



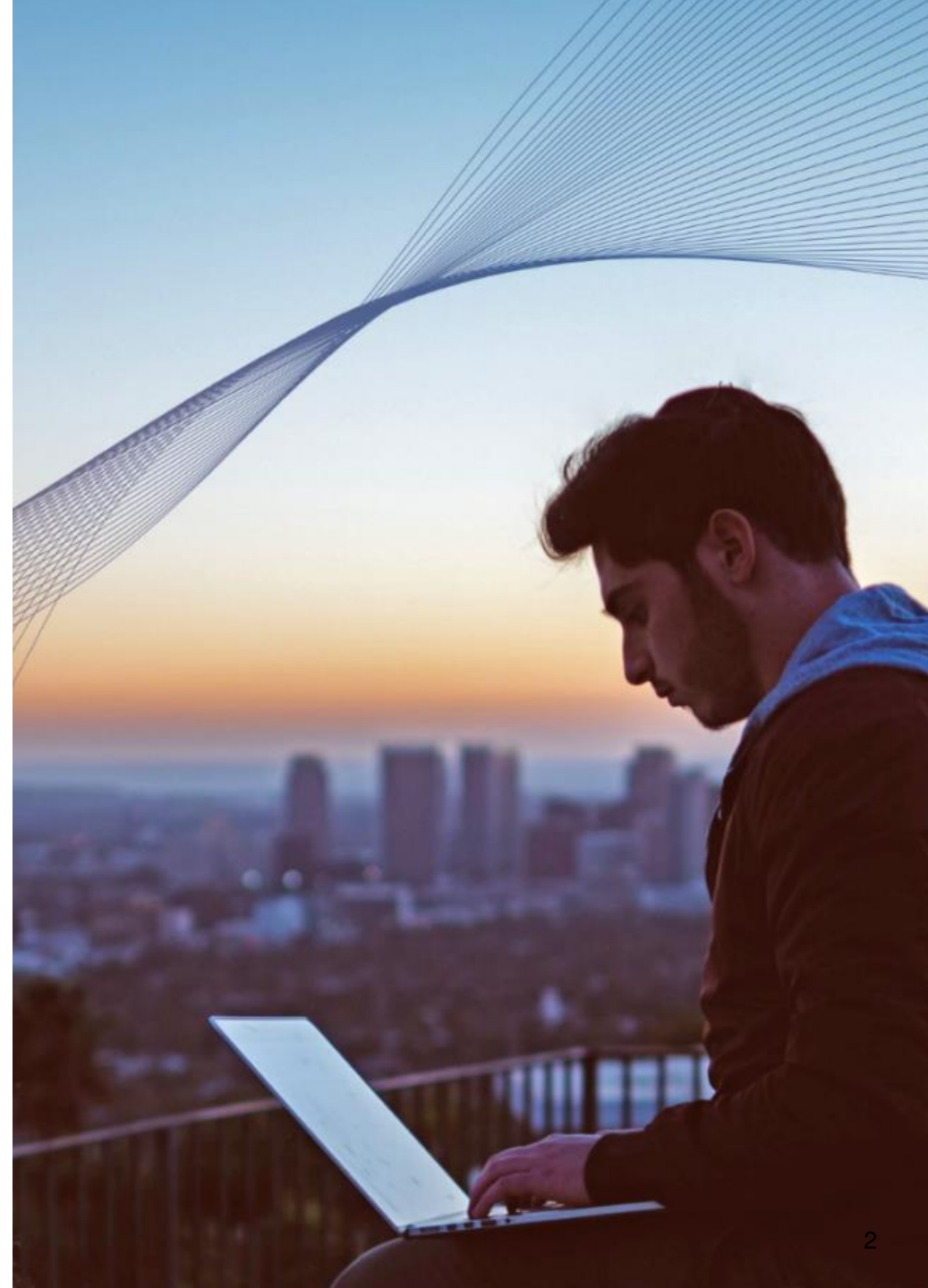
# Annual Statement 2021

Jan Häglund, President and CEO  
Ola Burmark, CFO

February 2, 2022

# Agenda

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



# Summary of Q4 2021

## Oct-Dec 2021

## Jan-Dec 2021

HEAD  
QUARTER  
KISTA,  
SWEDEN

NET SALES  
**279**  
SEK m

OPERATING  
MARGIN <sup>2/</sup>  
**29.8**  
PERCENT

NET DEBT  
**527**  
SEK m

NET SALES  
**976**  
SEK m

OPERATING  
MARGIN <sup>1/</sup>  
**25.7**  
PERCENT

NET DEBT TO  
EBITDA  
**1.41**

LISTED  
NASDAQ  
STOCKHOLM  
(MID CAP)

