

25-10-2024

**ENECA**

# Interim Report

## Q3 2024

*ANDERS LIDBECK, CEO*

*ULF STIGBERG, CFO*

# Agenda

- **Intro**
- Financial Results
- Way Forward & Outlook





# Our Journey has shaped Our Vision

“We make the world’s communications safer and more efficient.”

IT Consultancy

Embedded SW

Security SW

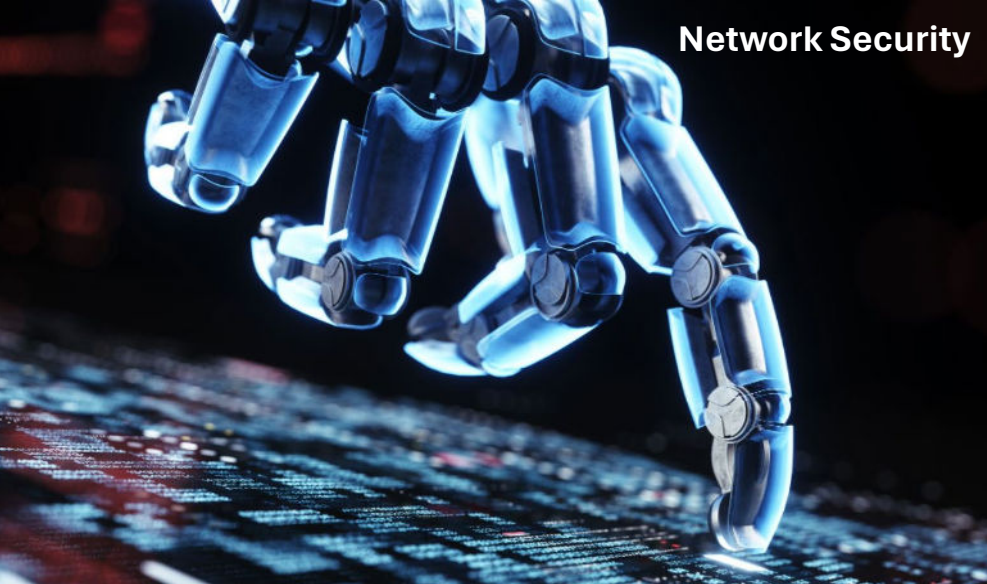
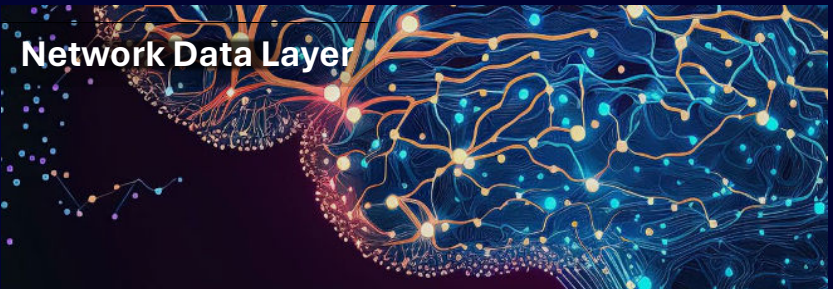
Telecom SW

Cybersecurity SW

STRATEGIC ACQUISITIONS



# Unique Cybersecurity & Telecom Portfolio



# World Leader in Traffic Management

## Superior Performance

Proven success improving CSP results in independent network benchmarks

 **FASTEST NETWORK IN CANADA**  
After launching Enea Acceleration



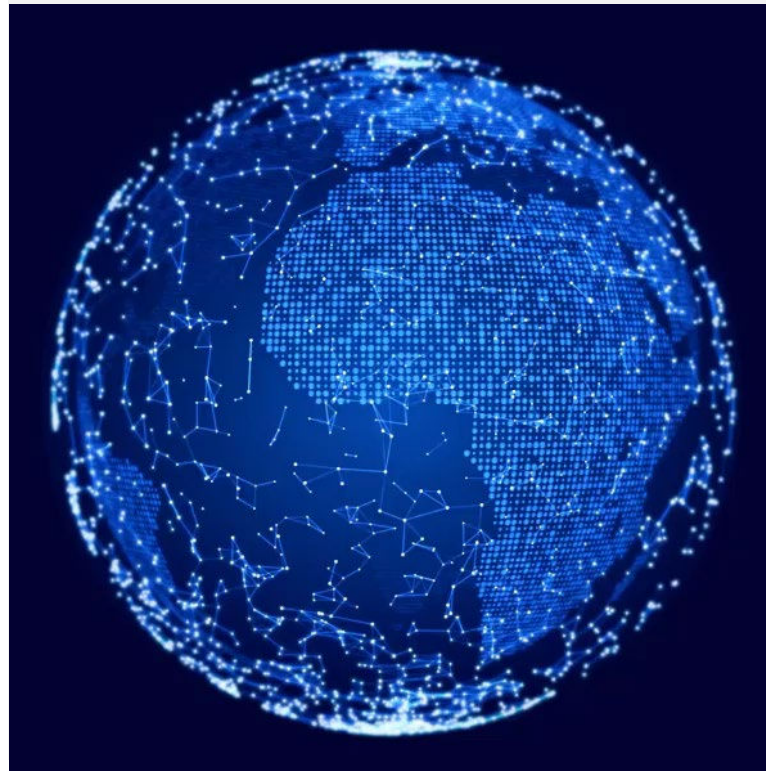
 **FASTEST NETWORK IN ITALY**  
After launching Enea Acceleration



