

Annual Statement 2020

Strong margin lifts earnings

October – December 2020

- Net sales amounted to SEK 248.0 million (258.0), equivalent to a 4 percent decrease. Net sales increased by 1 percent in fixed currency rates.
- Operating profit amounted to SEK 64.2 million (57.0), corresponding to an operating margin of 25.9 percent (22.1). Operating profit excluding non-recurring items amounted to SEK 73.1 million (57.0), equivalent to an operating margin of 29.5 percent (22.1).
- Earnings per share amounted to SEK 2.20 (1.32).
- 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.

Significant events after period-end

Jan Frykhammar, previous CFO and interim group CEO of Ericsson, will be proposed as regular board member at the AGM May 6, 2021.

January – December 2020

- Net sales amounted to SEK 915.1 million (994.5), equivalent to an 8 percent decrease.
- Operating profit amounted to SEK 188.6 million (254.7), corresponding to an operating margin of 20.6 percent (25.6). Operating profit excluding non-recurring items amounted to SEK 221.5 million (258.4), equivalent to an operating margin of 24.2 percent (26.0).
- Earnings per share amounted to SEK 6.63 (8.47).

| Key figures | Oct-Dec | | Jan-Dec | |
|---|---------|-------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Total revenue, SEK m | 252.3 | 260.8 | 929.1 | 1,012.0 |
| Net sales, SEK m | 248.0 | 258.0 | 915.1 | 994.5 |
| Net sales growth, % | -4 | 10 | -8 | 21 |
| Net sales growth currency adjusted, % | 1 | 6 | -7 | 16 |
| Operating profit excluding non-recurring items, SEK m | 73.1 | 57.0 | 221.5 | 258.4 |
| Operating profit, SEK m | 64.2 | 57.0 | 188.6 | 254.7 |
| Operating margin excluding non-recurring items, % | 29.5 | 22.1 | 24.2 | 26.0 |
| Operating margin, % | 25.9 | 22.1 | 20.6 | 25.6 |
| Net profit after tax, SEK m | 47.4 | 28.2 | 142.3 | 169.7 |
| Earnings per share, SEK | 2.20 | 1.32 | 6.63 | 8.47 |
| Net debt/EBITDA (12 months) | 0.81 | 0.63 | 0.81 | 0.63 |
| Cash flow from operating activities, SEK m | 61.5 | 48.6 | 274.2 | 245.2 |
| Cash, cash equivalents and financial investments, SEK m | 195.1 | 146.1 | 195.1 | 146.1 |

Strong margin lifts earnings

Net sales were SEK 248 million in the fourth quarter 2020, down by 4 percent year over year, but up by 20 percent on the third quarter of 2020. Operating profit excluding non-recurring items was SEK 73.1 million, equivalent to an operating margin of 29.5 percent. A high share of software revenue and cost rationalization in the year were contributors to the high margin. Others included lower selling expenses, due to travel restrictions and cancelled trade events. Cash flow from operating activities before changes in working capital was SEK 80.8 million. Our financial position remains stable, presenting us with opportunities to invest in growth segments.

Our largest product group, Network Solutions, is becoming more significant thanks to deals in telecom and cybersecurity. This product group represented 70 percent of total net sales in the fourth quarter and was positively impacted by new upgrade contracts in North America and Europe, as well as revenues from Aptilo, an acquisition completed on 1 October 2020.

Revenue from the Operating Systems product group was down by 28 percent in the quarter, as our Key Accounts progressively introduce open source products. This product group represented 18 percent of total net sales, a share that can be expected to keep declining.

The sales in software development services, which were 12 percent of total net sales in the quarter, were negatively impacted by the reduced demand that we have seen during the year from US aviation industry customers. Other customer segments in our service business were either stable or growing.

Aptilo exceeding expectations

Aptilo, acquired on 1 October 2020, contributed SEK 21.6 million of sales in the quarter, somewhat above estimates. A high share of recurring revenue and customers with growing capacity needs contributed to this positive result. In the fourth quarter, the Aptilo portfolio won awards for innovation in Internet of Things (IoT) and Smart Cities. We also signed a major contract with an EU authority for secure subscriber management in public Wi-Fi networks. We are delighted about this new deal, which will generate revenues over the next four years, and serve as a key reference for future business.

Corona pandemic impacting the market

The current corona pandemic continues to cause delays to customer projects and investments, which has had a negative impact on our revenue. This applies to minor software upgrades as well as procurement of new systems like 5G. We expect these obstacles to persist as long as the corona pandemic exerts a significant impact on our core markets.

A leaner organization, and sharper customer focus

In the fourth quarter, we created a more efficient organization, integrating responsibility for our telecom and enterprise solutions into two new business units. This is easing the integration of our



product portfolios and driving efficiency through our development and delivery processes. A new unit responsible for service provider sales is sharpening our focus on this key customer segment. Aptilo is being integrated as a separate business unit to ensure continuity for our customers and staff, as we simultaneously implement internal synergies and create new sales opportunities. Restructuring costs of SEK 8.7 million in tandem with implementing this new organization were taken in the fourth quarter of 2020.

New partnerships and collaborations

Enea's sales model builds on a combination of direct and indirect sales. In the quarter, we signed a partnering agreement with US company Matrixx, a technology leader in telecom charging systems. We are both specialists in cloud-native software, and together, can deliver competitive solutions for 4G and 5G systems. Our ambition is for this new partnership to create more sales opportunities to new customers.

Outlook

Our mission is to be a world-leading supplier of software components for telecom and cybersecurity. The market for data management in 5G, virtualization, and advanced cybersecurity is entering an exciting phase, where we can challenge established competitors and win market shares with innovative products and new business models. Overall, our ambition is to increase revenue robustly through the coming years, with an operating margin of over 20 percent, through organic growth in Network Solutions, plus complementary strategic acquisitions that advance our market position. This ambition means us passing yearly net sales of SEK 1.5 billion by 2023.

However, due to the corona pandemic, the short and medium-term uncertainties are substantial. Its consequences will probably cause further delays in customer projects, and other negative effects on our businesses, risking impacting earnings through coming quarters. Despite these uncertainties, our target for 2021 is to create sales growth year over year, and an operating margin of over 20 percent.

