



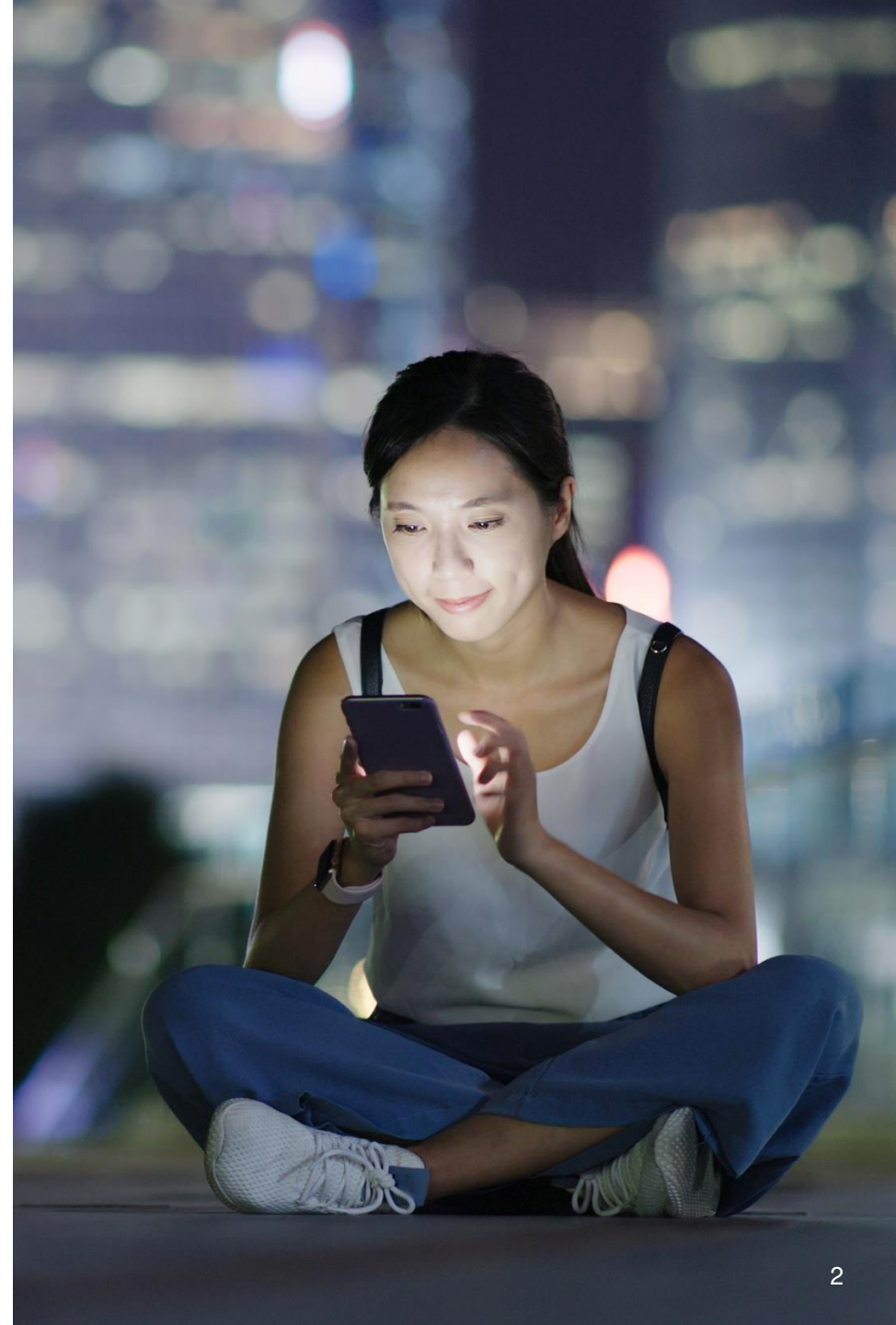
Interim Report January - December 2022

Jan Häglund, President and CEO
Ola Burmark, CFO

February 2, 2023

Agenda

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



Summary of Q4 2022 and Full Year

October - December

January - December

| | | | | | | |
|--|--|--|--------------------------------------|---|--|--------------------------------------|
| HEAD QUARTER KISTA, SWEDEN | NET SALES 271 SEK m | OPERATING MARGIN ^{2/} 21 PERCENT | NET DEBT 320 SEK m | NET SALES 928 SEK m | OPERATING MARGIN ^{2/} 16 PERCENT | NET DEBT 320 SEK m |
| LISTED NASDAQ STOCKHOLM (MID CAP) | EARNINGS PER SHARE 1.82 1.81 ^{3/} SEK | OPERATING CASH FLOW -2 SEK m | R&D ^{1/} 22.4 PERCENT | EARNINGS PER SHARE 10.43 5.05 ^{3/} SEK | OPERATING CASH FLOW 167 SEK m | R&D ^{1/} 29.1 PERCENT |

