

# Interim Report January – September 2019

## Solid growth and profitability

### July – September 2019

- Revenue amounted to SEK 250.2 (209.6) million, equivalent to a 19 percent increase.
- Operating profit excluding non-recurring items increased to SEK 63.5 (51.9) million, corresponding to an operating margin of 25.4 (24.8) percent.
- Operating profit increased to SEK 63.5 (51.2) million, equivalent to an operating margin of 25.4 (24.4) percent.
- Earnings per share increased to SEK 2.37 (1.84).
- On 9 July, Enea reported signing a multi-year, EUR 21.2 million contract on one of its key accounts.
- On 23 August, Enea announced that the company had issued 1,965,000 shares in a directed share issue raising proceeds of approximately SEK 271 million before transaction costs. This new share issue resulted in 10 percent dilution.

### January – September 2019

- Revenue amounted to SEK 751.2 (593.2) million, equivalent to a 27 percent increase.
- Operating profit excluding non-recurring items increased to SEK 201.5 (133.0) million, corresponding to an operating margin of 26.8 (22.4) percent.
- Operating profit increased to SEK 197.7 (122.2) million, equivalent to an operating margin of 26.3 (20.6) percent.
- Earnings per share increased to SEK 7.21 (4.61).

## Significant events after period end

- Enea made an early redemption of the bond loan of SEK 500 million from March 5 2018. In connection with this, the company signed a new bank loan of SEK 250 million over 3 years.

Key figures	Jul-Sep		Jan-Sep		Full Year
	2019	2018	2019	2018	2018
Revenue, SEK m	250.2	209.6	751.2	593.2	830.3
Revenue growth, %	19	44	27	36	41
Revenue growth currency adjusted, %	16	36	21	34	38
Operating profit excluding non-recurring items, SEK m	63.5	51.9	201.5	133.0	192.5
Operating profit, SEK m	63.5	51.2	197.7	122.2	188.9
Operating margin excluding non-recurring items, %	25.4	24.8	26.8	22.4	23.2
Operating margin, %	25.4	24.4	26.3	20.6	22.7
Net profit after tax, SEK m	47.7	35.5	141.5	89.1	141.7
Earnings per share, SEK	2.37	1.84	7.21	4.61	7.33
Cash flow from operating activities, SEK m	69.5	23.2	196.6	126.3	168.6
Cash, cash equivalents and financial investments, SEK m	395.7	206.2	395.7	206.2	74.7

## Solid growth and profitability

Enea's third quarter 2019 was a period of revenue and earnings growth. The strong growth by Network Solutions (revenue 38 percent higher than the same quarter last year) was particularly positive. Our latest acquisition, of a business unit developing policy and access control software, has progressed better than initial estimates. Even excluding this latest acquisition, Network Solutions grew organically by 6 percent, mainly from new customers and business in traffic management and cyber security.

Our dependence on Operating System Solutions continues to decrease. This product group contributed 23 percent of total turnover in the quarter, compared to 29 percent in the same period last year. Operating System Solutions' revenues were down 7 percent, a trend we expect to continue. The contract signed in July 2019 on one of our key accounts gives us predictable revenues over a four-year period. We foresee continued solid profitability in this segment and we'll keep realizing efficiencies and adapting our operations to customer needs and business volumes.

The Global Services unit, where we mainly help customers on advanced software development through our competence centers in Romania and the US, returned growth (7 percent) and improved profitability. Global Services contributed 15 percent of total turnover in the third quarter.

## Direct sales of Policy and Access Solutions

Prior to the quarter, the acquired policy and access control unit operated through indirect sales via major system suppliers only. In July, we signed a contract with a major German operator, involving direct delivery of software products to this customer's cloud infrastructure. Our business model is a combination of software licenses, a multi-year support contract and installation and upgrade services. This new contract shows that we have the ability to sell policy and access solutions direct to operators, which complements our indirect sales model and gives us valuable contacts with more customers.

## Optimization of video traffic

During August, we signed a large traffic management contract with an existing customer in South East Asia. This region is very exciting – traffic in mobile networks is growing fast, investment needs are increasing while subscribers demand that video services and social media work without delays and interruptions. Our traffic management solutions will reduce cost for our customer and improve the end-user experience for subscribers. We foresee continued positive development of the traffic management market as mobile subscribers across the world increase their requirements on performance and services in 4G and 5G networks.

Enea has a strong position on the traffic management market and our software runs in commercial networks across the world together with equipment from most of the major system providers. During the quarter, we have suffered from changes and delays in certain operator projects involving Huawei, which has resulted in lower revenues than forecasted. We expect these disturbances to continue, but we do not judge that this creates long-term risks for our market position.



## Great interest for Enea's virtualization platform

We're seeing growing interest in our new platform for virtualizing small network units, deployed close to end-users (NFV Access). One of our first customers is CMC Networks, an enterprise operator in Africa and the Middle East. CMC Networks will use our software in its new enterprise communication solution, known as SD WAN. Our revenues increase with units in operation, from very limited levels in 2019. Alongside Intel and FlexiWAN, we recently demonstrated how open source applications can cut our customers' costs and increase their choice. We see growth potential in this segment, although the enterprise market for small-size unit virtualization is at an early stage.

## More efficient capital structure

During August, we successfully completed a private placement to alter Enea's capital structure. The bond loan of SEK 500 million issued in 2018 was redeemed in advance in October 2019, reducing Enea's cost of capital. These changes will have a net positive effect on the company's earnings per share from 2020. Within our new capital structure, there's also scope to raise additional credit, which we may need for future acquisitions.

## Future prospects

We have a positive view of the market for software in telecommunication and enterprise networks, although large contracts can create variations in financial results between individual quarters. We're investing in product development and innovation for organic growth, while continuing to screen acquisition targets that can strengthen our market positioning and long-term earnings capacity.

Our goal for the full year 2019 is to achieve revenue growth on 2018, and an operating margin of over 20 percent

Jan Häglund  
President and CEO

# Revenue

Enea's revenue in the third quarter amounted to SEK 250.2 (209.6) million, a 19 percent increase on the third quarter previous year. Currency adjusted, revenue was up 16 percent on the third quarter, year over year. Revenue for the period was SEK 751.2 (593.2) million, a 27 percent increase.

The acquisitions Enea has executed in recent years have a higher new business share, where individual contracts may be large in absolute terms, and with varying levels of recurring revenues. This means variations between individual quarters can occur.

Revenue in the quarter consisted of net sales of SEK 246.9 (208.4) million, and other operating income of SEK 3.2 (1.2) million.

## Revenue per business area

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

Key Accounts and Worldwide Software Sales jointly make up Enea's software business, which generated 85 percent of total revenue in the quarter, divided between Key Accounts at 28 percent and Worldwide Software Sales at 57 percent. Revenues from Worldwide Software Sales were up by 18 percent year over year. This increase was mainly due to the acquisition of a policy and access control operation from Atos, but also new contracts. Revenues from Key Accounts increased by 30 percent in the quarter, also driven by the above acquisition.

Global Services consist of system development projects, both independent and integrated with proprietary software products. Global Services' revenue was 15 percent of total in the quarter, and was up by 7 percent year over year.

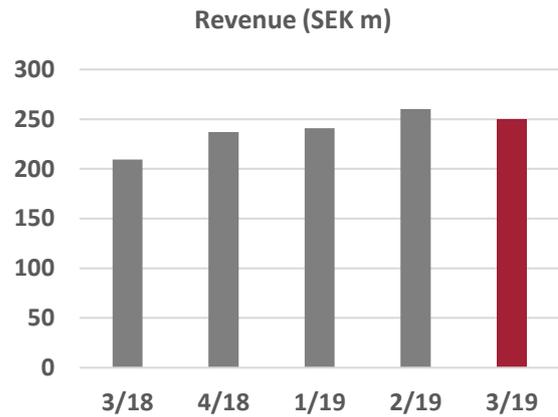
## Revenue per market segment

Revenue by market segment is illustrated to the right. Revenue for the Telecom/OEMs segment increased by 25 percent, mainly due to the acquired policy and access control business.

