

Stockholm, Sweden
July 3, 2023

Enea implements streamlining and revaluation of intangible assets

Enea, a leading provider of telecom and cybersecurity solutions, today announced that it is implementing efficiency and cost reduction measures in professional services and product development. The streamlining means an improved cash flow of approximately SEK 60 million per year, with full effect from 2024, of which approximately SEK 50 million consists of reduced investments in proprietary product development. In addition, the company makes a revaluation of assets in the balance sheet.

In recent periods, Enea has had great success in the cybersecurity market, but in parallel it has had challenges in its product portfolio towards telecom. The company therefore conducted a strategic review of its telecom operations during the second quarter to assess the future potential of completed investments. The review shows that due to delays in the 5G market, deteriorating macroeconomic outlook and increased return requirements (WACC), the company needs to make a revaluation of future cash flows and book value of assets. This results in an impairment of intangible assets by a total of SEK 486 million, attributable to goodwill and capitalized development costs. In addition, provisions of SEK 66 million are made for doubtful receivables and unreceived income, attributable to a halted NDL project and to currency restrictions in Egypt. Provisions and revaluation of intangible assets will be charged to the second quarter but do not affect cash flow.

The company's products for data management in 5G networks have reached commercial status and the pace of investment will be adapted to the market situation. The number of staff for delivery and customer-specific testing in the Telecom portfolio will be reduced, including in Germany. The investments in automation in recent years and the consolidation of competence to the company's development center in Croatia create good conditions for this efficiency. In total, the company's efficiency measures affect approximately 70 employees and external consultants in Europe, India and North America. The program entails an improved cash flow of approximately SEK 60 million per year, with full effect from 2024, of which approximately SEK 50 million consists of reduced investments in proprietary product development. Restructuring costs in 2023 are estimated to amount to SEK 30 million, of which SEK 20 million will be charged to the second quarter.

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About Enea

Enea is a world-leading specialist in software for telecom and cybersecurity. The company's cloud-native solutions connect, optimize, and secure services for mobile and fixed subscribers, enterprises, and the Internet of Things. More than 100 communication service providers and 4.5 billion people rely on Enea technologies every day.

Enea has strengthened its product portfolio and global market position by integrating a number of acquisitions, including Qosmos, Openwave Mobility, Aptilo Networks, and AdaptiveMobile Security.

Enea is headquartered in Stockholm, Sweden, and is listed on Nasdaq Stockholm.

For more information: www.enea.com

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Enea is required to make the information in this press release public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2:22 p.m. on July 3, 2023.