



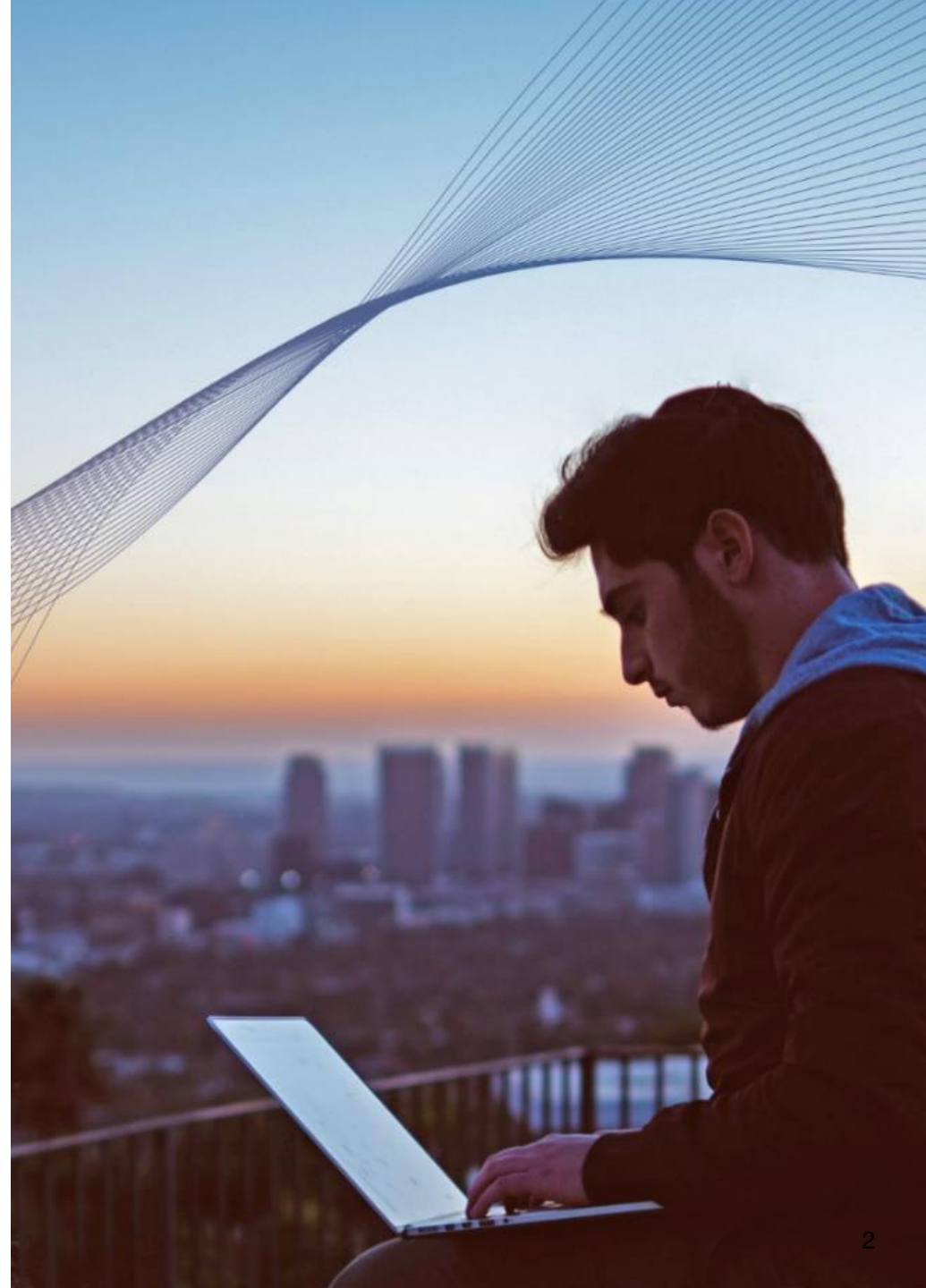
Enea Interim Report January-September 2021