^{1/} (OPEX less D&A plus Capitalized R&D)/(Net Sales)

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

^{3/} (EPS continued operations)

Developments in the Quarter

- ▶ Significant wins in the quarter, including a Wi-Fi deal in North America and a multi-country Security contract in Europe, reflect our ability to cross-sell the portfolio with existing Tier 1 customers.
- ▶ Increase in net sales and operating profit, compared to previous quarters in the year. Network Solutions grew 3 percent organically in constant currencies.
- ▶ Operating Systems declined 20 percent. A 3-year renewal for OSE support with a major customer in January provides predictable recurring revenue as this market declines.
- ▶ We see continued high attention on Cybersecurity, enhanced by the geopolitical environment
- ▶ We maintain our growth ambition and continue to invest in our sales and go to market capabilities to capture new business.



Surging Fraud and Security Threats

- ▶ Swedish Security Agency (Säpo) warns that Russia poses a threat to critical infrastructure including telecoms.

“These are sectors where attacks against Sweden could cause damage to the rest of Europe as well.”

- ▶ Fraud against companies and individuals is growing, generating financial losses and eroding trust in SMS. In the US alone, Enea blocks 50 million fraud/spam messages every day.
- ▶ MWC Barcelona to host inaugural Security conference, including defense and security groups from multiple countries.

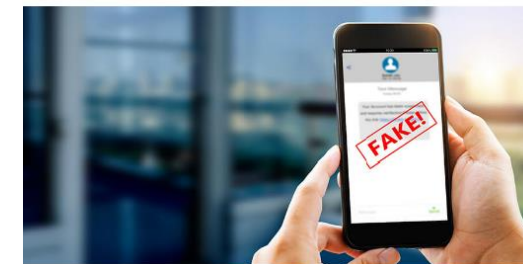


Elon Musk Says Twitter Lost \$60mn a Year Because 390 Telcos Used Bot Accounts to Pump A2P SMS



A2P SMS Fraud a Rising Threat

18 JANUARY 2023



European Network Security Win

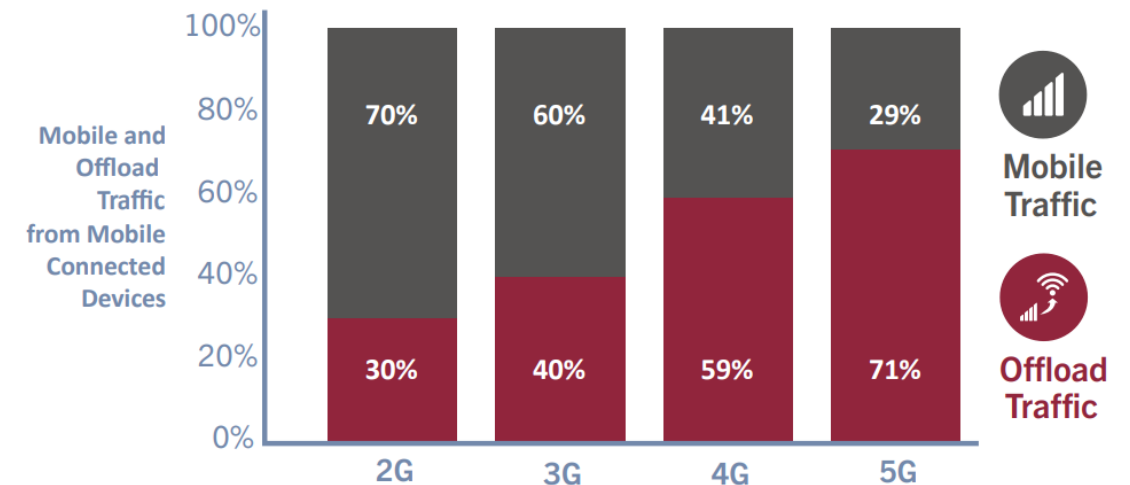
- ▶ Significant deal for mobile network security with European Tier 1 telco; total order value of EUR 2.2 million.
- ▶ Enea AdaptiveMobile Security products and services protect against intrusion and sabotage attempts.
- ▶ The agreement covers new business with an existing customer and includes software as well as services in multiple countries.
- ▶ Revenue of EUR 1 million is booked in the fourth quarter of 2022. The remaining part is recognized during a three-year period.



Wi-Fi and 5G – A Marriage of Equals

- ▶ Wi-Fi offload set to grow with 5G, driven by video calling and streaming indoors.
- ▶ Wi-Fi 6 gains mobility and Quality-of-Service capabilities, providing for consistent user experience when moving between mobile and Wi-Fi.
- ▶ Many 5G spectrum bands will require in-building solutions, leading operators to seek business case synergies with their Wi-Fi investments.

The share of offloaded traffic will only increase



The increasing percentage of traffic 'offloaded' from mobile networks to Wi-Fi networks as a function of the cellular generation. Source: Cisco.