 **30% ADDITIONAL VIDEO CAPACITY**  
With Enea Video Optimization in Argentina

## Trusted by Leading Customers

Deployed in 50+ large-scale CSPs  
Optimizing 1 Bn+ subscribers daily



## 13+ Years of Industry Firsts

20+ Industry innovations in encrypted traffic optimization and acceleration

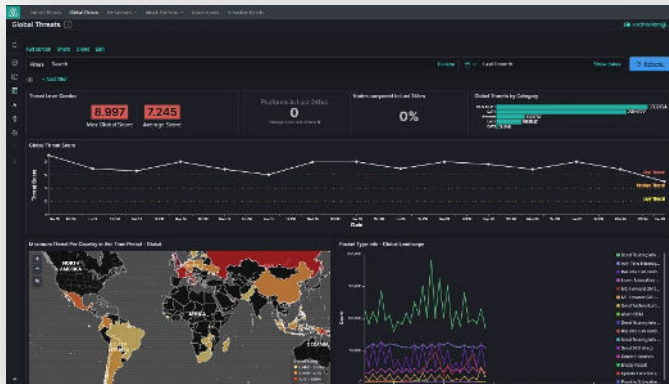
- 1<sup>st</sup> learning-based TCP acceleration algorithm and QoE-driven optimization
- 1<sup>st</sup> solution to detect RAN congestion using AI/ML in the packet core
- 1<sup>st</sup> commercial deployment of dual-mode traffic management in the 5G Core
- 1<sup>st</sup> AI-based traffic congestion management and video optimization



# World Leader in Cybersecurity

## Specialized and Global Expertise

### Global Threat Intelligence & AI/ML Augmented Protection



Protecting **1.5 billion of mobile subscribers and devices** worldwide

Processing **>3B NS messages a day** identifying threats and securing their services in real time

## Cybersecurity References

### Live in 90+ Mobile Operators, CPaaS & Government Agencies



## 10+ years of innovation

### Leading Industry & Technology Innovation

- Superior Research, Discovery of new vulnerabilities and attacker trends
- Superior Industry Leadership, Leading the GSMA Recommendations
- Superior Technology, Adaptive Signaling & Messaging Firewall
- Superior Signaling Intelligence Layer + Managed Security Service

# Double Digit Growth in our Core Business YTD

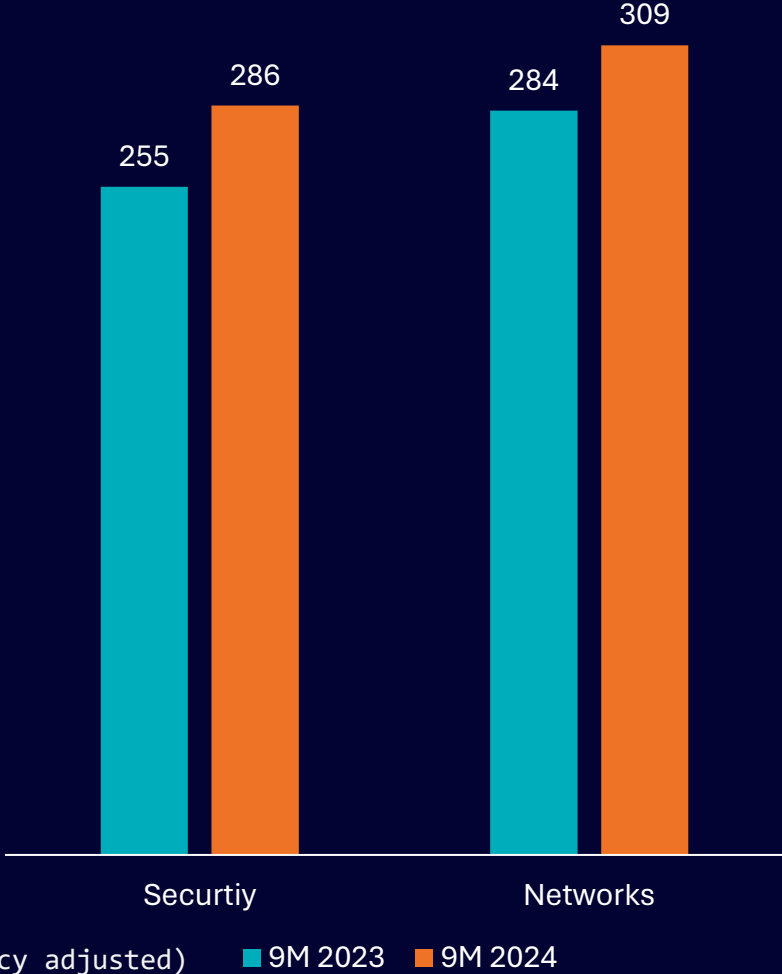
## 11% Organic y/y growth YTD in our focused business areas

### Security Business 13% y/y growth YTD

- The solid customer base continue to order capacity and functionality upgrades
- New products generate new business and new customers
- High share of recurring revenue give stable predictable revenues

### Network Business 9% y/y growth YTD

- Despite challenging market data this area is posting a 9 months growth just shy of double digit
- Loyal customer base in combination with capacity upgrades has fueled the growth
- A number of new customer wins over the last six months



# Leading Challenger in 5G UDR

THE 5G USER DATA REPOSITORY (UDR) THAT SOLVES THE PROBLEM OF VENDOR LOCK-IN

## New Large Contract in Q4

- Enea has **signed a contract renewal for Stratum** Network Data Layer with a Tier 1 network operator in North America.
- The contract is for software licenses for the period 2025 to 2027 for 4G and 5G networks, with a **committed contract value of USD 17.7 million**, and a **potential total contract value of USD 21.3 million**.
- The total value of up to USD 21.3 million represents an increment of USD 9 million. The main part of the contract relates to **recurring software licenses and services** for Enea's Stratum product which are **recognized from the first quarter 2025 till the last quarters 2027**.
- Software licenses corresponding to a value of US 0.7 million are recognized in the fourth quarter of 2024. **Support and maintenance** for the period 2025 to 2027 are not included in this agreement but **will be added and agreed separately**.

