Interim Report
January - June 2023

Anders Lidbeck, Acting President & CEO
Ulf Stigberg, Acting CFO

July 18, 2023
Agenda

- Key Events
- Financial Results
- Way Forward and Outlook
Tough Start to the Quarter

Multi-year contract for our 5G Cloud Network Data Layer product with a European telecom operator discontinued.

- Reservation in Q2 of already booked revenues of 41 MSEK
- Loss of expected revenues in Q2 and going forward

- Strategic review of our telecom operations
Strategic Review of our Telecom Operations

1. Focus on market opportunities and outlook for our telecom portfolio
2. Focus on own products and roadmaps as well as go-to-market capabilities
3. Impairment test of intangible assets and capitalized R&D

✓ Increased interest rates leads to an increased WACC (to 11.5%)
✓ New long term business case
✓ Closing R&D site in India
✓ Consolidating on our R&D site in Croatia (and Belfast)
✓ Sharpening the focus of our NDL product
✓ Keeping the entire product portfolio intact, as well as all our other roadmaps
✓ 70 positions impacted by the changes
✓ CEO change starting Q3

ENErena
Financial Impact of the Changes

➢ Q223, 65MSEK reservations (41MSEK accrued income and 24MSEK bad debt)
➢ Q223, 20MSEK in NRI plus 10MSEK in Q323
➢ Q223, 522MSEK impairment of which 415MSEK in Goodwill and 107MSEK in CAPEX
➢ Q223-, 30MSEK less in expected new business from the discontinued project
➢ Q223-, 13MSEK increased OPEX due to lower capitalization of R&D

=> Creating a 60MSEK positive cashflow effect from 2024
Agenda

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▶ Financial Results
▶ Way Forward and Outlook
## Not Helping Already Soft Net Sales

10% decrease vs 2022-Q2 in fixed currencies
- 4% decrease vs 2022-Q2 in floating currencies
- Currency Adjusted organic decrease of 10% in the second quarter
  - Network Solutions -8%
  - Operating Systems -18%
- Total Revenues of SEK 217m (222) include Other revenues of SEK 9.7m (5.2), all related to currency gains.

### Net Sales

<table>
<thead>
<tr>
<th></th>
<th>2023 Q2</th>
<th>2022 Q2</th>
<th>2023 Jan-Jun</th>
<th>2022 Jan-Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>208</td>
<td>217</td>
<td>456</td>
<td>427</td>
</tr>
<tr>
<td>Growth (%)</td>
<td>-4%</td>
<td>9%</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Growth (% currency adjusted)</td>
<td>-10%</td>
<td>3%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>217</td>
<td>222</td>
<td>471</td>
<td>439</td>
</tr>
<tr>
<td>FX impact vs last year</td>
<td>12.3</td>
<td>21.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Net sales (SEK m)](image)
Significant Impact on the EBITDA Margin

- 24% (33%) EBITDA margin excl. NRI
- Non-recurring items in Q2 amounted to SEK 84.6m
- 75.6% in Gross margin (78.5%), negative impact of 3 percentage units by lower share of software revenues
- Operational expenses of SEK 163.2m (145.7).
- Operating expenses, excluding D&A and costs amounted to SEK 123.2m (110.2) and have been negatively impacted by unfavorable exchange rates of approx. SEK 7.6m
- Operational spend in local currencies have decreased by SEK 8.8m compared to last year
Even More Stress on our EBIT Margin

- EBIT excl Non-Rec Items of SEK 1.3m (28.5) or 1% (13%) EBIT margin
- Non-recurring items in Q2 amounted to SEK 607.0m
- EPS of -28.70 compared to 6.56 last year
- EPS for the continued operations of -28.70 compared to 2.15 last year

