

Interim Report, January – September 2020

Network solutions growing in importance

July – September 2020

- Net sales amounted to SEK 206.4 million (246.9), equivalent to a 16 percent decrease.
- Operating profit amounted to SEK 42.8 million (63.5), corresponding to an operating margin of 20.7 percent (25.7). Operating profit excluding non-recurring items amounted to SEK 47.6 million (63.5), equivalent to an operating margin of 23.0 percent (25.7).
- Earnings per share amounted to SEK 1.44 (2.37).

Significant events after period-end

1st of October Enea announced the acquisition of Aptilo, a leading provider of policy and access control solutions for carrier Wi-Fi and IoT (Internet of Things), headquartered in Stockholm, Sweden.

January – September 2020

- Net sales amounted to SEK 667.1 million (736.5), equivalent to a 9 percent decrease.
- Operating profit amounted to SEK 124.5 million (197.7), corresponding to an operating margin of 18.7 percent (26.8). Operating profit excluding non-recurring items amounted to SEK 148.4 million (201.5), equivalent to an operating margin of 22.3 percent (27.4).
- Earnings per share amounted to SEK 4.43 (7.21).

Key figures	Jul-Sep		Jan-Sep		Full year
	2020	2019	2020	2019	2019
Total revenue, SEK m	208.8	250.2	676.8	751.2	1,012.0
Net sales, SEK m	206.4	246.9	667.1	736.5	994.5
Net sales growth, %	-16	19	-9	25	21
Net sales growth currency adjusted, %	-13	15	-9	20	16
Operating profit excluding non-recurring items, SEK m	47.6	63.5	148.4	201.5	258.4
Operating profit, SEK m	42.8	63.5	124.5	197.7	254.7
Operating margin excluding non-recurring items, %	23.0	25.7	22.3	27.4	26.0
Operating margin, %	20.7	25.7	18.7	26.8	25.6
Net profit after tax, SEK m	31.1	47.7	94.9	141.5	169.7
Earnings per share, SEK	1.44	2.37	4.43	7.21	8.47
Net debt/EBITDA (12 months)	0.43	0.67	0.43	0.67	0.63
Cash flow from operating activities, SEK m	82.8	69.5	212.7	196.6	245.2
Cash, cash equivalents and financial investments, SEK m	180.0	395.7	180.0	395.7	146.1

Network Solutions growing in importance

Net sales were SEK 206.4 million in the third quarter 2020, a 16 percent decrease on the corresponding period of the previous year. Operating profit excluding non-recurring items was SEK 47.6 million, equivalent to an operating margin of 23 percent. Despite lower sales, our operating margin is on target, thanks to an efficient cost structure and continuous adaptation to business volumes. Cash flow from operating activities before changes in working capital was SEK 68.1 million, further improving our already stable financial situation.

The decrease in net sales on the previous year is partly because of the continued downturn in operating systems, pursuant to Key Account contracts, combined with declining royalty streams. We are also impacted by lower demand for consulting services in North America, mainly from aviation industry customers impacted by the effects of the corona pandemic. However, we succeeded in minimizing the impact on operating profit due to rapid cost reductions in our American consulting business. Some telecom operators have decided to defer investments, which has meant that some major projects, in segments including 5G, as well as minor software upgrades, have been rescheduled to next year. Overall, we anticipate a negative impact on revenue in the coming quarters, as long as the corona pandemic is affecting our customers' businesses and willingness to invest.

However, progress in Network Solutions is in the right direction, and this product group represents a growing sales share. Our DPI (Deep Packet Inspection) solutions are gaining ground with customers, who are seeing an increased need for advanced traffic classification to address more challenging demands in cybersecurity. Our offering in data management is well positioned in tenders for new 5G networks, for reasons including our major reference contracts in North America and Europe, announced earlier this year. Our traffic management and video optimization solutions help operators worldwide to enhance end-user experiences and expand the capacity of mobile networks, especially in areas of radio networks with high loading. We are continuing to invest in products and innovation to be one of the leading software vendors in 5G and cybersecurity.

Aptilo brings a unique position on the market

I'm pleased to present the acquisition of Aptilo, which further enhances our positioning as a software vendor in Network Solutions. Aptilo's policy and access control for public Wi-Fi networks has been installed by over 100 customers worldwide. This business has a high share of recurring revenue, which grows as customers invest in new functionality and increased capacity. This high share of recurring revenue means that Aptilo has coped well with the corona pandemic so far, without any major negative impact on sales. Aptilo has also succeeded in establishing itself on the IoT (Internet of Things) market, which involves the installation and management of different types of device, often in high volumes. Although this market remains at an early stage, Aptilo's IoT solutions create growth opportunities for current and new business customers.



Aptilo will be integrated as an independent business unit within Enea to ensure continuity and focus for customers and employees. But there are clear synergies that we will progressively realize. This applies not least in sales, where we now have an opportunity to deliver a broader product portfolio to more customers. Policy and access control is already an important component of our data management offering to network operators, and we enjoy an innovative and strong product portfolio for the 4G and 5G standards. The acquisition of Aptilo means we can also offer corresponding support for Wi-Fi and IoT, bringing us unique positioning on the market, where most software and infrastructure vendors specialize in either cellular or Wi-Fi access. Our vision is to become a leader in data management compliant with the new 5G core standard, supporting different types of access (4G, 5G, Wi-Fi, etc.) and multiple types of connected device.

The acquisition of Aptilo is being financed with a combination of a new bank loan and cash. This enables us to retain an efficient funding structure, and to benefit from our strong Balance Sheet. Revenue from the new business unit, expected at over SEK 20 million for the fourth quarter, will further increase the significance of the Network Solutions product group to total sales.

Outlook

Our target of an operating margin over 20 percent remains. Uncertainty in the short to medium term has increased because of the corona pandemic. Its after-effects are very likely to continue to delay projects and impact our business negatively in other ways, risking fluctuations in our earnings over forthcoming quarters. We still take a positive view of market prospects for software in telecom and enterprise networks. We see potential for our new solutions in 5G, cybersecurity and virtualization, which is why we are maintaining our investments in product development and innovation for long-term organic growth. In addition, we are continuing our search for potential acquisitions that can strengthen our market position, and long-term earnings capacity. However, overall, we see that the consequences of the corona pandemic will have a negative impact on our sales in 2020.