## UDR (SUR) References

Managing +150 million **mobile subscribers and devices** worldwide every day



## 10+ years of innovation

### Technology Innovation

- **Vendor agnostic:** Stratum solves the problem of vendor lock-in by collapsing all vendor data silos into one common Network Data Layer
- **Network operators own the data** model and access to all data simplifying operations
- **Cloud native**, no hardware dependencies and agnostic to any cloud
- **Fierce Innovation Awards;** Telecom Edition 2018 Announce Finalists: Openwave Mobility's Stratum Cloud Data Manager Recognized



# Agenda

- Intro
- **Financial Results**
- Way Forward and Outlook



# Organic Growth Q324

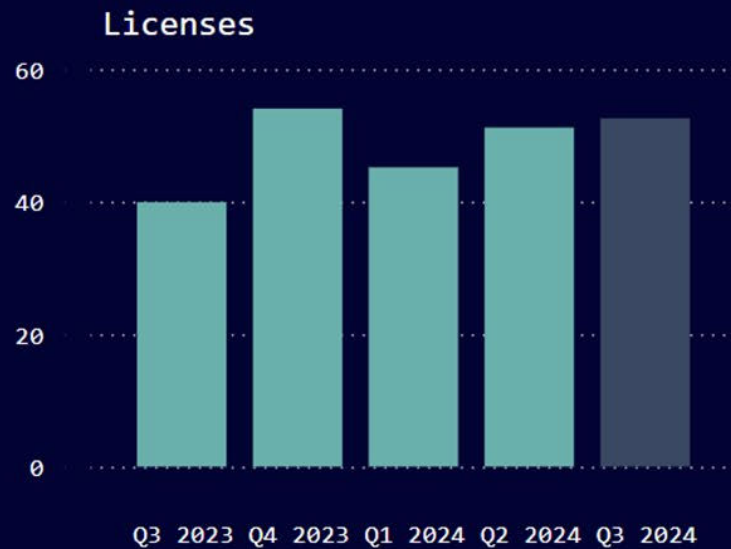


	2024 Q3	2023 Q3
Net Sales	216	216
Growth (%)	0%	-6%
Growth (% , currency adjusted)	+3%	-11%
Total Revenues	217	221
Fx impact on Net Sales vs. last year	-5.0	

- Strong Net Sales from current business including software expansions and upgrades
- Higher Software License sales in Q3
- Net Sales in line with previous year
- Year over year growth at 3% (adjusted for currency)
- Total Revenues of SEK 217m (221)

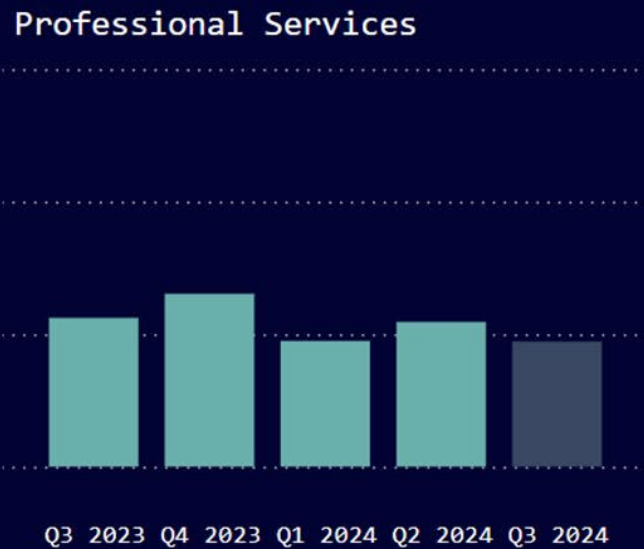


# Double Digit Growth in Security Solutions



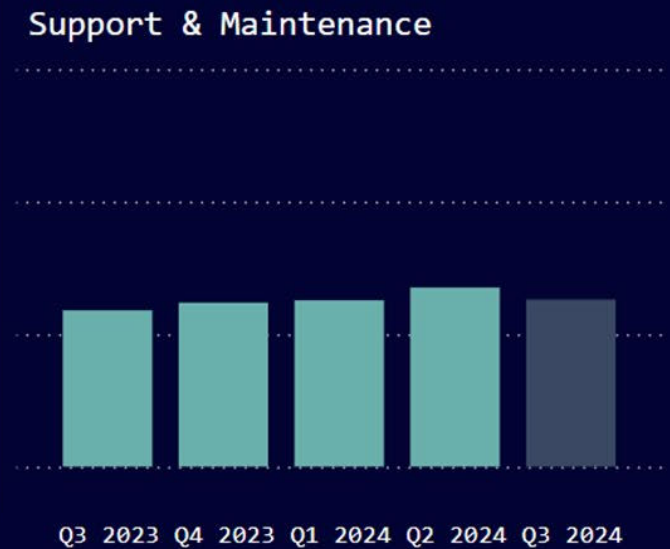
Strong license revenues of SEK 53m (40) or +67%

- Driven by sales related to upgrades and expansions to current customers
- Stable base recurring license revenues.



Professional Services of SEK 19m (22) or -16%

- Dependent on project milestones and timing.

