

# Annual Statement 2019

## Enea's revenues pass SEK 1 billion for the first time in its history

### October - December 2019

- Revenue amounted to SEK 260.8 (237.1) million, equivalent to a 10 percent increase.
- Operating profit amounted to SEK 57.0 (66.7) million, corresponding to an operating margin of 21.8 (28.1) percent. Operating profit excluding non-recurring items amounted to SEK 57.0 (59.5) million, equivalent to an operating margin of 21.8 (25.1) percent.
- Earnings per share amounted to SEK 1.32 (2.72), and were affected by costs (SEK 18.4 million) for early bond loan redemption.
- In October Enea executed early redemption of its SEK 500 million bond loan, issued on 5 March 2018. In tandem with the redemption the company arranged a new three year bank loan of SEK 250 million.

### January - December 2019

- Revenue amounted to SEK 1,012.0 (830.3) million, equivalent to a 22 percent increase.
- Operating profit increased to SEK 254.7 (188.9) million, corresponding to an operating margin of 25.2 (22.7) percent. Operating profit excluding non-recurring items increased to SEK 258.4 (192.5) million, equivalent to an operating margin of 25.5 (23.2) percent.
- Earnings per share increased to SEK 8.47 (7.33).

Key figures	Oct - Dec		Full year	
	2019	2018	2019	2018
Revenue, SEK m	260.8	237.1	1,012.0	830.3
Revenue growth, %	10	56	22	41
Revenue growth currency adjusted, %	7	49	17	38
Operating profit excluding non-recurring items, SEK m	57.0	59.5	258.4	192.5
Operating profit, SEK m	57.0	66.7	254.7	188.9
Operating margin excluding non-recurring items, %	21.8	25.1	25.5	23.2
Operating margin, %	21.8	28.1	25.2	22.7
Net profit after tax, SEK m	28.2	52.5	169.7	141.7
Earnings per share, SEK	1.32	2.72	8.47	7.33
Cash flow from operating activities, SEK m	48.6	42.3	245.2	168.6
Cash, cash equivalents and financial investments, SEK m	146.1	74.7	146.1	74.7

## Revenues pass SEK 1 billion

Enea's revenues in the fourth quarter of 2019 were SEK 260.8 million, which means that full year revenues were SEK 1,012 million. Passing SEK 1 billion of revenues is an important milestone, and a corroboration that our growth strategy is generating results. Successful acquisitions combined with new investments in product development have expanded our addressable market and added revenues from a significant base of new business customers worldwide. The fourth quarter of 2019 also demonstrates how our business model, with its high share of recurring software revenues, enables stable revenues with high profitability, without any individual deal impacting our quarterly earnings.

Our fourth quarter operating margin was 21.8 percent (25.2 percent for the full year), which means we exceeded our ambition for the full year in every quarter of 2019. The success factors underpinning our solid profitability are software being a large share of our business, with its high gross margin, coupled with an efficient cost structure. Enea's robust share price performance in recent months caused higher cost provisioning in the fourth quarter than previous quarters, related to our long-term incentive programs. Earnings per share for the full year were SEK 8.47, Enea's highest ever.

## Efficiency and focus

Enea is continuing its transformation, with a growing revenue share generated by the Network Solutions product group (62 percent of total revenues in the fourth quarter). We're seeing several growth opportunities, in 5G and virtualization platforms for example, and accordingly, are upscaling R&D investments to address the standards set by early markets and customers. Our hiring is focused on our Eastern Europe R&D centers (Croatia and Romania) as well as India, because we've had positive experience of a high level of engineering competence for a competitive cost in these countries. We're also phasing out a small-scale R&D presence in Germany to increase efficiency. Our total planned investments in 5G applications, data management and virtualization platforms are higher than the revenues we expect from these products 2020. Our ambition is for revenues in these segments to gather pace in the next three years, but that these investments will make a positive earnings contribution as early as in 2021. All these new products are well positioned to be key components of our organic growth through the coming years.

The Operating Systems Solutions product group remains important to Enea, although its revenues and share of total sales continue to decrease (24 percent of total revenues in the fourth quarter). This is mainly because our key accounts are growing their usage of open source software to complement and replace Enea's OSE product. We're continuing to realign our R&D capacity to OSE customer needs, so we can free up skills for new initiatives, in segments like virtualization platforms. We'll also be downscaling our headcount in Operating Systems in Sweden to adjust our costs and resources to a smaller business volume.

Overall, our efficiency actions will yield estimated restructuring costs of SEK 15 million, which we'll expense in the first quarter of 2020.



## New products and customers

R&D and innovation are the foundations of Enea's future growth, and our experts frequently create new offerings and products ahead of the competition. One great example is from as recently as November, when Enea became the world's company to launch video optimization of the new Apple TV+ streaming service. This agility is possible because of our unique competence and flexible products that adapt readily to satisfy new market standards. Our new solution for enterprise networks, based on a combination of Enea's NFV Access platform and application software from several other providers, is another example of our innovation, which we demoed at an industry event in October. The freedom of choice between different applications makes our solution unique and we're noting growing interest from customers, including telecom operators, for this new generation of enterprise solutions.

## A stronger brand

Enea organized a Capital Markets Day on 5 November, the first for the company in several years. We arranged the CMD to offer a deeper understanding of the company's new direction, following the investments we've made in new markets and product segments over recent years. Interest in Enea is really satisfying and we'll continue to attend and organize investor meetings, in Sweden and other countries.

