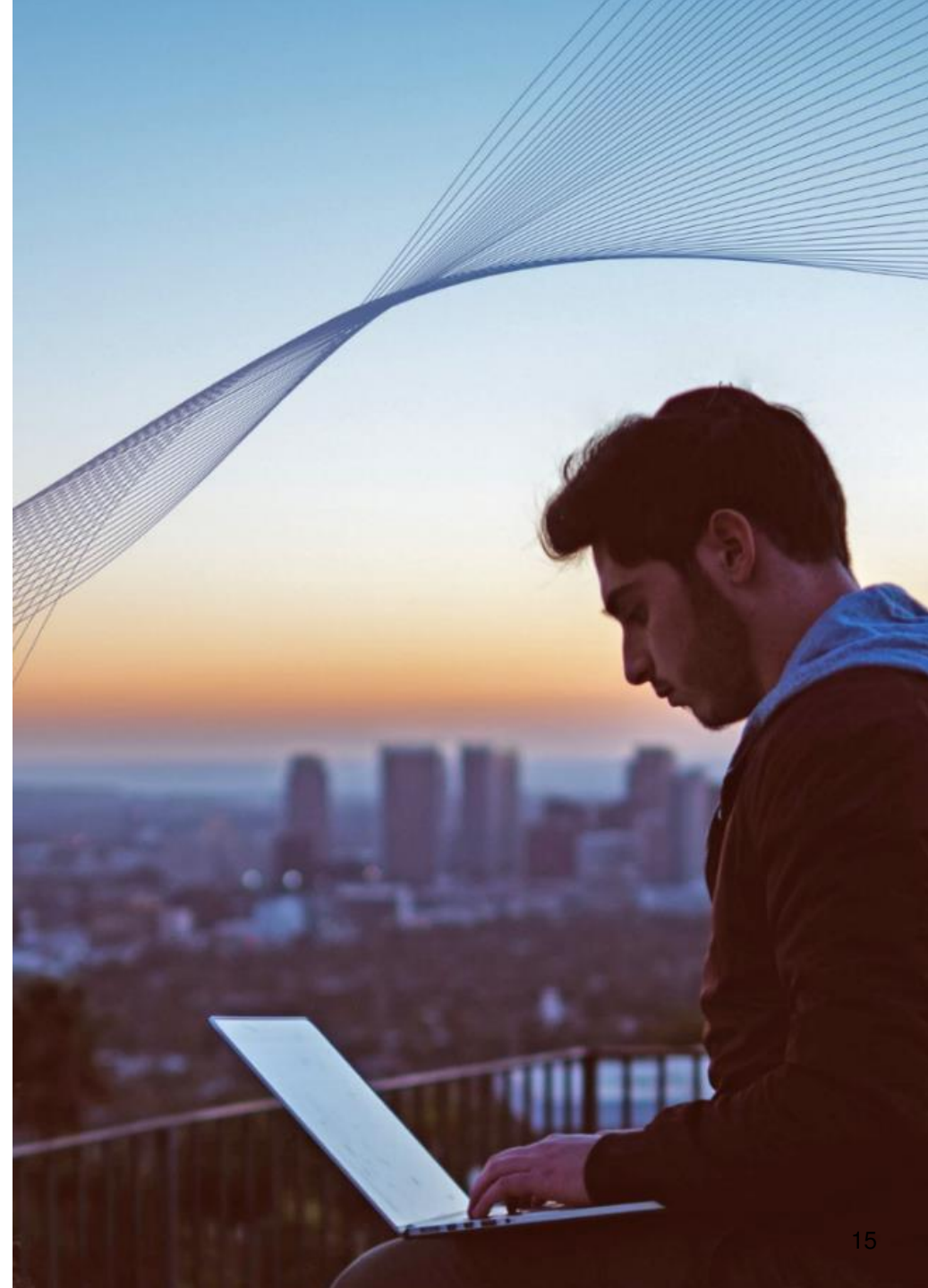


AdaptiveMobile
Security

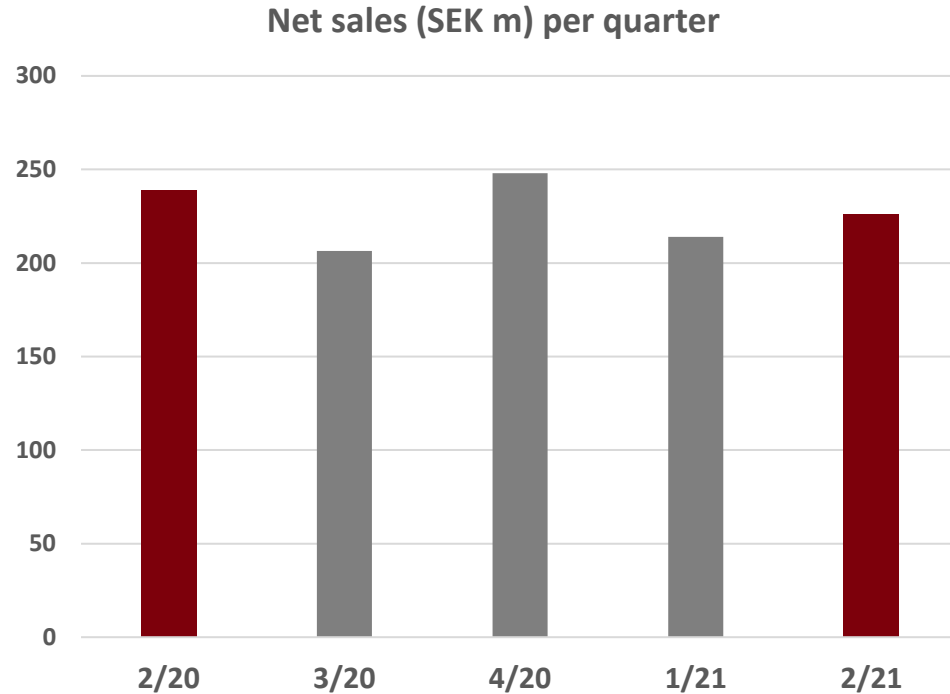
- ▶ Strengthens Enea's cybersecurity portfolio
- ▶ Creates a unique offering: 5G core + mobile security
- ▶ Adds new customers and additional sales capabilities targeting Tier 1 telcos