Jan Häglund, President and CEO
Ola Burmark, CFO

October 26, 2021

Agenda

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



Summary of Q3 2021

Jul-Sep 2021

HEAD
QUARTER
KISTA,
SWEDEN

NET SALES
257
SEK m

OPERATING
MARGIN ^{2/}
23.6
PERCENT

NET DEBT TO
EBITDA
1.76

EARNINGS PER
SHARE
2.33
SEK

OPERATING
CASH FLOW
28
SEK m

R&D ^{1/}
25.8
PERCENT

Jan-Sep 2021

LISTED
NASDAQ
STOCKHOLM
(MID CAP)

NET SALES
696
SEK m

OPERATING
MARGIN ^{2/}
24.0
PERCENT

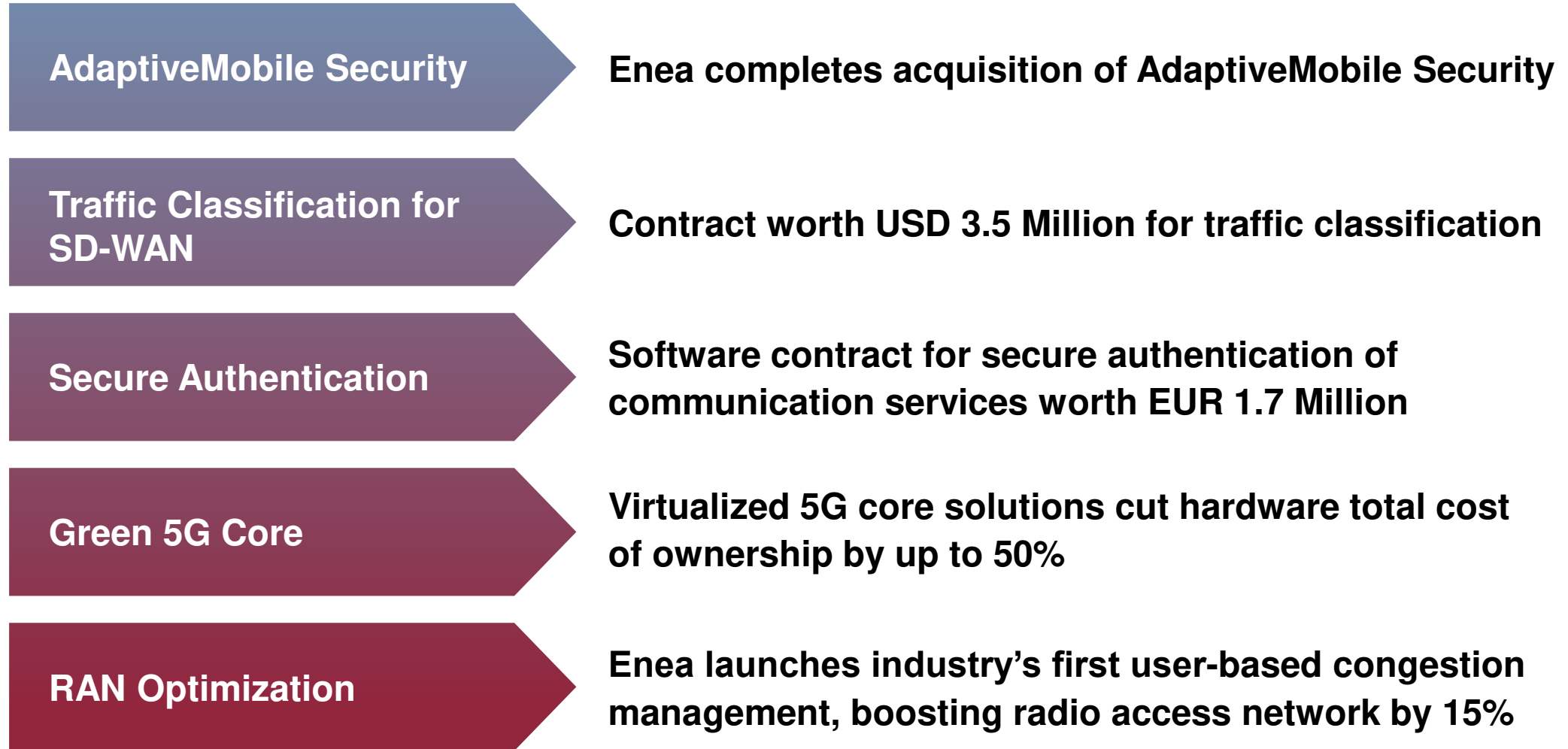
EARNINGS PER
SHARE
6.76
SEK

OPERATING
CASH FLOW
191
SEK m

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

^{2/} (EBIT excl NRI)/(Net Sales)

Key Events During the Third Quarter



Enea Completes Acquisition of AdaptiveMobile Security



- ▶ **On July 17, Enea closed the acquisition of AdaptiveMobile Security**
- ▶ **The acquisition brings a strong portfolio and a Tier 1 customer base in telecom security**
- ▶ **AdaptiveMobile Security will have sales of approximately 17 MEUR for the full year 2021**
- ▶ **Net sales for the third quarter was 47.3 MSEK and has been consolidated in full as part of product group Network Solutions within Enea**
- ▶ **Estimated to be EPS accretive from the fourth quarter 2021**