Jan Häglund
President and CEO

Revenue

Enea's revenue in the third quarter amounted to SEK 208.8 million (250.2), consisting of Net Sales of SEK 206.4 million (246.9) and Other operating revenue of SEK 2.4 million (3.3). Net sales decreased by 16 percent, currency adjusted a decrease by 13 percent.

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.

Enea's offering is divided into three product groups: Network Solutions, Operating System Solutions and Software development services.

Network Solutions

Network Solutions includes products for mobile, fixed, and enterprise networks. These products are part of solutions for system vendors, and also sold direct to network operators. The software 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 and software become hardware independent.

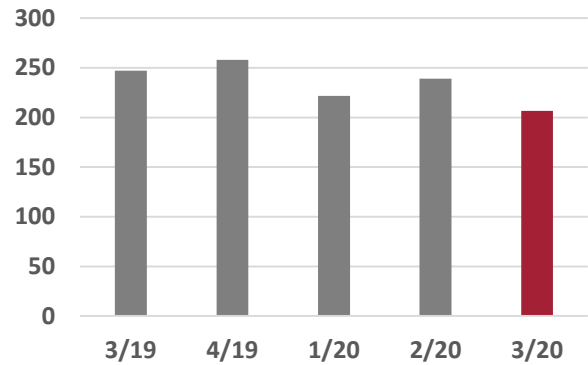
Network Solutions' sales amounted to SEK 136.7 million (153.4) and decreased by 11 percent in the quarter. The decrease is due to the fact that some Telecom operators have decided to postpone certain projects, larger investments (like in 5G) and smaller software upgrades. This product group represented 66 percent (62) of total net sales 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 is operating systems, i.e. software that enables the installation of applications on different computers and platforms. Enea's offering in this segment enables solutions 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.

Net sales (SEK m)

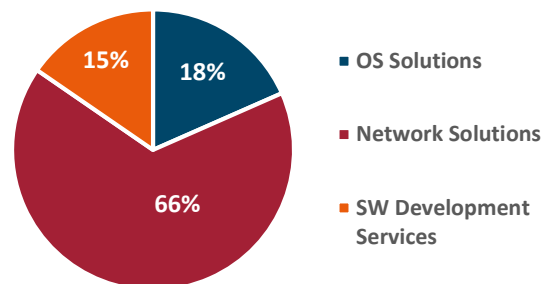


Sales in Operating System Solutions amounted to SEK 38.0 million (55.8) and were down by 32 percent in the quarter. The decrease is mainly driven by lower sales from key accounts, where sales decreased by 31 percent and was 81 percent (79) of sales for the product group. The decrease is expected and relates to key customers increasing the open source technology in their system solutions. The Operating Systems Solution product group represented 18 percent (23) of net sales in the quarter.

Software development services

Software Development Services (SW Development Services) provides consulting services and expertise for developing integrated systems and other high-end system solutions. Sales in Software development services amounted to SEK 31.8 million (37.8) and decreased by 16 percent in the quarter. The decrease is mainly due to lower sales from customers negatively affected by the corona pandemic. This product group represented 15 percent (15) of total revenue in the quarter.

Net sales/product group Jul-Sep



Net sales per region and market segment

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

EMEA

The EMEA region includes sales of both software and services. Sale of software mainly consists of telecom operators as well as key customers Ericsson and Nokia. Sale of software development services is primarily in the markets of cybersecurity, telecom- and consumer industry. Sale takes place from offices in Sweden, Germany, Romania, and France.

Net sales in EMEA decreased by 6 percent in the quarter year over year.

Americas

The Americas region includes software and services sales. Software sales are mainly towards customers within the telecom industry, such as AT&T and Cisco. Service sales are to customers in several sectors including the medical and aerospace industry.

Net sales decreased by 23 percent in the quarter year over year.

Asia

The Asia region includes customers such as Fujitsu, and is basically managed from offices in China, Japan, and Singapore.

Net sales decreased by 38 percent year over year in the quarter.

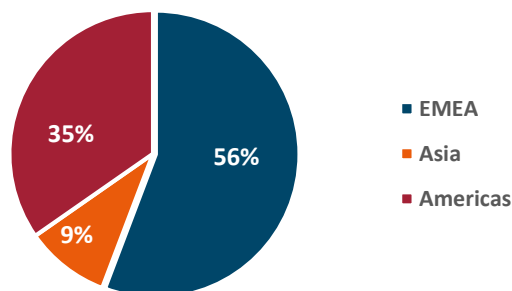
Enea reports sales by market segment: Telecom equipment manufacturers, Telecom operators, Security and Other.

Net sales per market segment

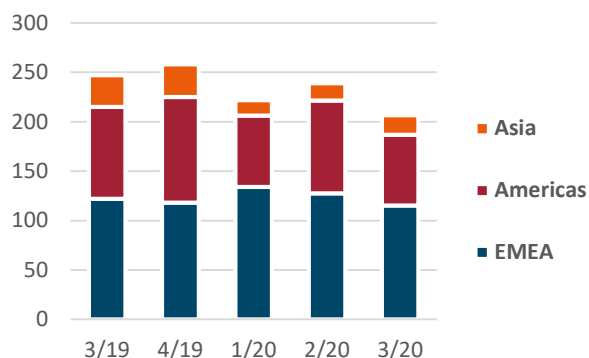
Net sales by market segment is illustrated to the right. Sales for the Telecom/OEMs segment was 43 percent (47) of total net sales. Sales for the segment Telecom/operators was 33 percent (31) of total net sales and increased mainly due to a couple of larger contracts.

The sales for Security market segment was 9 percent (6) of total net sales.