Jan Häglund
President and CEO

Revenue

Enea's revenue in the fourth quarter amounted to SEK 252.3 million (260.8), consisting of Net Sales of SEK 248.0 million (258.0) and Other operating revenue of SEK 4.4 million (2.8). Net sales decreased by 4 percent, currency adjusted an increase by 1 percent.

Some of 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

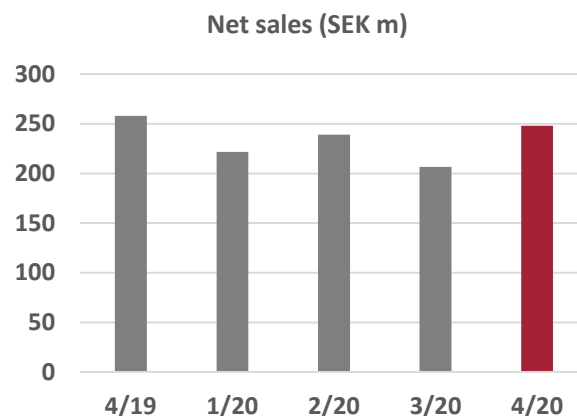
Network Solutions includes products for mobile and fixed telecommunication and enterprise networks. These products are part of solutions for system vendors, and sold directly to network operators. The software enables the analysis, optimization and monetization of data traffic and services for users and connected devices. 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.
- Management of operators' Wi-Fi services for enterprises and consumers with automatic and secure login based on SIM cards.
- Cloud 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 172.8 million (160.2) and increased by 8 percent in the quarter. The increase is mainly due to the acquisition of Aptilo that contributed with SEK 21.6 million. The organic growth was -5 percent (adjusted for currency an increase by 1 percent). This product group represented 70 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:

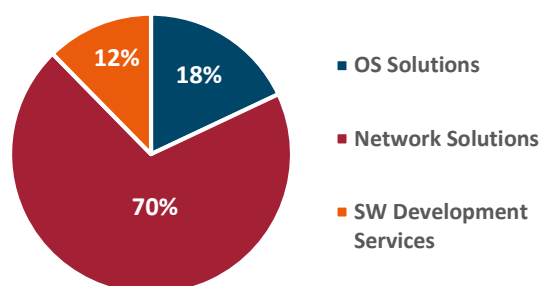
- Operating systems – products that are often integrated components of systems, where reliability, performance and real-time operation are critical, for example mobile network infrastructure. The tools used for developing applications for Enea's operating systems are often part of this business.

Sales in Operating System Solutions amounted to SEK 44.6 million (61.8) and were down by 28 percent in the quarter. The decrease is mainly driven by lower sales from key accounts, where sales decreased by 31 percent and was 75 percent (78) 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 (24) 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 30.5 million (36.1) and decreased by 15 percent in the quarter. The decrease is mainly due to lower sales from customers negatively affected by the corona pandemic. This product group represented 12 percent (14) of total revenue in the quarter.

Net sales/product group Oct-Dec



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 increased by 11 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 11 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 32 percent year over year in the quarter.

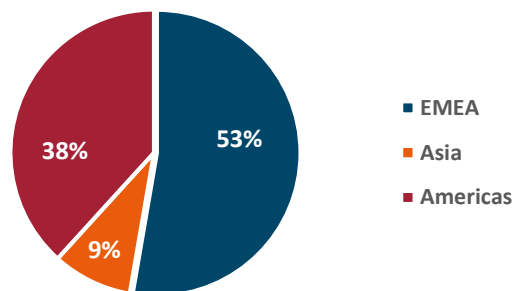
Enea reports sales by market segment: Telecom equipment manufacturers, Telecom operators, Security and Other.

Net sales per market segment

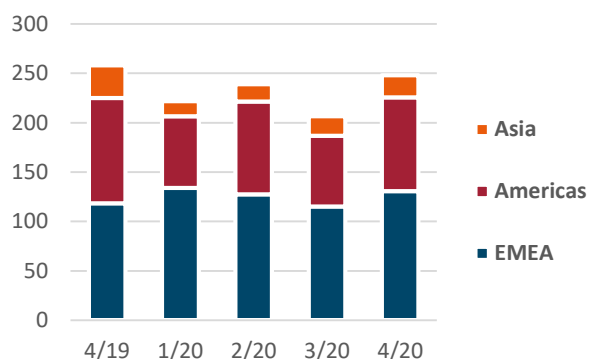
Net sales by market segment is illustrated to the right. Sales for the Telecom/OEMs segment was 43 percent (51) of total net sales. Sales for the segment Telecom/operators was 32 percent (28) of total net sales and increased mainly due to a couple of larger contracts.

The sales for Security market segment was 5 percent (7) of total net sales.

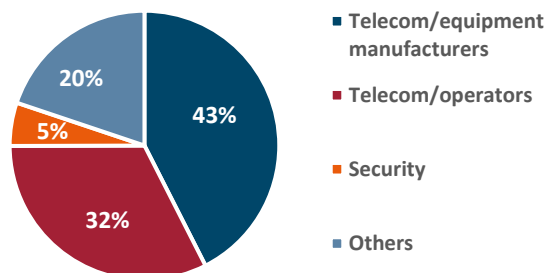
Net sales per region Oct-Dec



Net sales per region



Net sales/market segment Oct-Dec



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 fourth quarter 2020, Enea's cost of goods and services sold was SEK 75.9 million (74.5), equivalent to a gross margin of 71.1 percent (72.2). 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 8.3 million to SEK 24.1 million (15.8), an effect of acquisitions in recent year, and a write-off of SEK 2.2 million. Currency effect on working capital increased by SEK 2.0 million to SEK 4.8 million (2.8). For the full year, cost of goods and services sold amounted to SEK 293.1 million (273.7), equivalent to a gross margin of 69.5 percent (74.2). Restructuring costs amounted to SEK 7.3 million for the full year.