The Mobile World Congress in Barcelona, the yearly gathering for the whole telecom industry, is in February. This year, the focus will be on 5G and we expect great interest in our 5G Data Management offering. Our presence at the Mobile World Congress will be under single brand – Enea – demonstrating that our recent acquisitions have now been successfully integrated.

## Outlook

We're maintaining a positive view of the market for software in telecom systems and enterprise networks, although large contracts can create variations in our financial results between individual quarters. We see potential in our new solutions for virtualization, cyber security and 5G, so we're growing our investments in R&D and innovation to secure long-term organic growth. We're also continuing to screen acquisition targets that can strengthen our market positioning and long-term earnings capacity.

Our goal for the full year 2020 is to achieve revenue growth on 2019, and an operating margin above 20 percent.

Jan Häglund  
President and CEO

# Revenue

*Enea's revenue in the fourth quarter amounted to SEK 260.8 (237.1) million, a 10 percent increase on the fourth quarter of the previous year. Currency adjusted, revenue was up 7 percent on the fourth quarter, year over year. Revenue for the full year was SEK 1,012.0 (830.3) million, a 22 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 258.0 (235.2) million, and other operating income of SEK 2.8 (13.6) million. In the previous year, other operating revenue included a reversed additional purchase price of SEK 11.7 million.

## Revenue by 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 86 percent of total revenue in the quarter, divided between Key Accounts at 26 percent and Worldwide Software Sales at 60 percent. Revenues from Worldwide Software Sales were up by 6 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 24 percent in the quarter, also driven by this acquisition.

Global Services consist of system development projects, both independent and integrated with proprietary software products. Global Services' revenue was 14 percent of total in the quarter, and was up by 2 percent year over year.

## Revenue per market segment

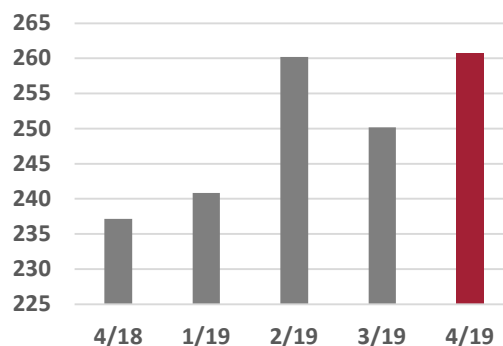
Revenue by market segment is illustrated to the right. Revenue for the Telecom/OEMs segment increased by 46 percent, mainly due to the acquired policy and access control business.

Revenue from the Telecom/Operators segment decreased by 17 percent year over year.

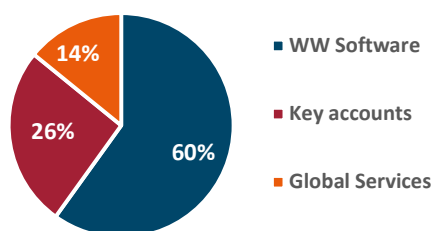
The Security market segment increased quarterly revenue somewhat on the same quarter of the previous year.

Others decreased a few percentage points in revenue on the same quarter of the previous year.

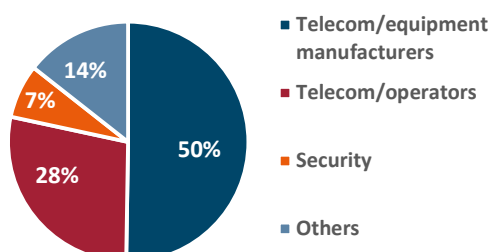
Revenue (SEK m)



Revenue/business area, Oct-Dec



Revenue/market segment, Oct-Dec



# 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 9 percent in the quarter year over year. This 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.

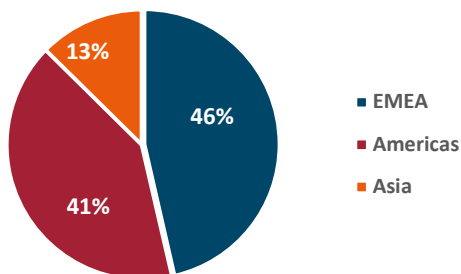
Revenue increased by 7 percent in the quarter year over year. The increase is mainly sourced from sales of policy and access control products.

## Asia

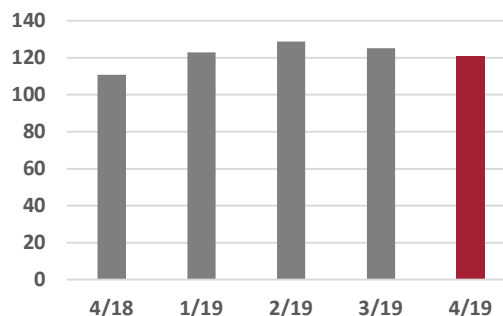
The Asia region includes customers such as Fujitsu and Hytera, and is basically managed from offices in China, Japan and Singapore. Sales consist of Worldwide Software Sales, and to a lesser extent, Key Accounts.

Revenue increased by 24 percent year over year in the quarter.