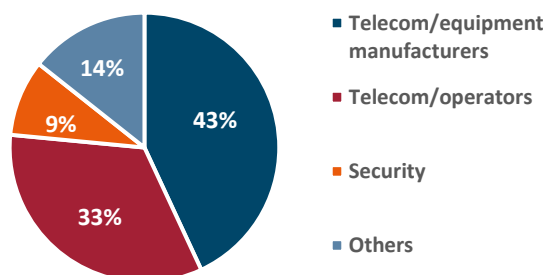
Net sales per region Jul-Sep



Net sales per region



Net sales/market segment Jul-Sep



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 software development 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 third quarter 2020, Enea's cost of goods and services sold was SEK 64.5 million (72.4), equivalent to a gross margin of 69.9 percent (72.0). The narrower gross margin relates mainly to an increase in depreciation and amortization and currency effects on working capital. Depreciation and amortization increased by SEK 3.1 million to SEK 17.8 million (14.7), an effect of acquisitions in recent year, and currency effect on working capital by SEK 3.5 million to SEK 4.4 million (0.9). For the period, cost of goods and services sold amounted to SEK 217.2 million (199.2), equivalent to a gross margin of 68.9 percent (75.0). Restructuring costs amounted to SEK 0.8 million for the quarter and SEK 7.3 million for the period.

Operating costs

Operating costs are sales and marketing costs as well as product development costs and administration costs. The operating costs amounted to SEK 101.5 million (114.2) in the quarter and SEK 335.2 million (354.3) in the period. Costs for share-based incentive programs amounted to SEK 6.2 million (7.3) in the third quarter and SEK 13.0 million (14.3) for the period. Restructuring costs amounted to SEK 12.7 million in the period. Transaction and integration costs relating to acquisitions amounted to SEK 4.0 (0.0) million in the quarter and SEK 4.0 (3.7) for the period.

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 44.9 million (48.8) in the third quarter, or 21.8 percent (19.8) of net sales in the quarter. The decrease is mainly related to lower travel costs. For the period, sales and marketing costs were SEK 154.5 million (150.5), or 23.2 percent (20.4) of net sales 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 36-60 months.

Total R&D investments in the third quarter 2020 were SEK 54.5 million (59.4), of which product development costs recognized in the Income Statement were SEK 27.9 million (40.4), corresponding to 13.5 percent (16.4) of net sales in the quarter. The decrease is mainly related to the implemented restructuring. SEK 187.5 million (182.1) was invested in the period, of which product development costs recognized in the Income Statement were SEK 101.8 million (123.0), corresponding to 15.3 percent (16.7) of net sales. SEK 26.6 million (19.0) of product development costs were capitalized in the third quarter and SEK 85.7 million (59.1) 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 28.7 million (25.0), or 13.9 percent (10.1) of net sales for the quarter. The increase mainly relates to acquisition costs SEK 4.0 (0.0) for Aptilo. Costs for the period were SEK 78.9 million (80.8), or 11.8 percent (11.0) of net sales.



Result of operations, cash flow, investments & financial position

Results of operations

The group's operating profit excluding non-recurring items amounted to SEK 47.6 million (63.5) in the third quarter, and was SEK 148.4 million (201.5) for the period, which corresponds to an operating margin excluding non-recurring items of 23.0 percent (25.7) for the quarter and 22.3 percent (27.4) for the period. The group's operating profit was SEK 42.8 million (63.5) in the third quarter, and SEK 124.5 million (197.7) for the period, equivalent to an operating margin of 20.7 percent (25.7) for the quarter and 18.7 percent (26.8) for the period. Currency effects on operating profit for the period were 0 percent (2).

Net financial income/expense was SEK -6.3 million (-8.2) for the quarter and SEK -9.5 million (-25.6) for the period and included interest costs of SEK -2.0 million (-8.4), currency effects on financial items of SEK -4.6 million (0.2) and interest income of SEK 0.3 million (0) for the quarter. Profit after tax amounted to SEK 31.1 million (47.7) for the quarter and SEK 94.9 million (141.5) for the period. Earnings per share were SEK 1.44 (2.37) for the quarter and SEK 4.43 (7.21) for the period.

Cash flow

Cash flow from operating activities was SEK 82.8 million (69.5) for the third quarter and SEK 212.7 million (196.6) for the period. Total cash flow was SEK -4.0 million (241.5) for the third quarter and SEK 35.2 million (315.4) for the period. Last year's cash flow was positively affected by a new share issue.

Investments

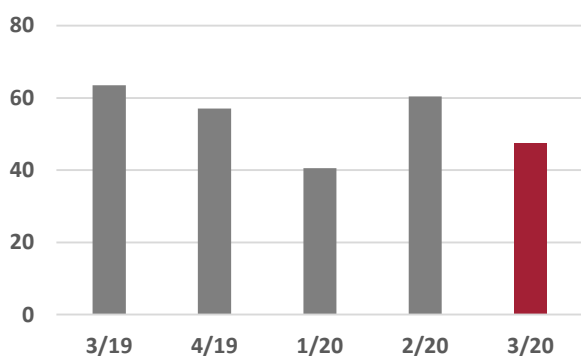
The group's investments amounted to SEK 34.1 million (21.1) in the third quarter and SEK 99.1 million (256.9) for the period. Depreciation and amortization amounted to SEK 21.6 million (17.5) for the third quarter and SEK 60.4 million (46.7) for the period. Enea capitalized SEK 26.6 million (19.0) of product development expenses for the third quarter and SEK 85.7 million (59.1) for the period. Amortization of capitalized product development expenses was SEK 11.3 million (8.0) for the third quarter and SEK 31.6 million (21.1) for the period. Depreciation of leased assets was SEK 5.1 million (5.6) in the quarter and SEK 15.4 million (15.6) in the period.

Financial position

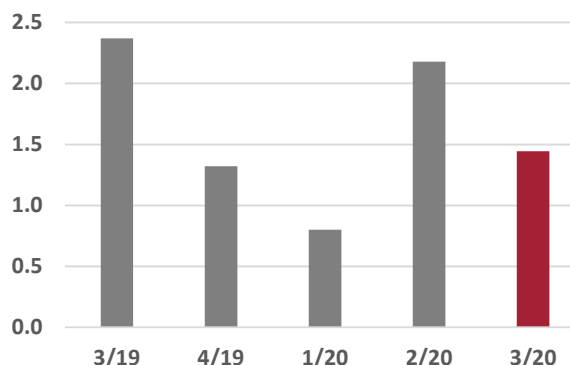
Net debt was SEK 121.6 million (226.9) at quarter end, with cash and cash equivalents of SEK 180.0 million (395.7), interest-bearing bank and bond liabilities of SEK 301.6 million (574.7) and deferred consideration of SEK 0 million (47.9). Interest-bearing liabilities were divided between long term of SEK 229.5 million (80.0), and current of SEK 72.1 million (494.4).