Operating costs

Operating costs are sales and marketing costs as well as product development costs and administration costs. The operating costs amounted to SEK 112.3 million (129.4) in the quarter and SEK 447.2 million (483.7) for the full year. Costs for share-based incentive programs amounted to SEK 0.9 million (14.4) in the fourth quarter and SEK 13.9 million (28.7) for the full year. The decrease of costs relates mainly to fewer participants due to organizational changes of Enea's business units. Restructuring costs amounted to SEK 8.7 million (0) in the quarter, related to the organizational changes of business areas. Transaction and integration costs relating to acquisitions amounted to SEK 0.2 (0.0) million in the quarter and SEK 4.2 (3.7) for the full year.

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 48.0 million (53.8) in the fourth quarter, or 19.3 percent (20.8) of net sales in the quarter. The decrease is mainly related to lower travel costs. For the full year, sales and marketing costs were SEK 202.5 million (204.3), or 22.5 percent (20.5) of net sales.

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 to 60 months.

Total R&D investments in the fourth quarter 2020 were SEK 66.0 million (64.6), of which product development costs recognized in the Income Statement were SEK 38.7 million (44.0), corresponding to 15.6 percent (17.0) of net sales in the quarter. The decrease is mainly related to the implemented restructuring programs during the year. SEK 253.4 million (246.7) was invested in the full year, of which product development costs recognized in the Income Statement were SEK 140.5 million (167.0), corresponding to 15.4 percent (16.8) of net sales. SEK 27.2 million (20.6) of product development costs were capitalized in the fourth quarter and SEK 112.9 million (79.7) 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 25.6 million (31.6), or 10.3 percent (12.3) of net sales for the quarter. Costs for the full year were SEK 104.4 million (112.4), or 11.4 percent (11.3) 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 73.1 million (57.0) in the fourth quarter, and was SEK 221.5 million (258.4) for the full year, which corresponds to an operating margin excluding non-recurring items of 29.5 percent (22.1) for the quarter and 24.2 percent (26.0) for the full year. The group's operating profit was SEK 64.2 million (57.0) in the fourth quarter, and SEK 188.6 million (254.7) for the full year, equivalent to an operating margin of 25.9 percent (22.1) for the quarter and 20.6 percent (25.6) for the full year. Currency effects on operating profit for the period were -4 percent (2).

Net financial income/expense was SEK -14.9 million (-26.0) for the quarter and SEK -24.5 million (-51.7) for the full year and included interest costs of SEK -2.6 million (-21.3), currency effects on financial items of SEK -12.6 million (-4.7) and interest income of SEK 0.3 million (0) for the quarter. Last year's financial net 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 47.4 million (28.2) for the quarter and SEK 142.3 million (169.7) for the full year. Earnings per share were SEK 2.20 (1.32) for the quarter and SEK 6.63 (8.47) for the full year.

Cash flow

Cash flow from operating activities was SEK 61.5 million (48.6) for the fourth quarter and SEK 274.2 million (245.2) for the full year. Total cash flow was SEK 26.5 million (-244.2) for the fourth quarter and SEK 61.6 million (71.2) for the period. Last year's cash

flow was affected by an early bond loan redemption and a new share issue.

Investments

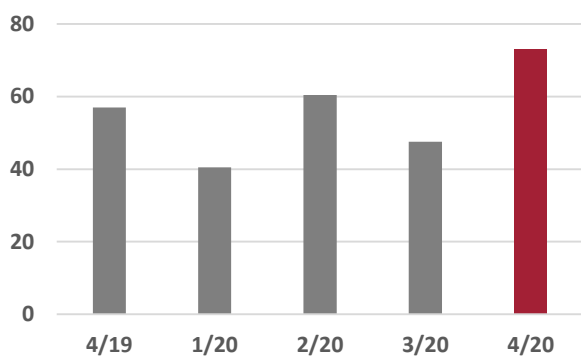
The group's investments amounted to SEK 181.4 million (22.1) in the fourth quarter and SEK 280.6 million (279.0) for the full year. Depreciation and amortization amounted to SEK 26.9 million (18.6) for the fourth quarter and SEK 87.3 million (65.3) for the full year. Enea capitalized SEK 27.2 million (20.6) of product development expenses for the fourth quarter and SEK 112.9 million (79.7) for the full year. Amortization of capitalized product development expenses was SEK 15.9 million (9.0) for the fourth quarter and SEK 47.5 million (30.0) for the full year. Depreciation of leased assets was SEK 4.9 million (5.1) in the quarter and SEK 20.3 million (20.8) in the full year.

Financial position

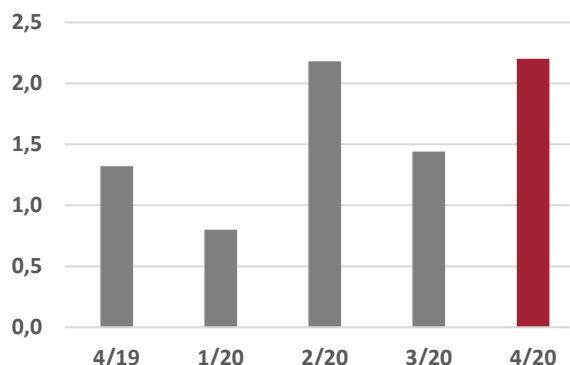
Net debt was SEK 238.8 million (215.9) at year end, with cash and cash equivalents of SEK 195.1 million (146.1) and interest-bearing bank and bond liabilities of SEK 433.9 million (362.1). Interest-bearing liabilities were divided between long term of SEK 291.7 million (263.0), and current of SEK 142.2 million (99.1). In connection with the acquisition of Aptilo, a new bank loan of SEK 130 million was raised.

The equity ratio was 63.7 percent (66.9), and total assets amounted to SEK 2,334.0 million (2,213.8) at year end. Net debt/EBITDA (12 months) was 0.81 (0.63).

