



Business Review Q1/2021

ENEDO PLC Business Review 28.4.2021 klo 9:45

Enedo Plc Business Review 1.1.2021 – 31.3.2021

Business Review figures are unaudited.

	1-3/21	1-3/20	1-12/20
NET SALES BY GEOGRAPHY, MEUR	3mo	3mo	12mo
Americas	1,5	2,0	7,0
EMEA	6,1	6,8	26,5
APAC	1,2	1,2	5,0
Total	8,8	10,0	38,5

	1-3/21	1-3/20	1-12/20
NET SALES BY PRODUCT CATEGORY, MEUR	3mo	3mo	12mo
Led Drivers	1,9	2,8	8,7
Power Supplies	5,1	5,9	24,1
Power Systems	1,8	1,3	5,7
Total	8,8	10,0	38,5

Vesa Leino, CEO:

Enedo's first quarter developed and proceeded relatively well in line with our own expectations. Recovery from the Covid-19 impacts has already begun in some areas of our business, but there is still a long way to go before business returns to normal. Net sales for the first quarter were EUR 8,8 million which is EUR 1,2 million less than a year ago. We keep our guidance for the whole year unchanged.

The Power Systems product category's net sales continued to develop well in the first quarter of the year and increased by almost 40% year-on-year, somewhat exceeding our own expectations. The expansion of the Power Systems product category solutions, and in particular the product family built around the latest MHE rectifier, into new customers will continue this year as product certifications for new applications and new industries progresses.

The decrease in net sales compared to last year came from the Led Drivers and Power Supplies product categories. Demand for entertainment and culture-related Led drivers remained low due to Covid-19 impacts. There are already some early signs that demand in the Led Drivers product category is picking up and a few initiatives and projects that have been waiting for customers have started to progress. However, we expect that the real recovery of the demand will be visible in our numbers only during the second half of the year.

The situation in the Power Supplies product category is more multilateral. For some customers our business and thus our sales have developed well, but for some the demand situation remains particularly weak. Overall, sales in the Power Supplies product category decreased year-on-year by EUR 0,8 million, which was however fully in line with our own expectations at the beginning of the year.

Geographically, slow demand in the American market continued also during the first quarter of this year. This was particularly affected by the general Covid-19 situation in the United States. Distributor stock orders have also not yet started. However, there are already small signs of recovery in the American market as well, and some ongoing projects and projects with customers have been reactivated. As the Covid-19 situation improves, we expect demand also in the American market to recover in the second half of the year.

Despite the general situation in the global component market, our delivery capability remained relatively good. Some deliveries had to be postponed due to last minute rescheduling from our component suppliers and as such, delivery times of some components were significantly longer especially towards the end of the first quarter. The situation has impacted company's own production in Tunis as well as our contract manufacturers. Component availability and delivery reliability will be a significant factor in sales development of the coming year.

In connection with the share issues, we announced a turnaround program aimed at a total of approximately EUR 4,0 million. permanent savings. Some of the change projects have already started in the second half of last year and implementation continued in the first quarter of the year. The Group's new and unified ERP system will be going live in Finance during the second quarter. The new system will enable cost savings in financial management, the effects of which will start to be partially visible in the second half of the year. Work on the implementation of the other areas of the new ERP system will continue and we believe that the entire system will be ready by the end of the first half of 2022.

As part of the change projects, we are also improving the efficiency of the Tunisian plant as well as strengthening and expanding the independence of Tunisian production from the Italian organization. In Finland Products, our goal is to find cost savings both by streamlining the production network and by harmonizing the purchase prices of components. In Italy, we continued our temporary staff layoffs throughout the first quarter.

On April 7, 2021, we announced the final result of the rights and directed share issue. Successful issues provide the funding needed to implement the turnaround program and provide security for the duration of its implementation. The share issues were also related to the EUR 8,6 million debt arrangements announced on February 16, 2021 in which the company pays back EUR 5,3 million of these loans and EUR 3,3 million of the loans are canceled. Loan arrangement was completed after the new shares were registered on 9th of April 2021. The share issues, together with the loan arrangement bring a significant improvement in the company's financial and balance sheet position.

Improvement in the Covid-19 situation and the resulting recovery of our customer's business activities continue to entail significant risks that have effect on Enedo's business development in the coming months. However, I believe that as vaccine coverage progresses and the Covid-19 situation slowly improves, the gradual recovery in demand for our products, combined with the determined implementation of the turnaround program, will provide a good opportunity to increase our revenue and earnings."

Business development

In the business review, Enedo will present the net sales development in accordance to the product category division that was revised in early 2020. Enedo's new product categories are Power Supplies, Led Drivers and Power Systems. The Power Supplies product category consists of industrial power supplies, the Led Drivers category of lighting solutions, and the Power Systems category includes DC system products and rail power supply solutions

The net sales of the Power Supplies product category in the first quarter of the year were EUR 5,1 million, EUR 0,8 million weaker than at the same time last year. The net sales of the Led Drivers product category was EUR 1,9 million, EUR 0,9 million weaker than in the comparison period of the previous year. The Power Systems product category, on the other hand, saw growth. The net sales of Power Systems products during the review period were EUR 1,8 million, EUR 0,5 million higher than in the comparison period of the previous year. The most significant factors affecting business volume in the first quarter of the year were continuing uncertainty and slow demand in the Led Drivers product category due to Covid-19, weak demand of some Power Supplies category's customers impacting the Net Sales of Enedo and continuing strong growth in the Power Systems product category supported by MHE product.

The overall development in the global component markets with regard to especially micro processors as well as some standard components has been visible in Enedo's production planning and resulted in postponement of some orders for reasons unrelated to the company. The situation has impacted company's own production in Tunis as well as our contract manufacturers. However, the company has been able to

react to the changes relatively successfully within the first quarter of the year. Nevertheless, component availability and delivery reliability will be a significant factor in sales development of the coming year.

ENEDO PLC

Board of Directors

For further information please contact Mr. Vesa Leino, CEO, tel. +358 40 759 8956,
On 28th of April at 13:00–15:00

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Enedo is a European designer and producer of high-quality electronic power supplies and Power systems for critical equipment even in the most demanding environments. Enedo's mission is to make electricity better – more reliable, more secure, more energy efficient – and just right to fit its purpose. Enedo's three main product categories are Led Drivers, Power supplies and Power Systems. In 2020 the group's revenue was EUR 38,5 million. Enedo has 354 employees and its main functions are located in Finland, Italy, Tunisia and USA. The group's head office is in Finland and parent company Enedo Oyj is listed on Nasdaq Helsinki Oy.

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