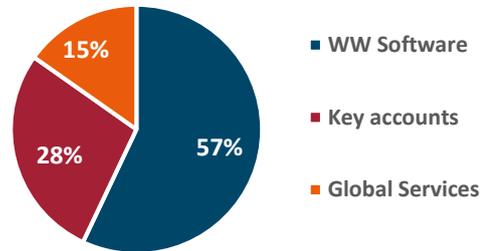
Revenue from the Telecom/Operators segment increased by 18 percent year over year.

The Security market segment decreased revenue somewhat in the quarter compared to same quarter last year.

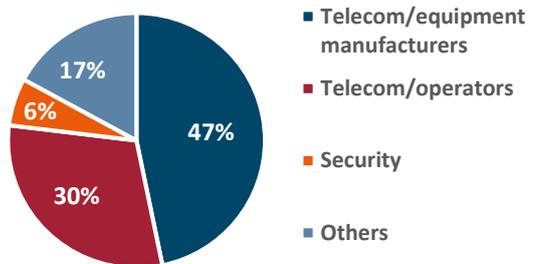
Others increased a few percentage points in revenue compared to same quarter last year.



Revenue/business area, Jul-Sep



Revenue/market segment, Jul-Sep



# Revenue per region

*Enea reports sales by region: EMEA, the Americas and Asia. Enea has sales offices in Sweden, Germany, the UK, France, Austria, Romania, the US, China, Japan and India.*

## EMEA

The EMEA region includes customers like Ericsson and Nokia. Sales are from our offices in Sweden, Germany, Romania, France and the US, and consist of Key Accounts, Worldwide Software Sales and Global Services.

Revenue in EMEA increased by 8 percent in the quarter year over year. The increase is mainly sourced from the Worldwide Software Sales.

## Americas

The Americas region includes software and services sales. Software sales are within Worldwide Software Sales to customers such as AT&T and Cisco. Service sales are mainly in global services to customers in several sectors including the aerospace industry for example.

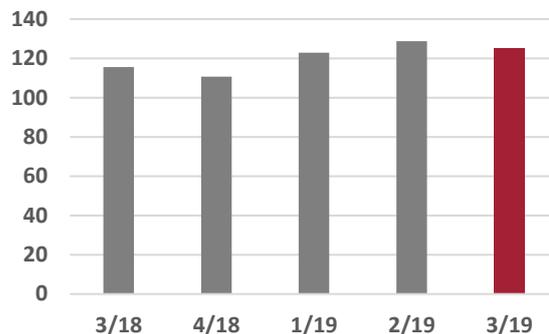
Revenue increased by 19 percent in the quarter year over year. The increase is mainly associated with sales of policy and access control products, as well as new contracts.

## Asia

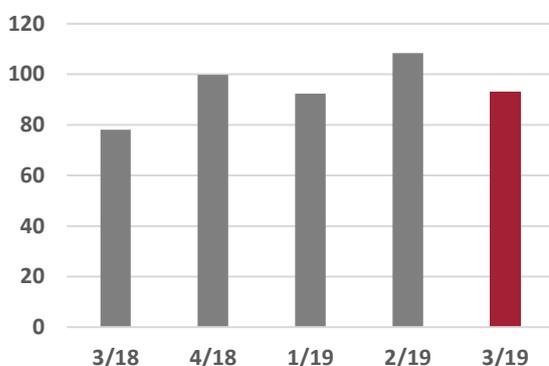
The Asia region includes customers such as Fujitsu and Hytera, and is basically managed from offices in China, Japan and Singapore. Sales consist of Worldwide Software Sales, and to a lesser extent, Key Accounts.

Revenue increased by 102 percent year over year in the quarter. This is an example of how sales can vary between quarters, depending on when large contracts are signed in the year.

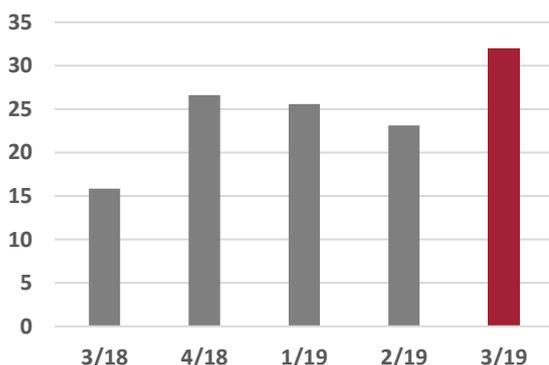
Revenue, EMEA (SEK m)



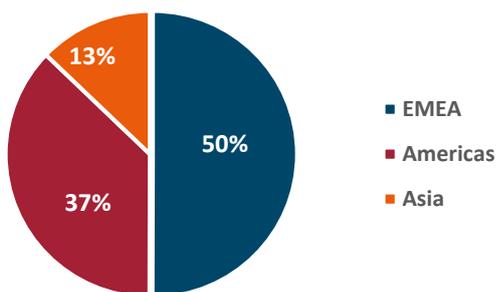
Revenue, Americas (SEK m)



Revenue, Asia (SEK m)



Revenue per region Jul-Sep



# Revenue per product group

*Enea's offering is divided into three product groups: Network Solutions, Operating System Solutions and Global Services.*

## Network Solutions

Network Solutions includes mobile and fixed telecom products, and enterprise networks. Products are part of solutions for system vendors, and also sold direct to network operators. Their functionality enables data traffic to be analyzed, optimized and monetized. The segment includes products for the following applications:

- Policy and access control - authentication of subscribers and traffic management based on subscription terms, i.e. authorization and access to various types of service
- Deep packet inspection – identification and classification of data traffic for the optimal use of available resources and enhanced network security
- Mobile data traffic management – ensuring high and consistent quality of various types of service based on data traffic, with a specific focus on video traffic
- Subscriber data management – large-scale processing of subscriber information, such as subscription terms, contract period and service usage

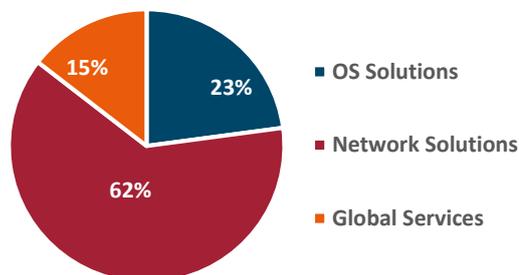
Network Solutions' sales increased significantly in the quarter, driven by high growth in most of the above applications, with the acquisition from Atos included fully in the quarter. This product group represented 62 (53) percent of total revenue in the quarter, and has growing strategic significance to Enea.

## Operating System Solutions

Operating System Solutions ("OS Solutions") includes software for real-time applications and network function virtualization. The former category are operating systems, i.e. software that enables the installation of applications on different computers and platforms. Enea's offering in this segment enables two types of solution that can be defined as follows:

- Operating systems – products that are often integrated components of systems, where reliability, performance and realtime operation are critical, for example mobile network infrastructure. The tools used for developing applications for Enea's operating systems are often part of this business.
- Network function virtualization – products that enable new ways to build networks, where applications are software become hardware platform independent, creating the potential for independent software vendors to offer customers more freedom of choice of application developer.