Contract Worth USD 3.5 Million for Traffic Classification

- ▶ **6-year agreement for new business with an existing customer**
- ▶ **The customer is a global North American vendor of cloud networking solutions for large data center and campus environments**
- ▶ **Enea software will be embedded in intelligent SD-WAN solution to provide granular traffic information used for WAN optimization, Quality of Service, firewalling, and reporting**



Software Contract for Secure Authentication Worth EUR 1.7 Million

- ▶ 5-year agreement for secure authentication of communication services with a Central European Tier-1 mobile operator
- ▶ Agreement covers new business with an existing customer
- ▶ License revenues of EUR 0.4 million are recognized in the third quarter of 2021
- ▶ Proof point for our secure cloud native software in 4G, 5G, and Wi-Fi networks



Product Innovation Saves Costs and Resources

**- 50%
Hardware**



**Virtualized 5G core solutions
cut hardware total cost of
ownership by up to 50%**



**+ 15%
Radio
Capacity**

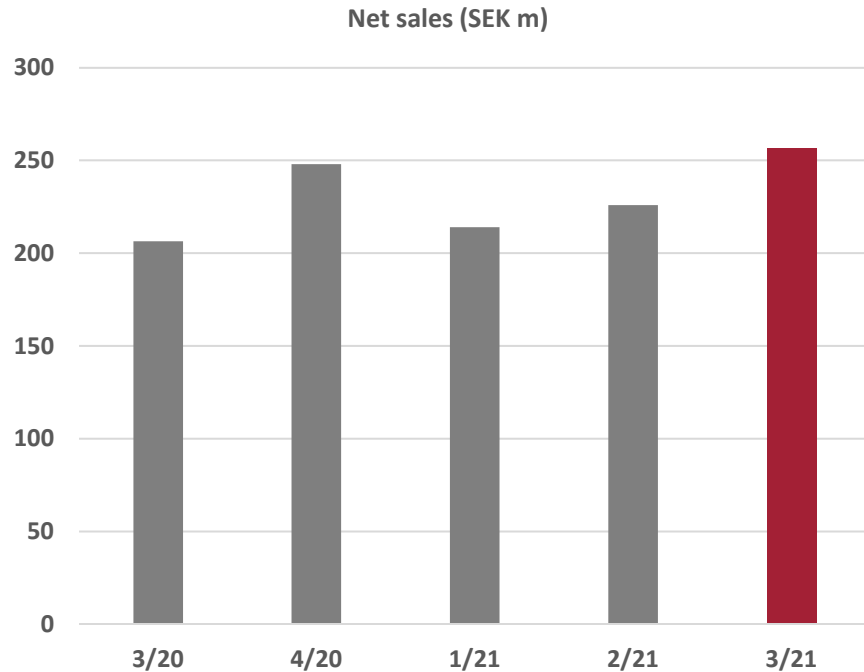
**Industry's first user-based
congestion management,
boosts radio access network
capacity by 15%**