The equity ratio was 69.6 percent (59.0), and total assets amounted to SEK 2,230.6 million (2,557.2) at quarter end. Net debt/EBITDA (12 months) was 0.43 (0.67).

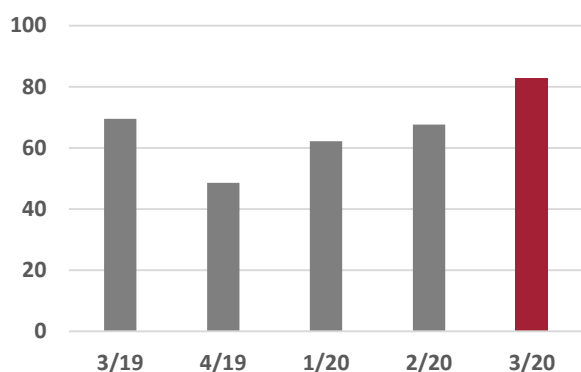
Operating profit excluding NRI (SEK m)



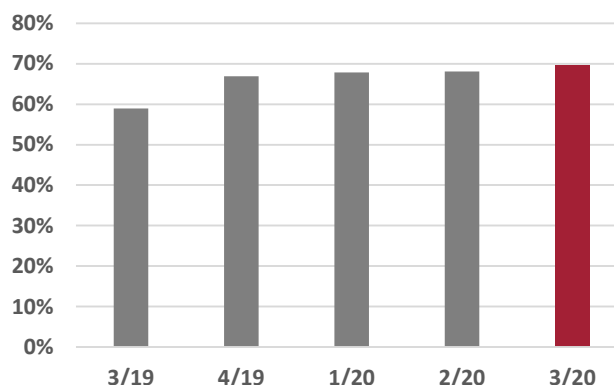
Earnings per share (SEK)



Cash flow from operations (SEK m)



Equity ratio



Parent company

The parent company's revenue for January-September amounted to SEK 38.0 million (50.0) and profit/loss before appropriations and tax amounted to SEK -27.3 million (-1.7). The parent company's net financial income/expense was SEK 0.7 million (-1.7), and cash and cash equivalents were SEK 4.0 million (258.8) at period end. The parent company's investments in the quarter were SEK 0.5 million (0.5). The parent company had 16 (13) 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 635 (658) employees.

Repurchase of treasury shares

Enea repurchased no shares in the second quarter. Enea held 86 688 treasury shares at the end of the period, or 0.4 percent of the total number of shares.

Annual General Meeting

Enea's Annual General Meeting (AGM) 2021 will be held at 4:30 p.m. on Thursday May 6 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 2021. The members of the Nomination Committee are: Per Lindberg, Jan Dworsky (Swedbank Robur Fonder), Niklas Johansson (Handelsbanken Fonder), Henrik Söderberg (C WorldWide 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 2022.

Significant events after quarter-end

1st of October Enea announced the acquisition of Aptilo Holding AB (reg.no 556819-6645) with subsidiaries, a leading provider of policy and access control solutions for carrier Wi-Fi and IoT (Internet of Things), headquartered in Stockholm, Sweden. The business will be consolidated in Enea Group from 1st of October. Estimated sales for the full year 2020 is SEK 88 million, whereof the fourth quarter exceeding SEK 20 million. The total consideration amounts to SEK 92 million which corresponds to an enterprise value of SEK 150 million on a cash and debt free basis. The acquisition will be financed mainly through bank loan and to a certain extent cash, and is expected to be earnings per share accretive in 2021.

The Annual Report and other documentation are available at Enea's website, 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 2020, the group's currency hedged amounted to a receivable of SEK 0.1 million, which is the total of level 2.

Level 3: The group does not report any financial instruments at level 3 as of 30 September 2020.

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

Allocation by level in fair value measurement, 30 September, SEK million	Level 1	Level 2	Level 3	Total
<i>Derivative instruments used for hedging purposes:</i>				
Currency derivatives	-	0.1	-	0.1
Total	-	0.1	-	0.1

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.



Risks, long-term ambition & outlook

Material risks and uncertainty factors

Dependency on Key Accounts is decreasing but remains high. These customers represented approximately 20 percent of the group's revenues in the quarter and the trend for these revenues is declining.

Enea has a SEK 70 million overdraft facility, 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 satisfied as of 30 September 2020.

Enea has two bank loans of SEK 80 million (raised January 2019) and SEK 250 million (raised October 2019). The SEK 80 million loan is to be repaid after 2 years, with a 1-year extension option and the loan of SEK 250 million matures after three years. 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 30 September 2020. The remaining liability as of 30 September amounted to SEK 296.5 million.

Effects of the corona pandemic

Enea is mainly active in cybersecurity and telecommunication, the latter being its largest market. The corona pandemic will probably have a major negative impact on the global economy, which may affect some customers' risk appetites and willingness to invest. For Enea, this may mean some projects being delayed, or not being executed. Meanwhile, the underlying drivers of telecommunication, involving a continued focus on virtualization, 5G and increased network capacity, remain. One effect of the corona pandemic has been traffic volumes in networks increasing, as many students and business employees work from home. This effect is likely to be partly transient, even if more widespread usage of digital tools and remote working do become a permanent change.

Enea's people in many countries are affected by being unable to get to their usual workplaces. Essentially, Enea's business can operate from people's homes for a period. Enea has the tools to enable this with state-of-the-art communication solutions. Efficiency remains high but will, to some extent, be affected if restrictions on physical meetings continue. Contact with customers now also mainly takes place via different communication solutions, instead of physical meetings. Since the business has continued without significant interruptions, Enea has not received any major government support.