- ▶ Synergies with Enea traffic intelligence

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Net sales increased by 1% (currency adjusted)



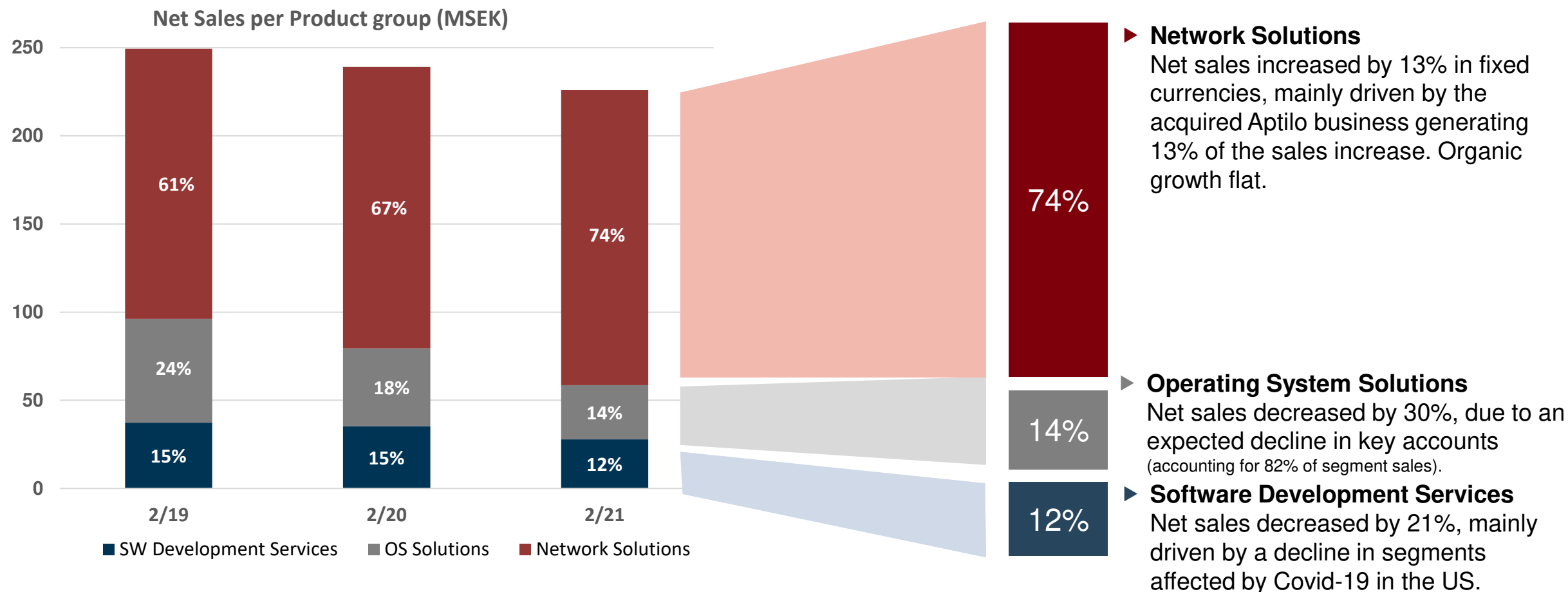
	2021 Q2	2020 Q2
Net sales (SEK m) ^{1/}	226	239
Growth (%)	-5	-4
Growth (% , currency adjusted)	1	-5