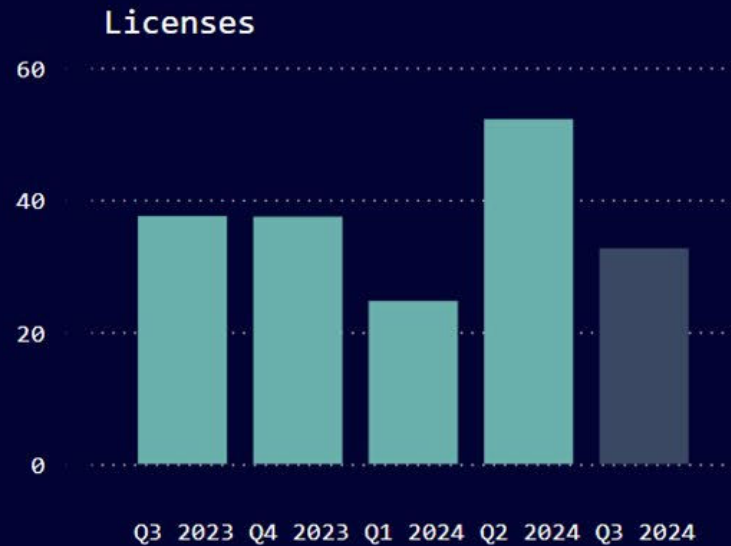


Support & Maintenance steady increase vs last year. SEK 25m (24) or +4%

- Driven by a stable customer base and increase because of license growth.
- One time adjustment in Q3

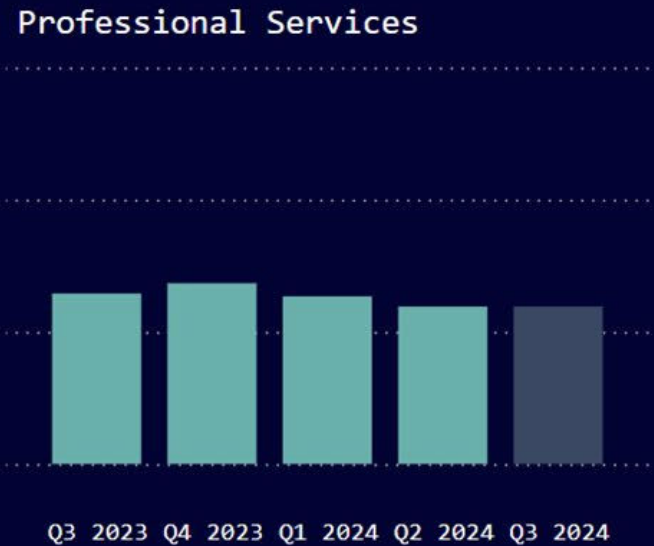
# Stable Quarter for Network Solutions

TWO NEW WINS WITH TRAFFIC MANAGEMENT



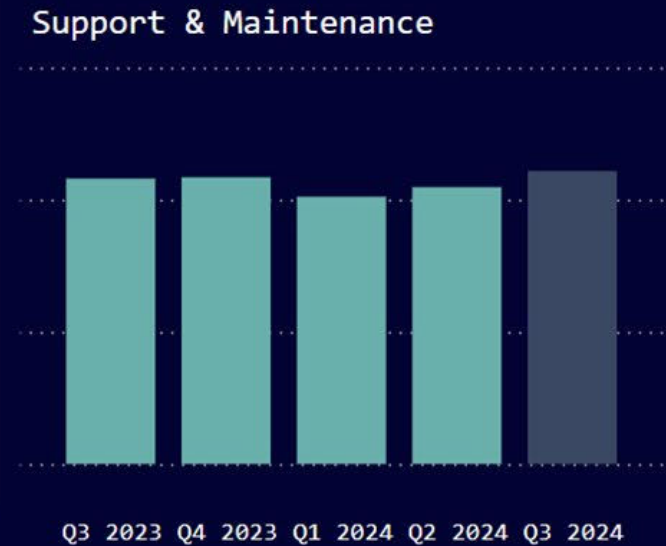
License revenues of SEK 33m (38) or -15%

- New license revenue lower compared to Q3 2023
- Two new wins with Traffic Management
- Note. The large Q2 license expansion