Revenue/product group Jul - Sep



Sales in Operating System Solutions decreased somewhat in the quarter, largely driven by lower revenues from one Key Account. The product group Operating System Solutions represented 23 (29) percent of total revenue in the quarter.

## Global Services

Global Services provides consulting services and expertise for developing integrated systems and other high-end system solutions. Sales in Global Services increased by 7 percent in the quarter. This segment represented 15 (17) percent of total revenue in the quarter.

## **Cost of goods and services sold**

Cost of goods and services sold comprise costs that relate directly to delivery of the company's production licenses, development licenses including support and maintenance, product-related services and Global Services. These costs also include expenses associated with any third-party products and direct personnel costs related to the delivery of consulting services. Direct costs related to license sales normally represent less than 10 percent of the sales prices, while costs for product-related and Global Services normally account for 60 to 80 percent of the sales prices. Enea also reports amortization of intellectual property rights, including acquired product rights and customer contracts, plus capitalized product development expenses, as cost of goods and services sold.

In the third quarter 2019, Enea's cost of goods and services sold was SEK 72.4 (54.6) million, equivalent to a gross margin of 71.1 (73.9) percent. Costs increased mainly due to the acquired policy and access control business. The narrower gross margin relates mainly to an increase in depreciation and amortization by SEK 6.2 million, to SEK 14.7 (8.5) million, an effect of increased capitalization for acquisitions in the recent years. Cost of goods and services sold for the period amounted to SEK 199.2 (160.5) million, equivalent to a gross margin of 73.5 (72.9) percent. The increase in depreciation and amortization to SEK 39.2 (22.5) million negatively impacted gross margin, but was balanced by higher sales (with higher relative margin than the group average) in the product group Network solutions.

## **Operating costs**

Operating costs are sales and marketing costs, product development costs and administration costs. The increase of sales, marketing and product development costs in the quarter relates mainly to the acquired policy and access control business.

## **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 48.8 (46.6) million in the third quarter, or 19.5 (22.2) percent of revenue in the quarter. For the period, sales and marketing costs were SEK 150.5 (131.3) million, or 20.0 (22.1) percent of revenue for the period.

## **Product development costs**

Product development costs consist of direct and indirect costs associated with management, development and testing of the company's software products, such as personnel costs and costs for development tools and IT environments. A proportion of the company's 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 2019 were SEK 59.4 (50.2) million, of which product development costs recognized in the Income Statement were SEK 40.4 (33.2) million, corresponding to 16.1 (15.8) percent of revenue in the quarter. SEK 182.1 (142.5) million was invested in the period, of which product development costs recognized in the Income Statement amounted to SEK 123.0 (97.5) million, corresponding to 16.4 (16.4) percent of revenue. SEK 19.0 (17.0) million of product development costs were capitalized in the third quarter, and SEK 59.1 (45.0) million were capitalized in the period.

## **Administration costs**

Administration costs comprise costs of management, the Board of Directors and Accounting function, including internal and external legal expenses and audit fees. In the third quarter, administration costs were SEK 25.0 (23.9) million, or 10.0 (11.4) percent of revenue for the quarter. Costs for the period were SEK 80.8 (81.7) million, or 10.8 (13.8) percent of revenue. Transaction and integration costs relating to acquisitions amounted to SEK 3.7 (8.3) million in the period.



# Result of operations, cash flow, investments & financial position

## Results of operations

The group's operating profit excluding non-recurring items amounted to SEK 63.5 (51.9) million in the third quarter, and was SEK 201.5 (133.0) million for the period, which corresponds to an operating margin excluding non-recurring items of 25.4 (24.8) percent for the quarter and 26.8 (22.4) percent for the period. The group's operating profit was SEK 63.5 (51.2) million in the third quarter, and SEK 197.7 (122.2) for the period, equivalent to an operating margin of 25.4 (24.4) percent for the quarter and 26.3 (20.6) percent for the period. Currency effects on operating profit for the period were 2 (1) percent.

Net financial income/expense was SEK -8.2 (-6.8) million for the quarter and SEK -25.6 (-20.6) million for the period. Profit after tax amounted to SEK 47.7 (35.5) million for the quarter and SEK 141.5 (89.1) million for the period. Earnings per share were SEK 2.37 (1.84) for the quarter and SEK 7.21 (4.61) for the period.

## Cash flow

Operating cash flow was SEK 69.5 (23.2) million for the third quarter, and SEK 196.6 (126.3) million for the period. Total cash flow was SEK 241.5 (-12.9) million for the third quarter and SEK 315.4 (-110.1) million for the period. Cash flow was positively affected by the directed share issue, generating net proceeds of SEK 265 million.

## Investments

The group's investments amounted to SEK 21.1 (18.7) million in the third quarter, and SEK 256.9 (790.5) million for the period.

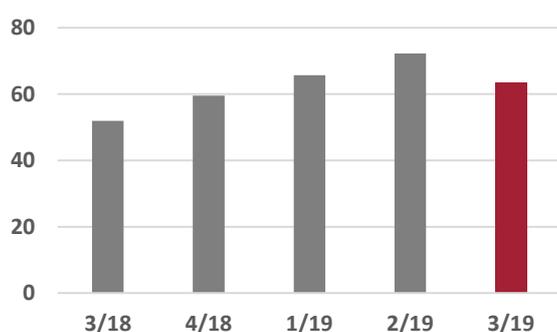
Depreciation and amortization amounted to SEK 17.5 (10.6) million for the third quarter, and SEK 46.7 (28.0) million for the period. Enea capitalized SEK 19.0 (17.0) million of product development expenses for the third quarter, and SEK 59.1 (45.0) million for the period. No new leasing contracts were signed in the period and the value of new leases was SEK 11.2 (0) million in the period. Amortization of capitalized product development expenses was SEK 8.0 (4.8) million for the third quarter and SEK 21.1 (13.3) million for the period. Depreciation of leased assets was SEK 5.6 million in the third quarter, and SEK 15.6 million in the period.

## Financial position

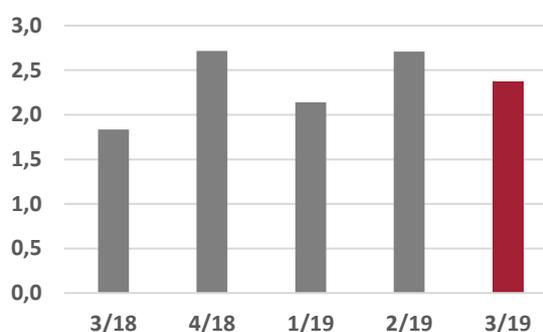
The net debt was SEK 226.9 (470.1) million at the end of the period, with cash and cash equivalents of SEK 395.7 (206.2) million, interest-bearing bank and bond liabilities of SEK 574.7 (573.4) million, and the remaining purchase consideration to Atos was SEK 47.9 million (102.9). The previous-year value (102.9) relates to the remaining purchase consideration for the Qosmos acquisition. Interest-bearing liabilities were divided between long term of SEK 80 (538.9) million, and current of SEK 494.4 (34.5) million.

The equity ratio was 59.0 (47.8) percent, and total assets amounted to SEK 2,557.2 (1,930.7) million at the end of the period.

