

# Interim report July - September 2017

## Record profit, innovation and organizational efficiency

### Third quarter 2017

- Revenue in the third quarter was SEK 147.1 (120.7) million, equivalent to a 22 percent increase.
- Operating profit excluding non-recurring costs for the third quarter increased to SEK 38.1 (29.9) million, corresponding to an operating margin excluding non-recurring costs of 25.9 (24.8) percent.
- Operating profit for the third quarter increased to SEK 34.1 (29.6) million, equivalent to an operating margin of 23.2 (24.5) percent.
- Earnings per share increased to SEK 1.63 (1.42) for the third quarter.
- Cash flow from operating activities was SEK 30.3 (20.7) million for the quarter.
- Cash and cash equivalents and financial investments amounted to SEK 265.5 (215.8) million at the end of the quarter.

### First nine months of the year

- Revenue increased to SEK 436.5 (365.6) million for the first nine months of the year.
- Operating profit excluding non-recurring costs for the first nine months of the year increased to SEK 94.8 (87.1) million, corresponding to an operating margin excluding non-recurring costs of 21.7 (23.8) percent.
- Operating profit for the first nine months of the year decreased to 80.1 (85.3) million, equivalent to an operating margin of 18.4 (23.3) percent.
- Earnings per share decreased to SEK 3.78 (4.28) for the first nine months of the year.
- Cash flow from operating activities amounted to SEK 98.7 (100.7) million for the first nine months of the year.

Key figures	Jul-Sep		Jan-Sep		Full year
	2017	2016	2017	2016	2016
Revenue, SEK million	147.1	120.7	436.5	365.6	501.3
Revenue growth, %	22	3	19	3	4
Revenue growth currency adjusted, %	23	1	18	2	3
Operating profit excluding non-recurring costs, MSEK	38.1	29.9	94.8	87.1	121.6
Operating profit, SEK million	34.1	29.6	80.1	85.3	118.8
Operating margin excluding non-recurring costs, %	25.9	24.8	21.7	23.8	24.3
Operating margin, %	23.2	24.5	18.4	23.3	23.7
Net profit after tax, SEK million	28.6	22.6	65.1	68.0	94.6
Earnings per share, SEK	1.63	1.42	3.78	4.28	5.95
Cash flow from operating activities, SEK million	30.3	20.7	98.7	100.7	128.1
Cash, cash equivalents and financial investments, SEK million	265.5	215.8	265.5	215.8	223.5

\* Compared with the same period last year.

# CEO letter



***"This is indicative of the inherent strength of our organization and in our customer relationships, which obviously, is very satisfying."***

## Record profit

Our operating profit for the third quarter was SEK 38.1 million before non-recurring costs. This is a new record, and a 27 percent increase on the corresponding period of the previous year. Operating profit including non-recurring costs was SEK 34.1 million, also a record for the third quarter, and up by 15 percent year over year. Earnings per share increased by 15 percent year over year, and cash flow from operating activities rose by 46 percent. Obviously, these are very satisfactory numbers, and what we are witnessing are foremost the effects of the successful integration of the Qosmos acquisition from December last year, a favorable revenue mix and a well-executed cost-saving program in the second quarter. All actions in this program were executed during the second quarter, and all costs for the program were charged to that quarter. The remaining non-recurring costs in the third quarter are legal expenses for the significant dispute we have with a major customer over contract interpretation. In the quarter, these legal expenses amounted to SEK 4 million. As previously reported, these expenses will remain while the dispute continues.

## Challenges and objectives unchanged

We have achieved five consecutive years of earnings gains and margin expansion, but our challenge now and for some time ahead, is to transition our business. The market is migrating towards open source and the revenues from our Key Accounts are decreasing. The third quarter revenues from our largest customer was down by more than 10 percent year over year. Simultaneously, we are witnessing rapid technological progress, which is also putting pressure on our customers' businesses and accelerating rationalization and consolidation. During this shift, we are focusing primarily on developing our market positioning in emerging segments. I have said many times that during this transition, retaining the margins we have become accustomed to will be challenging. Still, we have kept our ambition to re-attain a 20 percent operating margin already by year-end 2017. That is why it is so satisfying that we in the third quarter, as we did in the second quarter, achieved an operating margin of above 20 percent. In the third quarter, we reported a 25.9 percent operating margin before non-recurring expenses, which is even better than the corresponding period of the previous year. One should not expect these margins to be sustained during the coming quarters, but we can already now witness the earnings capacity of the new Enea. Accordingly, we will be working assiduously to achieve and secure margin expansion according to the objectives we have communicated.

## Positive signs

Our revenue also progressed well in the third quarter, growing by 22 percent on the corresponding quarter of the previous year. The negative trend in US service sales levelled off somewhat in the late-summer, and combined with stable service sales in Europe, our total Global Services business was only just down year over year. It also looks as if this trend may improve again somewhat towards the end of the year. Accordingly, with low comparative numbers from the corresponding period of the previous year, we can expect service sales to return to growth later in the year. Business volume on Key Accounts is continuing to decline, to represent 40 percent of our total revenue in the third quarter, against 47 percent in the third quarter 2016, and 57 percent in the third quarter 2014.

Our global software business outside Key Accounts made stable progress in the quarter, and is in high growth as a share of our overall business. The segment we term Worldwide Software Sales represented 36 percent of total revenues in the third quarter, compared with 20 percent in the previous year. In combination with revenues from our Service business representing 24 percent of total revenue, this is creating the potential for a more stable revenue mix, and high gross margin.

## Innovation and efficiency

I have previously stated the need to develop our product portfolio and partnerships to address new challenges and market conditions. In September, we announced a partnership with semiconductor manufacturer Cavium on our NFV "Access" platform. This type of collaboration is an important channel for us to reach the market, and very recently, we demoed our network virtualization platforms at the SDN/NFV World Congress in The Hague. In the same month, observers of Enea could read that our DPI solution is now capable of identifying over 3,000 different protocols including most encrypted over-the-top services. In a position where over half of all mobile network traffic is already encrypted, the ability to classify encrypted traffic will be critical. Once again, we have demonstrated that we are well positioned for future network intelligence solutions. But continuing to develop our software business successfully, isn't just about adding new product segments, but also about developing our traditional business. Our announcement of a new deal on 5G base stations with a leading Asian telecom equipment vendor using our OSE operator system at the end of the third quarter is as important as it is exciting. Our offering in embedded operating systems, combined with our network intelligence business (added through the acquisition of Qosmos), is funding our investments in the network visualization segment. In this context, having a strong and effective organizational culture is crucial. We moved into the third quarter with an improved sales and marketing organization. Our organization has coped very well with the changes we executed in the second quarter to accelerate our sales and reduce our costs. The setup time the organization needed to absorb these changes and regain efficiency was brief. This is indicative of the inherent strength of our organization and in our customer relationships, which obviously, is very satisfying.

## Future prospects

We continue our efforts to build a larger and stronger company with increasing value for our customers, employees and shareholders. The transformation process we are going through is fundamentally positive for Enea, reducing our dependency on a single product and a few major customers. Acquisitions that strengthen our market position and long-term earnings capacity are a key part of this process, and despite our expectation of reduced income from our largest customers, our objective remains to keep growing the company with good profitability and sound cash flows. Our objective for the full year 2017 remains unchanged – to achieve double-digit revenue growth and improved operating profit compared to 2016, before non-recurring costs.

**Anders Lidbeck,  
CEO & President**

# Revenue

**Enea's revenue in the third quarter was SEK 147.1 (120.7) million, a 22 percent increase on the third quarter 2016. Currency adjusted, income was 23 percent higher in the third quarter than the corresponding period in the previous year. Revenue for the first nine months of the year amounted to SEK 436.5 (365.6) million.**

## Revenue by business unit and type

Enea's business units are Key Accounts, Worldwide Software Sales and Global Services. Key Accounts includes software sales and product-related services for Enea's two largest customers, Worldwide Software Sales include software sales and product-related services to other customers.