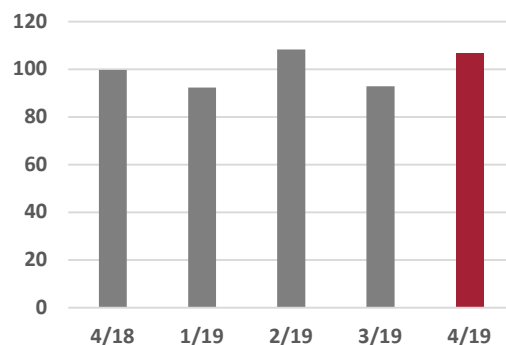
Revenue per region Oct-Dec



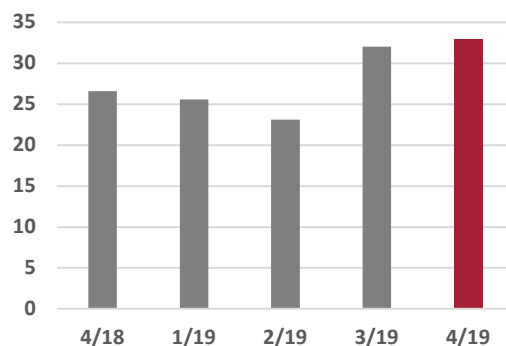
Revenue, EMEA (SEK m)



Revenue, Americas (SEK m)



Revenue, Asia (SEK m)



# 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. These 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 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.

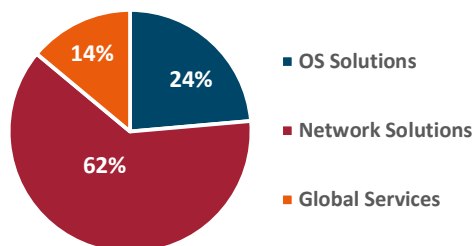
Network Solutions' sales increased by 24 percent in the quarter, driven by the acquired policy and access control business. No major deals were closed in the fourth quarter 2019, whereas the same period of 2018 included revenue of USD 4.5 million of revenue from a large deal. This product group represented 62 (55) 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 real-time 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.

Revenue/product group Oct-Dec



Sales in Operating System Solutions were down by 11 percent in the quarter, largely driven by lower revenues from one Key Account. The Operating System Solutions product group represented 24 (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 2 percent in the quarter. This product group represented 14 (15) percent of total revenue in the quarter.

## Cost of goods and services sold

Cost of goods and services sold are 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 sales prices, while costs for product-related and Global Services normally account for 60 to 80 percent of sales prices. Enea also reports amortization of intellectual property rights, including acquired product rights and customer contracts, as well as capitalized product development expenses, as cost of goods and services sold.

In the fourth quarter 2019, Enea's cost of goods and services sold was SEK 74.5 (62.1 million, equivalent to a gross margin of 71.4 (73.8) percent. Costs increased mainly due to the acquired policy and access control business. The narrower gross margin relates mainly to a SEK 5.6 million increase in depreciation and amortization to SEK 15.8 (10.2) million, an effect of increased capitalization for acquisitions in recent years. Cost of goods and services sold for the full year amounted to SEK 273.7 (222.6) million, equivalent to a gross margin of 73.0 (73.2) percent. The increase in depreciation and amortization to SEK 55.0 (32.7) million negatively impacted gross margin, but was offset by higher sales (with relative margin above the group average) in the Network solutions product group.

## Operating costs

Operating costs are sales and marketing costs as well as 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 unit and increased costs for long-term incentive programs. These costs amounted to SEK 14.4 (1.6) million in the fourth quarter and SEK 28.7 (8.8) million for the full year. The large increase, especially in the quarter, relates mainly to three active long-term incentive programs (compared to two previously) and higher social security expenses. Social security expenses are affected by 26 percent share price increase since 30 September 2019.

## 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 the Internet.

Sales and marketing costs were SEK 53.8 (51.4) million in the fourth quarter, or 20.6 (21.7) percent of revenue in the quarter. For the full year, sales and marketing costs were SEK 204.3 (182.7) million, or 20.2 (22.0) 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 fourth quarter 2019 were SEK 64.6 (54.0) million, of which product development costs recognized in the Income Statement were SEK 44.0 (38.8) million, corresponding to 16.9 (16.4) percent of revenue in the quarter. SEK 246.7 (196.6) million was invested in the full year, of which product development costs recognized in the Income Statement amounted to SEK 167.0 (136.3) million, corresponding to 16.5 (16.4) percent of revenue. SEK 20.6 (15.2) million of product development costs were capitalized in the fourth quarter, and SEK 79.7 (60.3) million were capitalized in the full year.

## 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 fourth quarter, administration costs were SEK 31.6 (29.8) million, or 12.1 (12.6) percent of revenue for the quarter. Costs for the full year were SEK 112.4 (111.5) million, or 11.1 (13.4) percent of revenue. Transaction and integration costs relating to acquisitions amounted to SEK 3.7 (9.6) million in the full year.





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

## Results of operations

The group's operating profit excluding non-recurring items amounted to SEK 57.0 (59.5) million in the fourth quarter, and was SEK 258.4 (192.5) million for the full year, which corresponds to an operating margin excluding non-recurring items of 21.8 (25.1) percent for the quarter and 25.5 (23.2) percent for the full year. The group's operating profit was SEK 57.0 (66.7) million in the fourth quarter, and SEK 254.7 (188.9) for the full year, equivalent to an operating margin of 21.8 (28.1) percent for the quarter and 25.2 (22.7) percent for the full year. Currency effects on operating profit for the full year were 2 (2) percent.

Net financial income/expense was SEK -26.0 (-7.1) million for the quarter and SEK -51.7 (-27.7) million for the full year. Financial net for the quarter was negatively affected by costs of SEK 18.4 million related to the early redemption of the bond loan. Profit after tax amounted to SEK 28.2 (52.5) million for the quarter and SEK 169.7 (141.7) million for the full year. Earnings per share were SEK 1.32 (2.72) for the quarter and SEK 8.47 (7.33) for the full year.