Because there were no other significant changes to material risks and uncertainties in the quarter, the reader is referred to the review on pages 20-21 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. 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.

Outlook for 2020

Our target of an operating margin over 20 percent remains. Uncertainty in the short to medium term has increased because of the corona pandemic. Its after-effects are very likely to continue to delay projects and impact our business negatively in other ways, risking fluctuations in our earnings over forthcoming quarters. We still take a positive view of market prospects for software in telecom and enterprise networks. However, overall, we see that the consequences of the corona pandemic will have a negative impact on our sales in 2020.

Kista, Sweden, 21 October 2020

The 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 2020 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, Sweden, 21 October 2020

Öhrlings PricewaterhouseCoopers AB
Nicklas Kullberg, Authorized Public Accountant

Consolidated Statement of Comprehensive Income

SEK m	Jul-Sep		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct-Sep	2019
Net sales	206.4	246.9	667.1	736.5	925.2	994.5
Other operating revenue	2.3	3.2	9.7	14.7	12.5	17.5
Total revenue	208.8	250.2	676.8	751.2	937.6	1,012.0
Cost of goods and service sold	-64.5	-72.4	-217.2	-199.2	-291.6	-273.7
Gross profit	144.3	177.8	459.6	552.0	646.0	738.4
Sales and marketing costs	-44.9	-48.8	-154.5	-150.5	-208.3	-204.3
R&D costs	-27.9	-40.4	-101.8	-123.0	-145.8	-167.0
General and administration costs	-28.7	-25.0	-78.9	-80.8	-110.5	-112.4
Operating profit 1) 2) 3) 4)	42.8	63.5	124.5	197.7	181.4	254.7
Net financial income/expense	-6.3	-8.2	-9.5	-25.6	-35.6	-51.7
Profit before tax	36.5	55.3	114.9	172.1	145.9	203.0
Tax	-5.4	-7.7	-20.1	-30.6	-22.8	-33.4
Net profit for the period	31.1	47.7	94.9	141.5	123.1	169.7
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit or loss</i>						
Change in hedging reserve, after tax	-0.5	-2.2	-1.1	-1.5	2.1	1.8
Exchange rate differences	-33.1	63.7	-33.9	106.7	-99.3	41.3
<i>Items that will not be reclassified to profit or loss</i>						
Pension obligations	-0.6	-0.3	0.3	0.8	-0.0	0.5
Total comprehensive income for the period,	-3.1	108.8	60.1	247.4	25.9	213.2
Profit for the period attributable to equity holders of the parent company	31.1	47.7	94.9	141.5	123.1	169.7
Comprehensive income for the period attributable to equity holders of the parent company	-3.1	108.8	60.1	247.4	25.9	213.2
1) including depreciation of tangible assets	3.7	2.8	8.5	7.2	11.1	9.8
2) Including amortization of intangible assets	17.9	14.8	51.9	39.6	67.9	55.5
3) Including amortization of right-to-use assets	5.1	5.6	15.4	15.6	20.5	20.8
4) Non-recurring items included in operating profit						
Operating profit including non-recurring items	42.8	63.5	124.5	197.7	181.4	254.7
Restructuring costs	0.8	-	20.0	-	20.0	-
Costs for integrating new business	-	-	-	1.0	-	1.0
Transaction costs related to acquisitions	4.0	-	4.0	2.7	4.0	2.7
Operating profit excluding non-recurring items	47.6	63.5	148.4	201.5	205.4	258.4

Key figures – Income Statement

SEK m	Jul-Sep		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct-Sep	2019
Earnings per share (SEK)	1.44	2.37	4.43	7.21	5.74	8.47
Earnings per share after full dilution (SEK)	1.44	2.37	4.43	7.21	5.74	8.47
Average number of shares before dilution (million)	21.5	20.1	21.4	19.6	21.5	20.0
Average number of shares after dilution (million)	21.5	20.1	21.4	19.6	21.5	20.0
Net sales growth (%)	-16	19	-9	25	-5	21
Gross margin (%)	69.9	72.0	68.9	75.0	69.8	74.2
EBITDA (SEK m)					281.0	340.8
Operating costs as % of revenue						
- Sales and marketing costs	21.8	19.8	23.2	20.4	22.5	20.5
- R&D costs	13.5	16.4	15.3	16.7	15.8	16.8
- G&A costs	13.9	10.1	11.8	11.0	11.9	11.3
Operating margin excl. non-recurring items (%)	23.0	25.7	22.3	27.4	22.2	26.0
Operating margin (%)	20.7	25.7	18.7	26.8	19.6	25.6

Consolidated Statement of Financial Position

<i>SEK m</i>	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Intangible assets	1,669.5	1,735.1	1,672.3
- goodwill	1,241.6	1,335.4	1,265.9
- capitalized development	202.5	143.5	151.6
- product rights	55.5	63.7	62.8
- customer contracts	116.0	122.3	130.6
- trademarks	22.4	23.7	22.8
- right-to-use assets	30.4	45.3	37.4
- other intangible assets	1.1	1.2	1.3
Inventories, tools and installations	21.7	18.7	17.4
Deferred tax assets	8.3	10.1	10.2
Other fixed assets	4.0	3.4	3.4
Total fixed assets	1,703.6	1,767.2	1,703.4
Current receivables	347.0	394.3	364.3
Cash and cash equivalents	180.0	395.7	146.1
Total current assets	527.0	790.0	510.4
Total assets	2,230.6	2,557.2	2,213.8
EQUITY and LIABILITIES			
Equity	1,553.1	1,507.9	1,481.3
Provisions	6.0	6.3	6.6
Long-term liabilities			
Deferred tax liabilities	84.8	74.3	80.0
Long-term liabilities, interest-bearing	229.5	80.0	263.0
Long-term liabilities, non-interest-bearing	14.3	12.4	12.4
Long-term liabilities, leasing	16.2	25.9	20.6
Total long-term liabilities	344.9	192.6	376.0
Current liabilities			
Current liabilities, interest-bearing	72.1	494.7	99.1
Current liabilities, non-interest-bearing	239.5	334.9	232.9
Current liabilities, leasing	15.1	20.8	18.0
Total current liabilities	326.7	850.4	349.9
Total equity and liabilities	2,230.6	2,557.2	2,213.8