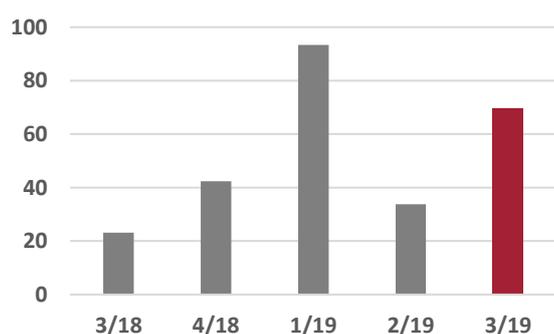
Operating profit excluding NRI (SEK m)



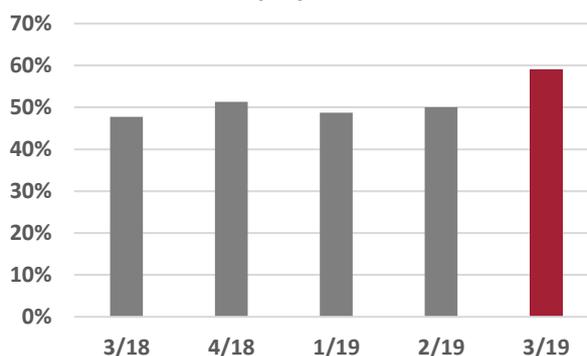
Earnings per share (SEK)



Cash flow from operations (SEK m)



Equity ratio



## Parent company

The parent company's revenue for the period January to September amounted to SEK 50.0 (37.0) million and profit/loss before appropriations and tax amounted to SEK -1.7 (-1.0) million. The parent company's net financial income/expense was SEK -1.7 (-1.0) million, and cash and cash equivalents were SEK 258.8 (91.6) million at the end of the period. The parent company's investments in the quarter were SEK 0.5 (0.3) million. The parent company had 13 (9) employees at the end of the period. The parent company does not conduct its own operations and its risks primarily relate to the operations of subsidiaries.

## Employees

At the end of the quarter, the group had 658 (591) employees, an increase of 87 persons on the previous year-end due to the acquired policy and access control operation.

## Repurchase of treasury shares

Enea repurchased no shares in the third quarter. Enea held 314,760 treasury shares at the end of the period, or 1.5 percent of the total number of shares.

## Annual General Meeting

Enea's Annual General Meeting (AGM) 2020 will be held at 4:30 p.m. CET on Wednesday 6 May at Kista Science Tower, Färögatan 33, Kista, Sweden.

## Nomination Committee

In consultation with the largest shareholders, the Chairman of the Board of Enea AB has established a Nomination Committee for the AGM 2020. The members of the Nomination Committee are: Per Lindberg, Jan Dworsky (Swedbank Robur Fonder), Niklas Johansson (Handelsbanken Fonder), Henrik Söderberg (C World Wide Asset Management) and Anders Lidbeck (Chairman of Enea AB).

The Nomination Committee has appointed Per Lindberg as Chairman. The duty of the Nomination Committee is to submit proposals for the Chairman and other members of the Board, and fees and other compensation for work on the Board to each of the Board members, to the AGM. The Nomination Committee should also submit proposals on the election and remuneration of auditors. The Nomination Committee should also submit proposals on the process for appointing a nomination committee for the AGM 2021.

## Significant events in the quarter

On July 9, Enea announced that the company had signed a frame agreement worth EUR 21.2 million, on one of its key accounts. This is an extension of a two-year deal, and implies a modest increase to revenues in the current year, year over year. Subsequently, the contract means an expected decrease of the operating systems revenues during the next three years. The average sales decrease in CAGR terms over a four-year period is 21 percent.

On August 23, Enea announced that the company has conducted a directed share issue of 1,965,000 shares at a subscription price of SEK 138 per share. Enea raised issue proceeds of approximately SEK 271 million before transaction costs, and SEK 265 million net.

## Significant events after period end

On September 17, Enea announced the early redemption of its SEK 500 million bond loan (ISIN SE0010948141). This transaction was completed on 16 October. In tandem with this, the company arranged a new three-year, SEK 250 million bank loan.

*The Annual Report and other documentation are available at Enea's website, [www.enea.com](http://www.enea.com)*



## Financial assets and liabilities

The group applies IFRS 13. This Standard requires disclosures regarding uncertainty in 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 surveillance 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. As of 30 September 2019, the group's currency hedged amounted to SEK 3.8 million, which is the total of level 2.

*Level 3:* level 3 includes purchase consideration expensed for the acquired policy and access control operation, which amounts to SEK 47.9 million as of 30 September 2019. Enea estimates that fair value is consistent with carrying amount.

For other financial assets and liabilities, carrying amount is consistent with fair value.

Allocation by level in valuation at fair value, 2019-09-30, SEK million	Level 1	Level 2	Level 3	Total
<i>Derivative instruments used for hedging purposes:</i>				
Currency derivatives		3.8	-	3.8
<i>Financial liabilities at fair value through profit or loss:</i>				
Debt settlement, short-term	-	-	47.9	47.9
<b>Total</b>	<b>0</b>	<b>3.8</b>	<b>47.9</b>	<b>51.7</b>

## Accounting policies

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, which is consistent with Swedish legislation by applying RFR's (the Swedish Financial Reporting Board) recommendation RFR 1, Supplementary Accounting Rules for Groups, and RFR 2, Accounting for Legal Entities, for the parent company. The same accounting policies, definitions of key figures and computation methods have been applied as in the most recent annual accounts of the group and the parent company, unless otherwise stated below.

## New accounting policies for 2019

*IFRS 16 Leases* comes into effect on 1 January 2019. This Standard is applied prospectively and replaces IAS 17 Leases and IFRIC 4 (Determining Whether an Arrangement Contains a Lease) and the related rules. This new Standard implies that the lessee should recognize all arrangements that satisfy the Standard's definition

of a lease (apart from contracts of a maximum term of 12 months and contracts of low individual value) as an asset and liability in the Balance Sheet, with amortization and interest expenses recognized in the Income Statement. Accordingly, expenses are reclassified from rental charges according to the above. When they satisfy the Standard's definition, arrangements currently classified as operating leases are capitalized in the Balance Sheet. Enea has reviewed all operating leases, and based on their terms and conditions, computed a right-of-use asset and lease liability for each contract. This change means that total assets and operating profit increase, which has a marginal impact on Enea's key indicators EBIT, EBITDA, net debt, equity ratio and cash flow from operating activities. The restatement effect on the year-2018 Balance Sheet to the new Standard implies assets increasing by SEK 44 million, liabilities increasing by SEK 45 million, and a reduction of equity of SEK 1 million. The transition effect on the Consolidated Balance Sheet is quantified in the following table:

SEK 000	Assets	Equity	Liabilities
Amounts pursuant to current accounting policies	1,920	986	934
Restatement resulting from IFRS 16	44	-1	45
Amounts according to new accounting Policies, 1 January 2019	1,964	985	979

*IFRS 9 Financial Instruments:* the primary impact of this standard is an altered process for credit losses, which is based on expected instead of actual credit losses. Enea has applied the transition prospectively and has considered historical customer losses over a business cycle, and is thus able to conclude that this new Standard does not have any material effect on the consolidated accounts.

**Acquisition of global software business**

Enea Software AB acquired a business unit from Atos Convergence Creators on 1 March through an asset acquisition. The pricing of this policy and control operation was EUR 18.0 million. The purchase consideration is now definitive, and is EUR 14.5 million after deducting for liabilities etc., of which EUR 10 million was paid in December 2018, and the remainder will be paid at the end of November 2019. The acquisition has been funded with cash and bank borrowing.

This business unit is a leader within policy management, authentication and managing subscriber information. The acquisition means that Enea is expanding its offering and addressable market, as well as moving upward in the value chain. The business unit was consolidated into Enea effective 1 March, when operations were integrated into the Network Solutions product group. The unit reported, for the period March – September 2019, sales of SEK 87 million and an operating margin above the group average.