Key Accounts and Worldwide Software Sales jointly make up Enea's software business, which generated 76 percent of total revenue in the quarter, divided between Key Accounts at 40 percent and Worldwide Software Sales at 36 percent. Global Services' revenue was 24 percent of total in the quarter. Revenue from Worldwide Software Sales was up by 123 percent on the corresponding quarter of the previous year. This increase was mainly due to the acquisition of Qosmos. Revenues from Key Accounts increased by 3 percent, with this increase also sourced from the acquisition of Qosmos.

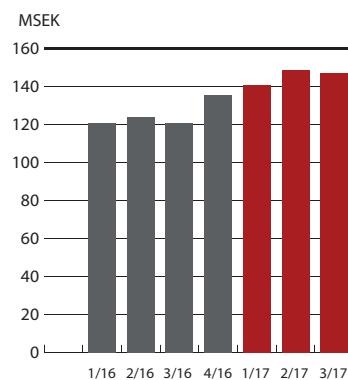
Production licensing sales were 43 percent of software sales, and increased in the quarter on the corresponding period of the previous year. Development licenses including support and maintenance comprised 53 percent of software sales, and increased in the quarter on the corresponding quarter of the previous year. Product-related services also increased year over year.

Revenue in Global Services continued to make poor progress, decreasing by 13 percent. The US operation improved quarter over quarter, but the downturn within Global Services is still sourced from the US service business, while the European service business continued its positive progress in the quarter.

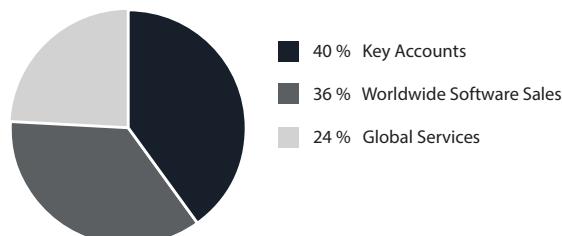
## Revenue by market segment

Effective the first quarter 2017, Enea has the following market segments: Networks/Telecom, Security, Aerospace/Defense and Other. In addition to telecom infrastructure, the Networks/Telecom market segment includes mobile devices and operators, while the Security segment includes cyber security solutions. Revenue in the quarter was divided as follows: Networks/Telecom 64 percent, Security 12 percent, Aerospace/Defense 12 percent and Other 12 percent. The "Other" market segment includes customers in system integration and manufacturing.

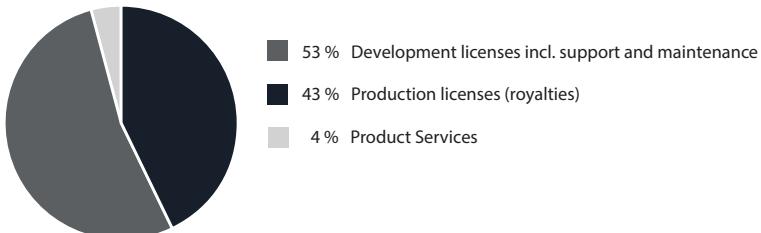
## Revenue



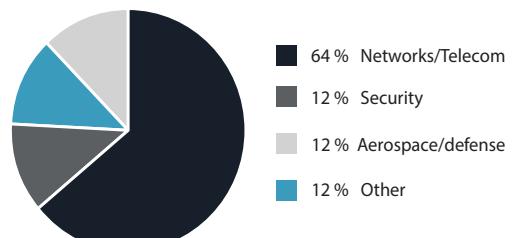
## Revenue per business unit (Jul-Sep)



## Revenue type, software operations (Jul-Sep)



## Revenue per market segment (Jul-Sep)



# Revenue per region

**Enea has sales offices in Sweden, Germany, France, Romania, the US, China, Japan and Singapore, which are organized into the Europe, Americas and Asia regions.**

## Europe

The European operation includes customers like Ericsson and Nokia. Sales are from our offices in Sweden, Germany, Romania and France, and consist of Key Accounts, Worldwide Software Sales and Global Services. Revenue in Europe increased by 14 percent in the quarter year over year. Both World Wide Software Sales and the European service operation made stable progress in the quarter.

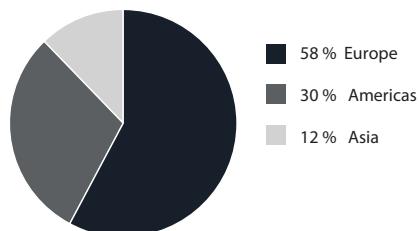
## America

Enea's American operation includes customers such as Boeing and Motorola. Two offices manage sales and delivery of software and services. Sales consist of Worldwide Software Sales and Global Services. Revenue increased by 25 percent in the quarter year over year, despite service sales decreasing year over year. The increase is due to high growth in Worldwide Software Sales, which more than doubled year over year. Both Network Solutions and Operating System Solutions achieved increases.

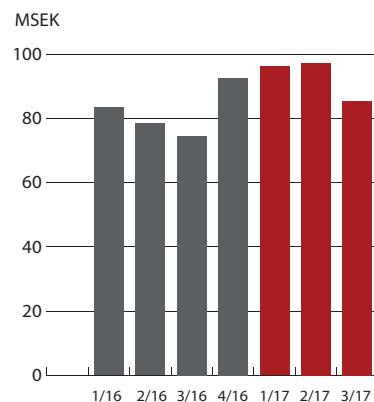
## Asia

The Asian operation includes customers such as Fujitsu and Hytera, and is managed from offices in China, Japan and Singapore. Sales consist of Worldwide Software Sales and, to a lesser extent, Key Accounts. Revenue increased by 61 percent year over year. The increase is sourced from Software Sales, and primarily, revenues from the operations of the former Qosmos. Additionally, Enea secured a deal at the end of the quarter involving it delivering OSE to a vendor of 5G base stations.

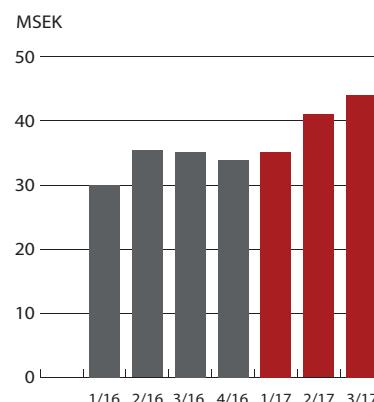
Revenue per region (Jul-Sep)



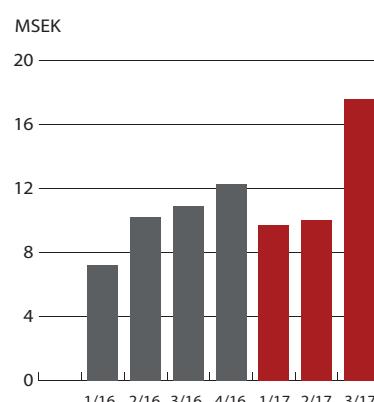
## Revenue Europe



## Revenue Americas



## Revenue Asia



# Revenue per product group

Enea's products and services are divided into three main groups: **Operating System Solutions**, which includes *Enea OSE*, *Enea Linux* and *Enea OS-Eck*. **Network Solutions** includes *Enea Element*, *ElementCenter*, *Polyhedra*, *Qosmos ixEngine*, *Qosmos Signatures*. Revenues from service sales globally are recognized in the **Global Services** product group.

## Operating System Solutions

Operating systems are the software that forms the link between hardware and the programs that it runs. Enea's operating system is used in embedded systems that are components of telecom equipment, for example. Development tools are used to develop software that runs on Enea's operating system and are usually sold bundled with the operating system. Operating systems and tools are reported as a single product group.

Operating systems account for most of Enea's sales, with 46 percent of revenues in the quarter. Sales increased in the quarter compared to the corresponding quarter of the previous year.

## Network Solutions

Effective the first quarter 2017, the Middleware product group was renamed Network Solutions. The new name better reflects its actual content, focusing on network communication. The Network Solutions group includes the device and network management, network virtualization and network intelligence product areas. (For more information, see Enea's Annual Report 2016, p. 10-11).