<https://www.enea.com/insights/wba-openroaming/>

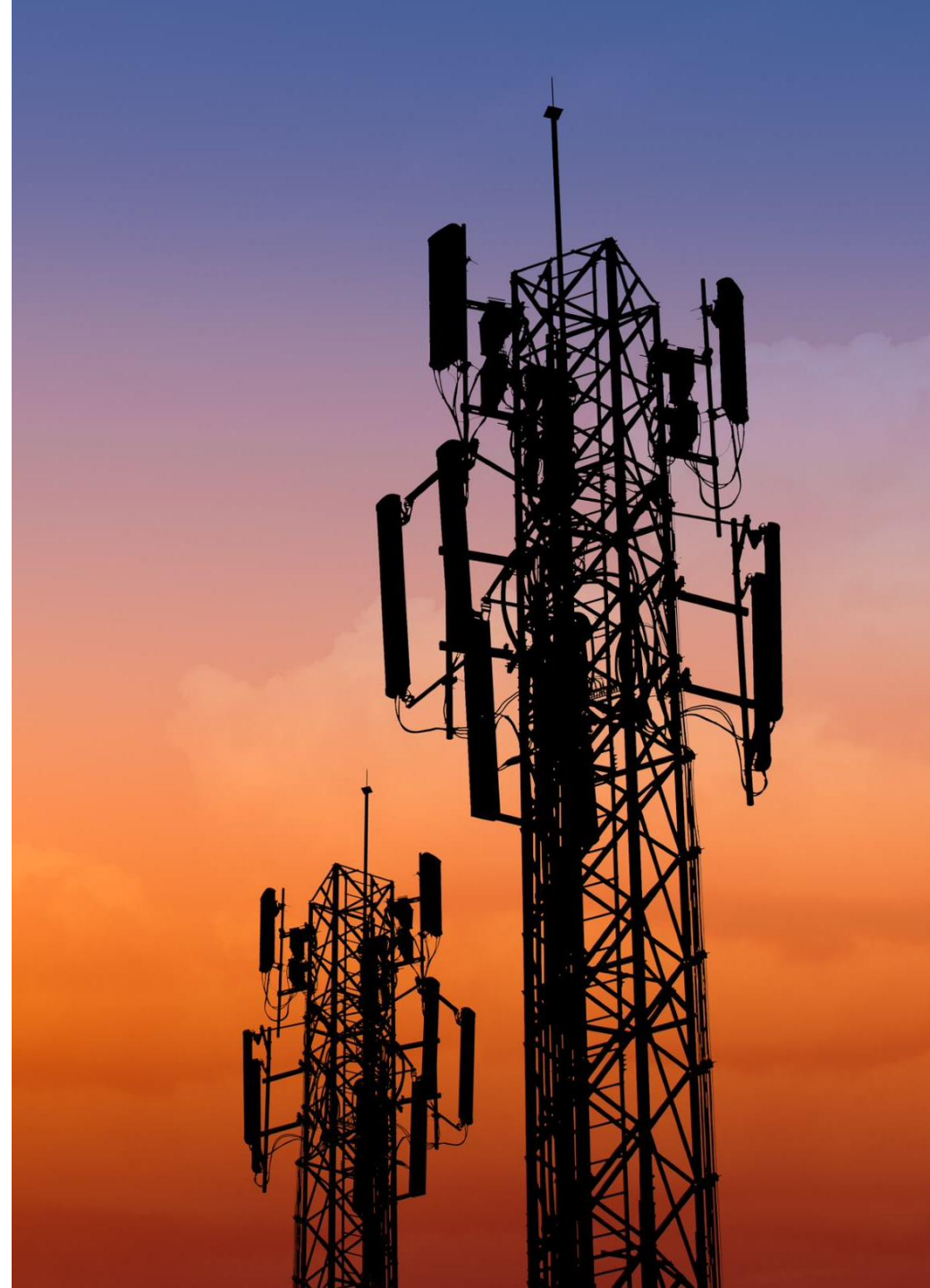
North American Wi-Fi Win

- ▶ Wi-Fi Contract with a Tier 1 North American operator; total deal value of USD 1.6 million.
- ▶ New business with an existing customer and an example of cross-selling of a wider portfolio.
- ▶ The Enea Aptilo Wi-Fi Service Management Platform will enable the mobile operator's public Wi-Fi services that increase coverage and capacity for end users in a cost-effective way.
- ▶ Software licenses corresponding to a value of USD 1.2 million are booked in the fourth quarter of 2022. Remaining revenue including professional services is recognized during 2023.



Three-year Support Renewal

- ▶ Frame contract for support and maintenance of operating systems (OSE) with one of our key customers; total contract value is SEK 60 million.
- ▶ A three-year contract prolongs support services, replacing former one-year agreements.
- ▶ The contract generates guaranteed recurring revenues of approximately SEK 20 million per year. The previous one-year agreement, which expired in December 2022, yielded revenue of approximately SEK 25 million.