EARNINGS PER  
SHARE  
**2.54**  
SEK

OPERATING  
CASH FLOW  
**142**  
SEK m

R&D <sup>1/</sup>  
**27.7**  
PERCENT

EARNINGS PER  
SHARE  
**9.30**  
SEK

OPERATING  
CASH FLOW  
**334**  
SEK m

R&D <sup>1/</sup>  
**27.3**  
PERCENT

<sup>1/</sup> (OPEX and Capitalized R&D)/(Net Sales)  
<sup>2/</sup> (EBIT excl NRI)/(Net Sales)

# Key Events During the Fourth Quarter

## Secure Authentication

**Contract worth EUR 3.1 million with an affiliate of a European Tier-1 operator**

## Traffic Classification for Cybersecurity & SD-WAN

**Contract worth USD 3.1 million with a global cloud computing and virtualization technology vendor**

## Private 5G

**Compal Electronics deploys Enea 5G MicroCore for private 5G network**

## Innovation

**AdaptiveMobile Security wins award for 5G security and Enea Aptilo wins award for IoT Connectivity Control Service**

## Portfolio change

**Edge virtualization platform to be discontinued, write-off of 20 MSEK capitalized development cost**

# Contract for Secure Authentication Worth EUR 3.1 Million

- ▶ **3-year agreement for core network applications with an affiliate of a European Tier-1 operator**
- ▶ **The solution will ensure secure authentication for all subscribers in the customer's mobile network**
- ▶ **The agreement covers new business with an existing customer, and includes software licenses, professional services, as well as support and maintenance.**
- ▶ **Software licenses at a value of EUR 0.4 million are booked in Q4 2021, while remaining revenues are recognized over the full contract period.**





# Contract Worth USD 3.1 Million for Traffic Classification

- ▶ 4-year agreement for new business with an existing customer
- ▶ The customer is a global, US-based cloud computing and virtualization technology vendor
- ▶ Enea software will be embedded in firewall offering and SD-WAN solution, to provide real-time traffic intelligence used for cybersecurity, WAN optimization, and Quality of Service



# Compal Electronics Deploys Enea's 5G MicroCore for Private 5G Network



- ▶ **Compal Electronics is one of the world's largest original design manufacturers (ODMs)**
- ▶ **Deployed Enea 5G MicroCore to manage data on private wireless network and enhance smart manufacturing and Industry 4.0 capabilities**
- ▶ **Reasons to select Enea: best-of-breed virtualized software, reduced hardware cost by up to 50%, and low carbon footprint**



# Innovation: Awards for 5G Security and IoT



**AdaptiveMobile Security  
wins for 5G security in  
Fierce Telecom Awards**



**Enea Aptilo IoT Connectivity  
Control Service wins for  
innovation in World  
Communication Awards**



# Reallocating Resources from Low Growth to High Growth Areas

## Sales trends

- ▶ Market for virtualization platforms has developed slower than expected
- ▶ Lower market demand for operating systems, as anticipated



## Adjustments

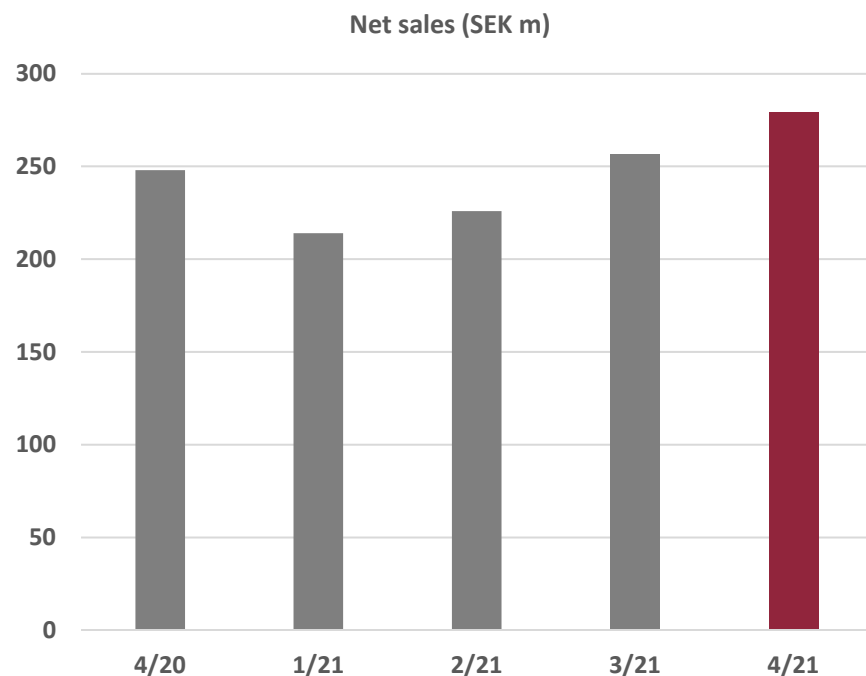
- ▶ Edge virtualization platform product line to be discontinued
- ▶ Write-off of 20 MSEK capitalized development costs related to this market in Q4 2021
- ▶ In Q1 2022 we plan to reduce work force in operating systems and virtualization platforms by approximately 30 people, at an estimated restructuring cost of 30 MSEK in Q1 2022
- ▶ Possibility to re-invest 45 MSEK in growth areas 5G and Cybersecurity