Professional Services of SEK 24m (26) or -8%

- Related to ongoing projects and project milestones



Support & Maintenance of SEK 44m (43) or +2%

- Stable customer base with yearly renewals



# EBITDA Margin Q324

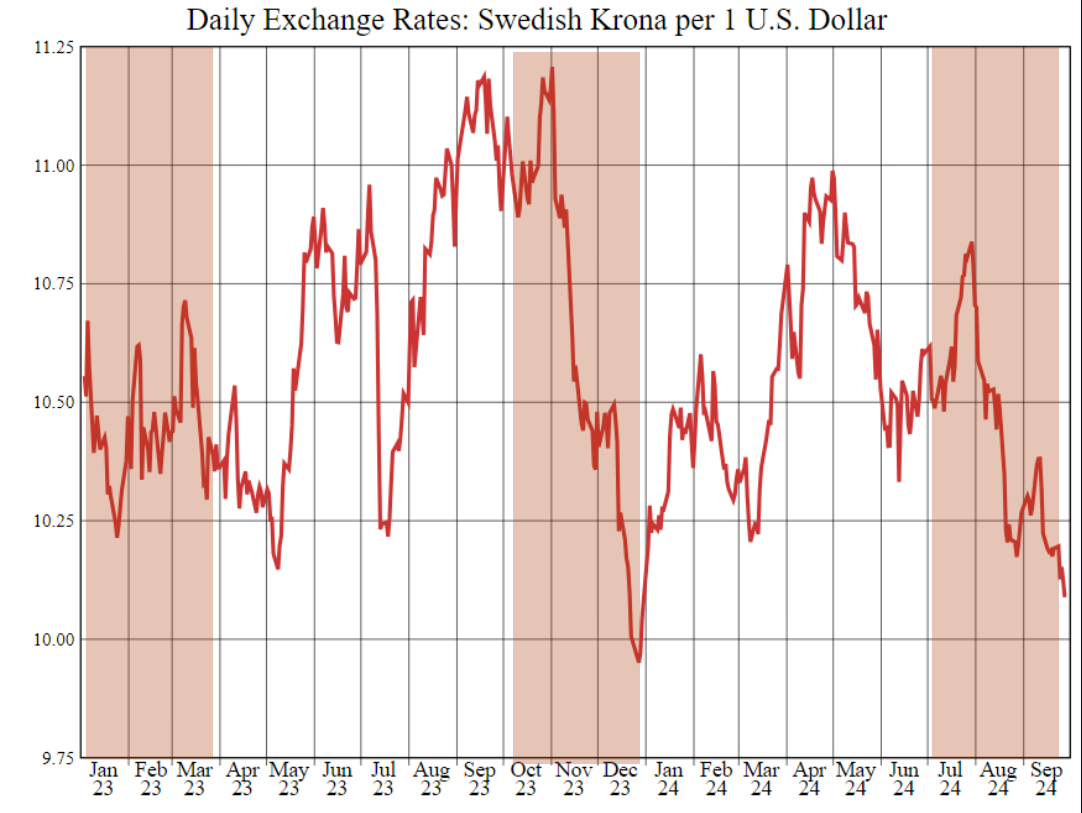
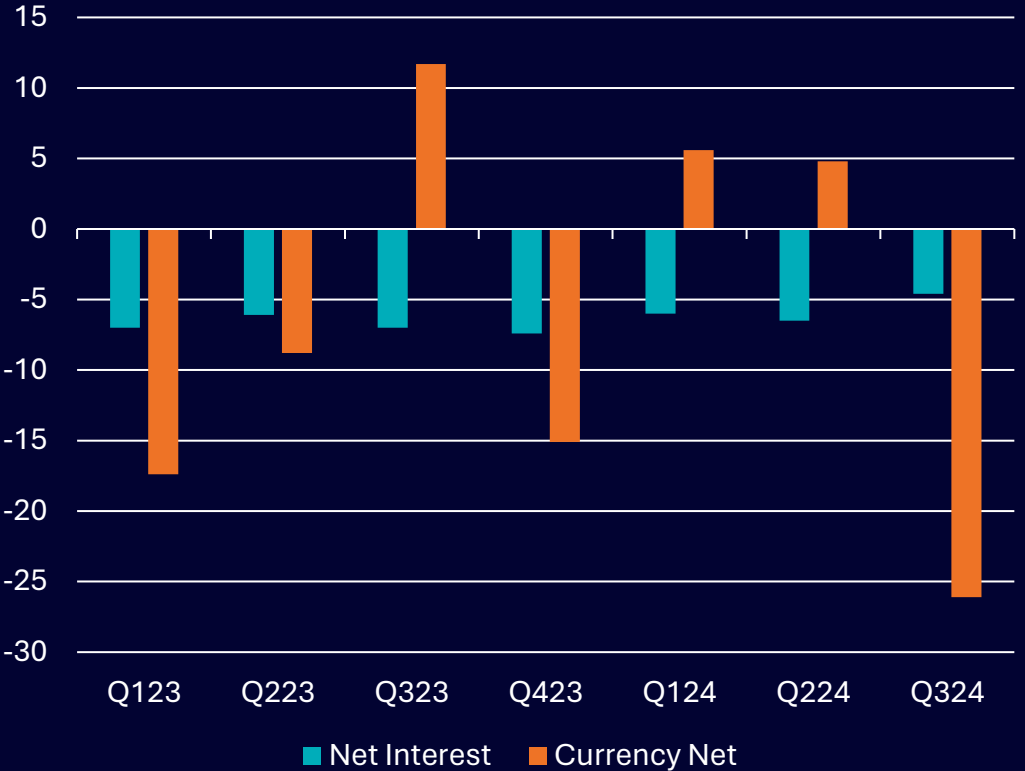


	2024 Q3	2023 Q3
EBITDA excl Non-Recurring Items, SEK m	71.8	72.5
EBITDA, SEK m	71.8	68.0
EBITDA margin excl. non-rec. items, %	33%	34%
EBITDA margin, %	33%	32%

- 33% (34%) EBITDA margin excl. NRI
- 33% (32%) EBITDA margin
- 77.7% in Gross margin (76.7%), impacted by change in revenue mix with higher share of license revenues.
- Operational expenses of SEK 139.5m (143.1).
  - D&A SEK 42.6m (46.5)
- Operational expenses, excluding D&A of SEK 96.9m (96.7).
  - Opex spend SEK 119.2 (113.9)
  - Capex SEK 22.3m (17.2)