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Net Sales Increased by 26% (currency adjusted)



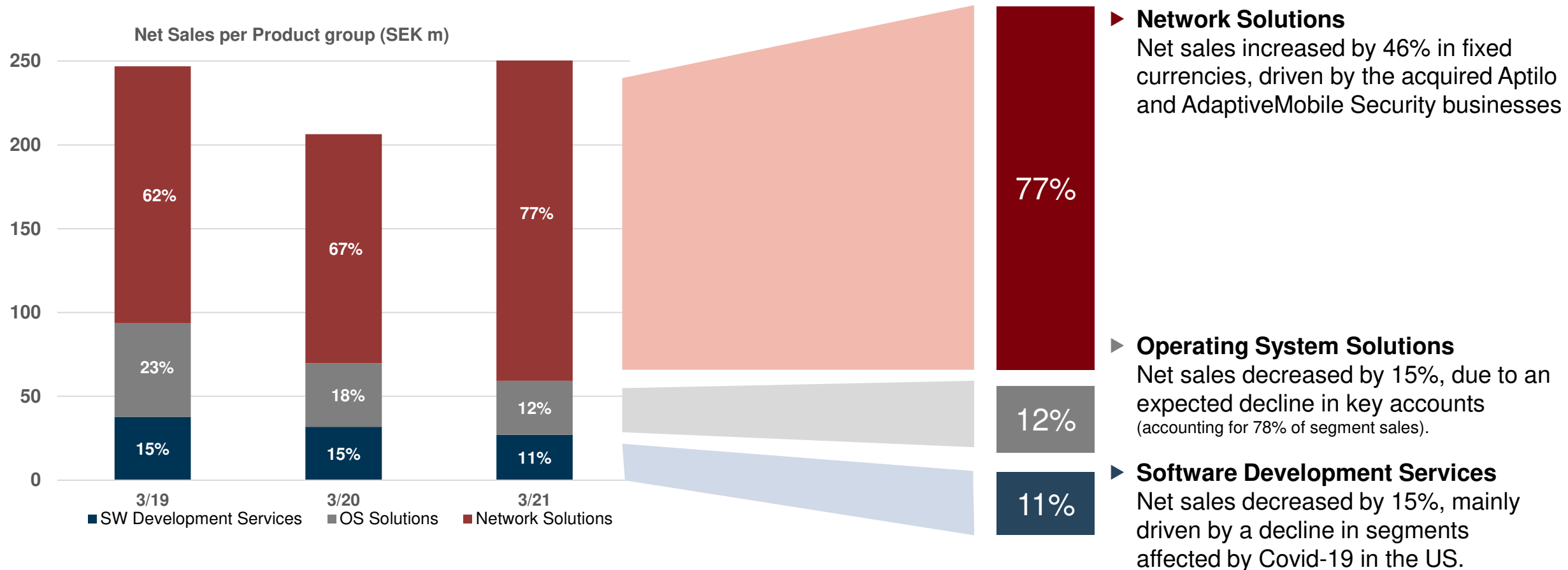
	2021 Q3	2020 Q3
Net sales (SEK m) ^{1/}	257	206
Growth (%)	24	-16
Growth (% , currency adjusted)	26	-13

^{1/} LY does not include Aptilo (acquired October 2020) and AdaptiveMobile Security (acquired July 2021)