Consolidated Statement of Changes in Equity

<i>SEK m</i>	30 Sep 2020	30 Sep 2019	31 Dec 2019
At beginning of period	1,481.3	985.8	985.8
Restatement of opening balance for changed accounting policies	-	-1.2	-1.2
Total comprehensive income for the period	60.1	247.4	213.2
New share issue	-	266.9	266.8
Share saving program	13.4	8.9	16.7
Repurchasing of own shares	-1.7	-	-
At end of period	1,553.1	1,507.9	1,481.3

Consolidated Statement of Cash Flow

SEK m	Jul-Sep		Jan-Sep		Full year
	2020	2019	2020	2019	2019
Operating cash flow before changes in working capital	68.1	78.1	199.1	219.5	288.3
Cash flow from changes in working capital	14.8	-8.6	13.6	-22.9	-43.1
Cash flow from operating activities	82.8	69.5	212.7	196.6	245.2
Cash flow from investing activities	-34.6	-21.4	-99.7	-68.7	-90.9
Cash flow from acquisition of operations, net	-	-	-	-	-47.1
Cash flow from financing activities, raising of loans	5.3	0.0	5.3	80.0	362.1
Cash flow from financing activities, amortization of loans	-52.4	-66.6	-65.7	-142.4	-642.4
Cash flow from financing activities, amortization of lease liability	-5.2	-5.7	-15.7	-15.8	-21.2
Cash flow from financing activities, settlement of share savings program	-	-	-1.7	-	-
Cash flow from financing activities, new share issue including transaction costs	-	265.7	-	265.7	265.6
Cash flow for the period	-4.0	241.5	35.2	315.4	71.2
Cash and cash equivalents at the beginning of period	184.5	150.5	146.1	74.7	74.7
Exchange rate difference in cash and cash equivalents	-0.4	3.7	-1.3	5.6	0.3
Cash and cash equivalents at the end of period	180.0	395.7	180.0	395.7	146.1

Key figures – Balance Sheet and Cash Flow Statement

SEK m	Jul-Sep		12 months	Full year
	2020	2019	Oct-Sep	2019
Cash and cash equivalents (SEK m)	180.0	395.7	180.0	146.1
Equity ratio (%)	69.6	59.0	69.6	66.9
Equity per share (SEK)	72.14	70.79	72.14	69.54
Cash flow from operating activities per share (SEK)	9.9	10.0	12.2	12.2
Net debt (SEK m)	121.6	226.9	121.6	340.8
Number of employees at end of period	635	658	635	661
Return on equity (%)			8.0	13.8
Return on capital employed (%)			7.5	15.6
Return on assets (%)			6.3	13.3

Parent Company

Income Statement

SEK m	Jan-Sep		Full year
	2020	2019	2019
Revenue	38.0	50.0	77.6
Operating costs	-65.9	-50.0	-77.6
Operating profit	-28.0	-	-
Financial net	0.7	-1.7	-1.3
Profit/loss after financial net	-27.3	-1.7	-1.3
Appropriations	-	-	6.0
Profit/loss before tax	-27.3	-1.7	4.7
Tax	5.6	-	-1.5
Net profit/loss for the period	-21.6	-1.7	3.2

Parent Company

Balance Sheet

SEK m	30 Sep		31 Dec
	2020	2019	2019
ASSETS			
Fixed assets	175.5	175.2	175.4
Current assets	990.1	1,257.5	1,067.6
Total assets	1,165.6	1,432.7	1,243.0
EQUITY AND LIABILITIES			
Equity	830.3	827.7	840.3
Untaxed reserves	4.1	4.5	4.1
Long-term liabilities, interest-bearing	229.5	80.0	263.0
Current liabilities, interest-bearing	67.0	494.7	99.1
Current liabilities, other	34.8	25.8	36.5
Total equity and liabilities	1,165.6	1,432.7	1,243.0