Sales in Network Solutions increased significantly in the quarter due to the acquisition of Qosmos. The segment provided 29 percent of total sales in the quarter, and is of growing strategic significance to Enea.

## Global Services

Enea's Global Services sales decreased on the same quarter of the previous year, accounting for 24 percent of Enea's total sales. Global Services decreased as a result of another poor quarter in the US service operations.

## Other

The Other group, which mainly consists of third-party products, and currency effects, declined in the quarter, representing 1 percent of total quarterly sales.

## Enea's offering

**Enea OSE, Enea Linux, Enea OS-Eck** – operating systems

**Enea Element** – software that interconnects operating systems with applications.

**Enea ElementCenter** – software for configuring, monitoring and controlling network functions.

**Enea Polyhedra** – in-memory database

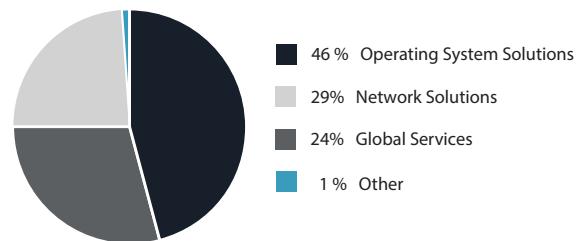
**Global Services** – delivers services including design, development, project management, training and quality assurance.

**Qosmos ixEngine** – Deep Packet Inspection software that extracts and classifies metadata for traffic policy enforcement.

**Qosmos Signatures** – Deep Packet Inspection (DPI) library.

Constantly updates signatures for protocols and applications in network solutions.

Revenue per product group (Jul-Sep)



# Costs

## Costs of goods and services sold

Costs of goods and services sold comprise costs that relate directly to delivery of the company's production licenses, development licenses including support and maintenance, services close to products and Global Services. These costs include expenses relating to generating licenses, support costs, costs associated with potential third-party products and direct personnel costs attributable to delivery of consulting services. Enea also reports amortization of intellectual property rights and capitalized product development expenses as cost of goods and services sold. Amortization was SEK 3.8 (3.3) million in the third quarter and SEK 10.0 (10.4) million for the first nine months of the year. Direct costs attributable to license sales normally comprise less than 10 percent of the sales price, while costs for services close to products and Global Services normally amount to between 60 and 80 percent of the sales price. In the third quarter 2017, costs of goods and services sold were SEK 42.7 (37.4) million, and SEK 124.4 (112.9) million for the first nine months of the year.

## Operating costs

Operating costs are sales and marketing costs, product development costs and administration costs.

### Sales and marketing costs

Sales and marketing costs include fixed and performance-related salary for the company's sales staff and costs associated with the company's marketing activities, such as participation at trade fairs, seminars, advertising and Internet. Sales and marketing costs were SEK 27.4 (18.1) million in the third quarter, or 18.6 (15.0) percent of revenue in the quarter. Sales and marketing costs for the first nine months of the year were SEK 98.2 (62.8) million, or 22.5 (17.2) percent of revenue. Restructuring costs for the third quarter were SEK 0 (0) million, and for the first nine months of the year, SEK 2.7 (0) million.

## Product development costs

Product development costs comprise direct and indirect costs associated with management, development and testing of the company's software products, as well as personnel costs and costs for development tools and IT. A proportion of the company's product development costs for new software product development is capitalized in the Balance Sheet, and is normally amortized over 60 months. Total R&D investments in the third quarter 2017 were SEK 30.2 (24.1) million, of which product development costs recognized in the Income Statement were SEK 23.5 (22.5) million, corresponding to 16.0 (18.7) percent of revenue in the quarter. For the first nine months of the year, investments were SEK 99.0 (76.1) million, of which product development costs recognized in the Income Statement were SEK 73.0 (66.1) million, or 16.7 (18.1) percent of revenue. SEK 6.7 (1.6) million of product development costs were capitalized for the third quarter, and SEK 26.0 (10.0) million were capitalized for the first nine months. The increase in capitalized product development costs was mainly due to the acquisition of Qosmos. Restructuring costs for the third quarter were SEK 0 (0) million, and for the first nine months of the year, SEK 1.1 (0) million.

### Administration costs

Administration costs comprise costs of management, the Board of Directors and Accounts function, including internal and external legal expenses and audit fees. In the third quarter, administration costs were SEK 19.4 million, compared to SEK 13.1 million for the corresponding quarter of the previous year, or 13.2 (10.9) percent of revenue in the quarter. For the first nine months of the year, administration costs were SEK 60.8 (38.5) million, corresponding to 13.9 (10.5) percent of revenue. External legal costs relating to ongoing major disputes were SEK 4.0 million in the third quarter, compared to SEK 0.3 million in the third quarter 2016. For the first nine months of the year, legal costs relating to a major dispute were SEK 9.9 (1.7) million. Restructuring costs for the third quarter were SEK 0 (0) million, and for the first nine months of the year, SEK 0.9 (0) million.



# Profit & Loss, Cash Flow, Investments & Financial Position

## Profit & loss

The group's operating profit excluding non-recurring costs amounted to SEK 38.1 (29.9) million in the third quarter, which corresponds to an operating margin excluding non-recurring costs of 25.9 (24.8) percent. Operating profit excluding non-recurring costs for the first nine months of the year was SEK 94.8 (87.1) million, which corresponds to an operating margin excluding non-recurring costs of 21.7 (23.8) percent. The group's operating profit was SEK 34.1 (29.6) million in the third quarter, which corresponds to an operating margin of 23.2 (24.5) percent. For the first nine months of the year, operating profit reduced to SEK 80.1 (85.3) million, which corresponds to an operating margin of 18.4 (23.3) percent.

Currency effects exerted a marginal impact on profit. The gross margin for the third quarter was 71.0 (69.0) percent, and 71.5 (69.1) percent for the first nine months of the year.

The financial net for the third quarter amounted to SEK 1.1 (0.0) million, and SEK -1.7 (2.5) million for the first nine months of the year.

Profit after tax amounted to SEK 28.6 (22.6) million for the quarter, and SEK 65.1 (68.0) million for the first nine months of the year.

Earnings per share were SEK 1.63 (1.42) for the third quarter and SEK 3.78 (4.28) for the first nine months of the year. Without adjusting for holdings of treasury shares, earnings per share were SEK 1.60 (1.39) for the quarter, and SEK 3.65 (4.19) for the first nine months of the year.

## Cash Flow

Cash flow from operating activities was SEK 30.3 (20.7) million for the third quarter, and SEK 98.7 (100.7) million for the first nine months of the year. Total cash flow amounted to SEK -4.3 (18.9) million for the third quarter, and SEK -28.6 (46.1) million for the first nine months of the year.

Total cash flow was affected by amortization of loans of SEK 17.0 (0.0) million, and investments in financial assets of SEK 10.4 (-0.3) million. Cash flow from changes in working capital varies between quarters, for reasons including the timing of major payments.

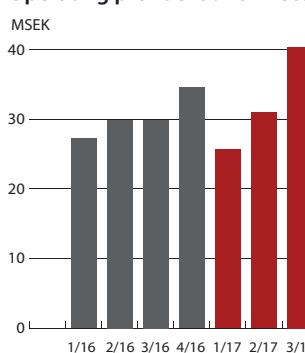
## Investments

The group's investments amounted to SEK 7.2 (2.1) million in the third quarter, and SEK 29.4 (40.8) million for the first nine months of the year. Depreciation and amortization amounted to SEK 6.0 (4.4) million for the quarter, and SEK 16.9 (13.7) million for the first nine months of the year. Enea capitalized SEK 6.7 (1.6) million of product development expenses in the third quarter, and SEK 26.0 (10.0) million for the first nine months of the year. Amortization of capitalized product development expenses in the third quarter amounted to SEK 3.8 (3.3) million, and SEK 10.0 (10.4) million for the first nine months of the year.