The goodwill arising in the acquisition of the net assets of the unit is tax deductible and expected to relate to estimated profitability, additions to the product portfolio and expected synergy effects. The financial impact of this transaction is illustrated below. The acquisition analysis of fair value, restatement of product rights, customer contracts, current receivables and current liabilities is preliminary. The definitive purchase consideration is not dependent on future performance.

Purchase price	SEK 000
Summary of purchase price:	
Cash and cash equivalents	105,213
Purchase consideration recognized	46,982
<b>Total purchase consideration</b>	<b>152,195</b>

The carrying amounts (fair values recognized in the group) of identifiable assets and liabilities taken over as of the acquisition date:

	SEK 000
Product rights	21,368
Customer contracts	68,821
Tangible fixed assets	1,555
Current receivables	326
Current liabilities, non-interest bearing	-39,843
<b>Net identifiable assets and liabilities</b>	<b>52,227</b>
Goodwill	99,968
<b>Acquisition cost for the group</b>	<b>152,195</b>

**Acquisition-related expenses**

Acquisition-related expenses of SEK 2,726,000 are included in administrative costs in the Consolidated Income Statement for 2019.



# Risks, long-term ambition & outlook

## Material risks and uncertainty factors

Dependency on Key Accounts is decreasing, but remains high. These customers represented approximately 28 percent of the group's revenues in the quarter and the trend for these revenues is declining.

Enea arranged a SEK 70 million overdraft facility in the fourth quarter 2018, of which SEK 0 million had been utilized at the end of the quarter. The terms and conditions of the overdraft facility include covenants regarding Net debt/EBITDA, all of which were fulfilled as of 30 September 2019.

In the first quarter 2018, Enea issued a senior bond of SEK 500 million with a variable yield of Stibor 3M plus a market yield, maturing in March 2021. The bond was redeemed early during October.

In the first quarter 2019, Enea redeemed a bank loan with a remaining liability of SEK 82 million. A new SEK 80 million bank loan was arranged. This loan is to be repaid after 2 years, with a 1-year extension option. Interest accrues at Stibor 3M (with a floor) plus a market yield. The agreement stipulates covenants regarding the group's net debt/EBITDA and EBITDA/ financial expenses. These covenants were fulfilled as of 30 September 2019. The remaining liability as of 30 September 2019 amounted to SEK 80 million. In relation to the redemption of the bond the company entered a new three year loan with similar covenants as per above.

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.

## Long-term ambition

Enea's ambition is to be a global software company with a strong and leading position in the markets we address, with annual revenue growth, high profitability and good cash flows. Organic growth will be the base of operations and Enea will work continuously to develop, streamline and optimize these operations. Strategic and complementary acquisitions will be screened regularly, and if they are considered to add value for customers and shareholders within a well-balanced risk level, Enea will attempt to execute them. Enea's goal is to maintain an operating margin of over 20 percent annually. The operating margin will vary between quarters, tracking growth. Growth and earnings performance will vary during years and between quarters, primarily due to how individual transactions occur, and the progress of royalty streams.

In 2019, we will continue our endeavor to build a larger and stronger company that delivers growing value for customers, employees and shareholders. Acquisitions that strengthen our market position and long-term earnings ability are a key part of the transformation that Enea has been undergoing for several years, a process that is fundamentally positive and critical to the company. This is also the strategy which despite reducing revenues from Key Accounts, is creating the potential for us to retain our ambition to keep growing the company with good profitability and healthy cash flows.

## Outlook for 2019

Our objective for the full year 2019 is to achieve revenue growth on 2018 and an operating margin exceeding 20 percent.

Kista, Sweden, 23 October 2019 Board of Directors

## Auditors report

Enea AB (publ) corp. reg. no. org.nr 556209-7146

### Introduction

We have reviewed the condensed interim financial information (interim report) of Enea AB as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 23 October 2019

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg

Authorized Public Accountant

# Consolidated Statement of Comprehensive Income

SEK m	Jul-Sep		Jan-Sep		12 mth.	FY
	2019	2018	2019	2018	Oct - Sep	2018
Revenue	250.2	209.6	751.2	593.2	988.3	830.3
Reversed additional purchase price	-	-	-	-	11.7	11.7
Total income	250.2	209.6	751.2	593.2	1,000.0	842.0
Cost of goods and services sold	-72.4	-54.6	-199.2	-160.5	-261.3	-222.6
Gross profit	177.8	154.9	552.0	432.7	738.7	619.4
Sales and marketing costs	-48.8	-46.6	-150.5	-131.3	-201.9	-182.7
R&D costs	-40.4	-33.2	-123.0	-97.5	-161.8	-136.3
General and administration costs	-25.0	-23.9	-80.8	-81.7	-110.6	-111.5
Operating profit 1) 2) 3)	63.5	51.2	197.7	122.2	264.4	188.9
Net financial income/expense	-8.2	-6.8	-25.6	-20.6	-32.7	-27.7
Profit before tax	55.3	44.4	172.1	101.6	231.7	161.1
Tax	-7.7	-8.9	-30.6	-12.4	-37.7	-19.5
<b>Net profit for the period</b>	<b>47.7</b>	<b>35.5</b>	<b>141.5</b>	<b>89.1</b>	<b>194.0</b>	<b>141.7</b>
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit or loss</i>						
Change in hedging reserve, after tax	-2.2	1.4	-1.5	-1.2	-0.6	-0.3
Exchange rate differences	63.7	-17.4	106.7	75.5	115.3	84.1
<i>Items that will not be reclassified to profit or loss</i>						
Pension obligations	-0.3	-0.0	0.8	0.1	0.9	0.2
<b>Total comprehensive income for the period, net of tax</b>	<b>108.8</b>	<b>19.5</b>	<b>247.4</b>	<b>163.6</b>	<b>309.5</b>	<b>225.6</b>
Profit for the period attributable to equity holders of the parent	47.7	35.5	141.5	89.1	194.0	141.7
Comprehensive income for the period attributable to equity holders of the parent	108.8	19.5	247.4	163.6	309.5	225.6
1) incl. depreciation of tangible assets	2.8	2.0	7.2	5.2	9.2	7.2
2) incl. amortization of intangible assets	14.8	8.6	39.6	22.8	50.0	33.3
2) incl. amortization of lease assets	5.6	-	15.6	-	15.6	-
<b>3) Non-recurring expenses included in operating profit</b>						
Operating profit, including non-recurring items	63.5	51.2	197.7	122.2	264.4	188.9
Reversed additional purchase	-	-	-	-	-11.7	-11.7
Restructuring costs	-	0.8	-	2.4	2.9	5.3
Legal costs	-	-	-	0.1	0.3	0.4
Costs for integrating new business	-	-	1.0	-	1.0	-
Transaction costs related to acquisitions	-	-0.0	2.7	8.3	4.1	9.6
<b>Operating profit excluding non-recurring items</b>	<b>63.5</b>	<b>51.9</b>	<b>201.5</b>	<b>133.0</b>	<b>261.0</b>	<b>192.5</b>

## Key figures – Income Statement

SEK m	Jul-Sep		Jan-Sep		12 mth.	FY
	2019	2018	2019	2018	Oct-Sep	2018
Earnings per share (SEK) <sup>1</sup>	2.37	1.84	7.21	4.61	9.97	7.33
Earnings per share after full dilution (SEK)	2.37	1.84	7.21	4.61	9.97	7.33
Number of shares before dilution (million)	20.1	19.3	19.6	19.3	19.5	19.3
Number of shares after dilution (million)	20.1	19.3	19.6	19.3	19.5	19.3
Revenue growth (%)	19	44	27	36	33	41
Gross margin (%)	71.1	73.9	73.5	72.9	74.7	73.2
Operating costs as % of revenue						
- Sales and marketing costs	19.5	22.2	20.0	22.1	20.4	22.0
- R&D costs	16.1	15.8	16.4	16.4	16.4	16.4
- G&A costs	10.0	11.4	10.8	13.8	11.2	13.4
Operating margin excl. non-recurring items (%)	25.4	24.8	26.8	22.4	26.4	23.2
Operating margin (%)	25.4	24.4	26.3	20.6	26.8	22.7