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</tr>
</thead>
<tbody>
<tr>
<td>EBIT excl Non-Recurring Items, SEK m</td>
<td>1.3</td>
<td>28.5</td>
<td>48.8</td>
<td>44.3</td>
</tr>
<tr>
<td>EBIT, SEK m</td>
<td>-605.7</td>
<td>28.3</td>
<td>-558.2</td>
<td>19.3</td>
</tr>
<tr>
<td>EBIT margin excl. non-rec. items, %</td>
<td>1%</td>
<td>13%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>EBIT margin, %</td>
<td>-292%</td>
<td>13%</td>
<td>-122%</td>
<td>4%</td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>-28.70</td>
<td>6.56</td>
<td>-27.04</td>
<td>6.19</td>
</tr>
<tr>
<td>Earnings per share (Continued operations), SEK</td>
<td>-28.70</td>
<td>2.15</td>
<td>-27.04</td>
<td>1.54</td>
</tr>
</tbody>
</table>
Growth in Support & Maintenance for Network Solutions

- **Stable development of Support & Maintenance for Network Solutions**
  - Increased from SEK 80m 2020 to SEK 138m 2023
  - Shows the loyal underlying customer base
  - Recurring revenues an important part of the revenue mix – increases stability

- **License revenue**
  - Shows the importance of larger customer projects with a good share of software license components
Operating Systems Soon Where We Predicted...

- Operating Systems represents only 13% of Net Sales
- Net sales decreased by 15%
  - Organic growth adjusted for currency was -18% vs Q2 2022
- Stable long-term tail of support and maintenance contracts
But Strengthening an Already Strong Financial Position

- **Cash flow generation**
  - Cash flow from operations amounted to SEK 77.1m (73.3)
  - Cash flow from investment activities SEK -22.5m (120.6)
  - Cash flow from financing activities SEK -34.7m (-126.5)
  - Net Cash flow for the quarter of SEK 20.0m (67.4)

- **Financing structure**
  - Interest bearing bank loans amounted to SEK 511.7m (577.2)
  - Cash and cash equivalents were SEK 291.3m (218.0)
  - Net debt of SEK 220.4m (359.2m)
  - Unutilized credit facilities of SEK 380m

- **Financial KPIs**
  - Equity ratio was 64.0 percent (65.9)
  - Net debt to EBITDA was 0.89 (1.20)
A Buy-back Program of Own Shares Initiated

- The board has initiated a buy-back program of own shares
- Within the 10% mandate given by the AGM
- The program starts now and runs until October 25\textsuperscript{th} 2023
- The program will be carried out by a credit institution following the ‘Safe Harbour Regulation’
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Much More to Enea Than the NDL Project
Video Drives the Mobile Traffic Growth

Video drives >20 percent annual Global Traffic growth to 2028

Source: Ericsson Mobility Report 06 2023
5G Core Network Market Still in Front of Us

There are 249 commercial 5G networks as of March 31, 2023 ¹

Only 20 percent of the operators and mainly small-scale deployments ²

¹) Source: Lightcounting – Téral Research
²) Source: GSA
Increased International Focus on Cybersecurity

International investigation links Mobile attacks to murder, election interference and major financial crimes.

US FTC reports 100% YoY growth in messaging fraud, costing consumers $330M USD

More countries implementing Cybersecurity and resilience strategies. Eg US, Ireland, UK, Australia, Singapore, Malaysia, India

“Telecom providers must make sure that they cannot be abused as a kind of highway for spies.”

Sophie In’t Veld, EU MP
Influencing the Market

International investigation into mobile security

Expert speakers at external security events

EU PEGA Committee influencing govt agenda

Telenor slicing proof-of-concept in the media

Best Security product – Cyberdefence magazine

Telefonica at Movic and event with AT&T Mexico
Our goal in the coming years is to generate double-digit growth in Network Solutions, an EBITDA margin over 35 percent, and strong cash flows. Over time, we also aim to make complementary acquisitions to further strengthen our market position.

In 2023, we also expect a strong cash flow. But after a weak first half of the year and with a difficult economic situation, 2023 will be a challenging year in terms of growth and profit.