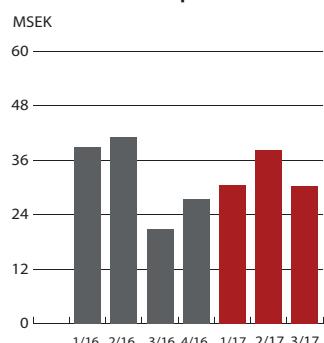
## Financial position

Cash and cash equivalents and financial investments were SEK 265.5 (215.8) million at the end of the quarter, of which financial fixed assets with maturities of more than one year amounted to SEK 41.2 (35.0) million. Total interest-bearing liabilities were SEK 116.0 (0) million at the end of the quarter, divided between long-term interest-bearing liabilities of SEK 82.0 (0) million, and current interest-bearing liabilities of SEK 34.0 (0) million. Enea has an equity ratio of 59.4 (76.0) percent. Total assets amounted to SEK 991.8 (534.9) million at the end of the quarter. Enea's net cash position totaled SEK 46.4 (215.8) million in the quarter. At year-end 2016, net cash was SEK -124.9 million. Enea has no unutilized overdraft facility.

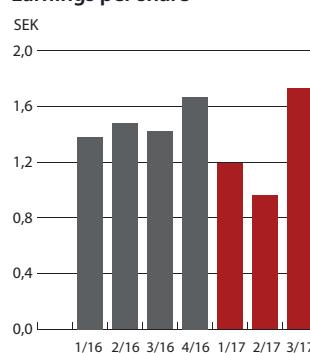
**Operating profit excl. non-recurring cost**



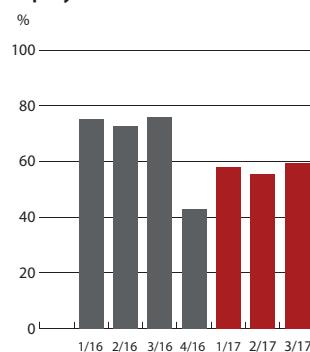
**Cash flow from operations**



**Earnings per share**



**Equity ratio**



# Employees, Repurchasing of Treasury Shares, Parent Company, & Annual General Meeting

## Employees

At the end of the quarter, the group had 460 (405) employees, an increase of 55 on the corresponding quarter of the previous year and a decrease of 11 on the previous quarter.

## Repurchase of treasury shares

Enea repurchased 0 shares in the third quarter. Enea's holding of treasury shares amounted to 314,760 shares, corresponding to 1.8 percent of the total number of shares, at the end of the quarter.

## Parent company

The parent company's revenue for the first nine months of the year amounted to SEK 42.9 (36.1) million and profit before appropriations and tax amounted to SEK 36.3 (67.9) million. The financial net of the parent company was SEK 36.3 (67.9) million, and at the end of the quarter, cash and cash equivalents and financial investments amounted to SEK 247.6 (160.0) million. The parent company's investments in the quarter amounted to SEK 0.0 (0.2) million. The parent company had 11 (12) employees at the end of the quarter. The parent company does not conduct its own business and its risks primarily relate to the operations of subsidiaries.

## Annual General Meeting

Enea's Annual General Meeting (AGM) 2018 will be held at 4:30 p.m. on Tuesday 8 May at Kista Science Tower, Färögatan 33, Kista, Sweden. The Annual Report will be available on Enea's website, [www.enea.com](http://www.enea.com), by no later than three weeks prior to the AGM.

## Nomination Committee

In consultation with the largest shareholders, the Chairman of Enea AB's Board has established a Nomination Committee for the AGM 2018. The members of the Nomination Committee are Per Lindberg, Sverre Bergland (DnB), Annika Andersson (Swedbank Robur Fonder) and Anders Skarin (Chairman of Enea AB's Board). The Nomination Committee has appointed Per Lindberg as its Chairman.

The duty of the Nomination Committee is to submit proposals to the AGM for a Chairman and other members of the Board of Directors, and fees and other compensation for work on the Board of Directors for each of the Board members. The Nomination Committee will also submit proposals for the election and remuneration of auditors. Furthermore, the Nomination Committee will submit proposals for the process for appointing a Nomination Committee for the AGM 2018.



# Other

## Accounting policies

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, which is compliant with Swedish law through application of the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups and RFR 2, Accounting for Legal Entities, for the parent company. The corresponding accounting policies, definitions of key performance indicators and calculation methods have been applied as in the latest annual accounts for the group and parent company, unless stated otherwise below.

## Financial assets and liabilities

The group applies IFRS 13. This standard requires submission of information on uncertainty in the valuations on the basis of the three levels used for financial instruments. Level 1: fair value of financial instruments traded on an active market is based on listed market prices on the reporting date. A market is regarded as active if listed prices from a stock exchange, broker, industry group, pricing service or regulatory agency are readily and regularly available and if these prices represent actual and regularly occurring arm's length market transactions. The listed market price used for the group's financial assets is the current purchase price for corporate bonds. These are level 1 instruments. Level 2: fair value of financial instruments not traded on an active market (e.g. OTC derivatives are measured with the aid of valuation techniques). The group has currency derivatives, which are used for hedging purposes. Currency hedges are measured at market value by conducting an early allocation of the currency hedge in order to determine what the forward price would be if the maturity were at the reporting date. The group has currency hedging of EUR to SEK, so the difference in interest rate between Sweden and Europe for the remaining original term provides the number of points to be deducted from the original forward price. The difference between the new forward price and the original forward price gives the market value of the currency hedge. Market information is used here as far as possible as this is available, while company-specific information is used as little as possible. The group has a receivable relating to currency hedges that is recognized at a value of SEK 1.3 million as of 30 September 2017, which is also the total for level 2. Level 3: there is a liability relating to an additional purchase consideration for Centered Logic in level 3, which amounts to SEK 15.4 million as of 30 September 2017, and the purchase consideration of Qosmos of SEK 95.7 million, which has been entered as a liability. Estimated fair value is consistent with carrying amount.

Allocation by level in valuation at fair value, 2017-09-30, SEK million	Level 1	Level 2	Level 3	Total
<b>Derivative instruments used as hedging purposes</b>				
Currency derivatives				
Currency derivatives	-	1.3	-	1.3
<b>Financial liabilities at fair value through profit or loss</b>				
Debt conditional purchase price, long-term				
Debt conditional purchase price, long-term	-	-	11.8	11.8
Debt conditional purchase price, short-term				
Debt conditional purchase price, short-term	-	-	3.6	3.6
Debt settlement, long-term				
Debt settlement, long-term	-	-	95.7	95.7
<b>Total</b>	<b>0</b>	<b>1.3</b>	<b>111.1</b>	<b>112.3</b>

No transfers between levels occurred in the period. For other financial assets and liabilities, carrying amount is consistent with fair value.

## Material risks and uncertainty factors

Dependence on Key Accounts is decreasing, but remains high. These customers accounted for some one half of the group's revenues in 2016. During the fourth quarter 2016, Enea reported an ongoing arbitration process regarding contract interpretation issues with a customer. Due to confidentiality and for legal procedural reasons, Enea is unable to comment further on the process at present.

In the second quarter 2017, Enea reported on a unilateral price reduction that one of the company's customers wants to impose. The discrepancy between the contracted price and the lower price the customer unilaterally started to apply implies a shortfall of SEK 6 million of royalty revenues for the third quarter 2017 and 14 MSEK for the first nine months of the year. The amount is estimated to 20 to 25 MSEK for the full year 2017. Enea anticipates that this customer will pay according to contract, but otherwise will need to invoke an arbitration procedure.

Because there were no other significant changes to material risks and uncertainties in the quarter, the reader is referred to the review on pages 18-19 of the most recent Annual Report.

In the fourth quarter 2016, Enea financed acquisitions through a SEK 150 million bank loan. The loan will be repaid at SEK 34 million per year with a remaining bullet of SEK 48 million, which will be renegotiated at the end of the term. Interest accrues at Stibor 3M +1.95 percent. The loan agreement stipulates covenants regarding the group's equity ratio, net debt/EBITDA and debt service ratio. These covenants were satisfied as of 30 September 2017.