## Consolidated Statement of Financial Position

<i>SEK m</i>	<u>30 Sep</u> <b>2019</b>	<u>30 Sep</u> <b>2018</b>	<u>31 Dec</u> <b>2018</b>
<b>ASSETS</b>			
Intangible assets	1,735.1	1,357.9	1,381.4
- of which goodwill D7	1,335.4	1,134.3	1,151.2
- of which capitalized development costs	143.5	92.1	100.9
- of which product rights	63.7	46.6	45.3
- of which customer contracts	122.3	62.0	60.5
- of which trademarks	23.7	22.0	22.1
- of which right-of-use assets	45.3	-	-
- other intangible assets	1.2	1.0	1.3
Equipment, tools, fixtures and fittings	18.7	16.3	16.2
Deferred tax assets	10.1	17.2	17.5
Other fixed assets	3.4	2.6	3.1
<b>Total fixed assets</b>	<b>1,767.2</b>	<b>1,394.0</b>	<b>1,418.2</b>
Current receivables	394.3	330.6	426.8
Cash and cash equivalents	395.7	206.2	74.7
<b>Total current assets</b>	<b>790.0</b>	<b>536.7</b>	<b>501.5</b>
<b>Total assets</b>	<b>2,557.2</b>	<b>1,930.7</b>	<b>1,919.7</b>
<b>EQUITY and LIABILITIES</b>			
<b>Equity</b>	<b>1,507.9</b>	<b>922.3</b>	<b>985.8</b>
<b>Provisions</b>	<b>6.3</b>	<b>6.9</b>	<b>10.9</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	74.3	68.6	68.4
Long-term liabilities, interest-bearing	80.0	538.9	539.8
Long-term liabilities, non-interest-bearing	12.4	7.6	7.5
Long-term liabilities, lease obligations	25.9	-	-
<b>Total long-term liabilities</b>	<b>192.6</b>	<b>615.1</b>	<b>615.7</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	494.7	34.5	94.3
Current liabilities, non-interest-bearing	334.9	352.0	212.9
Current liabilities, lease obligations	20.8	-	-
<b>Total current liabilities</b>	<b>850.4</b>	<b>386.5</b>	<b>307.2</b>
<b>Total equity and liabilities</b>	<b>2,557.2</b>	<b>1,930.7</b>	<b>1,919.7</b>

## Consolidated Statement of Changes in Equity

<i>SEK m</i>	<u>30 Sep</u> <b>2019</b>	<u>30 Sep</u> <b>2018</b>	<u>31 Dec</u> <b>2018</b>
At beginning of period	985.8	754.2	754.2
Restatement of opening balance for changed accounting policies	-1.2	-	-
Total comprehensive income for the period	247.4	163.6	225.6
New share issue	266.9	-	-
Share saving program	8.9	4.5	6.0
<b>At end of period</b>	<b>1,507.9</b>	<b>922.3</b>	<b>985.8</b>

# Consolidated Statement of Cash Flow

SEK m	Jul - Sep		Jan - Sep		FY
	2019	2018	2019	2018	2018
Cash flow from operating activities before change in working capital	78.1	63.2	219.5	125.8	198.0
Cash flow from change in working capital	-8.6	-40.0	-22.9	0.5	-29.4
Cash flow from operating activities	69.5	23.2	196.8	126.3	168.6
Cash flow from investing activities	-21.4	-18.9	-68.7	48.6	30.5
Cash flow from acquisition of operation, net	-	-	-	-739.3	-954.4
Cash flow from financing activities, raising of loans	0.0	-	80.0	500.0	560.0
Cash flow from financing activities, expense for bond issuance	-	-	-	-11.3	-11.3
Cash flow from financing activities, amortization of loans	-66.6	-17.2	-142.4	-34.3	-34.5
Cash flow from financing activities, amortization of lease liability	-5.7	-	-15.8	-	-
Cash flow from financing activities, new share issue incl transaction costs	265.7	-	265.7	-	-
Cash flow for the period	241.5	-12.9	315.4	-110.1	-241.1
Cash and cash equivalents at beginning of period	150.5	220.6	74.7	312.0	312.0
Exchange rate difference in cash and cash equivalents	3.7	-1.6	5.6	4.2	3.7
Cash and cash equivalents at end of period	395.7	206.2	395.7	206.2	74.7

## Key figures – Balance Sheet and Cash Flow Statement

SEK m	Jan-Sep		12 Mth.	FY
	2019	2018	Oct- Sep	2018
Cash and cash equivalents	395.7	206.2	395.7	74.7
Equity ratio (%)	59.0	47.8	59.0	51.4
Equity per share (SEK)	70.79	47.70	70.79	50.99
Cash flow from operating activities per share (SEK)	10.0	6.5	12.3	8.7
Number of employees at end of period	658	591	658	571
Return on assets (%)			16.0	16.3
Return on capital employed (%)			13.4	17.0
Return on asset			10.8	13.8

## Parent Company

### Income Statement

SEK m	Jan-Sep		Full Year
	2019	2018	2018
Revenue	50.0	37.0	53.1
Operating costs	-50.0	-37.0	-53.1
Operating profit	-	-	-
Net financial income	-1.7	-1.0	-1.1
Profit after financial net	-1.7	-1.0	-1.1
Appropriations	-	-	1.2
Profit before tax	-1.7	-1.0	0.1
Tax	-	-0.0	-0.4
<b>Net profit for the period</b>	<b>-1.7</b>	<b>-1.0</b>	<b>-0.3</b>

## Parent Company

### Balance Sheet

SEK m	30 Sep		31 Dec
	2019	2018	2018
<b>ASSETS</b>			
Fixed assets	175.2	174.3	174.9
Current assets	1,257.5	975.8	1,046.0
<b>Total assets</b>	<b>1,432.7</b>	<b>1,150.1</b>	<b>1,220.9</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	827.7	551.4	553.6
Untaxed reserves	4.5	5.7	4.5
Long-term liabilities, interest-bearing	80.0	538.9	539.8
Current liabilities, interest-bearing	494.7	34.0	94.0
Current liabilities, other	25.8	20.1	28.9
<b>Total equity and liabilities</b>	<b>1,432.7</b>	<b>1,150.1</b>	<b>1,220.9</b>