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# Net sales increased by 13% (currency adjusted)



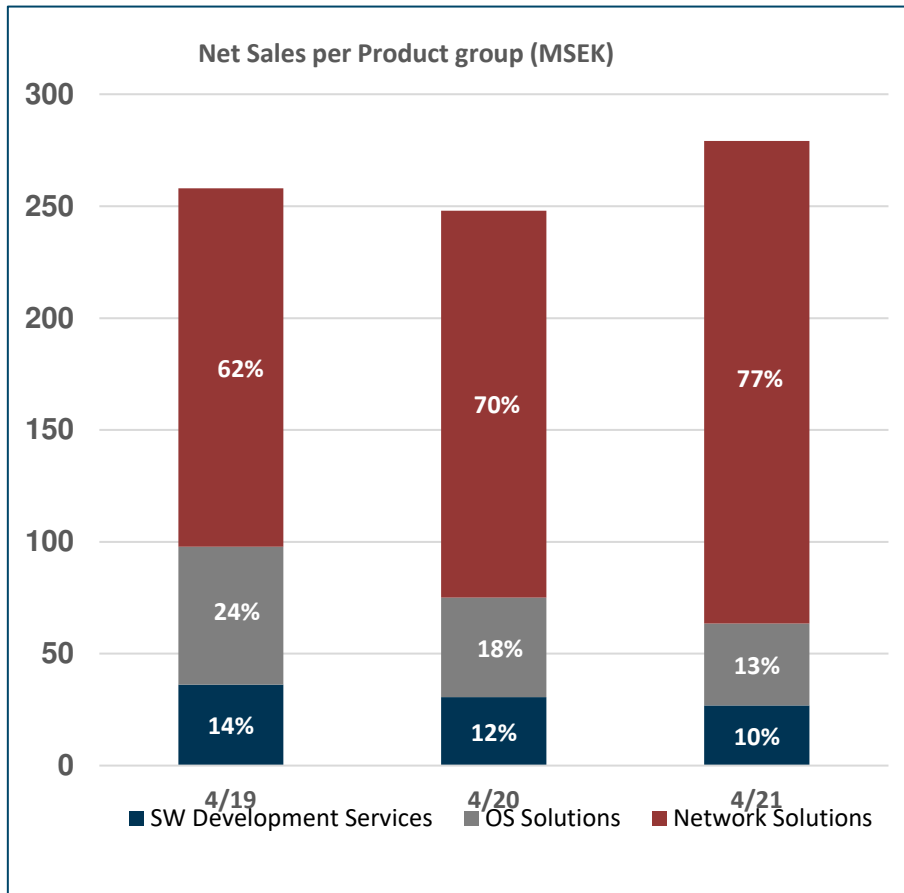
	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
Net Sales <sup>1/</sup>	279	248	976	915
Growth (%)	+13%	-4%	+7%	-8%
Growth (% , currency adjusted)	+13%	+1%	+11%	-7%

<sup>1/</sup> LY does not include Adaptive Mobile Security business (acquired July 2021), which contributed by 56 SEKm in the quarter and 103 SEKm July-December

## Q4

- ▶ 13% increase vs 2020-Q4, fixed currencies
- ▶ 13% increase vs 2020-Q4
- ▶ The increase driven by the acquisition Adaptive Mobile Security which contributed by 56 SEKm to Net Sales in the fourth quarter
- ▶ **Total Revenue of 293 SEKm** includes Other revenues of 14.2 SEKm (4.3) includes loan forgiveness in US of 5 SEKm and development grants of 6 SEKm

# Network Solutions represent 77% of Total Net sales



## ► Network Solutions

Net sales increased by 25% in fixed currencies, driven by the acquisition of Adaptive Mobile Security

- Organic growth adjusted for currency was -8% vs Q4 2020

## ► Operating System Solutions

Net sales decreased by 18%, due to an expected decline in key accounts (accounting for 65% (75) of segment sales).