## IFRS 15 – Revenue from contracts with customers

A project aimed at analyzing the effects of IFRS 15 was started in 2016, and is expected to be completed in the fourth quarter 2017, when potential effects on the company's revenue will be presented.

# Target Compliance & Outlook

## **Long-term ambition**

The ambition over a three-year period commencing 2016 is to continue to develop a global software company with higher sales, sustainable high profitability and good cash flows. The company will focus on organic growth, but both strategic and complementary acquisitions will be evaluated continuously.

Growth will vary between years and quarters, depending on the timing of individual deals and the progress of royalty streams, which depend on customers' sales volumes. Operating margin will vary over the quarters of this period, corresponding to growth. Enea's objective is to maintain an operating margin of over 20 percent over this period.

## **Outlook for 2017**

Our objective for the full year 2017 is unchanged—to achieve double-digit revenue growth, and improved operating profit compared to 2016 before non-recurring costs.

Kista, Sweden, 24 October 2017

Board of Directors

# Auditor's review report

Auditor's report on summary review of summary interim financial statements (Interim Report) prepared in accordance with IAS 34 and Chap. 9 of the Swedish Annual Accounts Act.

## **Introduction**

We have conducted a summary review of these summary interim financial statements (Interim Report) of Enea AB (publ) as of 30 September 2017 and the nine-month period concluding on this date. The Board of Directors and Chief Executive Officer are responsible for the true and fair preparation and presentation of this interim financial information pursuant to IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to state a conclusion on this Interim Report based on our review.

## **Orientation and scope of review**

We have conducted our review pursuant to the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to individuals responsible for financial and accounting issues, conducting an analytical review and taking other review measures. A review has a differing orientation and significantly less scope than the orientation and scope of an audit pursuant to ISA and generally accept

ed auditing practice otherwise. The measures taken in a review do not enable us to attain sufficient certainty for us to state that we are aware of all significant circumstances that would have been identified if an audit had been conducted. Accordingly, the stated conclusion of a review does not have the certainty of the stated conclusion based on an audit.

## **Conclusion**

Based on our review, no circumstances have arisen that give us reason to consider that essentially, for the group's part, the Interim Report has not been prepared pursuant to IAS 34 and the Swedish Annual Accounts Act and, for the parent company's part, pursuant to the Swedish Annual Accounts Act.

Niklas Renström  
Authorised Public Accountant

Öhrlings PricewaterhouseCoopers AB  
Stockholm, Sweden, 24 October 2017

# Consolidated statement of comprehensive income

SEK million	Jul-Sep		Jul-Sep		12 months	Full year
	2017	2016	2017	2016	Oct-Sep	2016
Revenue	147.1	120.7	436.5	365.6	572.3	501.3
Cost of sold products and services	-42.7	-37.4	-124.4	-112.9	-160.0	-148.5
Gross profit	104.4	83.3	312.1	252.7	412.2	352.8
Sales and marketing costs	-27.4	-18.1	-98.2	-62.8	-122.6	-87.3
R&D costs	-23.5	-22.5	-73.0	-66.1	-98.4	-91.5
General and administration costs	-19.4	-13.1	-60.8	-38.5	-77.6	-55.2
Operating profit <sup>1,2,3</sup>	34.1	29.6	80.1	85.3	113.6	118.8
Financial net	1.1	-0.0	-1.7	2.5	1.0	5.2
Profit before tax	35.2	29.5	78.4	87.8	114.6	124.0
Tax	-6.6	-7.0	-13.3	-19.8	-22.9	-29.4
<b>Net profit for the period</b>	<b>28.6</b>	<b>22.6</b>	<b>65.1</b>	<b>68.0</b>	<b>91.7</b>	<b>94.6</b>
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit or loss</i>						
Change in hedging reserve, after tax	-0.5	-0.4	1.4	-2.0	1.9	-1.5
Currency translation differences	-7.8	4.0	-7.8	6.5	-20.4	-6.1
<i>Items that will not be reclassified to profit or loss</i>						
Pension obligations	0.1	-	-0.0	-	0.1	-
<b>Total comprehensive income for the period, net of tax</b>	<b>20.5</b>	<b>26.2</b>	<b>58.6</b>	<b>72.5</b>	<b>73.2</b>	<b>87.0</b>
Profit for the period attributable to the shareholders of the Parent Company	28.6	22.6	65.1	68.0	91.7	94.6
Comprehensive income for the period attributable to the shareholders of the Parent Company	20.5	26.2	58.6	72.5	73.2	87.0
1) incl. depreciation of tangible assets	1.2	0.9	3.5	2.6	4.4	3.5
2) incl. amortization of intangible assets	4.9	3.5	13.4	11.1	17.0	14.6
<b>3) Non-recurring expenses included in operating profit</b>						
Operating profit, including non-recurring costs	34.1	29.6	80.1	85.3	113.6	118.8
Restructuring costs	0.0	-	-4.7	-	-4.7	-
Legal costs	-4.0	-0.3	-9.9	-1.7	-11.0	-2.8
Operating profit, excluding non-recurring costs	38.1	29.9	94.8	87.1	129.3	121.6

## Key figures related to the income statement

	Jul-Sep		Jul-Sep		12 months	Full year
	2017	2016	2017	2016	Oct-Sep	2016
Earnings per share (SEK) <sup>1</sup>	1.63	1.42	3.78	4.28	5.43	5.95
Earnings per share after full dilution (SEK)	1.63	1.42	3.78	4.28	5.43	5.95
Number of shares before dilution (million)	17.5	15.9	17.2	15.9	16.9	15.9
Number of shares after dilution (million)	17.5	15.9	17.2	15.9	16.9	15.9
Revenue growth (%)	22	3	19	3	16	4
Gross margin (%)	71.0	69.0	71.5	69.1	72.0	70.4
Operating costs in % of revenue						
- Sales and marketing costs	18.6	15.0	22.5	17.2	21.4	17.4
- R&D costs	16.0	18.7	16.7	18.1	17.2	18.2
- General and administration costs	13.2	10.9	13.9	10.5	13.6	11.0
Operating margin excluding non-recurring costs (%)	25.9	24.8	21.7	23.8	22.6	24.3
Operating margin (%)	23.2	24.5	18.4	23.3	19.9	23.7

1) Excluding Enea's treasury shares

## Consolidated statement of financial position

SEK million	30 Sep	30 Sep	31 Dec
	2017	2016	2016
<b>ASSETS</b>			
Intangible assets	507.4	159.7	499.2
- of which goodwill	414.7	123.3	419.2
- of which capitalized development costs	53.6	34.6	37.7
- of which other intangible assets	20.1	-	21.8
- of which product rights	8.8	-	9.8
- of which customer agreements	9.2	-	9.2
- of which other intangible assets	1.1	1.9	1.5
Inventories, tools and installations	9.8	5.8	10.9
Deferred tax assets	22.0	2.3	23.5
Other fixed assets	2.6	1.1	6.5
Financial assets held for sale, non-current	41.2	35.0	-
<b>Total fixed assets</b>	<b>583.0</b>	<b>204.0</b>	<b>540.1</b>
Current receivables	184.5	150.2	219.4
Financial assets held for sale, current	30.1	-	-
Cash and cash equivalents	194.2	180.8	223.5
<b>Total current assets</b>	<b>408.8</b>	<b>330.9</b>	<b>442.9</b>
<b>Total assets</b>	<b>991.8</b>	<b>534.9</b>	<b>983.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>589.1</b>	<b>406.5</b>	<b>422.9</b>
<b>Other provisions</b>	<b>9.6</b>	<b>1.3</b>	<b>14.0</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	38.9	19.9	35.0
Long-term liabilities, interest-bearing	82.0	-	116.0
Long-term liabilities, non-interest-bearing	107.4	16.4	113.0
<b>Total long-term liabilities</b>	<b>228.3</b>	<b>36.3</b>	<b>263.9</b>
<b>Current liabilities</b>			
Current liabilities, interest bearing	34.0	-	34.0
Current liabilities, non-interest bearing	130.9	90.9	248.2
<b>Total current liabilities</b>	<b>164.9</b>	<b>90.9</b>	<b>282.2</b>
<b>Total equity and liabilities</b>	<b>991.8</b>	<b>534.9</b>	<b>983.0</b>