## Quarterly data\*

SEK million	2019			2018			2017				
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>INCOME STATEMENT</b>											
Revenue	250.2	260.2	240.9	237.1	209.6	213.4	170.3	152.0	145.2	148.5	142.7
Reversed additional purchase price	-	-	-	11.7	-	-	-	-	-	-	-
Costs of goods and services sold	-72.4	-68.4	-58.4	-62.1	-54.6	-58.5	-47.3	-41.9	-42.7	-42.0	-39.7
Gross profit	177.8	191.8	182.5	186.7	154.9	154.8	122.9	110.0	102.5	106.5	103.0
Sales and marketing costs	-48.8	-51.1	-50.6	-51.4	-46.6	-47.4	-37.3	-27.4	-27.4	-35.2	-35.7
R&D costs	-40.4	-44.5	-38.1	-38.8	-33.2	-36.7	-27.6	-24.1	-23.5	-26.2	-23.3
General and administration costs	-25.0	-24.2	-31.6	-29.8	-23.9	-26.7	-31.1	-35.8	-19.4	-22.6	-18.8
Operating profit	63.5	72.0	62.2	66.7	51.2	44.0	27.0	22.8	32.2	22.6	25.2
Net financial income/expense	-8.2	-10.1	-7.4	-7.1	-6.8	-6.6	-7.3	-3.5	1.1	-2.8	-0.1
Profit before tax	55.3	62.0	54.8	59.6	44.4	37.4	19.7	19.3	33.3	19.8	25.1
Tax	-7.7	-9.6	-13.4	-7.1	-8.9	-2.0	-1.5	-1.9	-6.2	-3.0	-4.1
<b>Net profit for the period</b>	<b>47.7</b>	<b>52.4</b>	<b>41.4</b>	<b>52.5</b>	<b>35.5</b>	<b>35.4</b>	<b>18.2</b>	<b>17.5</b>	<b>27.1</b>	<b>16.9</b>	<b>21.1</b>
Other comprehensive income	63.4	2.1	42.8	9.1	-16.0	62.1	28.3	12.3	-7.9	3.6	-1.8
<b>Total comprehensive income</b>	<b>111.0</b>	<b>54.5</b>	<b>84.2</b>	<b>61.7</b>	<b>19.5</b>	<b>97.6</b>	<b>46.5</b>	<b>29.7</b>	<b>19.2</b>	<b>20.4</b>	<b>19.3</b>
<b>BALANCE SHEET</b>											
Intangible assets	1,735.1	1,678.0	1,664.7	1,381.4	1,357.9	1,364.2	1,290.7	522.2	507.4	511.4	505.3
Other fixed assets	28.8	29.9	33.9	33.7	33.5	38.2	38.8	31.0	33.2	36.0	33.9
Other financial fixed assets	3.4	3.2	2.7	3.1	2.6	2.4	2.9	2.7	2.6	2.7	3.3
Financial assets held for sale, non-current	-	-	-	-	-	-	-	62.1	41.2	40.8	-
Current receivables	394.3	389.1	353.9	426.8	330.6	322.2	360.6	203.6	184.5	211.9	215.8
Financial assets held for sale, current	-	-	-	-	-	-	-	40.2	30.1	20.0	-
Cash and cash equivalents	395.7	150.5	142.7	74.7	206.2	220.6	140.6	312.0	194.2	199.4	285.1
<b>Total assets</b>	<b>2,557.2</b>	<b>2,250.7</b>	<b>2,197.9</b>	<b>1,919.7</b>	<b>1,930.7</b>	<b>1,947.7</b>	<b>1,833.6</b>	<b>1,173.8</b>	<b>993.3</b>	<b>1,022.2</b>	<b>1,043.3</b>
Shareholders' equity	1,507.9	1,126.8	1,070.9	985.8	922.3	900.8	801.8	754.2	584.0	563.1	598.1
Long-term liabilities, interest bearing	105.9	604.4	603.8	539.8	538.9	554.9	554.2	82.0	82.0	99.0	99.0
Long-term liabilities, non-interest bearing	93.0	90.0	87.4	86.8	83.1	79.4	75.3	161.8	155.9	159.0	156.4
Current liabilities, interest bearing	515.5	88.3	82.3	94.3	34.5	34.7	34.7	34.0	34.0	34.0	34.0
Current liabilities, non-interest bearing	334.9	341.3	353.4	212.9	352.0	377.9	367.5	141.8	137.5	167.1	155.8
<b>Total equity and liabilities</b>	<b>2,557.2</b>	<b>2,250.7</b>	<b>2,197.9</b>	<b>1,919.7</b>	<b>1,930.7</b>	<b>1,947.7</b>	<b>1,833.6</b>	<b>1,173.8</b>	<b>993.3</b>	<b>1,022.2</b>	<b>1,043.3</b>
<b>CASH FLOW</b>											
Cash flow from operating activities	69.5	33.7	93.3	42.3	23.2	95.2	8.0	17.9	30.3	38.1	30.4
Cash flow from investing activities	-21.4	-24.2	-23.0	-18.1	-18.9	-17.8	85.3	-40.2	-17.6	-68.3	-13.6
Cash flow from financing activities	193.4	-1.4	-4.4	59.8	-17.2	-0.1	471.8	138.2	-17.0	-56.5	142.0
<b>Cash flow for the period</b>	<b>241.5</b>	<b>8.1</b>	<b>65.8</b>	<b>84.1</b>	<b>-12.9</b>	<b>77.2</b>	<b>565.1</b>	<b>115.8</b>	<b>-4.3</b>	<b>-86.8</b>	<b>158.8</b>
Cash flow from acquisition of operation:											
Cash flow for the period, from acquired operation	-	-	-	-215.1			-739.3				-96.3
<b>Total cash flow from the period</b>	<b>241.5</b>	<b>8.1</b>	<b>65.8</b>	<b>-131.0</b>	<b>-12.9</b>	<b>77.2</b>	<b>-174.3</b>	<b>115.8</b>	<b>-4.3</b>	<b>-86.8</b>	<b>62.5</b>

\* Figures for 2016 have not been restated for IFRS 15.

\* Figures for 2016-2018 have not been restated for IFRS 16.

## Five-year summary\*

SEK m	2018	2017	2016	2015	2014
<b>INCOME STATEMENT</b>					
Revenue	830.3	588.4	501.3	481.5	429.3
Reversed additional purchase price	11.7	-	-	-	-
Operating expenses	-653.1	-485.6	-382.5	-371.4	-335.5
Operating profit	188.9	102.8	118.8	110.0	93.8
Net financial income/expense	-27.7	-5.2	5.2	2.5	1.5
Earnings before tax	161.1	97.6	124.0	112.5	95.3
Profit for the period	141.7	82.5	94.6	88.0	74.5
<b>Total</b>	<b>141.7</b>	<b>82.5</b>	<b>94.6</b>	<b>88.0</b>	<b>74.5</b>
<b>BALANCE SHEET</b>					
Intangible assets	1,381.4	522.2	499.2	128.4	128.1
Other fixed assets	33.7	31.0	34.4	8.5	9.5
Other financial fixed assets	3.1	2.7	6.5	2.0	0.5
Financial assets held for sale, non-current	-	62.1	-	70.7	14.3
Current receivables	426.8	203.6	219.4	196.2	150.6
Financial assets held for sale, current	-	40.2	-	-	20.6
Cash and cash equivalents	74.7	312.0	223.5	132.8	180.4
<b>Total assets</b>	<b>1,919.7</b>	<b>1,173.8</b>	<b>983.0</b>	<b>538.6</b>	<b>504.0</b>
Shareholders' equity	985.8	754.2	422.9	398.9	400.3
Long-term liabilities, interest-bearing	539.8	82.0	116.0	-	-
Long-term liabilities, non-interest-bearing	86.8	161.8	161.9	21.5	16.2
Current liabilities, interest-bearing	94.3	34.0	34.0	-	-
Current liabilities, non-interest-bearing	212.9	141.8	248.2	118.2	87.5
<b>Total equity and liabilities</b>	<b>1,919.7</b>	<b>1,173.8</b>	<b>983.0</b>	<b>538.6</b>	<b>504.0</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	168.6	116.6	128.1	104.6	116.2
Cash flow from investing activities	30.5	-139.7	49.6	-52.8	-48.9
Cash flow from investing activities—divested operation	-	-	-	-	10.4
Cash flow from investing activities—acquired operation	-954.4	-96.3	-139.6	-	-
Cash flow from financing activities	514.2	206.6	56.2	-100.1	-64.6
<b>Cash flow for the period</b>	<b>-241.1</b>	<b>87.2</b>	<b>94.3</b>	<b>-48.3</b>	<b>13.1</b>
<b>KEY FIGURES</b>					
Revenue growth, %	41	17	4	12	5
Operating margin, %	22.7	17.5	23.7	22.9	21.9
Profit margin, %	19.4	16.6	24.7	23.4	22.2
Return on capital employed, %	17.0	16.3	27.8	29.7	25.7
Return on equity, %	16.3	14.0	23.0	22.0	19.3
Return on total capital, %	13.8	11.1	18.1	22.9	21.1
Interest coverage ratio, multiple	4.1	5.4	10.2	16.2	24.5
Equity ratio, %	51.4	64.3	43.0	74.1	79.4
Liquidity, %	163.2	316.1	156.9	278.3	401.8
Average number of employees	563.0	467.0	410.0	400.0	392.0
Revenue per employee, SEK m	1.5	1.3	1.2	1.2	1.1
Net asset value per share, SEK	46.28	39.00	26.61	25.06	24.81
Earnings per share, SEK	7.33	4.69	5.95	5.49	4.58
Dividend per share, SEK	-	-	2.00	4.20	3.60