Quarterly data*

SEK m	2020			2019			2018			
	Kv 3	Kv 2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
INCOME STATEMENT										
Net sales	206.4	239.0	221.7	258.0	246.9	249.4	240.1	235.2	208.4	211.3
Other operating revenue	2.3	2.3	5.0	2.8	3.2	10.8	0.7	13.6	1.2	2.1
Cost of goods and services sold	-64.5	-73.5	-79.2	-74.5	-72.4	-68.4	-58.4	-62.1	-54.6	-58.5
Gross profit	144.3	167.7	147.6	186.4	177.8	191.8	182.5	186.7	154.9	154.8
Sales and marketing costs	-44.9	-54.3	-55.2	-53.8	-48.8	-51.1	-50.6	-51.4	-46.6	-47.4
R&D costs	-27.9	-29.1	-44.8	-44.0	-40.4	-44.5	-38.1	-38.8	-33.2	-36.7
General and administration costs	-28.7	-25.2	-25.0	-31.6	-25.0	-24.2	-31.6	-29.8	-23.9	-26.7
Operating profit	42.8	59.1	22.6	57.0	63.5	72.0	62.2	66.7	51.2	44.0
Net financial income/expense	-6.3	-4.2	1.0	-26.0	-8.2	-10.1	-7.4	-7.1	-6.8	-6.6
Profit before tax	36.5	54.9	23.5	30.9	55.3	62.0	54.8	59.6	44.4	37.4
Tax	-5.4	-8.1	-6.5	-2.8	-7.7	-9.6	-13.4	-7.1	-8.9	-2.0
Net profit for the period	31.1	46.8	17.0	28.2	47.7	52.4	41.4	52.5	35.5	35.4
Other comprehensive income	-34.2	-108.7	108.2	-62.5	63.4	2.1	42.8	9.1	-16.0	62.1
Total comprehensive income	-3.1	-61.9	125.2	-34.3	111.0	54.5	84.2	61.7	19.5	97.6
BALANCE SHEET										
Intangible assets	1,669.5	1,695.3	1,784.7	1,672.3	1,735.1	1,678.0	1,664.7	1,381.4	1,357.9	1,364.2
Other fixed assets	30.1	26.6	27.7	27.6	28.8	29.9	33.9	33.7	33.5	38.2
Other financial fixed assets	4.0	3.4	3.4	3.4	3.4	3.2	2.7	3.1	2.6	2.4
Current receivables	347.0	371.4	388.9	364.3	394.3	389.1	353.9	426.8	330.6	322.2
Cash and cash equivalents	180.0	184.5	170.3	146.1	395.7	150.5	142.7	74.7	206.2	220.6
Total assets	2,230.6	2,281.2	2,375.1	2,213.8	2,557.2	2,250.7	2,197.9	1,919.7	1,930.7	1,947.7
Shareholders' equity	1,553.1	1,552.2	1,611.5	1,481.3	1,507.9	1,126.8	1,070.9	985.8	922.3	900.8
Long-term liabilities, interest-bearing	245.7	246.4	283.6	283.6	105.9	604.4	603.8	539.8	538.9	554.9
Long-term liabilities, non-interest-bearing	105.1	102.5	103.1	99.0	93.0	90.0	87.4	86.8	83.1	79.4
Current liabilities, interest-bearing	87.2	134.5	105.1	117.0	515.5	88.3	82.3	94.3	34.5	34.7
Current liabilities, non-interest-bearing	239.5	245.7	271.7	232.9	334.9	341.3	353.4	212.9	352.0	377.9
Total equity and liabilities	2,230.6	2,281.2	2,375.1	2,213.8	2,557.2	2,250.7	2,197.9	1,919.7	1,930.7	1,947.7
CASH FLOW										
Cash flow from operating activities	82.8	67.7	62.2	48.6	69.5	33.7	93.3	42.3	23.2	95.2
Cash flow from investing activities	-34.6	-34.9	-30.2	-22.2	-21.4	-24.2	-23.0	-18.1	-18.9	-17.8
Cash flow from financing activities	-52.3	-8.1	-17.4	-223.4	193.4	-1.4	-4.4	59.8	-17.2	-0.1
Cash flow for the period	-4.0	24.6	14.6	-197.0	241.5	8.1	65.8	84.1	-12.9	77.2
Cash flow from acquisition of operation:										
Cash flow for the period, from acquisition of operation	-			-47.1	-	-	-	-215.1	-	-
Total cash flow for the period	-4.0	24.6	14.6	-244.2	241.5	8.1	65.8	-131.0	-12.9	77.2

* Figures for 2017-2018 have not been restated for IFRS16.

Five-year summary*

SEK m	2019	2018	2017	2016	2015
INCOME STATEMENT					
Net Sales	994.5	824.3	584.4	498.2	476.7
Other operating revenue	17.5	17.7	4.0	3.1	4.8
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
Profit 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
Total	169.7	141.7	82.5	94.6	88.0
BALANCE SHEET					
Intangible assets	1,672.3	1,381.4	522.2	499.2	128.4
Other intangible 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
Total assets	2,213.8	1,919.7	1,173.8	983.0	538.6
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
Total equity and liabilities	2,213.8	1,919.7	1,173.8	983.0	538.6
CASH FLOW					
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-acquisition of operation	-47.1	-954.4	-96.3	-139.6	-
Cash flow from financing activities	-35.9	514.2	206.6	56.2	-100.1
Cash flow for the period	71.2	-241.1	87.2	94.3	-48.3
KEY FIGURES					
Net sales growth, %	21	41	17	5	12
Operating margin, %	25.6	22.9	17.6	23.8	23.1
Profit margin, %	20.4	19.5	16.7	24.9	23.6
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 ration, 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
Net debt/EBITDA	0.63	2.44	-1.58	-0.55	-1.58
Average number of employees	629	563	467	410	400
Net sales per employee, SEK m	1.6	1.5	1.3	1.2	1.2
Net asset value per share, SEK	68.80	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.²

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.²

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 growth¹: 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
	2020	2019	2020	2019	2019
1. Reconciliation of net sales growth					
Net sales, SEK million	206.4	246.9	667.1	736.5	994.5
Net sales growth, SEK million	-40.5	38.6	-69.3	147.4	170.2
Net sales growth, %	-16	19	-9	25	21
Currency effect, unchanged exchange rates compared to previous year, SEK m	-9.2	7.9	-1.3	30.6	38.4
Currency effect, unchanged exchange rates compared to previous year, %	-4	4	-0	5	5
Net sales growth, unchanged exchange rates compared to previous year, SEK m	-31.3	30.7	-68.0	116.7	131.8
Net sales growth, unchanged exchange rates compared to previous year, %	-13	15	-9	20	16
2. Reconciliation of financial income/expense					
Financial income, SEK million	6.6	4.3	22.0	14.2	20.0
Financial expense, SEK million	-12.9	-12.5	-31.5	-39.9	-71.7
Reported financial income/expense	-6.3	-8.2	-9.5	-25.6	-51.7

About Enea

Enea is one of the world's leading providers of software products for telecommunication and cybersecurity. It focuses on products built for cloud platforms and 5G in core networks, virtualization and traffic intelligence. Over three billion people rely on Enea's technology every day when using their mobile phones or connecting to the Internet.