## Consolidated statement of changes in equity

SEK million	30 Sep	Full year	
	2017	2016	2016
At beginning of period	422.9	398.9	398.9
Total comprehensive income for the period	58.6	72.5	87.0
Dividend / Redemption program	-35.1	-66.8	-66.8
New share issue	159.6	-	-
Share saving program	4.2	3.9	5.9
Repurchasing of own shares	-21.2	-2.0	-2.0
<b>At end of period</b>	<b>589.1</b>	<b>406.5</b>	<b>422.9</b>

## Consolidated statement of cash flows

SEK million	Jul-Sep		Jan-Sep		Full year
	2017	2016	2017	2016	2016
Cash flow from operating activities before change in working capital	36.9	29.0	74.3	87.8	132.8
Cash flow from change in working capital	-6.6	-8.3	24.4	12.8	-4.7
Cash flow from operating activities	30.3	20.7	98.7	100.7	128.1
Cash flow from investing activities	-17.6	-1.8	-99.5	14.4	49.6
Cash flow from investing activities - from acquisition of business, net	-	-	-96.3	-	-139.6
Cash flow from financing activities, automatic redemption program	-	-	-35.1	-66.8	-66.8
Cash flow from financing activities, raising of loans	-	-	-	-	150.0
Cash flow from financing activities, amortization of loans	-17.0	-	-34.0	-	-25.0
Cash flow from financing activities, repurchasing of treasury shares	-	-	-	-2.0	-2.0
Cash flow from financing activities, settlement of share savings program	-	-	-21.2	-	-
Cash flow from financing activities, new share issue incl. transaction costs	-	-	158.8	-	-
Cash flow for the period	-4.3	18.9	-28.6	46.1	94.3
Cash and cash equivalents at the beginning of period	199.4	161.6	223.5	132.8	132.8
Exchange rate differences in cash and cash equivalents	-0.9	0.3	-0.7	1.8	-3.7
Cash and cash equivalents at end of period	194.2	180.8	194.2	180.7	223.5

## Key Figures related to the balance sheet and cash flow

SEK million	Jan-Sep		12 months	Full year
	2017	2016	Oct-Sep	2016
Cash and cash equivalents and financial investments (SEK million )	265.5	215.8	265.5	223.5
Equity ratio (%)	59.4	76.0	59.4	43.0
Equity per share (SEK)	33.57	25.57	33.57	26.61
Cash flow from operating activities per share (SEK)	5.73	6.33	7.47	8.06
Number of employees at end of period	460	405	460	464
Return on equity (%)			18.4	23.0
Return on capital employed (%)			24.2	27.8
Return on assets (%)			17.8	18.1

## Parent Company Income Statement

SEK million	Jan-Sep		Full year
	2017	2016	2016
Revenue	42.9	36.1	49.3
Operating costs	-42.9	-36.1	-49.3
Operating profit	-	-	-
Net financial income	36.3	67.9	68.4
Profit after financial net	36.3	67.9	68.4
Appropriations	-	-	-0.8
Profit before tax	36.3	67.9	67.5
Tax	-0.4	-0.4	-0.7
<b>Net profit for the period</b>	<b>35.9</b>	<b>67.5</b>	<b>66.9</b>

## Parent Company Balance Sheet

SEK million	30 Sep		31 Dec
	2017	2016	2016
<b>ASSETS</b>			
Fixed assets	215.0	209.1	174.3
Current assets	337.4	184.9	272.1
<b>Total assets</b>	<b>552.4</b>	<b>393.9</b>	<b>446.4</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	403.2	259.8	261.2
Untaxed reserves	8.5	7.7	8.5
Long-term liabilities, interest-bearing	82.0	-	116.0
Current liabilities, interest-bearing	34.0	-	34.0
Current liabilities, other	24.6	126.5	26.7
<b>Total equity and liabilities</b>	<b>552.4</b>	<b>393.9</b>	<b>446.4</b>

## Quarterly data

SEK million	2017			2016				2015		
	q3	q2	q 1	q 4	q 3	q 2	q 1	q 4	q 3	q 2
<b>INCOME STATEMENT</b>										
Revenue	147.1	148.5	141.0	135.7	120.7	124.1	120.8	126.2	117.7	120.2
Costs of sold prod. and services	-42.7	-42.0	-39.7	-35.6	-37.4	-37.4	-38.2	-37.6	-37.9	-34.8
Gross profit	104.4	106.4	101.3	100.1	83.3	86.7	82.7	88.5	79.9	85.4
Sales and marketing costs	-27.4	-35.2	-35.7	-24.5	-18.1	-22.5	-22.3	-20.5	-19.3	-22.8
R&D costs	-23.5	-26.2	-23.3	-25.4	-22.5	-22.4	-21.1	-23.1	-21.5	-23.6
General and administration costs	-19.4	-22.6	-18.8	-16.8	-13.1	-13.0	-12.4	-12.7	-11.2	-12.5
Operating profit	34.1	22.5	23.5	33.5	29.6	28.8	26.9	32.3	27.9	26.5
Net financial income/expense	1.1	-2.8	-0.1	2.7	-0.0	1.6	0.9	1.3	-0.1	0.2
Profit before tax	35.2	19.8	23.4	36.2	29.5	30.4	27.8	33.6	27.7	26.7
Tax	-6.6	-3.0	-3.7	-9.6	-7.0	-6.9	-5.9	-6.2	-7.1	-5.9
<b>Net profit for the period</b>	<b>28.6</b>	<b>16.8</b>	<b>19.7</b>	<b>26.6</b>	<b>22.6</b>	<b>23.5</b>	<b>21.9</b>	<b>27.4</b>	<b>20.6</b>	<b>20.8</b>
Other comprehensive income	-8.2	3.4	-1.7	-12.1	3.6	2.1	-1.2	-2.5	3.4	-3.6
Total comprehensive income	20.5	20.2	18.0	14.5	26.2	25.7	20.7	24.8	24.0	17.3
<b>BALANCE SHEET</b>										
Intangible assets	507.4	511.4	505.3	499.2	159.7	159.8	157.2	128.4	129.8	128.2
Other fixed assets	31.8	34.9	32.7	34.4	8.1	8.2	8.3	8.5	9.2	8.7
Other financial fixed assets	2.6	2.7	3.3	6.5	1.1	1.4	1.5	2.0	0.6	1.0
Financial assets held for sale, non-current	41.2	40.8	-	-	35.0	35.0	40.1	70.7	83.0	88.7
Current receivables	184.5	211.9	215.8	219.4	150.2	155.8	164.0	196.2	150.6	158.2
Financial assets held for sale, current	30.1	20.0	-	-	-	-	-	-	-	-
Cash and cash equivalents	194.2	199.4	285.1	223.5	180.8	161.6	187.7	132.8	110.3	98.9
<b>Total assets</b>	<b>991.8</b>	<b>1 021.1</b>	<b>1 042.1</b>	<b>983.0</b>	<b>534.9</b>	<b>521.8</b>	<b>558.8</b>	<b>538.6</b>	<b>483.5</b>	<b>483.8</b>
Shareholders' equity	589.1	566.9	602.2	422.9	406.5	379.0	420.9	398.9	374.9	358.9
Long-term liab., interest bearing	82.0	99.0	99.0	116.0	-	-	-	-	-	-
Long-term liab., non-interest bearing	155.9	159.0	156.4	161.9	37.6	37.3	36.8	21.5	17.5	17.2
Current liab., interest bearing	34.0	34.0	34.0	34.0	-	-	-	-	-	-
Current liab., non-interest bearing	130.9	162.2	150.5	248.2	90.9	105.5	101.1	118.2	91.2	107.7
<b>Total equity and liabilities</b>	<b>991.8</b>	<b>1 021.1</b>	<b>1 042.1</b>	<b>983.0</b>	<b>534.9</b>	<b>521.8</b>	<b>558.8</b>	<b>538.6</b>	<b>483.5</b>	<b>483.8</b>
<b>CASH FLOW</b>										
Cash flow from operating activities	30.3	38.1	30.4	27.5	20.7	41.1	38.8	18.8	17.5	54.7
Cash flow from investing activities	-17.6	-68.3	-13.6	35.3	-1.8	0.5	15.7	6.9	2.8	-35.7
Cash flow from financial activities	-17.0	-56.6	142.0	125.0	0.0	-68.9	-	-2.2	-9.3	-84.5
<b>Cash flow for the period</b>	<b>-4.3</b>	<b>-86.8</b>	<b>158.8</b>	<b>187.8</b>	<b>18.9</b>	<b>-27.3</b>	<b>54.5</b>	<b>23.5</b>	<b>10.9</b>	<b>-65.5</b>
Cash flow from the acquisition of business	-	-	-	-	-	-	-	-	-	-
Cash flow from acquisition of business	-	-	-	-	-	-	-	-	-	-
<b>Total cash flow from the period</b>	<b>-4.3</b>	<b>-86.8</b>	<b>62.5</b>	<b>48.2</b>	<b>18.9</b>	<b>-27.3</b>	<b>54.5</b>	<b>23.5</b>	<b>10.9</b>	<b>-65.5</b>