\* Figures for 2014-2016 have not been restated for IFRS 15.

# 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.

**Capital employed:** Total assets less non-interest-bearing liabilities including deferred tax liabilities. Average capital employed is computed as opening plus closing capital employed divided by two.

**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.

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

**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.

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

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

**Gross margin:** Gross profit less reversed contingent consideration in relation to turnover.

**Interest coverage ratio:** Profit/loss after financial items plus financial expenses in relation to financial expenses.<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 debt:** Interest-bearing liabilities and unconditional acquisition related liabilities less cash and cash equivalents and financial investments, i.e. negative net cash.

**Non-recurring items:** Items of a non-repeat nature in normal operating activities. Non-recurring items include restructuring expenses, expenses for legal consulting relating to major disputes and transaction and integration expenses for major acquisitions. Transaction expenses include costs for legal and financial consulting, but exclude financing expenses. Reversed contingent consideration are also included in non-recurring items. 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 items:** Profit from operations before financial items and tax, adjusted for non-recurring items.

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

**Return on capital employed:** Operating profit plus financial income related 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 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.

*This Interim Report 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.*

	Jul-Sep		Jan-Sep		Full Year
	2019	2018	2019	2018	2018
<b>1. Reconciliation of revenue growth</b>					
Revenue, SEK million	250.2	209.6	751.2	593.2	830.3
Revenue growth, SEK million	40.6	64.4	158.0	156.8	242.0
Revenue growth, %	19	44	27	36	41
Currency effect, unchanged exchange rates compared to previous year, SEK m	7.9	12.3	30.6	9.0	19.2
Currency effect, unchanged exchange rates compared to previous year, %	3.8	8.4	5.2	2.1	3.3
Revenue growth, unchanged exchange rates compared to previous year, SEK m	32.7	52.1	127.4	147.8	222.7
Revenue growth, unchanged exchange rates compared to previous year, %	16	36	21	34	38
	Jul-Sep		Jan-Sep		Full Year
	2019	2018	2019	2018	2018
<b>2. Reconciliation of financial income/expense</b>					
Financial income, SEK million	4.3	9.6	14.2	21.0	24.9
Financial expenses, SEK million	-12.5	-16.4	-39.9	-41.6	-52.6
Reported financial income/expense	-8.2	-6.8	-25.6	-20.6	-27.7

## About Enea

Enea is a global software company focusing on solutions for networks and mobile telecommunication. Every day, three billion people rely on systems with Enea software embedded, when using their mobile phones and connecting to the Internet. Enea is a global company with sales offices and development centers across Europe, North America and Asia.

Data communication solutions have been Enea's core business since the company was founded over 50 years ago. Enea was the first company in the Nordics to connect to the Internet, and received Sweden's first email. Enea also registered Sweden's first Internet domain, and in the early stages of the Internet, was the hub for all Internet traffic in Sweden. Enea has been a trendsetting pioneer in the emergence of the Internet and mobile data communication.

Enea has customers in many sectors, but the majority are active in the network communication and mobile telecommunication segments. In recent years, Enea has taken several decisive steps to develop its business concept and product offering, expanding its product portfolio through strategic acquisitions. Enea has extended its business concept from selling software in individual components, to sell applications and solutions direct to end customers such as telecom operators.

Network Solutions is Enea's largest segment, which provides operators and system vendors with software for various types of

network traffic. Its portfolio includes solutions for 4G and 5G networks. Enea's software optimizes traffic, enables the provision of reliable services and makes new business models possible for network operators. Enea's solutions also serve a critical function in cybersecurity - its sophisticated traffic classification algorithms enable malicious and undesired traffic to be identified and dealt with.

Operating System Solutions is Enea's second-largest segment. Operating systems are the link between hardware and the applications used for different purposes. Enea's Solutions are often an integrated component of systems, where reliability, performance and real-time operation are critical. Enea has a broad portfolio including open source operating systems and those developed inhouse. Most of these customers are also active within telecommunication, and Enea's operating systems are embedded in infrastructure for mobile network infrastructure from leading system producers.

Apart from proprietary products, Enea also develops software on assignment for customers. These services constitute Enea's third segment (Global Services), and are sold independently, or integrated with its proprietary products. The company's consultants manage complex development projects of varying scale in different regions of the world.



# 5G

## The share

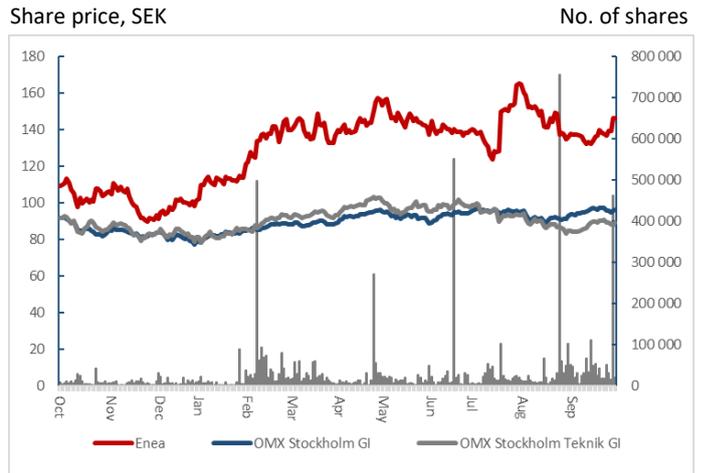
### July – September 2019

Share price performance: +2.87%  
Share turnover: 3,064,017

Highest closing price: SEK 165.00  
Lowest closing price: SEK 124.00  
Closing price, period end: SEK 143.50

Market cap (30 Sep): SEK 3,156 million  
Total no. of shares (30 Sep): 21,615,231

Share turnover percentage: 14.2 %  
Daily share turnover: 46,425



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### Financial Information:

Annual Statement 30 January, 2020  
Interim Report, Jan - Mar 28 April, 2020

All financial information is published on Enea's website [www.enea.com](http://www.enea.com)

Financial reports may also be ordered by e-mail ([ir@enea.com](mailto:ir@enea.com)) or per post (address to the left).

*This Report contains forward-looking information that is based on the current expectations of Enea's management. Although management believes that the expectations reflected in such forward-looking information are reasonable, no assurance can be given that such expectations will prove accurate. Accordingly, actual outcomes may differ materially from those implied in the forward-looking information as a result of factors including changes to economic, market and competitive conditions, reforms of legislation and other political measures, fluctuations in exchange rates and other factors. This document is essentially a translation of the Swedish language original. In the event of any discrepancy between this translation and the original, the latter shall take precedence.*