## Cash flow

Cash flow from operating activities was SEK 48.6 (42.3) million for the fourth quarter, and SEK 245.2 (168.6) million for the full year. Total cash flow was SEK -244.2 (-131.0) million for the fourth quarter and SEK 71.2 (-241.1) million for the full year. Cash flow

from investing activities was affected by final payment for the acquisition from Atos of SEK 47.1 million. Cash flow from financing activities was affected by the early redemption of the SEK 500 million bond loan, financed by a new bank loan of SEK 250 million and the new share issue in the third quarter.

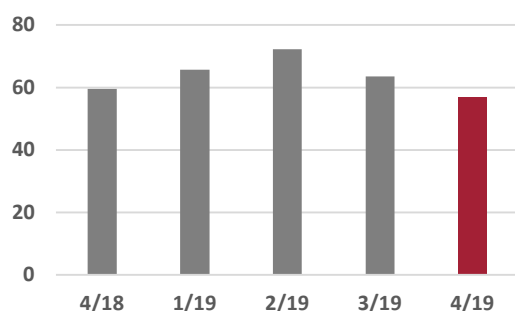
## Investments

The group's investments amounted to SEK 22.1 (25.9) million in the fourth quarter, and SEK 279.0 (816.3) million for the full year. Depreciation and amortization amounted to SEK 18.6 (12.4) million for the fourth quarter, and SEK 65.3 (40.5) million for the full year. Enea capitalized SEK 20.6 (15.2) million of product development expenses for the fourth quarter, and SEK 79.7 (60.3) million for the full year. Amortization of capitalized product development expenses was SEK 9.0 (6.4) million for the fourth quarter and SEK 30.0 (19.7) million for the full year. Depreciation of leased assets was SEK 5.1 million in the fourth quarter, and SEK 20.8 million in the full year.

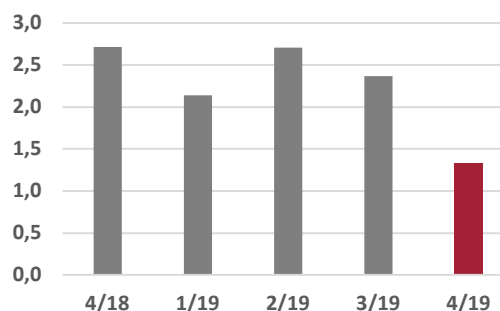
## Financial position

Net debt was SEK 215.9 (559.5) million at year end, with cash and cash equivalents of SEK 146.1 (74.7) million, interest-bearing bank and bond liabilities of SEK 362.1 (634.2) million. Interest-bearing liabilities were divided between long term of SEK 263.0 (539.8) million, and current of SEK 99.1 (94.3) million. The equity ratio was 66.9 (51.4) percent, and total assets amounted to SEK 2,213.8 (1,919.7) million at year end.

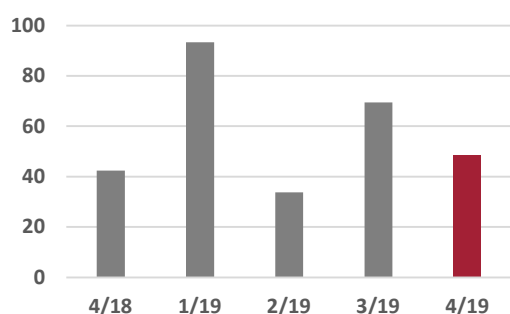
Operating profit excluding NRI (SEK m)



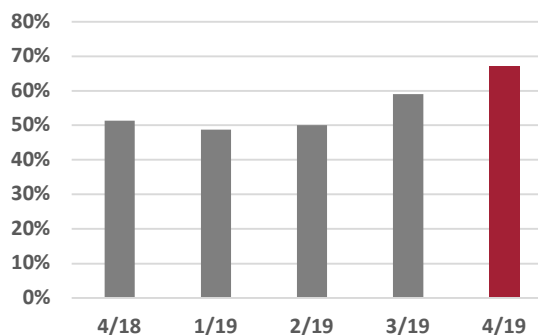
Earnings per share (SEK)



Cash flow from operations (SEK m)



Equity ratio



## Parent company

The parent company's revenue for the full year amounted to SEK 77.6 (53.1) million and profit/loss before appropriations and tax amounted to SEK -1.3 (-1.1) million. The parent company's net financial income/expense was SEK -1.3 (-1.1) million, and cash and cash equivalents were SEK 1.7 (17.7) million at year end. The parent company's investments in the quarter were SEK 0.5 (0.8) million. The parent company had 13 (11) 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 661 (571) employees, an increase of 90 on the previous year-end, mainly due to the acquired policy and access control operations.

## Repurchase of treasury shares

Enea repurchased no shares in the fourth 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 procedure for appointing a nomination committee for the AGM 2021.

## No dividend proposed

Enea's endeavor is to build a larger and stronger company that delivers growing values for customers, employees and shareholders. Acquisitions that strengthen our market position and long-term earnings ability, as well as continued investments in our product portfolio are key components of these efforts. To facilitate, and be well prepared for this type of acquisition, Enea needs a strong, but also flexible capital structure. On occasion, this may mean that the company is net leveraged. Accordingly, the Board of Directors needs to take the company's long-term investment requirement and financial position into account when considering dividends. Enea's long-term dividend policy is to transfer at least 30 percent of profit after tax to shareholders. However, the company's financial position, cash flow, potential for acquisitions and future prospects can also be considered. Accordingly, with the potential for acquisitions and future prospects that the Board perceives for the coming years, it will not be proposing any dividend for 2019.