# 5 Years in Summary

SEK million	2016	2015	2014	2013	2012
<b>INCOME STATEMENT</b>					
Revenue	501.3	481.5	429.3	408.5	467.8
Operating expenses	-382.5	-371.4	-335.5	-326.4	-395.3
Operating profit	118.8	110.0	93.8	82.1	72.5
Net financial items	5.2	2.5	1.5	1.7	4.2
Earnings before tax	124.0	112.5	95.3	83.8	76.7
Profit for the period	94.6	88.0	74.5	63.2	53.6
Profit, discontinued operations <sup>1</sup>	-	-	-	-	61.7
<b>Net profit</b>	<b>94.6</b>	<b>88.0</b>	<b>74.5</b>	<b>63.2</b>	<b>115.3</b>
<b>BALANCE SHEET</b>					
Intangible assets	499.2	128.4	128.1	121.7	121.5
Other fixed assets	34.4	8.5	9.5	13.2	20.3
Other financial fixed assets	6.5	2.0	0.5	-	28.0
Financial assets held for sale, non-current	-	70.7	14.3	-	-
Current receivables	219.4	196.2	150.6	140.8	143.2
Financial assets held for sale, current	-	-	20.6	-	-
Cash and cash equivalents	223.5	132.8	180.4	163.6	146.7
<b>Total assets</b>	<b>983.0</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>
Shareholders' equity	422.9	398.9	400.3	371.2	367.2
Provisions and non-current liabilities	277.9	21.5	16.2	11.6	6.8
Current liabilities	282.2	118.2	87.5	56.5	85.8
<b>Total equity and liabilities</b>	<b>983.0</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	128.1	104.6	116.2	76.6	80.1
Cash flow from investing activities	49.6	-52.8	-48.9	-14.3	-15.7
Cash flow from investing activities - divested business	-	-	10.4	18.0	115.4
Cash flow from investing activities - acquisition of business	-139.6	-	-	-	-
Cash flow from financing activities	56.2	-100.1	-64.6	-63.1	-157.3
<b>Cash flow for the period</b>	<b>94.3</b>	<b>-48.3</b>	<b>13.1</b>	<b>17.3</b>	<b>22.5</b>
<b>KEY FIGURES</b>					
Revenue growth, %	4	12	5	-13	-35
Operating margin, %	23.7	22.9	21.9	20.1	15.5
Profit margin, %	24.7	23.4	22.2	20.5	16.4
Return on capital employed, %	27.8	29.7	25.7	24.1	19.2
Return on equity, %	23.0	22.0	19.3	17.1	13.7
Return on total capital, %	18.1	22.9	21.1	19.8	15.7
Interest coverage ratio, times	10.2	16.2	24.5	16.7	20.7
Equity ratio, %	43.0	74.1	79.4	84.5	79.9
Liquidity, %	156.9	278.3	401.8	538.9	338.1
Average number of employees	410	400	392	384	417
Net sales per employee, MSEK	1.22	1.20	1.10	1.06	1.12
Net asset value per share, SEK	26.61	25.06	24.81	22.65	22.14
Earnings per share, SEK	5.95	5.49	4.58	3.83	6.85
Transfer to shareholders per share, SEK <sup>2</sup>	2.00	4.20	3.60	3.00	3.00

1) The comparative numbers related to the divestment of Nordic consulting business has been reclassified according to IFRS 5 and comments from Nasdaq Stockholm.

2) Transfer to shareholders per share adopted by the 2017 Annual General Meeting.

# Financial Definitions and Alternative Performance Measures

**Cash flow from operating activities per share:** Cash flow from operating activities in relation to the average number of shares.

**Debt service ratio:** (Cash flow from operating activities - ongoing investment + total financial expenses) in relation to the principal and total financial costs over a reference period of twelve (12) months.

**Earnings per share:** Profit after tax in relation to the average number of shares.

**EBITDA:** Earnings before financial items plus depreciation.

**Equity per share:** Equity in relation to the total number of shares outstanding.

**Equity ratio:** Equity including minority interests in relation to total assets.

Interest coverage ratio: Profit after financial net plus financial costs in relation to financial costs.<sup>2</sup>

**Liquidity:** Cash and cash equivalents, including current investments and receivables, in relation to current liabilities.

**Net asset value per share:** Net asset value, equivalent to equity, in relation to the total number of shares outstanding.

**Net cash position:** Cash and cash equivalents and financial investments less interest-bearing liabilities and unconditional acquisition-related liabilities.

**Net debt:** Interest-bearing liabilities and unconditional acquisition-related liabilities less cash and cash equivalents and financial investments, i.e. negative net cash.

**Non-recurring costs:** costs of a non-repeat nature in operating activities.

Non-recurring costs include restructuring costs and legal costs relating to major disputes. The purpose of specifying these items is to clarify the progress of underlying operations.

**Operating margin:** Operating profit in relation to revenue.

**Operating profit excl. non-recurring costs:** profit from operations before financial items and tax, adjusted for non-recurring costs incurred.

**Profit margin:** Profit after financial items in relation to revenue.

**Return on capital employed:** Operating profit (loss) plus financial income in relation to average capital employed.

**Return on equity:** Profit (loss) after tax in relation to average equity.

**Return on total capital:** Profit after financial items plus financial costs<sup>2</sup> in relation to average total assets.

**Revenue growth<sup>1</sup>:** Revenue in the period in relation to the previous period's revenue.

Revenue per employee: Revenue in relation to the average number of employees.

**Transfer to shareholders per share:** Dividend for the current financial year divided by the number of shares on the reporting date.