# Currency Development Impacts Financial Numbers

Financial Net



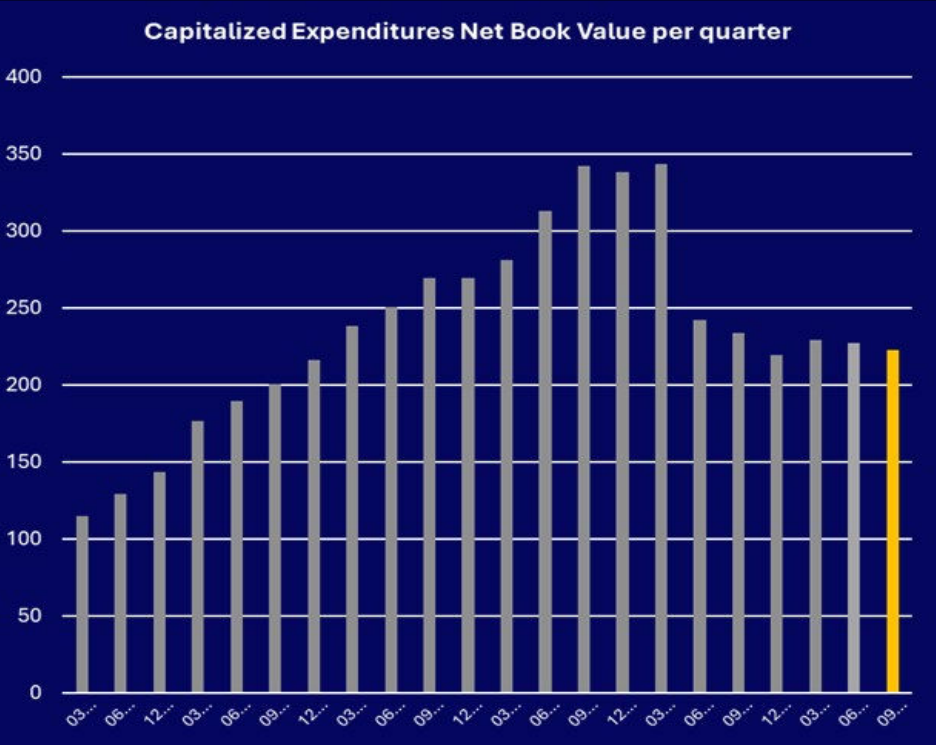
Ref: The Pacific Exchange Rate Service Vancouver, Canada.



# Balance Sheet

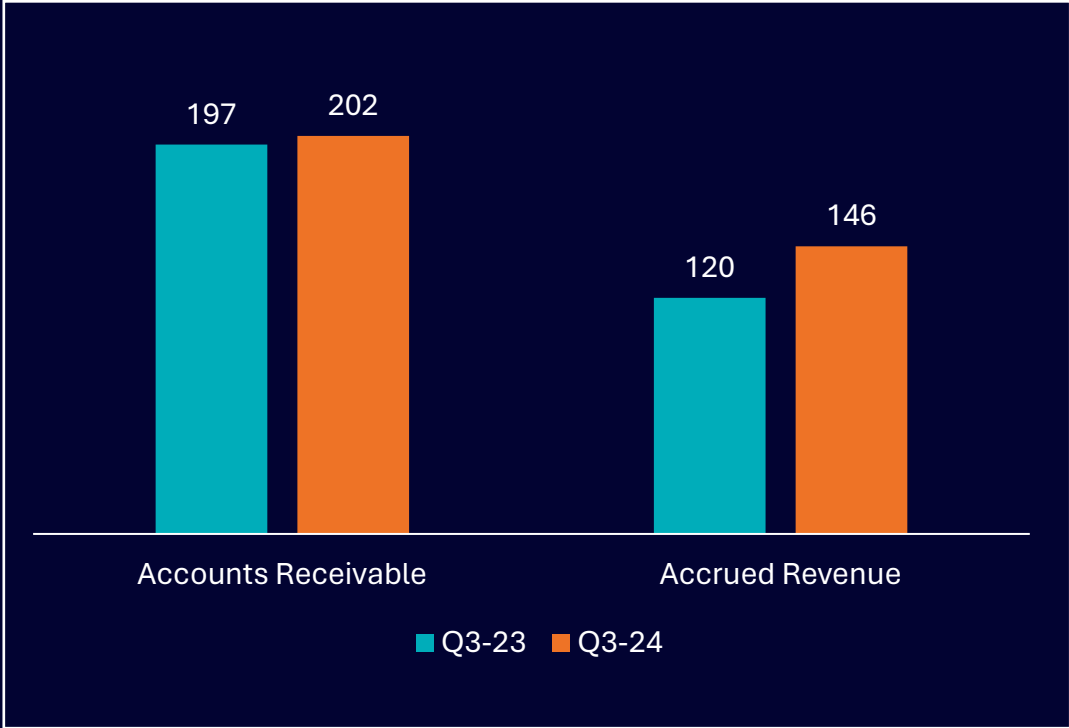
### INTANGIBLE ASSETS

- Capitalized Expenditures in balance with depreciations since Q3-23
- Lower stress on valuations



### CURRENT RECEIVABLES

- New projects have increased the working capital.
- Improved processes and focus will improve Accounts Receivable and Accrued Revenue



# Cash Flow Q324



## CASH FLOW GENERATION

- Cash flow from operations SEK 18.6m (108.3)
- Net Cash flow SEK -27.2m (50.3)



## FINANCING STRUCTURE

- Net debt of MSEK 170.0m (146.7)



## FINANCIAL KPI'S

- Equity ratio 66.5 percent (64.9)
- Net debt to EBITDA 0.58 (0.64)

# The Buy-back Program Continues

- **204 584 shares** were bought back in Q324, for a total consideration of **SEK 17.3m**
- The repurchases are since May 10<sup>th</sup> within the framework of the authorization from the Annual General Meeting 2024 to repurchase own shares up to SEK 100m.
- The program will be carried out by a credit institution following the 'Safe Harbour Regulation'