Influencing the Market

Gartner.
Market Guide for IoT Mobile Virtual Network Enablers
Published 31 October 2022 - ID G00729962 - 40 min read
by Pablo Ariandiaga, Eric Goodness
ABiresearch | Digital Transformation and Innovation; Cloud and Edge Infrastructure
5G CORE MARKET STATUS AND MIGRATION ANALYSIS
TECHNOLOGY ANALYSIS REPORT | January 12, 2023
Don Alusha, Senior Analyst

Analyst Recognition

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HOW TO SAVE ENERGY & OPTIMIZE MOBILE EXPERIENCE
EXECUTIVE BRIEFING

Mobile
Mobile operators could save \$10mn in annual energy costs
by Josephine Walbank
mobile-magazine
Mobile operators could save \$10mn in annual energy costs
3.69K | 271K

Energy Campaign Momentum

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INNOVATIVE SOFTWARE FOR
Telecom and Cybersecurity

Our cloud-native software controls, optimizes, and secures services for mobile subscribers, enterprises, and the Internet of Things. More than 100 communication service providers and 4.5 billion people rely on Enea technologies daily.

In Focus

- Save Energy With Enea
- VIDEO CONTENT SHOULDN'T COST THE EARTH

Strengthened Web Presence

TechRepublic.

IBM, Casa Systems and Enea team up to offer private 5G and RAN solutions

by Franklin Okeke in 5G
on December 16, 2022, 6:34 AM PST

IBM Casa Partnership

The Signal

Episode 26: The role of Wi-Fi® in the future of mobile convergence with Jonas Bjorklund of Enea
December 6th, 2022

The Signal: A Wi-Fi Alliance podcast
The role of Wi-Fi® in the future of mobile convergence

Podcast: Wi-Fi and Mobile Convergence

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Intel® Network Builders **PARTNER** intel

Strengthening Threat Detection with DPI-Based Traffic Intelligence

Sebastien Synold, Product Manager, DPI & Traffic Intelligence, Enea
Erik Larsson, Head of Marketing, DPI & Traffic Intelligence, Enea

Tuesday, December 6th 2022

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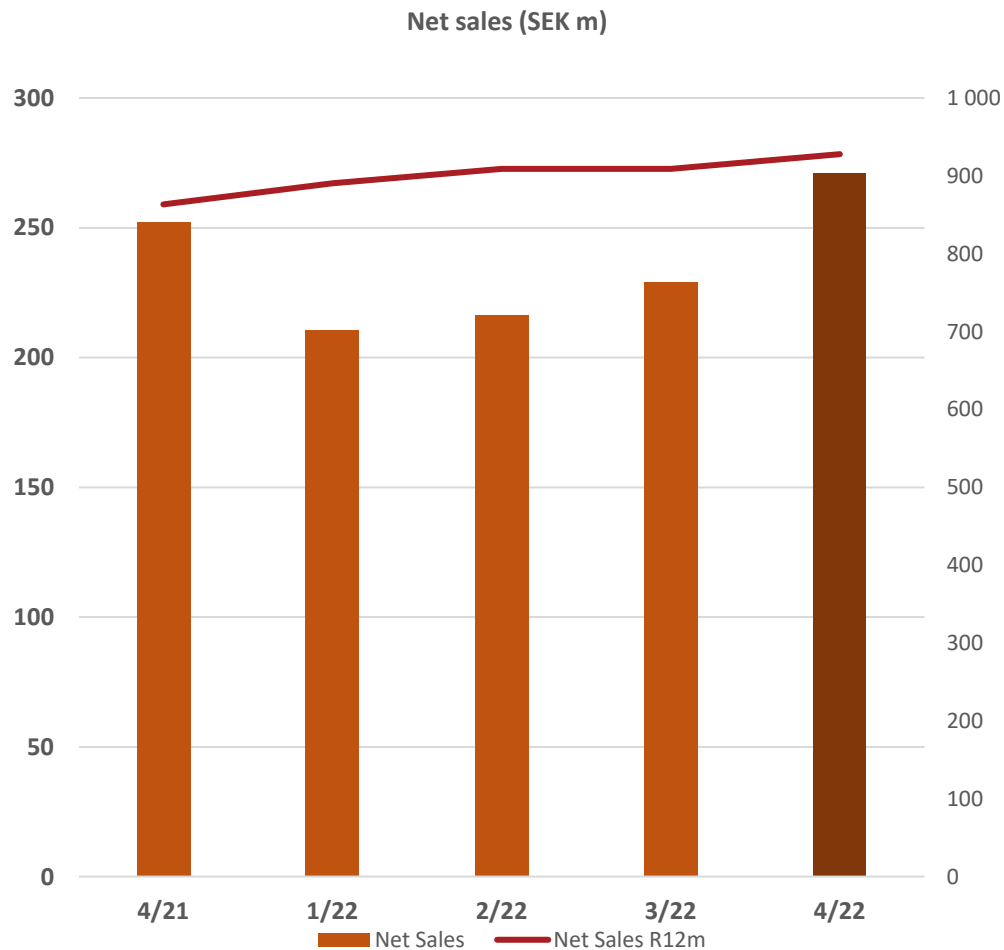
Cybersecurity Webinar with Intel