The company focuses on a cluster of carefully selected core segments, where it aspires to leadership. Its product portfolio consists of:

- Mobile video traffic management
- Cloud data management
- Policy and access control
- Real-time operating systems
- Embedded traffic classification
- Virtualization platforms

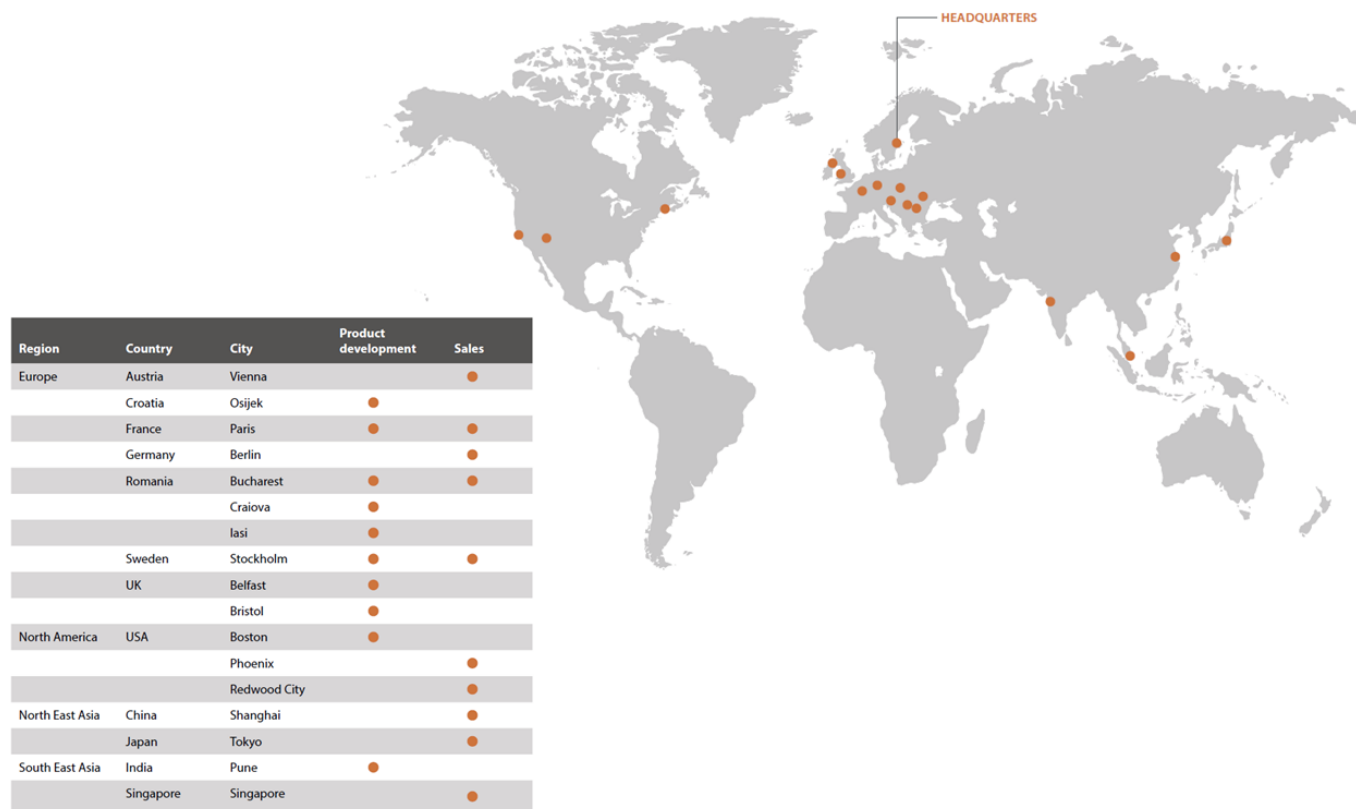
Enea applies two main sales models, direct sales to end-customers, and indirect sales through partnerships. Direct sales of turnkey solutions to operators are mainly in mobile video traffic management, cloud data management, as well as policy and access control. Indirect sales involve component sales to system vendors or system integrators, who in turn, deliver and implement complete solutions for operators and enterprises. This sales model is mainly in real-time operating systems, embedded traffic intelligence and virtualization platforms.

Enea also has a global services organization developing software on assignment from customers in different sectors with demanding performance and reliability standards. The project engineers in this part of Enea's organization have executed projects for customers providing solutions for medical devices, the aviation industry, and aerospace technology.

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 Nordic region to connect to the Internet, and received the first email in Sweden'. The company also registered Sweden's first Internet domain, and at an early stage, was the hub of all Internet traffic in Sweden.

These and other product-related milestones have secured Enea market leadership in a number of strategic segments. The company was one of the pioneers behind the emergence of the Internet and mobile data communication, and continues to drive technological progress by delivering market-leading products and solutions.

Enea has development centers and sales offices across Europe, North America and Asia. The company's engineers and project managers have long-term experience of developing software, and take overall responsibility, covering everything from design and coding to project management, quality-assurance and training. A total of around 640 people work for the company, and its headquarters is in Stockholm, Sweden.



The share

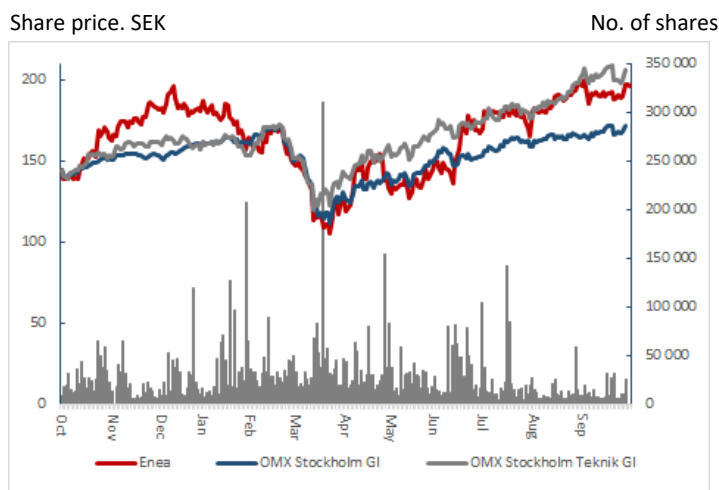
July – September 2020

Share price performance: +17.4%
Share turnover: 1 197 316

Highest closing price: SEK 199.8
Lowest closing price: SEK 165.00
Closing price, period end: SEK 196.6

Market cap (30 September): SEK 4.250 million
Total no. of shares (30 September): 21.615.231

Share turnover (%): 5.5%
Daily share turnover: 19 955



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:

Annual Statement	29 January 2021
Interim report Jan-Mar	27 April 2021
Annual General Meeting	6 May 2021
Interim report Jan-Jun	16 July 2021
Interim report Jan-Sep	26 October 2021

All financial information is published on Enea's website www.enea.com

Financial reports may also be ordered by e-mail (ir@enea.com) or post (address to left).

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