^{1/} LY does not include the Aptilo business, which was acquired 1 October 2020

Q2

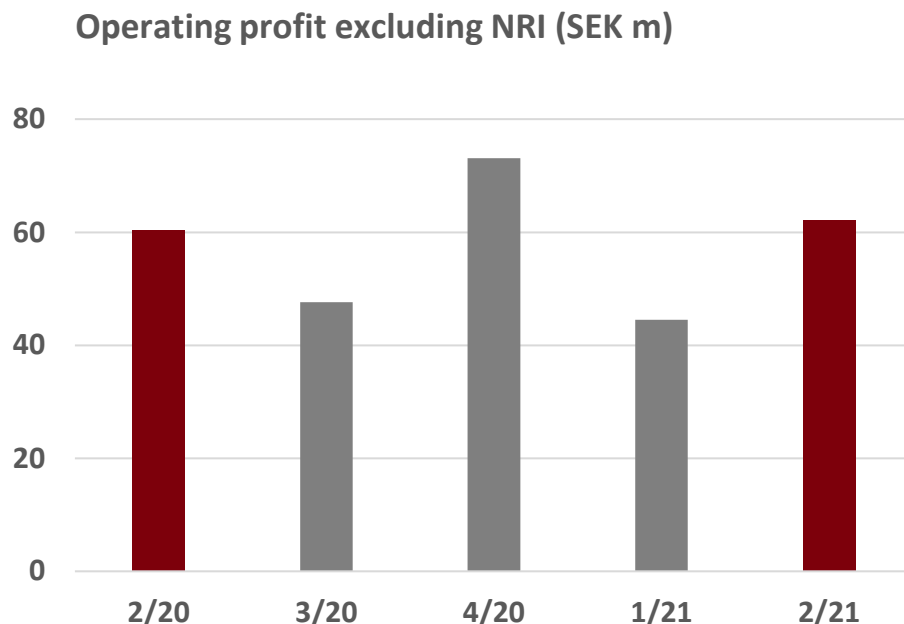
- ▶ 1% increase vs 2020-Q2, fixed currencies
- ▶ -5% decrease vs 2020-Q2 (239)

Network Solutions represent 74% of Total Net sales



Network solutions generated 13% growth and accounted for 74% of total Net sales

27.5 percent EBIT margin in Q2



	2021 Q2	2020 Q2	2021 H1	2020 H1
EBIT excl. non-recurring items, SEK m	62.1	60.4	106.8	100.9
EBIT, SEK m	62.1	59.1	106.8	81.7
EBIT margin excl. non-rec. items, %	27.5	25.3	24.3	21.9
EBIT margin, %	27.5	24.7	24.3	17.7
Earnings per share, SEK	2.41	2.18	4.43	2.98

Q2

- ▶ 27.5% EBIT margin (24.7%), 27.5% EBIT margin excl. NRI (25.3%)
- ▶ Other operating revenue increased due to loan forgiveness of SEK 4.7m
- ▶ Positively impacted by lower OPEX of SEK 11.7m: (96.6m vs 108.6m)
 - Currency impact and less costs for travel and LTIP
- ▶ 70.4% in Gross margin (70.2%)
 - Positive impact of higher share of software sales
 - More D&A related to recent years acquisitions
- ▶ Less cost, despite a full quarter of Aptilo operations

Solid Financial Position

Stable cash flow generation

- Q2 cash flow before changes in WC amounted to SEK 88.4 m (87.1)
- Q2 cash flow from operations amounted to SEK 94.3 m (67.7)

Effective financing structure

- Interest bearing bank loans amounted to SEK 393 m (total facility of SEK 530 m)
- Cash and cash equivalents were SEK 250.5 m (184.5)

Solid financial KPIs

- KPIs affected by the Aptilo acquisition (EV SEK 150 m)
- Equity ratio was 67.3 percent (68.0)
- Net debt to EBITDA was 0.43 (0.55)

Well-positioned to invest in both organic growth and potential non-organic opportunities

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Enea is one of the world's leading specialists in software for telecommunications and cybersecurity



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Strengthening Cybersecurity Portfolio

- ▶ **AdaptiveMobile Security - a leading provider of Mobile Network Security**
- ▶ **Enterprise value amounts to 45 MEUR**
- ▶ **The acquisition strengthens Enea cybersecurity portfolio, extends market reach and creates new opportunities in 5G network security**



Outlook 2021 and Longer Term

	2021	Longer Term
Market Dynamics	<ul style="list-style-type: none">• Pandemic causes delays in projects• Risks in earnings over the next several quarters	<ul style="list-style-type: none">• Growing markets for 5G data management, edge virtualization, IoT and cybersecurity• We challenge established players and increase our market share
Our Targets	<ul style="list-style-type: none">• Increase revenues compared to previous year• Achieve an operating margin above 20 percent	<ul style="list-style-type: none">• Significantly grow revenues organically and through acquisitions• Continue to grow Network Solutions• Maintain an operating margin above 20 percent• Surpass an annual turnover of SEK 1.5 billion, at the latest by the end of full year 2023

Thank you!

ENEA

www.enea.com