Agenda

- ▶ Summary and Key Events
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Net Sales in Line with Last Year (currency adjusted)



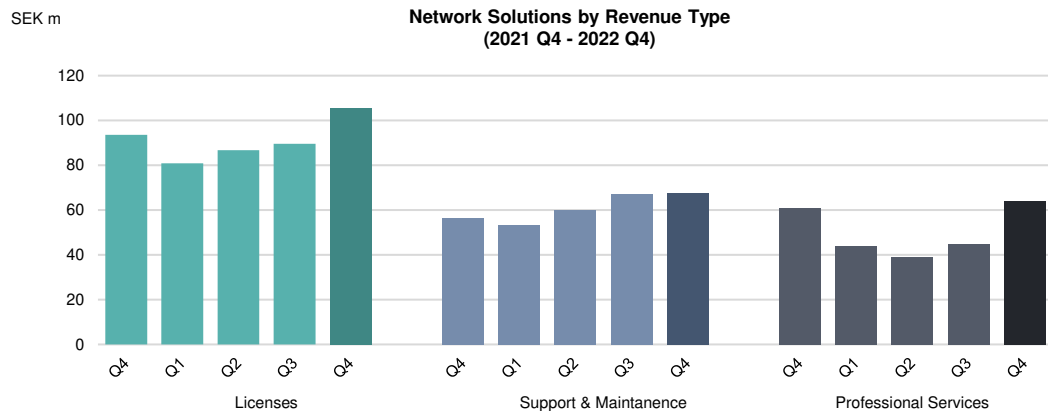
| | 2022 Q4 | 2021 Q4 | 2022 Full Year | 2021 Full Year |
|--------------------------------|---------|---------|----------------|----------------|
| Net Sales | 271 | 252 | 928 | 863 |
| Growth (%) ^{1/} | 7% | 16% | 7% | 11% |
| Growth (% , currency adjusted) | 0% | 16% | 1% | 14% |
| Total Revenues | 273 | 266 | 964 | 887 |
| FX impact vs last year | +20.3 | | +62.8 | |

^{1/} Acquired growth Full Year 2022 amounted to SEK 78m (163)

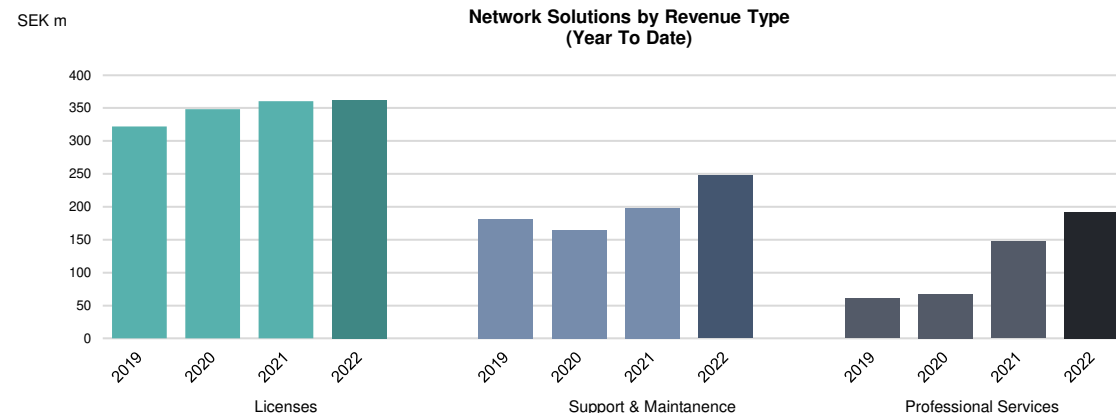
- Stable vs 2021-Q4 in fixed currencies
- 7% increase vs 2021-Q4 in floating currencies
- Currency adjusted organic growth of 0% in the fourth quarter
 - Network Solutions +3%
 - Operating Systems -20%
- Organic growth in Q4-2022. In Q4 2021 acquired growth amounted to SEK 56m
- Total Revenue of SEK 273m (266) include Other revenues of SEK 2.1m (14.1). 1.6m in currency gains and SEK 0.5m in other revenues