# Agenda

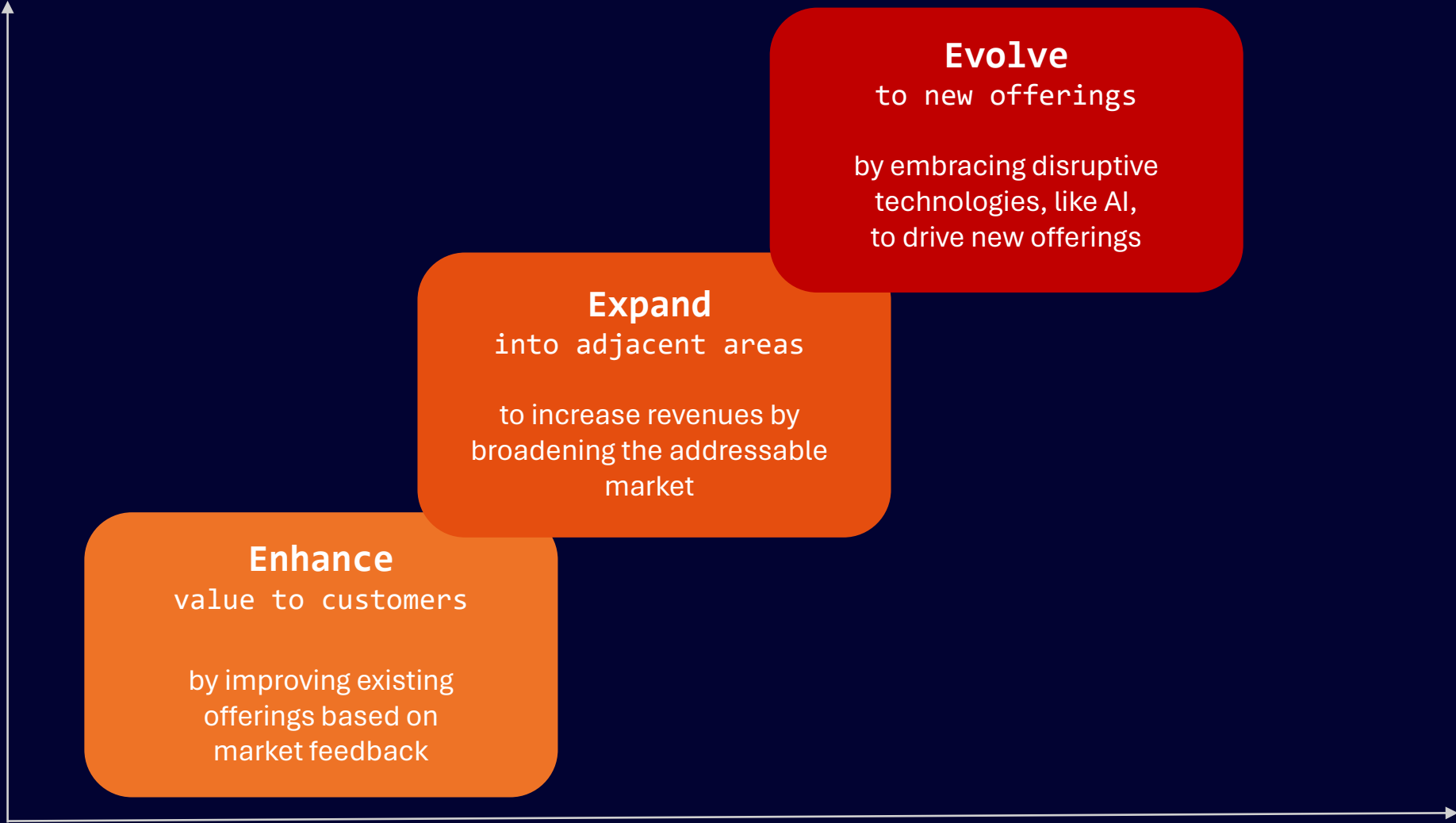
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# Growth is the Path to our Success