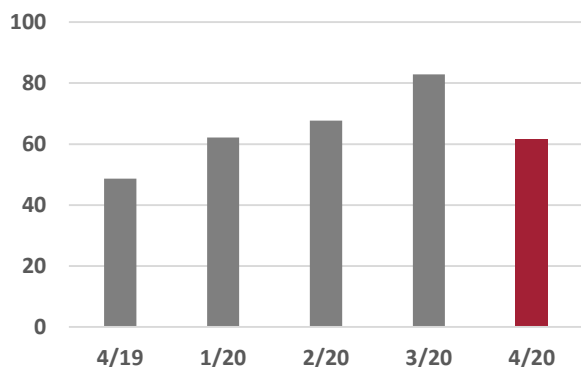
Operating profit excluding NRI (SEK m)



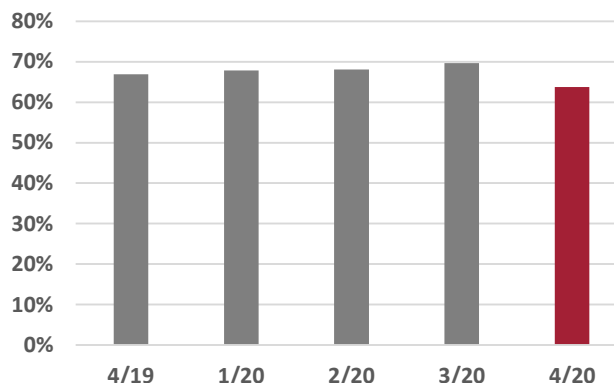
Earnings per share (SEK)



Cash flow from operations (SEK m)



Equity ratio



Parent company

The parent company's revenue for January-December amounted to SEK 43.3 million (77.6) and profit/loss before appropriations and tax amounted to SEK -37.7 million (-1.1). The parent company's net financial income/expense was SEK 1.6 million (-1.3), and cash equivalents were SEK 0 million (1.7) at period end. The parent company's investments in the quarter were SEK 0 million (0.5). The parent company had 15 (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 659 (661) employees.

Repurchase of treasury shares

Enea repurchased no shares in the fourth 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.

No dividend proposed

Enea's endeavor is to build a larger and stronger company that delivers growing value for customers, employees and shareholders. Acquisitions that strengthen our market position and long-term earnings ability, 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 2020.

Significant events in the quarter

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.

Significant events after quarter-end

Jan Frykhammar, previous CFO and interim group CEO of Ericsson, will be proposed as a regular board member at the AGM May 6, 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 31 December 2020, the group's currency hedged amounted to a receivable of SEK 5.2 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 2020.

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

| Allocation by level in fair value measurement, 31 December, SEK million | Level 1 | Level 2 | Level 3 | Total |
|---|----------|------------|----------|------------|
| <i>Derivative instruments used for hedging purposes:</i> | | | | |
| Currency derivatives | - | 5.2 | - | 5.2 |
| Total | - | 5.2 | - | 5.2 |

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.

Acquisition of Aptilo

1st of October, Enea Software AB acquired Aptilo Holding AB with subsidiaries. The purchase consideration was based on an Enterprise value (EV) of SEK 150 million and amounted to SEK 94,4 million. The acquisition has been funded with bank borrowing and cash. A new bank loan of SEK 130 million was raised in connection to the acquisition and a shareholder's loan of SEK 40.2 million was

repaid. Aptilo is a leading provider of policy and access control solutions for carrier Wi-Fi and IoT (Internet of Things), headquartered in Stockholm, Sweden. The acquisition means that Enea is expanding its offering and addressable market, as well as moving upward in the value chain. The company was consolidated into Enea effective 1 October, when operations were integrated into the Network Solutions product group. For the period October-December 2020 the unit reported sales of SEK 21.6 million and an operating profit of SEK 3.8 million. The goodwill arising in the acquisition is not tax deductible and relates to estimated profitability, additions to the product portfolio and expected synergy effects. The financial impact of this transaction is illustrated below. The analysis of fair value adjustment of product rights, customer contracts, current receivables and current liabilities is preliminary up to twelve months after acquisition date.

| Purchase price | SEK thousand |
|-------------------------------------|---------------|
| Summary of purchase price: | |
| Cash and cash equivalents | 94,536 |
| Total purchase consideration | 94,536 |

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

| | Fair value reported in the Group |
|---|----------------------------------|
| Product rights | 18,692 |
| Customer contracts | 60,521 |
| Trademark | 2,704 |
| Tangible fixed assets | 0,440 |
| Other long-term receivables | 1,005 |
| Deferred tax assets | 9,123 |
| Current receivables | 24,171 |
| Cash and cash equivalents | 3,815 |
| Deferred tax liability | -14,393 |
| Long-term liabilities, interest-bearing | -41,035 |
| Current liabilities, non-interest-bearing | -40,373 |
| Net identifiable assets and liabilities | 24,671 |
| Goodwill | 69,865 |
| Acquisition cost for the group | 94,536 |

Acquisition-related expenses

Acquisition-related expenses of SEK 4,250,000 are included in administrative costs in the Consolidated Income Statement for 2020.

Financing, risks, long-term ambition & outlook

Financing

Enea has a SEK 70 million overdraft facility, of which SEK 36.2 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 2020.

Enea has three bank loans of SEK 80 million (raised January 2019), SEK 250 million (raised October 2019) and SEK 130 million (raised October 2020). 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. The SEK 130 million is to be repaid 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 31 December 2020. The remaining liability as of 31 December amounted to SEK 393 million.

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.

The judicial investigation that has been ongoing in France since 2012, where Qosmos played a role as a witness, has now been closed with a decision to dismiss the case. The investigation covered a project in the Middle East, where Qosmos was one of the subcontractors. Qosmos' involvement in the project was ended during the autumn of 2011, before the delivery was operational, due to the development of events in the region during that period. The outcome of the investigation is in line with the judgement made by Enea in relation with the acquisition of Qosmos 2016.

Enea is mainly active in cybersecurity and telecommunication, the latter being its largest market. The corona pandemic has a major negative impact on the global economy, which 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

Our mission is to be a world-leading supplier of software components for telecommunication and cybersecurity. The market for data management in 5G, virtualization and advanced cybersecurity is entering an exciting phase, where we can challenge established competitors and win market shares with innovative products and new business models. Overall, our ambition is to increase revenue robustly through the coming years, with an operating margin exceeding 20 percent, through organic growth in Network solution, plus complementary strategic acquisitions that advance our market position. This ambition means us passing yearly net sales of SEK 1.5 billion by 2023. 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 target for the full year 2020 was to achieve an operating margin above 20 percent, which was met with a full year margin of 24 percent, excluding NRI. The corona pandemic's negative effects on the market affected the sales which decreased by 8 percent compared to previous year.