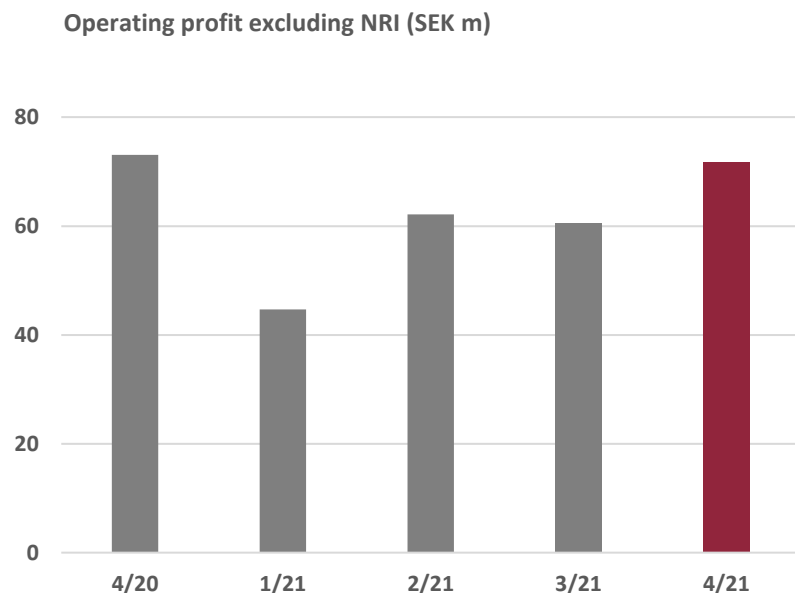
## ► Software Development Services

Net sales decreased by 12%, mainly driven by a decline in segments affected by Covid-19 in the US.

Network solutions growth by 25% and accounted for 77% of total Net sales



# 29.8 percent EBIT margin in Q4



	2021 Q4	2020 Q4	2021 Jan-Dec	2020 Jan-Dec
EBIT excl Non-Recurring Items, SEK m	83.1	73.1	250.4	221.5
EBIT, SEK m	61.1	64.2	216.0	188.6
EBIT margin excl. non-rec. items, %	29.8%	29.5%	25.7%	24.2%
EBIT margin, %	21.9%	25.9%	22.1%	20.6%
Earnings per share, SEK	2.54	2.20	9.30	6.63

## Q4

- ▶ 29.8% EBIT margin excl. NRI (29.5%)
- ▶ 21.9% EBIT margin (25.9%), incl SEK 22.0m NRI (8.9)
- ▶ Positively impacted by decrease in OPEX (excl NRI) to Net Sales, 40.0% (41.7)
- ▶ 69.7% in Gross margin (71.1%), negatively affected by the increased D&A
- ▶ EPS increased by 15,5% to 2.54 compared to 2.20 last year

# Solid Financial Position

## Stable cash flow generation

- Q4 cash flow before changes in WC amounted to SEK 112.8m (80.8)
- Q4 cash flow from operations amounted to SEK 142.4 m (61.5)

## Effective financing structure

- Interest bearing bank loans amounted to SEK 738.7m (433.9)
- Increase related to the new loan for the AdaptiveMobile Security acquisition
- Cash and cash equivalents were SEK 211.4 m (195.1)

## Solid financial KPIs

- KPIs affected by the AdaptiveMobile Security acquisition (EV EUR 45 m)
- Equity ratio was 58.6 percent (63.7)
- Net debt to EBITDA was 1.41 (0.81)

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

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# Strategy

*We focus on software...*



...in a world where many of our competitors are encumbered by legacy hardware business.

*We are selective...*



...and provide software components in market segments with good profitability and growth potential.

*We leverage trends...*



...including:

- ▶ 5G core networks
- ▶ Cloud-native telco software
- ▶ Cybersecurity



# Outlook 2022 and Longer Term

	2022	Longer Term
Market Dynamics	<ul style="list-style-type: none"><li>• Pandemic restrictions remain in large parts of the world</li><li>• Some project delays and challenges for new sales expected</li></ul>	<ul style="list-style-type: none"><li>• Growing markets for 5G and Cybersecurity</li><li>• We challenge established players and increase our market share</li></ul>
Our Targets	<ul style="list-style-type: none"><li>• Increase revenues compared to previous year</li><li>• Operating margin above 20 percent</li></ul>	<ul style="list-style-type: none"><li>• Significantly grow revenues organically and through acquisitions</li><li>• Continue to grow Network Solutions</li><li>• Maintain an operating margin above 20 percent</li><li>• Surpass an annual turnover of SEK 1.5 billion, at the latest by the end of full year 2023</li></ul>

# Thank you!

**ENEAA**

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