Q3

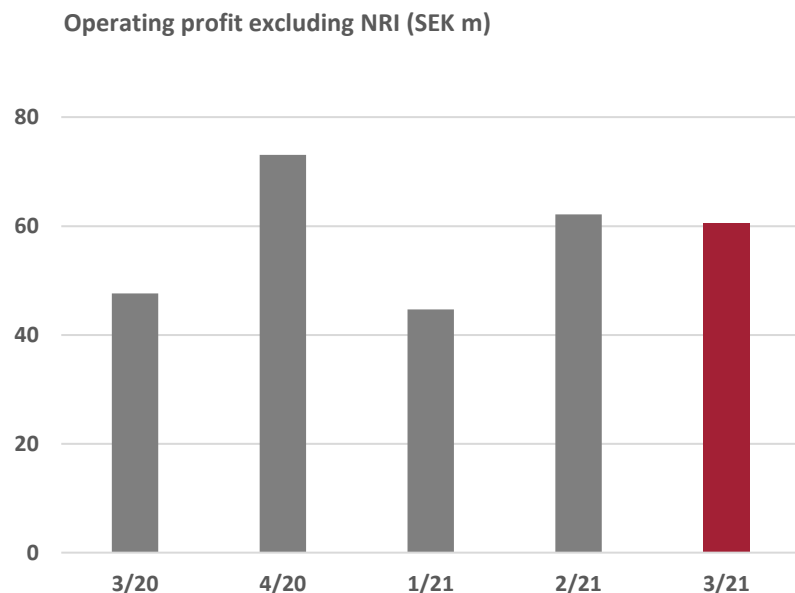
- ▶ 26% increase vs 2020-Q3, fixed currencies
- ▶ 24% increase vs 2020-Q3
- ▶ The increase driven by the acquisitions, Aptilo, and AdaptiveMobile Security

Network Solutions Represent 77 Percent of Total Net Sales



Network solutions generated 46% growth and accounted for 77% of total Net sales

23.6 Percent EBIT Margin in Q3



	2021 Q3	2020 Q3	2021 Jan-Sep	2020 Jan-Sep
EBIT excl Non-Recurring Items, SEK m	60.5	47.6	167.3	148.4
EBIT, SEK m	48.1	42.8	154.9	124.5
EBIT margin excl. non-rec. items, %	23.6	23.0	24.0	22.3
EBIT margin, %	18.7	20.7	22.2	18.7
Earnings per share, SEK	2.33	1.44	6.76	4.43

Q3

- ▶ 23.6% EBIT margin excl. NRI (23.0%)
- ▶ 18.7% EBIT margin (20.7%), incl. SEK 12.5m acquisition related cost (4.0)
- ▶ Positively impacted by lower OPEX (excl. NRI) to Net Sales, 42.7% (47.2)
- ▶ 66.3% in Gross margin (69.9%), negatively affected by increased D&A
- ▶ EPS increased more than EBIT as a result of an improved net result

Solid Financial Position

Stable cash flow generation

- Q3 cash flow before changes in WC amounted to SEK 86.1 m (68.1)
- Q3 cash flow from operations amounted to SEK 28.3 m (82.8)

Effective financing structure

- Interest bearing bank loans amounted to SEK 790.4 m
- Increase related to the new loan for the AdaptiveMobile Security acquisition
- Cash and cash equivalents were SEK 176.4 m (180.0)

Solid financial KPIs

- KPIs affected by the AdaptiveMobile Security acquisition (EV EUR 45 m)
- Equity ratio was 56.9 percent (69.6)
- Net debt to EBITDA was 1.76 (0.43)

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

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Strong Position in Cybersecurity



Mobile Messaging Security



Secure Authentication



Secure Network Data Layer



Mobile Signaling Security



Threat Intelligence for Operators and Governments



5G slicing and IoT security



Traffic Management with Content Filtering



Embedded DPI for Cybersecurity



Outlook 2021 and Longer Term

	2021	Longer Term
Market Dynamics	<ul style="list-style-type: none">• Pandemic restrictions remain in large parts of the world• Some project delays and barriers to new sales expected	<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!

ENEAA

www.enea.com