Outlook for 2021

Due to the corona pandemic, the short and medium-term uncertainties are substantial. Its consequences will probably cause further delays in customer projects, and other negative effects on our businesses, risking impacting earnings through coming quarters. Despite these uncertainties, our target for 2021 is to create sales growth year over year, and an operating margin of over 20 percent.

Kista, Sweden, 29 January 2021

The Board of Directors

This Annual statement was not examined by the company's auditors

Consolidated Statement of Comprehensive Income

| SEK m | Oct-Dec | | Jan-Dec | |
|--|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | 248.0 | 258.0 | 915.1 | 994.5 |
| Other operating revenue | 4.4 | 2.8 | 14.0 | 17.5 |
| Total revenue | 252.3 | 260.8 | 929.1 | 1,012.0 |
| Cost of goods and service sold | -75.9 | -74.5 | -293.1 | -273.7 |
| Gross profit | 176.4 | 186.4 | 636.0 | 738.4 |
| Sales and marketing costs | -48.0 | -53.8 | -202.5 | -204.3 |
| R&D costs | -38.7 | -44.0 | -140.5 | -167.0 |
| General and administration costs | -25.6 | -31.6 | -104.4 | -112.4 |
| Operating profit 1) 2) 3) 4) | 64.2 | 57.0 | 188.6 | 254.7 |
| Net financial income/expense | -14.9 | -26.0 | -24.5 | -51.7 |
| Profit before tax | 49.2 | 30.9 | 164.2 | 203.0 |
| Tax | -1.8 | -2.8 | -21.9 | -33.4 |
| Net profit for the period | 47.4 | 28.2 | 142.3 | 169.7 |
| OTHER COMPREHENSIVE INCOME | | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | | |
| Change in hedging reserve, after tax | 3.5 | 3.3 | 2.4 | 1.8 |
| Exchange rate differences | -115.5 | -65.4 | -149.4 | 41.3 |
| <i>Items that will not be reclassified to profit or loss</i> | | | | |
| Pension obligations | -1.4 | -0.3 | -1.1 | 0.5 |
| Total comprehensive income for the period, net of tax | -66.0 | -34.3 | -5.9 | 213.2 |
| Profit for the period attributable to equity holders of the parent company | 47.4 | 28.2 | 142.3 | 169.7 |
| Comprehensive income for the period attributable to equity holders of the parent company | -66.0 | -34.3 | -5.9 | 213.2 |
| 1) including depreciation of tangible assets | 2.7 | 2.6 | 11.2 | 9.8 |
| 2) Including amortization of intangible assets | 24.2 | 16.0 | 76.1 | 55.5 |
| 3) Including amortization of right-to-use assets | 4.9 | 5.1 | 20.3 | 20.8 |
| 4) Non-recurring items included in operating profit | | | | |
| Operating profit including non-recurring items | 64.2 | 57.0 | 188.6 | 254.7 |
| Restructuring costs | 8.7 | - | 28.7 | - |
| Costs for integrating new business | - | - | - | 1.0 |
| Transaction costs related to acquisitions | 0.2 | - | 4.3 | 2.7 |
| Operating profit excluding non-recurring items | 73.1 | 57.0 | 221.5 | 258.4 |

Key figures – Income Statement

| SEK m | Oct-Dec | | Jan-Dec | |
|--|---------|------|---------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| Earnings per share (SEK) | 2.20 | 1.32 | 6.63 | 8.47 |
| Earnings per share after full dilution (SEK) | 2.20 | 1.32 | 6.63 | 8.47 |
| Average number of shares before dilution (million) | 21.5 | 21.3 | 21.5 | 20.0 |
| Average number of shares after dilution (million) | 21.5 | 21.3 | 21.5 | 20.0 |
| Net sales growth (%) | -4 | 10 | -8 | 21 |
| Gross margin (%) | 71.1 | 72.2 | 69.5 | 74.2 |
| EBITDA (SEK m) | | | 296.1 | 340.8 |
| Operating costs as % of revenue | | | | |
| - Sales and marketing costs | 19.3 | 20.8 | 22.1 | 20.5 |
| - R&D costs | 15.6 | 17.0 | 15.4 | 16.8 |
| - G&A costs | 10.3 | 12.3 | 11.4 | 11.3 |
| Operating margin excl. non-recurring items (%) | 29.5 | 22.1 | 24.2 | 26.0 |
| Operating margin (%) | 25.9 | 22.1 | 20.6 | 25.6 |

Consolidated Statement of Financial Position

| <i>SEK m</i> | 31 Dec 2020 | 31 Dec 2019 |
|---|----------------|----------------|
| ASSETS | | |
| Intangible assets | 1,734.5 | 1,672.3 |
| - goodwill | 1,227.7 | 1,265.9 |
| - capitalized development | 216.0 | 151.6 |
| - product rights | 57.4 | 62.8 |
| - customer contracts | 167.0 | 130.6 |
| - trademarks | 23.5 | 22.8 |
| - right-to-use assets | 42.0 | 37.4 |
| - other intangible assets | 1.0 | 1.3 |
| Inventories, tools and installations | 21.3 | 17.4 |
| Deferred tax assets | 19.4 | 10.2 |
| Other fixed assets | 6.1 | 3.4 |
| Total fixed assets | 1,781.4 | 1,703.4 |
| Current receivables | 357.5 | 364.3 |
| Cash and cash equivalents | 195.1 | 146.1 |
| Total current assets | 552.6 | 510.4 |
| Total assets | 2,334.0 | 2,213.8 |
| EQUITY and LIABILITIES | | |
| Equity | 1,487.5 | 1,481.3 |
| Provisions | 3.1 | 6.6 |
| Long-term liabilities | | |
| Deferred tax liabilities | 96.0 | 80.0 |
| Long-term liabilities, interest-bearing | 291.7 | 263.0 |
| Long-term liabilities, non-interest-bearing | 15.8 | 12.4 |
| Long-term liabilities, leasing | 26.1 | 20.6 |
| Total long-term liabilities | 429.6 | 376.0 |
| Current liabilities | | |
| Current liabilities, interest-bearing | 142.2 | 99.1 |
| Current liabilities, non-interest-bearing | 254.9 | 232.9 |
| Current liabilities, leasing | 16.8 | 18.0 |
| Total current liabilities | 413.9 | 349.9 |
| Total equity and liabilities | 2,334.0 | 2,213.8 |