Network Solutions

Revenue by Type



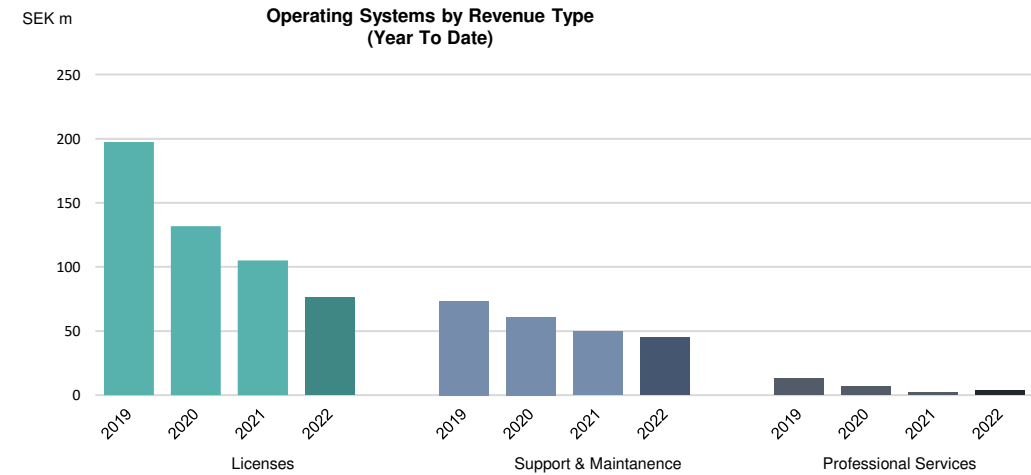
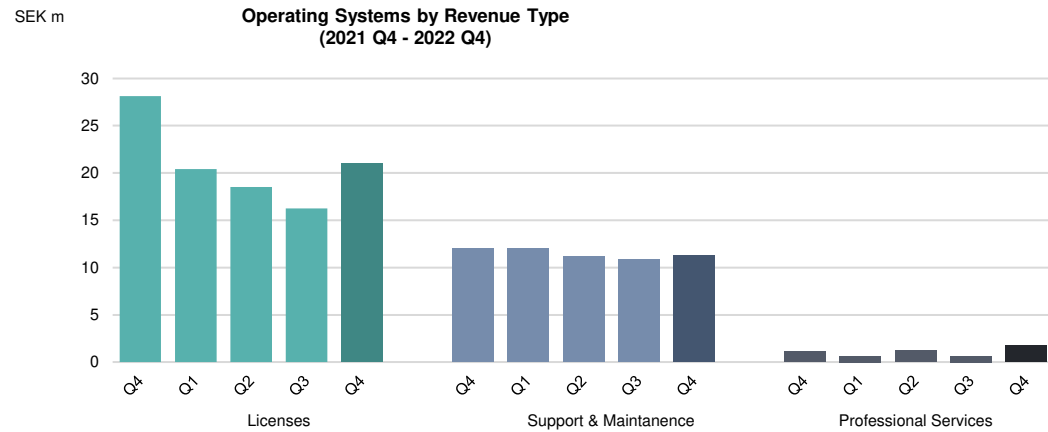
- ▶ **License revenue of SEK 106m (95) or +13%**
 - The increase comes from the two published contract wins for Wi-Fi and Signaling Security published in Q4 22
- ▶ **Support & Maintenance of SEK 67m (57) or +19%**
- ▶ **Professional Services of SEK 64m (61) or +5%**



- ▶ **License revenues of SEK 362m (360) or 0%**
 - Licence revenue of SEK 29.5m (46.8) has been recognized in the period related to achieved delivery milestones in data management projects for 4G and 5G core networks.
- ▶ **Support & Maintenance of SEK 248m (199) or +25%**
 - The increase mainly explained by the acquisition of AdaptiveMobile Security consolidated as from second half of 2021
- ▶ **Professional Services of SEK 192m (148) or +30%**
 - The increase mainly explained by the acquisition of AdaptiveMobile Security consolidated in second half of 2021