## Significant events in the quarter

On 16 October, Enea completed the early redemption of its SEK 500 million bond loan (ISIN SE0010948141). In tandem with this, the company arranged a new three-year, SEK 250 million bank loan. These actions create a more efficient capital structure for Enea.

*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 31 December 2019, the group's currency hedged amounted to a receivable of SEK 0,6 million, which is the total of level 2.

**Level 3:** The group does not report any financial instruments at level 3 as of 31 December 2019.

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

Allocation by level in fair value measurement, 31 Dec, SEK million	Level 1	Level 2	Level 3	Total
<i>Derivative instruments used for hedging purposes:</i>				
Currency derivatives	-	0.6	-	0.6
<b>Total</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>0.6</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 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 according 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 was 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. For the period March – December 2019, the unit reported sales of SEK 128.8 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 allocation of purchase price by different asset class is now complete and is illustrated in the right-hand table. The material changes compared to the preliminary allocation are an increase of product rights and customer contracts which have reduced goodwill by the corresponding amount.

Purchase price	SEK 000
Summary of purchase price:	
Cash and cash equivalents	152,195
Total purchase consideration	152,195

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	24,732
Customer contracts	84,126
Tangible fixed assets	1,555
Current receivables	326
Current liabilities, non-interest bearing	-39,843
Net identifiable assets and liabilities	70,896
Goodwill	81,299
Acquisition cost for the group	152,195

## 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 26 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 32 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 satisfied as of 31 December 2019.

In the first quarter 2018, Enea issued a senior bond of SEK 500 million, maturing in March 2021. The yield Stibor 3M plus a market yield, maturing in March 2021. The bond was redeemed in advance in 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 satisfied as of 31 December 2019. The remaining liability as of 31 December amounted to SEK 80 million. In tandem with its early bond loan redemption, the company arranged a new three year SEK 250 million loan with similar covenants to those 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.

Enea's targets for the full year 2019 were to achieve revenue growth and an operating margin above 20 percent. Both these objectives were achieved with revenue growth of 22 percent and an operating margin of 25.2 percent.

## Outlook for 2020

Our objective for the full year 2020 is to achieve revenue growth on 2019 and an operating margin above 20 percent.

The Board of Directors

Kista, Sweden, 30 January 2020

This Interim report was not examined by the company's auditors.

# Consolidated Statement of Comprehensive Income

SEK m	Oct – Dec		Full year	
	2019	2018	2019	2018
Revenue	260.8	237.1	1,012.0	830.3
Reversed additional purchase price	-	11.7	-	11.7
Total income	260.8	248.8	1,012.0	842.0
Cost of goods and services sold	-74.5	-62.1	-273.7	-222.6
Gross profit	186.4	186.7	738.4	619.4
Sales and marketing costs	-53.8	-51.4	-204.3	-182.7
R&D costs	-44.0	-38.8	-167.0	-136.3
General and administration costs	-31.6	-29.8	-112.4	-111.5
Operating profit 1) 2) 3)	57.0	66.7	254.7	188.9
Net financial income/expense	-26.0	-7.1	-51.7	-27.7
Profit before tax	30.9	59.6	203.0	161.1
Tax	-2.8	-7.1	-33.4	-19.5
<b>Net profit for the period</b>	<b>28.2</b>	<b>52.5</b>	<b>169.7</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	3.3	0.9	1.8	-0.3
Exchange rate differences	-65.4	8.2	41.3	84.1
<i>Items that will not be reclassified to profit or loss</i>				
Pension obligations	-0.3	0.1	0.5	0.2
<b>Total comprehensive income for the period, net of tax</b>	<b>-34.3</b>	<b>61.7</b>	<b>213.2</b>	<b>225.6</b>
Profit for the period attributable to equity holders of the parent	28.2	52.5	169.7	141.7
Comprehensive income for the period attributable to equity holders of the parent	-34.3	61.7	213.2	225.6
1) incl. depreciation of tangible assets	2.6	2.0	9.8	7.2
2) incl. amortization of intangible assets	16.0	10.4	55.5	33.3
incl. amortization of lease assets	5.1	-	20.8	-
<b>3) Non-recurring expenses included in operating profit</b>				
Operating profit, including non-recurring items	57.0	66.7	254.7	188.9
Reversed additional purchase	-	-11.7	-	-11.7
Restructuring costs	-	2.9	-	5.3
Legal costs	-	0.3	-	0.4
Costs for integrating new business	-	-	1.0	-
Transaction costs related to acquisitions	-	1.3	2.7	9.6
<b>Operating profit excluding non-recurring items</b>	<b>57.0</b>	<b>59.5</b>	<b>258.4</b>	<b>192.5</b>