WE REINVEST 24% OF OUR REVENUES IN R&D



# We are active in the global fight against cyber threats

AND IN HOW TO IMPROVE THE EFFICIENCY OF TELECOM NETWORKS

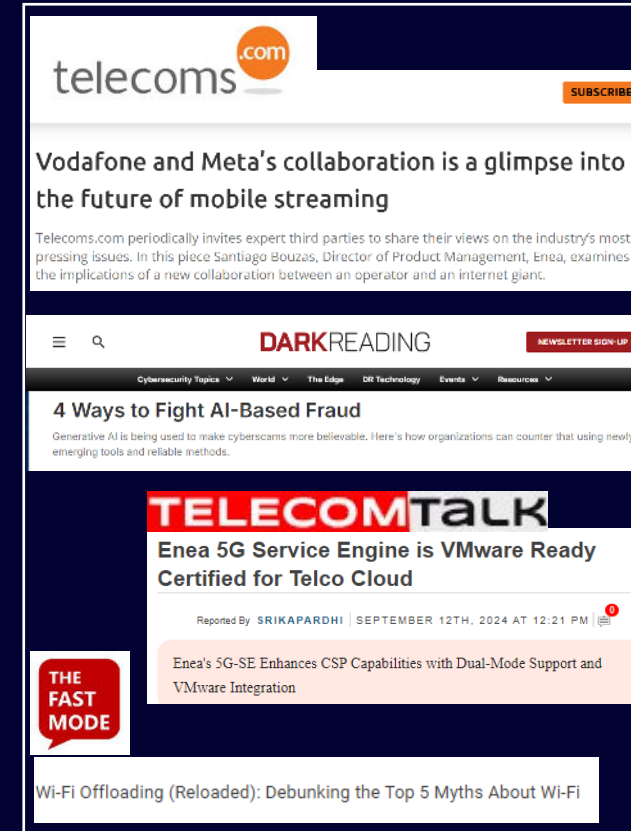
## Events



## Acknowledgements



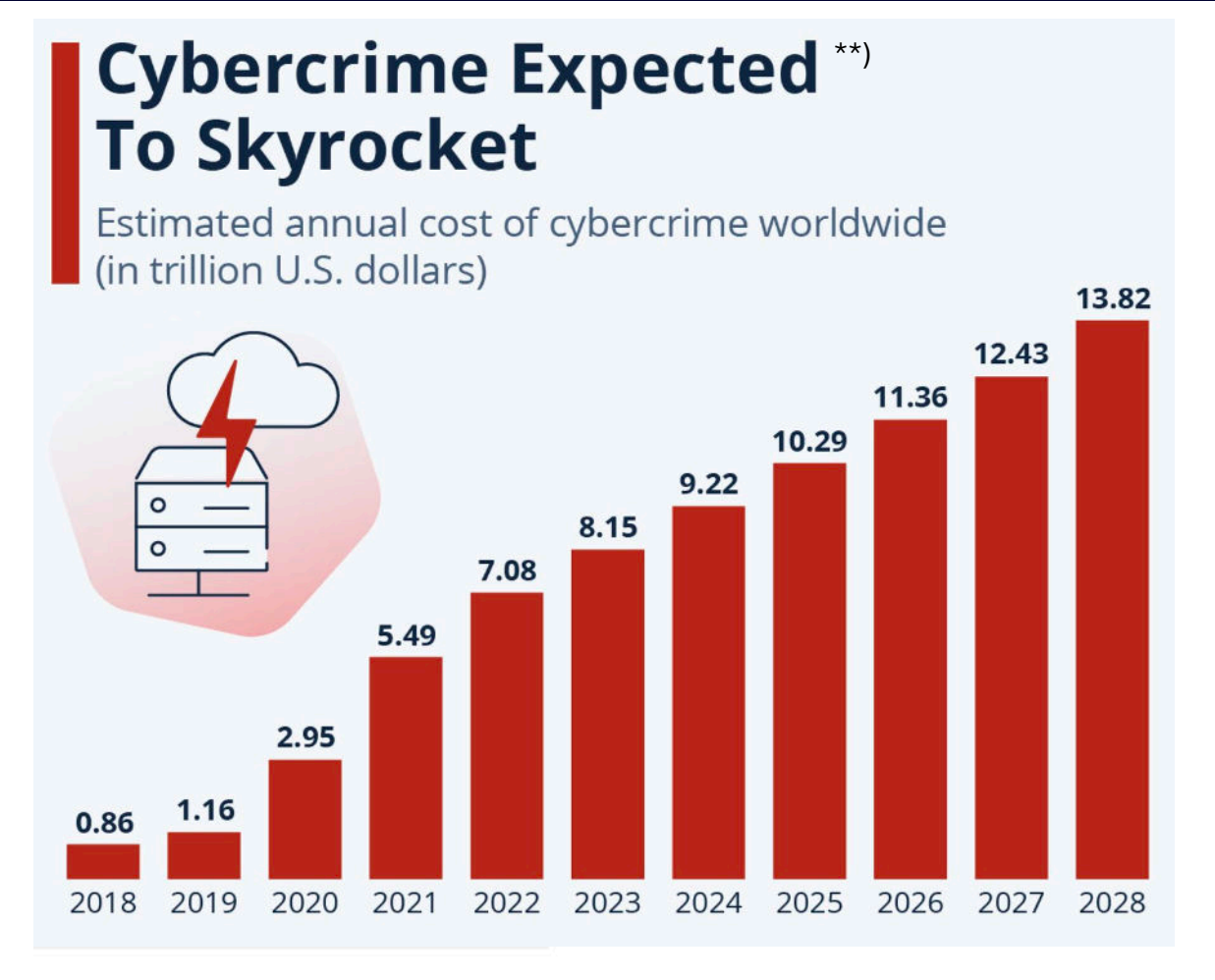
## In the media



# Cybercrime Expected to Skyrocket

Crime Types by complaint count <sup>*)</sup>	
Crime Type	Complaints
Phishing/Spoofing	298,878
Personal Data Breach	55,851
Non-payment/Non-Delivery	50,523
Extortion	48,223
Investment	39,570
Tech Support	37,560
BEC	21,489
Identity Theft	19,778
Confidence/Romance	17,823
Employment	15,443
Government Impersonation	14,190
Credit Card/Check Fraud	13,718
Harassment/Stalking	9,587
Real Estate	9,521

<sup>\*)</sup> FBI, Internet Crime Complaint Center, April 2024



<sup>\*\*)</sup> Presented at World Economic Forum Annual Meeting, Jan 2024

# Long Term Financial Ambition and 2024 Outlook

Our goal in the coming years is to generate double-digit growth in our focused business areas, an EBITDA margin over 35 percent, and strong cash flows.

Our growth will continue to be affected by the general economic circumstances. But for the full year 2024 we do expect strong cash flows and an EBITDA margin above 30 percent.





Enea will invite to a  
**Capital Markets Day**  
in Stockholm, December 4<sup>th</sup>



*ANDERS LIDBECK, CEO*



*ULF STIGBERG, CFO*

# Thank You!

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FINANCIAL INFORMATION