*The Interim Report for the third quarter 2017 uses non-IFRS measures that Enea and other parties use to evaluate Enea's results of operations. These measures provide management and investors with significant information to analyze trends in the company's business operations. These non-IFRS measures are intended to complement, but not replace, financial measures presented in accordance with IFRS.*

## 1. Reconciliation of revenue growth

	Jul-Sep		Jan-Sep		Full year
	2017	2016	2017	2016	2016
Revenue, SEK million	147.1	120.7	436.5	365.6	501.3
Revenue growth, %	22	3	19	3	4
Revenue growth currency adjusted, %	23	1	18	2	3
<b>SEK million</b>					
Revenue growth based on unchanged exchange rates compared with the previous year	28,2	1,4	66,5	8,8	14,4
Currency adjustment revenue growth	-1,8	1,6	4,4	1,5	5,4
Reported revenue growth	26,5	3,0	70,9	10,3	19,8
<b>%</b>					
Revenue growth based on unchanged exchange rates compared with the previous year	23	1	18	2	3
Currency adjustment revenue	-1	2	1	1	1
Reported revenue growth	22	3	19	3	4

## 2. Reconciliation of financial net

	Jul-Sep		Jan-Sep		Full year
	2017	2016	2017	2016	2016
Financial income, SEK million	5.7	2.3	13.6	10.2	18.6
Financial expenses, SEK million	-4.5	-2.3	-15.3	-7.7	-13.4
Reported financial net, SEK million	1.1	0.0	-1.7	2.5	5.2

# Technology Insight

## Enea OSE

One challenge facing operating systems generally, and embedded applications in particular, is to extract maximum system performance from hardware. System hardware costs are directly proportional to the level of hardware utilization within a system. High hardware utilization implies lower cost of hardware.

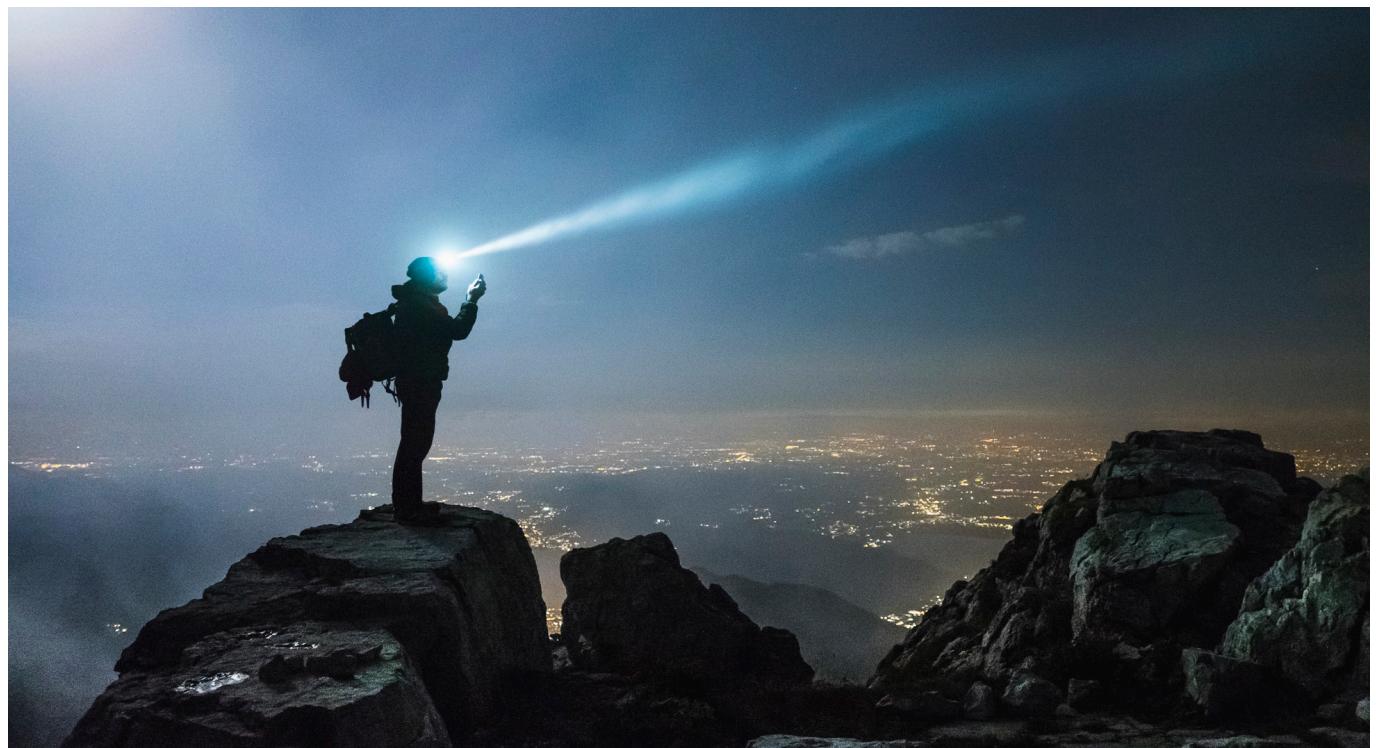
The central components of an operating system deal with fundamental and critical tasks such as resource allocation and scheduling of the program code to be run. Multicore systems often have a built-in risk of resource conflicts: each processor core runs one or several programs, and if multiple programs simultaneously attempt to utilize the same resource or the same portion of memory, one or more programs might have to wait—decreasing system performance, and resulting in suboptimal system characteristics. The more processor cores the system has, the greater the risk of resource conflicts, and accordingly, system scalability becomes a key issue once the number of processor cores increases.

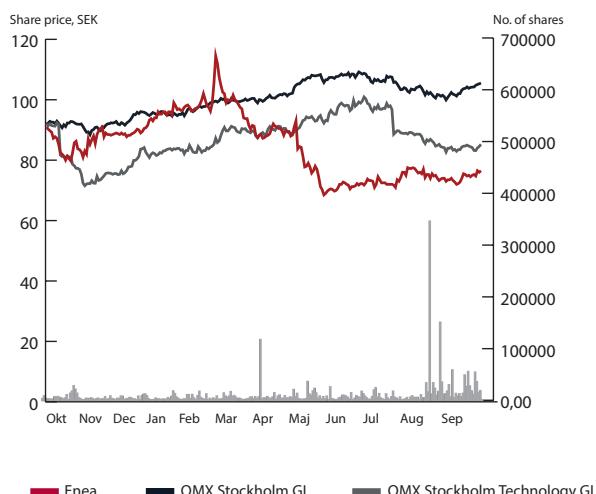
OSE has been used in mission-critical systems for several decades. At the time of inception, these systems consisted of single processor cores, but nowadays, technological progress is producing processors with a growing number of cores, and accordingly, scalability now presents a central challenge for most operating systems.

While many other operating systems struggle to adapt gradually to these challenges, Enea anticipated this transition ten years ago, and at that time, decided to redesign OSE from the ground up, focusing precisely on multicore scalability. Enea created a new generation of OSE with the express objective of designing out all potential resource conflicts within the core parts of the operating system, and presented the outcome in 2009 under the OSE Multicore Edition banner. OSE Multicore Edition won several prizes and awards for its innovative design, and since this time, Enea has continued to prioritize scalability. This is why OSE is currently able to demonstrate unique qualities in terms of scalability across a growing number of processor cores.

For more information:

<https://www.enea.com/products/operating-systems/enea-ose/>





## The share

July - September 2017

Share price development:	5.48%
No. of traded shares:	1 356 437
Highest closing price:	77.50 SEK
Lowest closing price:	71.00 SEK
Dividend 2017*	2.00 SEK
Market cap. (30 Sep):	1375 SEK million
Total No. of shares (30 Sep):	17 864 231

\* Through an automatic redemption program.

## For queries, please contact

Anders Lidbeck, President and CEO

Anders Stensson, CFO

Julia Steffensen, Executive Assistant

Phone: +46 (0)8-507 140 00

Enea AB (556209-7146)

Jan Stenbecks torg 17

P.O. Box 1033

SE-164 21 Kista, Sweden

## Financial information

Annual statement	8 February, 2018
Interim report Jan-Mar	25 April, 2018
Annual General Meeting	8 May, 2018
Interim report Apr-Jun	19 July, 2018
Interim report Jul-Sep	23 October, 2018
Annual statement	7 February, 2019

All financial information is published at Enea's website  
<http://www.enea.com/investors/overview/>

Financial reports can also be ordered from  
 Enea AB, P.O. Box 1033, SE-164 21 Kista, Sweden  
 or by e-mail: [ir@enea.com](mailto:ir@enea.com)

*This report contains forward-looking statements that are based on the current expectations of the management of Enea. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors. This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.*