Consolidated Statement of Changes in Equity

| <i>SEK m</i> | 31 Dec 2020 | 31 Dec 2019 |
|--|----------------|----------------|
| At beginning of period | 1,481.3 | 985.8 |
| Restatement of opening balance for changed accounting policies | - | -1.2 |
| Total comprehensive income for the period | -5.9 | 213.2 |
| New share issue | - | 266.8 |
| Share saving program | 13.8 | 16.7 |
| At end of period | 1,487.5 | 1,481.3 |

Consolidated Statement of Cash Flow

| SEK m | Oct-Dec | | Jan-Dec | |
|--|---------|--------|---------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| Operating cash flow before changes in working capital | 80.8 | 68.8 | 279.9 | 288.3 |
| Cash flow from changes in working capital | -19.4 | -20.2 | -5.7 | -43.1 |
| Cash flow from operating activities | 61.5 | 48.6 | 274.2 | 245.2 |
| Cash flow from investing activities | -31.2 | -22.2 | -130.9 | -90.9 |
| Cash flow from acquisition of operations, net | -90.5 | -47.1 | -90.5 | -47.1 |
| Cash flow from financing activities, raising of loans | 134.1 | 282.1 | 139.4 | 362.1 |
| Costs related to issue of bond | - | - | - | - |
| Cash flow from financing activities, amortization of loans | -42.5 | -500.0 | -108.3 | -642.4 |
| Cash flow from financing activities, amortization of lease liability | -4.8 | -5.4 | -20.5 | -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 | - | -0.1 | - | 265.6 |
| Cash flow for the period | 26.5 | -244.2 | 61.6 | 71.2 |
| Cash and cash equivalents at the beginning of period | 180.0 | 395.7 | 146.1 | 74.7 |
| Exchange rate difference in cash and cash equivalents | -11.4 | -5.4 | -12.7 | 0.3 |
| Cash and cash equivalents at the end of period | 195.0 | 146.1 | 195.0 | 146.2 |

Key figures – Balance Sheet and Cash Flow Statement

| SEK m | Jan-Dec | |
|---|---------|-------|
| | 2020 | 2019 |
| Cash and cash equivalents (SEK m) | 195.1 | 146.1 |
| Equity ratio (%) | 63.7 | 66.9 |
| Equity per share (SEK) | 69.09 | 69.54 |
| Cash flow from operating activities per share (SEK) | 11.43 | 12.24 |
| Net debt (SEK m) | 238.8 | 215.9 |
| Number of employees at end of period | 659 | 661 |
| Return on equity (%) | 9.6 | 13.8 |
| Return on capital employed (%) | 11.2 | 15.6 |
| Return on assets (%) | 9.5 | 13.3 |

Parent Company

Income Statement

| SEK m | Jan-Dec | |
|---------------------------------------|-------------|------------|
| | 2020 | 2019 |
| Revenue | 43.3 | 77.6 |
| Operating costs | -82.6 | -77.6 |
| Operating profit | -39.3 | - |
| Financial net | 1.6 | -1.3 |
| Profit/loss after financial net | -37.7 | -1.3 |
| Appropriations | 37.0 | 6.0 |
| Profit/loss before tax | -0.7 | 4.7 |
| Tax | - | -1.5 |
| Net profit/loss for the period | -0.7 | 3.2 |

Parent Company

Balance Sheet

| SEK m | 31 Dec | |
|---|----------------|----------------|
| | 2020 | 2019 |
| ASSETS | | |
| Fixed assets | 212.4 | 175.4 |
| Current assets | 1,116.5 | 1,067.6 |
| Total assets | 1,329.0 | 1,243.0 |
| EQUITY AND LIABILITIES | | |
| Equity | 851.7 | 840.3 |
| Untaxed reserves | 3.7 | 4.1 |
| Long-term liabilities, interest-bearing | 326.0 | 263.0 |
| Current liabilities, interest-bearing | 103.2 | 99.1 |
| Current liabilities, other | 44.3 | 36.5 |
| Total equity and liabilities | 1,329.0 | 1,243.0 |