Operating Systems

Revenue by type



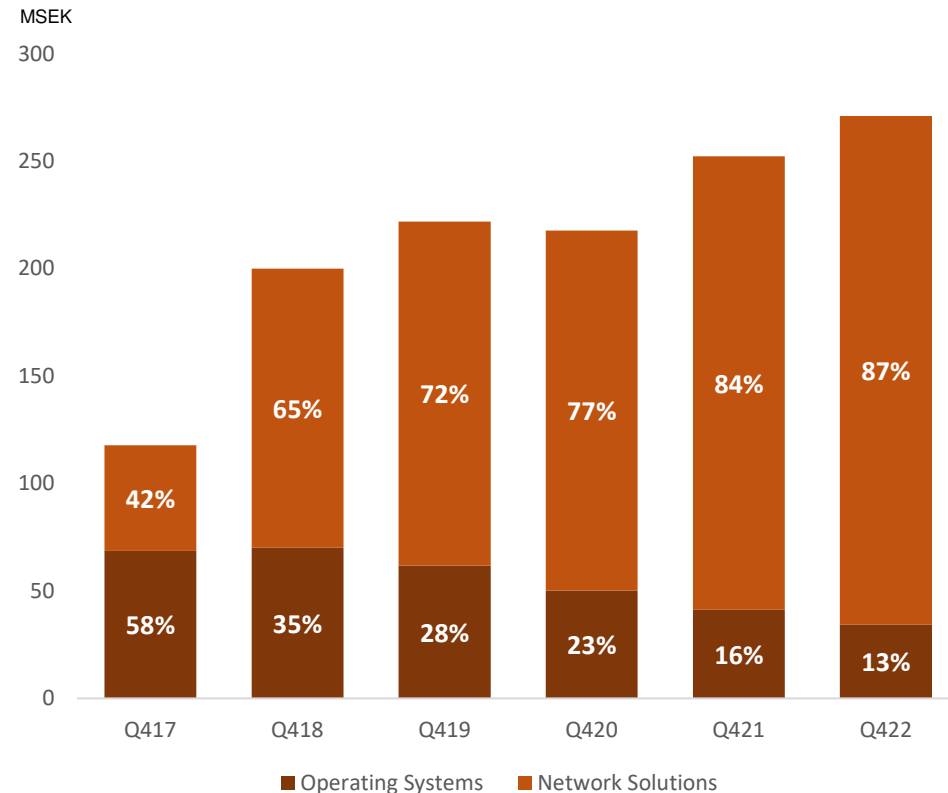
► Net sales of SEK 34m (41) or -16%

- The decline adjusted for currency was 20% vs Q4 2021
- The two key accounts declined by 27% and represent approx. 51% (58) of total sales in the quarter.

► Net sales of SEK 127m (157) or - 19%

- The decline adjusted for currency was 21% vs full year 2021
- The two key accounts declined by 31% and represent approx. 58% (67) of total sales in the period.

Network Solutions Up 12%; Now 87% of Total Revenue



Network Solutions

- ▶ Net sales increased by 12%, driven by strong sales of AdaptiveMobile Security and Aptilo portfolios, as well as positive currency impact.
- ▶ Organic growth adjusted for currency was 3% compared to Q4 2021.

Operating Systems

- ▶ Net sales decreased by 16%, in line with expectations.
- ▶ The decline adjusted for currency was 20% compared to Q4 2021.

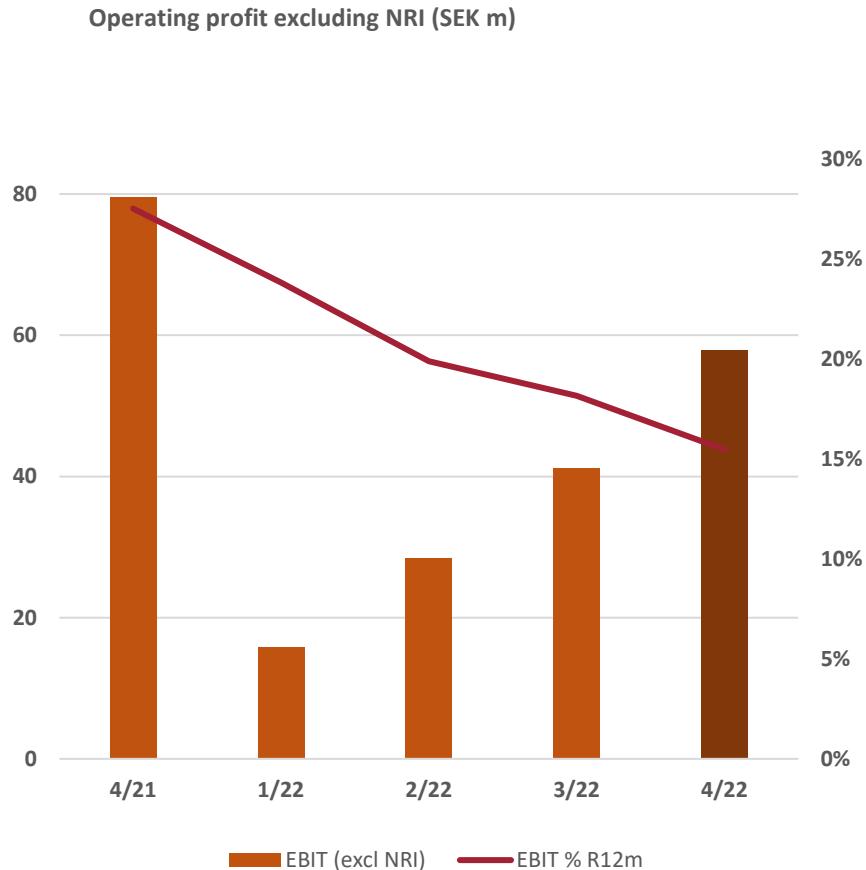
38 Percent EBITDA Margin in Q4



| | 2022 Q4 | 2021 Q4 | 2022 Full Year | 2021 Full Year |
|--|---------|---------|----------------|----------------|
| EBITDA excl Non-Recurring Items, SEK m | 104.0 | 118.7 | 316.3 | 367.0 |
| EBITDA, SEK m | 103.9 | 116.8 | 292.4 | 352.6 |
| EBITDA margin excl. non-rec. items, % | 38% | 47% | 34% | 43% |
| EBITDA margin, % | 38% | 46% | 31% | 41% |