## Key figures – Income Statement

SEK m	Oct - Dec		Full year	
	2019	2018	2019	2018
Earnings per share (SEK)	1.32	2.72	8.47	7.33
Earnings per share after full dilution (SEK)	1.32	2.72	8.47	7.33
Number of shares before dilution (million)	21.3	19.3	20.0	19.3
Number of shares after dilution (million)	21.3	19.3	20.0	19.3
Revenue growth (%)	10	56	22	41
Gross margin (%)	71.4	73.8	73.0	73.2
Operating costs as % of revenue				
- Sales and marketing costs	20.6	21.7	20.2	22.0
- R&D costs	16.9	16.4	16.5	16.4
- G&A costs	12.1	12.6	11.1	13.4
Operating margin excl. non-recurring items (%)	21.8	25.1	25.5	23.2
Operating margin (%)	21.8	28.1	25.2	22.7

## Consolidated Statement of Financial Position

<i>SEK m</i>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Intangible assets	1,672.3	1,381.4
- of which goodwill	1,265.9	1,151.2
- of which capitalized development costs	151.6	100.9
- of which product rights	62.8	45.3
- of which customer contracts	130.6	60.5
- of which trademarks	22.8	22.1
- of which right-of-use assets	37.4	-
- other intangible assets	1.3	1.3
Equipment, tools, fixtures and fittings	17.4	16.2
Deferred tax assets	10.2	17.5
Other fixed assets	3.4	3.1
<b>Total fixed assets</b>	<b>1,703.4</b>	<b>1,418.2</b>
Current receivables	364.3	426.8
Cash and cash equivalents	146.1	74.7
<b>Total current assets</b>	<b>510.4</b>	<b>501.5</b>
<b>Total assets</b>	<b>2,213.8</b>	<b>1,919.7</b>
<b>EQUITY and LIABILITIES</b>		
<b>Equity</b>	<b>1,481.3</b>	<b>985.8</b>
<b>Provisions</b>	<b>6.6</b>	<b>10.9</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	80.0	68.4
Long-term liabilities, interest-bearing	263.0	539.8
Long-term liabilities, non-interest-bearing	12.4	7.5
Long-term liabilities, lease obligations	20.6	-
<b>Total long-term liabilities</b>	<b>376.0</b>	<b>615.7</b>
<b>Current liabilities</b>		
Current liabilities, interest-bearing	99.1	94.3
Current liabilities, non-interest-bearing	232.9	212.9
Current liabilities, lease obligations	18.0	-
<b>Total current liabilities</b>	<b>349.9</b>	<b>307.2</b>
<b>Total equity and liabilities</b>	<b>2,213.8</b>	<b>1,919.7</b>

## Consolidated Statement of Changes in Equity

<i>SEK m</i>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2019</b>	<b>2018</b>
At beginning of period	985.8	754.2
Restatement of opening balance for changed accounting policies	-1.2	-
Total comprehensive income for the period	213.2	225.6
New share issue	266.8	-
Share saving program	16.7	6.0
<b>At end of period</b>	<b>1,481.3</b>	<b>985.8</b>

## Consolidated Statement of Cash Flow

SEK m	Oct - Dec		Full year	
	2019	2018	2019	2018
Cash flow from operating activities before change in working capital	68.8	72.2	288.3	198.0
Cash flow from change in working capital	-20.2	-29.9	-43.1	-29.4
Cash flow from operating activities	48.6	42.3	245.2	168.6
Cash flow from investing activities	-22.2	-18.1	-90.9	30.5
Cash flow from acquisition of operation, net	-47.1	-215.1	-47.1	-954.4
Cash flow from financing activities, raising of loans	282.1	60.0	362.1	560.0
Cash flow from financing activities, expense for bond issuance	-	-	-	-11.3
Cash flow from financing activities, amortization of loans	-500.0	-0.2	-642.4	-34.5
Cash flow from financing activities, amortization of lease liability	-5.4	-	-21.2	-
Cash flow from financing activities, new share issue incl transaction costs	-0.1	-	265.6	-
Cash flow for the period	-244.2	-131.0	71.2	-241.1
Cash and cash equivalents at beginning of period	395.7	206.2	74.7	312.0
Exchange rate difference in cash and cash equivalents	-5.4	-0.5	0.3	3.7
Cash and cash equivalents at end of period	146.1	74.7	146.1	74.7

## Key figures – Balance Sheet and Cash Flow Statement

SEK m	Full year	
	2019	2018
Cash and cash equivalents	146.1	74.7
Equity ratio (%)	66.9	51.4
Equity per share (SEK)	69.54	50.99
Cash flow from operating activities per share (SEK)	12.2	8.7
Number of employees at end of period	661	571
Return on assets (%)	13.8	16.3
Return on capital employed (%)	15.6	17.0
Return on asset	13.3	13.8

## Parent Company

### Income Statement

SEK m	Full year	
	2019	2018
Revenue	77.6	53.1
Operating costs	-77.6	53.1
Operating profit	-	-
Net financial income	-1.3	-1.1
Profit after financial net	-1.3	-1.1
Appropriations	6.0	1.2
Profit before tax	4.7	0.1
Tax	-1.5	-0.4
<b>Net profit for the period</b>	<b>3.2</b>	<b>-0.3</b>

## Parent Company

### Balance Sheet

SEK m	31 Dec	
	2019	2018
<b>ASSETS</b>		
Fixed assets	175.4	174.9
Current assets	1,067.6	1,046.0
<b>Total assets</b>	<b>1,243.0</b>	<b>1,220.9</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	840.3	553.6
Untaxed reserves	4.1	4.5
Long-term liabilities, interest-bearing	263.0	539.8
Current liabilities, interest-bearing	99.1	94.0
Current liabilities, other	36.5	28.9
<b>Total equity and liabilities</b>	<b>1,243.0</b>	<b>1,220.9</b>