Quarterly data*

| SEK m | 2020 | | | | 2019 | | | | 2018 | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Kv 4 | Kv 3 | Kv 2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| INCOME STATEMENT | | | | | | | | | | |
| Net sales | 248.0 | 206.4 | 239.0 | 221.7 | 258.0 | 246.9 | 249.4 | 240.1 | 235.2 | 208.4 |
| Other operating revenue | 4.4 | 2.3 | 2.3 | 5.0 | 2.8 | 3.2 | 10.8 | 0.7 | 13.6 | 1.2 |
| Cost of goods and services sold | -75.9 | -64.5 | -73.5 | -79.2 | -74.5 | -72.4 | -68.4 | -58.4 | -62.1 | -54.6 |
| Gross profit | 176.4 | 144.3 | 167.7 | 147.6 | 186.4 | 177.8 | 191.8 | 182.5 | 186.7 | 154.9 |
| Sales and marketing costs | -48.0 | -44.9 | -54.3 | -55.2 | -53.8 | -48.8 | -51.1 | -50.6 | -51.4 | -46.6 |
| R&D costs | -38.7 | -27.9 | -29.1 | -44.8 | -44.0 | -40.4 | -44.5 | -38.1 | -38.8 | -33.2 |
| General and administration costs | -25.6 | -28.7 | -25.2 | -25.0 | -31.6 | -25.0 | -24.2 | -31.6 | -29.8 | -23.9 |
| Operating profit | 64.2 | 42.8 | 59.1 | 22.6 | 57.0 | 63.5 | 72.0 | 62.2 | 66.7 | 51.2 |
| Net financial income/expense | -14.9 | -6.3 | -4.2 | 1.0 | -26.0 | -8.2 | -10.1 | -7.4 | -7.1 | -6.8 |
| Profit before tax | 49.2 | 36.5 | 54.9 | 23.5 | 30.9 | 55.3 | 62.0 | 54.8 | 59.6 | 44.4 |
| Tax | -1.8 | -5.4 | -8.1 | -6.5 | -2.8 | -7.7 | -9.6 | -13.4 | -7.1 | -8.9 |
| Net profit for the period | 47.4 | 31.1 | 46.8 | 17.0 | 28.2 | 47.7 | 52.4 | 41.4 | 52.5 | 35.5 |
| Other comprehensive income | -113.4 | -34.2 | -108.7 | 108.2 | -62.5 | 63.4 | 2.1 | 42.8 | 9.1 | -16.0 |
| Total comprehensive income | -66.0 | -3.1 | -61.9 | 125.2 | -34.3 | 111.0 | 54.5 | 84.2 | 61.7 | 19.5 |
| BALANCE SHEET | | | | | | | | | | |
| Intangible assets | 1,734.5 | 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 |
| Other fixed assets | 40.7 | 30.1 | 26.6 | 27.7 | 27.6 | 28.8 | 29.9 | 33.9 | 33.7 | 33.5 |
| Other financial fixed assets | 6.1 | 4.0 | 3.4 | 3.4 | 3.4 | 3.4 | 3.2 | 2.7 | 3.1 | 2.6 |
| Current receivables | 357.5 | 347.0 | 371.4 | 388.9 | 364.3 | 394.3 | 389.1 | 353.9 | 426.8 | 330.6 |
| Cash and cash equivalents | 195.1 | 180.0 | 184.5 | 170.3 | 146.1 | 395.7 | 150.5 | 142.7 | 74.7 | 206.2 |
| Total assets | 2,334.0 | 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 |
| Shareholders' equity | 1,487.5 | 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 |
| Long-term liabilities, interest-bearing | 317.7 | 245.7 | 246.4 | 283.6 | 283.6 | 105.9 | 604.4 | 603.8 | 539.8 | 538.9 |
| Long-term liabilities, non-interest-bearing | 115.0 | 105.1 | 102.5 | 103.1 | 99.0 | 93.0 | 90.0 | 87.4 | 86.8 | 83.1 |
| Current liabilities, interest-bearing | 159.0 | 87.2 | 134.5 | 105.1 | 117.0 | 515.5 | 88.3 | 82.3 | 94.3 | 34.5 |
| Current liabilities, non-interest-bearing | 254.9 | 239.5 | 245.7 | 271.7 | 232.9 | 334.9 | 341.3 | 353.4 | 212.9 | 352.0 |
| Total equity and liabilities | 2,334.0 | 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 |
| CASH FLOW | | | | | | | | | | |
| Cash flow from operating activities | 61.5 | 82.8 | 67.7 | 62.2 | 48.6 | 69.5 | 33.7 | 93.3 | 42.3 | 23.2 |
| Cash flow from investing activities | -31.2 | -34.6 | -34.9 | -30.2 | -22.2 | -21.4 | -24.2 | -23.0 | -18.1 | -18.9 |
| Cash flow from financing activities | 86.7 | -52.3 | -8.1 | -17.4 | -223.4 | 193.4 | -1.4 | -4.4 | 59.8 | -17.2 |
| Cash flow for the period | 116.9 | -4.0 | 24.6 | 14.6 | -197.0 | 241.5 | 8.1 | 65.8 | 84.1 | -12.9 |
| Cash flow from acquisition of operation: | | | | | | | | | | |
| Cash flow for the period, from acquisition of operation | -90.5 | | | | -47.1 | - | - | - | -215.1 | - |
| Total cash flow for the period | 26.5 | -4.0 | 24.6 | 14.6 | -244.2 | 241.5 | 8.1 | 65.8 | -131.0 | -12.9 |