- 38% (47%) EBITDA margin excl. NRI
- No new Non-Recurring Items in the quarter
- 77% in Gross margin (86%), negatively impacted by currency translations and lower Other revenue compared to last year.
- Operational expenses of SEK 150.8m (160.3).
- Operating spend, excluding D&A and costs for share-based incentive programs, was reduced to SEK 103.6m (105.2), despite negative impact of exchange rates of approx. SEK 7m

21 Percent EBIT Margin in Q4



| | 2022 Q4 | 2021 Q4 | 2022 Full Year | 2021 Full Year |
|--|---------|---------|----------------|----------------|
| EBIT excl Non-Recurring Items, SEK m | 57.9 | 79.5 | 142.1 | 232.2 |
| EBIT, SEK m | 57.8 | 57.5 | 118.1 | 197.8 |
| EBIT margin excl. non-rec. items, % | 21% | 32% | 15% | 27% |
| EBIT margin, % | 21% | 23% | 13% | 23% |
| Earnings per share, SEK | 1.82 | 2.54 | 10.43 | 9.30 |
| Earnings per share (Continued operations), SEK | 1.81 | 2.44 | 5.05 | 8.61 |

- EBIT excl Non-Recurring items of SEK 57.9m (79.5) or 21% (32%)
- EPS of 1.82 compared to 2.54 last year
- EPS for the continued operations of 1.81 compared to 2.44 last year

Negative Net Cash Flow Driven by Short-term Working Capital Increase

Cash Flow Generation

- Cash flow before changes in WC amounted to SEK 70.4m (112.8)
- Cash flow from operations amounted to SEK -2.1m (29.6)
- Cash flow from investment activities SEK -34.2m (-38.3)
- Net Cash flow for the quarter of SEK -35.0m (30.6)

Financing Structure

- Interest bearing bank loans amounted to SEK 551.7m (738.7)
- Cash and cash equivalents were SEK 231.3m (211.4)

Financial KPIs

- Equity ratio was 69.1 percent (58.6)
- Net debt to EBITDA was 1.10 (1.50)

Agenda

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Key Factors and Trends

Telecom

- ▶ Traffic growth continues, pressure on Opex, new applications require higher network performance.
- ▶ 5G core market progresses slowly as new 5G revenue is slow to develop.

Cybersecurity

- ▶ Geopolitical tensions and cyber attacks remain high
- ▶ Mobile networks are strategic and therefore potential targets

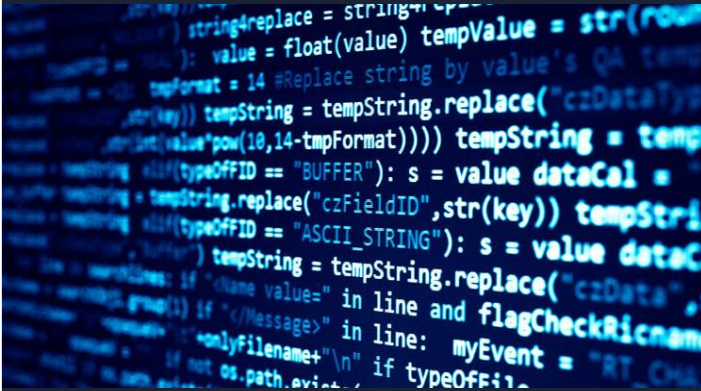
Macro environment

- ▶ Increasing energy and capital costs.
- ▶ Cautious decision making and deferred investments.



Our Strategy

Software Specialist



...cloud-native products in a world where competitors have proprietary platforms

Leading Positions



...in telecom software for mobile core, and security for mobile networks

Global Presence



...through direct and indirect market channels supported by distributed R&D

Strategy Execution

Software Specialist

- ▶ **Organic increase in Network Solutions**, with more software licenses and higher support revenue.
- ▶ **Operating Systems managed for profitability** and predictable revenues as the market declines.

Leading Positions

- ▶ **Contract wins** in Network Security in Europe and Wi-Fi Management in North America with Tier 1 operators.
- ▶ **Continued momentum in Cybersecurity**, from the acquisition of AdaptiveMobile Security.

Global Presence

- ▶ **Strengthened go to market** through a larger sales force that can cross-sell a wider portfolio.
- ▶ **Strengthened brand presence** through new website and marketing activities.

Wanted Position and Guidance Statement



Leading challenger for specialized cybersecurity and telecom software



Established with large customers, gaining market share through innovative solutions for open, cloud-based systems



Focused, faster and more agile, attracting the best talent

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.

We enter 2023 with significant uncertainty about how the geopolitical situation will affect our business. However, our assessment is that we in 2023 will surpass previous year's sales and EBITDA results.

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