## Quarterly data\*

SEK million	2019			2018				2017		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>INCOME STATEMENT</b>										
Revenue	260.8	250.2	260.2	240.9	237.1	209.6	213.4	170.3	152.0	145.2
Reversed additional purchase price	-	-	-	-	11.7	-	-	-	-	-
Costs of goods and services sold	-74.5	-72.4	-68.4	-58.4	-62.1	-54.6	-58.5	-47.3	-41.9	-42.7
Gross profit	186.4	177.8	191.8	182.5	186.7	154.9	154.8	122.9	110.0	102.5
Sales and marketing costs	-53.8	-48.8	-51.1	-50.6	-51.4	-46.6	-47.4	-37.3	-27.4	-27.4
R&D costs	-44.0	-40.4	-44.5	-38.1	-38.8	-33.2	-36.7	-27.6	-24.1	-23.5
General and administration costs	-31.6	-25.0	-24.2	-31.6	-29.8	-23.9	-26.7	-31.1	-35.8	-19.4
Operating profit	57.0	63.5	72.0	62.2	66.7	51.2	44.0	27.0	22.8	32.2
Net financial income/expense	-26.0	-8.2	-10.1	-7.4	-7.1	-6.8	-6.6	-7.3	-3.5	1.1
Profit before tax	30.9	55.3	62.0	54.8	59.6	44.4	37.4	19.7	19.3	33.3
Tax	-2.8	-7.7	-9.6	-13.4	-7.1	-8.9	-2.0	-1.5	-1.9	-6.2
<b>Net profit for the period</b>	<b>28.2</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>
Other comprehensive income	-62.5	63.4	2.1	42.8	9.1	-16.0	62.1	28.3	12.3	-7.9
<b>Total comprehensive income</b>	<b>-34.3</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>BALANCE SHEET</b>										
Intangible assets	1,672.3	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
Other fixed assets	27.6	28.8	29.9	33.9	33.7	33.5	38.2	38.8	31.0	33.2
Other financial fixed assets	3.4	3.4	3.2	2.7	3.1	2.6	2.4	2.9	2.7	2.6
Financial assets held for sale, non-current	-	-	-	-	-	-	-	-	62.1	41.2
Current receivables	364.3	394.3	389.1	353.9	426.8	330.6	322.2	360.6	203.6	184.5
Financial assets held for sale, current	-	-	-	-	-	-	-	-	40.2	30.1
Cash and cash equivalents	146.1	395.7	150.5	142.7	74.7	206.2	220.6	140.6	312.0	194.2
<b>Total assets</b>	<b>2,213.8</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>
Shareholders' equity	1,481.3	1,507.9	1,126.8	1,070.9	985.8	922.3	900.8	801.8	754.2	584.0
Long-term liabilities, interest bearing	283.6	105.9	604.4	603.8	539.8	538.9	554.9	554.2	82.0	82.0
Long-term liabilities, non-interest bearing	99.0	93.0	90.0	87.4	86.8	83.1	79.4	75.3	161.8	155.9
Current liabilities, interest bearing	117.0	515.5	88.3	82.3	94.3	34.5	34.7	34.7	34.0	34.0
Current liabilities, non-interest bearing	232.9	334.9	341.3	353.4	212.9	352.0	377.9	367.5	141.8	137.5
<b>Total equity and liabilities</b>	<b>2,213.8</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>CASH FLOW</b>										
Cash flow from operating activities	48.6	69.5	33.7	93.3	42.3	23.2	95.2	8.0	17.9	30.3
Cash flow from investing activities	-22.2	-21.4	-24.2	-23.0	-18.1	-18.9	-17.8	85.3	-40.2	-17.6
Cash flow from financing activities	-223.4	193.4	-1.4	-4.4	59.8	-17.2	-0.1	471.8	138.2	-17.0
<b>Cash flow for the period</b>	<b>-197.0</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>
Cash flow from acquisition of operation:										
Cash flow for the period, from acquired operation	-47.1	-	-	-	-215.1	-	-	-739.3	-	-
<b>Total cash flow from the period</b>	<b>-244.2</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>

\* Figures for 2017-2018 have not been restated for IFRS 16.