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

Five-year summary*

| SEK m | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|----------------|--------------|
| INCOME STATEMENT | | | | | |
| Net Sales | 915.1 | 994.5 | 824.3 | 584.4 | 498.2 |
| Other operating revenue | 14.0 | 17.5 | 17.7 | 4.0 | 3.1 |
| Operating expenses | -740.5 | -757.3 | -653.1 | -485.6 | -382.5 |
| Operating profit | 188.6 | 254.7 | 188.9 | 102.8 | 118.8 |
| Net financial income/expense | -24.5 | -51.7 | -27.7 | -5.2 | 5.2 |
| Profit before tax | 164.2 | 203.0 | 161.1 | 97.6 | 124.0 |
| Profit for the period | 142.3 | 169.7 | 141.7 | 82.5 | 94.6 |
| Total | 142.3 | 169.7 | 141.7 | 82.5 | 94.6 |
| BALANCE SHEET | | | | | |
| Intangible assets | 1,734.5 | 1,672.3 | 1,381.4 | 522.2 | 499.2 |
| Other intangible assets | 40.7 | 27.6 | 33.7 | 31.0 | 34.4 |
| Other financial fixed assets | 6.1 | 3.4 | 3.1 | 2.7 | 6.5 |
| Financial assets held for sale, non-current | - | - | - | 62.1 | - |
| Current receivables | 357.5 | 364.3 | 426.8 | 203.6 | 219.4 |
| Financial assets held for sale, current | - | - | - | 40.2 | - |
| Cash and cash equivalents | 195.1 | 146.1 | 74.7 | 312.0 | 223.5 |
| Total assets | 2,334.0 | 2,213.8 | 1,919.7 | 1,173.8 | 983.0 |
| Shareholders' equity | 1,487.5 | 1,481.3 | 985.8 | 754.2 | 422.9 |
| Long-term liabilities, interest-bearing | 291.7 | 263.0 | 539.8 | 82.0 | 116.0 |
| Long-term liabilities, non-interest-bearing | 141.0 | 119.6 | 86.8 | 161.8 | 161.9 |
| Current liabilities, interest-bearing | 142.2 | 99.1 | 94.3 | 34.0 | 34.0 |
| Current liabilities, non-interest-bearing | 271.7 | 250.8 | 212.9 | 141.8 | 248.2 |
| Total equity and liabilities | 2,334.0 | 2,213.8 | 1,919.7 | 1,173.8 | 983.0 |
| CASH FLOW | | | | | |
| Cash flow from operating activities | 274.2 | 245.2 | 168.6 | 116.6 | 128.1 |
| Cash flow from investing activities | -130.9 | -90.9 | 30.5 | -139.7 | 49.6 |
| Cash flow from investing activities-acquisition of operation | -90.5 | -47.1 | -954.4 | -96.3 | -139.6 |
| Cash flow from financing activities | 8.9 | -35.9 | 514.2 | 206.6 | 56.2 |
| Cash flow for the period | 61.6 | 71.2 | -241.1 | 87.2 | 94.3 |
| KEY FIGURES | | | | | |
| Net sales growth, % | -8 | 70 | 41 | 17 | 5 |
| Operating margin, % | 20.6 | 25.6 | 22.9 | 17.6 | 23.8 |
| Profit margin, % | 17.9 | 20.4 | 19.5 | 16.7 | 24.9 |
| Return on capital employed, % | 11.2 | 15.6 | 17.0 | 16.3 | 27.8 |
| Return on equity, % | 9.6 | 13.8 | 16.3 | 14.0 | 23.0 |
| Return on total capital, % | 9.5 | 13.3 | 13.8 | 11.1 | 18.1 |
| Interest coverage ration, multiple | 4.1 | 3.8 | 4.1 | 5.4 | 10.2 |
| Equity ratio, % | 63.7 | 66.9 | 51.4 | 64.3 | 43.0 |
| Liquidity, % | 133.5 | 145.9 | 163.2 | 316.1 | 156.9 |
| Net debt/EBITDA | 0.81 | 0.63 | 2.44 | -1.58 | -0.55 |
| Average number of employees | 634 | 629 | 563 | 467 | 410 |
| Net sales per employee, SEK m | 1.4 | 1.6 | 1.5 | 1.3 | 1.2 |
| Net asset value per share, SEK | 69.09 | 69.54 | 46.28 | 39.00 | 26.61 |
| Earnings per share, SEK | 6.63 | 8.47 | 7.33 | 4.69 | 5.95 |
| Dividend per share, SEK | - | - | - | - | 2.00 |

* Figures for 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.

| | Oct-Dec | | Jan-Dec | |
|---|---------|-------|---------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| 1. Reconciliation of net sales growth | | | | |
| Net sales, SEK million | 248.0 | 258.0 | 915.1 | 994.5 |
| Net sales growth, SEK million | -10.1 | 22.8 | -79.4 | 170.2 |
| Net sales growth, % | -4 | 10 | -8 | 21 |
| Currency effect, unchanged exchange rates compared to previous year, SEK m | -12.3 | 8.2 | -13.6 | 38.4 |
| Currency effect, unchanged exchange rates compared to previous year, % | -5 | 3 | -1 | 5 |
| Net sales growth, unchanged exchange rates compared to previous year, SEK m | 2.2 | 14.6 | -65.8 | 131.8 |
| Net sales growth, unchanged exchange rates compared to previous year, % | 1 | 6 | -7 | 16 |

| | Oct-Dec | | Jan-Dec | |
|--|---------|-------|---------|-------|
| | 2020 | 2019 | 2020 | 2019 |
| 2. Reconciliation of financial income/expense | | | | |
| Financial income, SEK million | 6.1 | 5.7 | 28.1 | 20.0 |
| Financial expense, SEK million | -21.0 | -31.8 | -52.5 | -71.7 |
| Reported financial income/expense | -14.9 | -26.0 | -24.5 | -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, as well as for management of data services in Wi-Fi networks, and connection of devices in the Internet of Things. 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:

- Cloud data management
- Mobile video traffic management
- Management of services in Wi-Fi networks
- Policy and access control
- Embedded traffic classification
- Virtualization platforms
- Cloud-based services for the Internet of Things
- Real-time operating systems

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 the four areas cloud data management, mobile video traffic management, management of services in Wi-Fi networks, and 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 660 people work for the company, and its headquarters is in Stockholm, Sweden.



The share

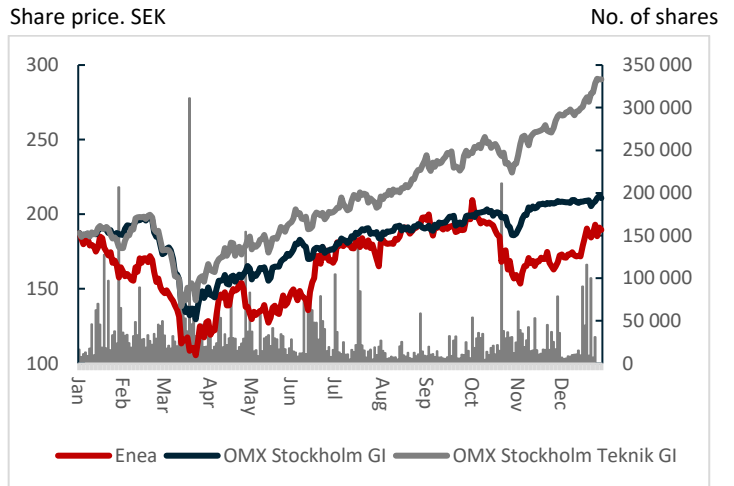
October – December 2020

Share price performance: -3.6%
Share turnover: 1 902 778

Highest closing price: SEK 209.50
Lowest closing price: SEK 153.60
Closing price, period end: SEK 189.60

Market cap (31 December): SEK 4.098 million
Total no. of shares (31 December): 21.615.231

Share turnover (%): 8.8%
Daily share turnover: 30 203



For queries, please contact:

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Financial Information:

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|------------------------|-----------------|
| 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 |
| Annual statement | 2 February 2022 |

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).

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 because 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.