## Five-year summary\*

SEK m	2019	2018	2017	2016	2015
<b>INCOME STATEMENT</b>					
Revenue	1,012.0	830.3	588.4	501.3	481.5
Reversed additional purchase price	-	11.7	-	-	-
Operating expenses	-757.3	-653.1	-485.6	-382.5	-371.4
Operating profit	254.7	188.9	102.8	118.8	110.0
Net financial income/expense	-51.7	-27.7	-5.2	5.2	2.5
Earnings before tax	203.0	161.1	97.6	124.0	112.5
Profit for the period	169.7	141.7	82.5	94.6	88.0
<b>Total</b>	<b>169.7</b>	<b>141.7</b>	<b>82.5</b>	<b>94.6</b>	<b>88.0</b>
<b>BALANCE SHEET</b>					
Intangible assets	1,672.3	1,381.4	522.2	499.2	128.4
Other fixed assets	27.6	33.7	31.0	34.4	8.5
Other financial fixed assets	3.4	3.1	2.7	6.5	2.0
Financial assets held for sale, non-current	-	-	62.1	-	70.7
Current receivables	364.3	426.8	203.6	219.4	196.2
Financial assets held for sale, current	-	-	40.2	-	-
Cash and cash equivalents	146.1	74.7	312.0	223.5	132.8
<b>Total assets</b>	<b>2,213.8</b>	<b>1,919.7</b>	<b>1,173.8</b>	<b>983.0</b>	<b>538.6</b>
Shareholders' equity	1,481.3	985.8	754.2	422.9	398.9
Long-term liabilities, interest-bearing	263.0	539.8	82.0	116.0	-
Long-term liabilities, non-interest-bearing	119.6	86.8	161.8	161.9	21.5
Current liabilities, interest-bearing	99.1	94.3	34.0	34.0	-
Current liabilities, non-interest-bearing	250.8	212.9	141.8	248.2	118.2
<b>Total equity and liabilities</b>	<b>2,213.8</b>	<b>1,919.7</b>	<b>1,173.8</b>	<b>983.0</b>	<b>538.6</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	245.2	168.6	116.6	128.1	104.6
Cash flow from investing activities	-90.9	30.5	-139.7	49.6	-52.8
Cash flow from investing activities—divested operation	-	-	-	-	-
Cash flow from investing activities—acquired operation	-47.1	-954.4	-96.3	-139.6	-
Cash flow from financing activities	-35.9	514.2	206.6	56.2	-100.1
<b>Cash flow for the period</b>	<b>71.2</b>	<b>-241.1</b>	<b>87.2</b>	<b>94.3</b>	<b>-48.3</b>
<b>KEY FIGURES</b>					
Revenue growth, %	22	41	17	4	12
Operating margin, %	25.2	22.7	17.5	23.7	22.9
Profit margin, %	20.1	19.4	16.6	24.7	23.4
Return on capital employed, %	15.6	17.0	16.3	27.8	29.7
Return on equity, %	13.8	16.3	14.0	23.0	22.0
Return on total capital, %	13.3	13.8	11.1	18.1	22.9
Interest coverage ratio, multiple	3.8	4.1	5.4	10.2	16.2
Equity ratio, %	66.9	51.4	64.3	43.0	74.1
Liquidity, %	145.9	163.2	316.1	156.9	278.3
Average number of employees	629	563.0	467.0	410.0	400.0
Revenue per employee, SEK m	1.6	1.5	1.3	1.2	1.2
Net asset value per share, SEK	69.54	46.28	39.00	26.61	25.06
Earnings per share, SEK	8.47	7.33	4.69	5.95	5.49
Dividend per share, SEK	-	-	-	2.00	4.20

\* Figures for 2015-2016 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 items 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-repeating 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.*

	Oct - Dec		Full year	
	2019	2018	2019	2018
<b>1. Reconciliation of revenue growth</b>				
Revenue, SEK million	260.8	237.1	1,012.0	830.3
Revenue growth, SEK million	23.7	64.4	181.7	242.0
Revenue growth, %	10	56	22	41
Currency effect, unchanged exchange rates compared to previous year, SEK m	8.2	10.2	38.9	19.2
Currency effect, unchanged exchange rates compared to previous year, %	3.5	6.7	4.7	3.3
Revenue growth, unchanged exchange rates compared to previous year, SEK m	15.5	75.0	142.9	222.7
Revenue growth, unchanged exchange rates compared to previous year, %	7	49	17	38
<b>2. Reconciliation of financial income/expense</b>				
Financial income, SEK million	5.7	3.9	20.0	24.9
Financial expenses, SEK million	-31.8	-11.0	-71.7	-52.6
Reported financial income/expense	-26.0	-7.1	-51.7	-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.

## The share

### October – December 2019

Share price performance: +26.1%  
Share turnover: 1.530.227

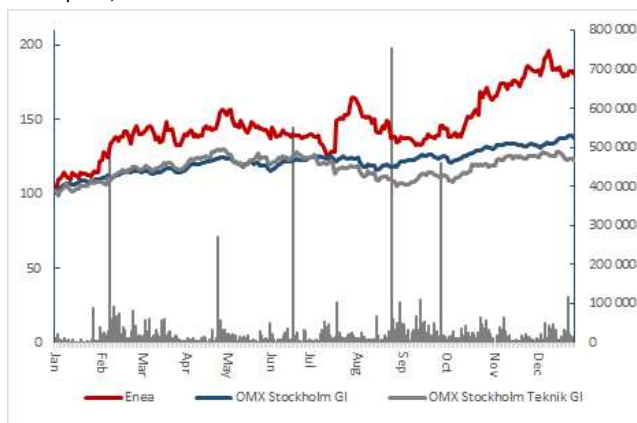
Highest closing price: SEK 196.00  
Lowest closing price: SEK 138.50  
Closing price, period end: SEK 181.00

Market cap (31 Dec): SEK 3,912 million  
Total no. of shares (31 Dec): 21,615,231

Share turnover (%): 7.1  
Daily share turnover: 24 681

Share price, SEK

No. of shares



### For queries, please contact:

Jan Häglund, President and CEO  
Björn Westberg, CFO  
Lotta Trulsson, Executive Assistant  
Phone: +46 (0)8 - 507 14000

Enea AB, corp ID no. 556209-7146  
Jan Stenbecks Torg 17  
P.O. Box 1033  
SE-164 21 Kista

### Financial Information:

Interim Report Jan – Mar	28 April, 2020
Annual Report 2019	April, 2020
Annual General Meeting	6 May, 2020
Interim Report Jan – Jun	16 July, 2020
Interim Report Jan – Sep	21 October, 2020
Annual Statement	29 January, 2021

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 post (address to 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.*