Annual Report 2021

ENEA

Enea in Brief

976	25.7	27.1
SEK MILLION	PERCENT	PERCENT
SALES	OPERATING MARGIN EXCL. NON-RECURRING ITEMS	RESEARCH & DEVELOPMENT

Offering and Organization

Enea is one of the world's leading providers of software products for telecommunication and cybersecurity. These products, which are created for cloud-native platforms, support and protect services across enterprise networks, mobile systems (4G and 5G), as well as Wi-Fi networks. Over four and a half billion people rely on Enea's technology every day when using their mobile phones or connecting to the Internet.

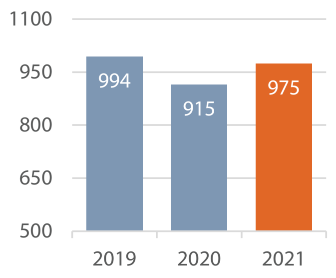
Enea has development centers and sales offices in Europe, North America, and Asia. The Network Solutions product area accounts for the majority of revenues, and includes mobile and fixe line communication, as well as enterprise networks, and the software Enea delivers enables a range of critical functions. For example, mobile operators can enhance network security, ensure consistently high quality of different types of service, and process large data volumes efficiently. These products and solutions are sold direct to network operators and can also be integrated into solutions from system vendors.

Enea also has a global services organization developing software on assignment from customers in different sectors subject to stringent performance and reliability standards, including solutions for medical devices, the automotive industry and telecommunications.

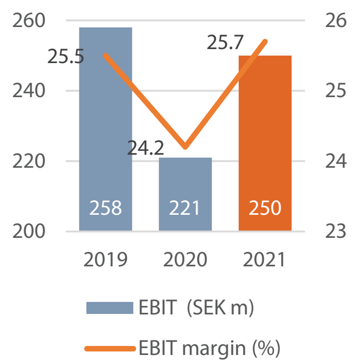
Being selective and focusing on market segments with good profitability and growth potential is an important component of Enea's strategy. Investments target those sectors where Enea has the greatest potential to evolve from disrupter to market leader. Cybersecurity and traffic management for mobile networks, and classification of network traffic are three segments where Enea has achieved global leadership.

Headquarters: Stockholm, Sweden
Number of employees: 772
Stock exchange: NASDAQ Stockholm

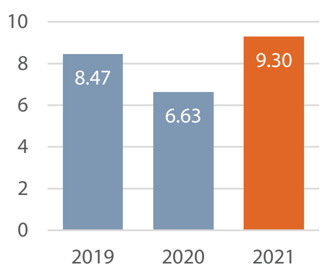
SALES
(SEK M)

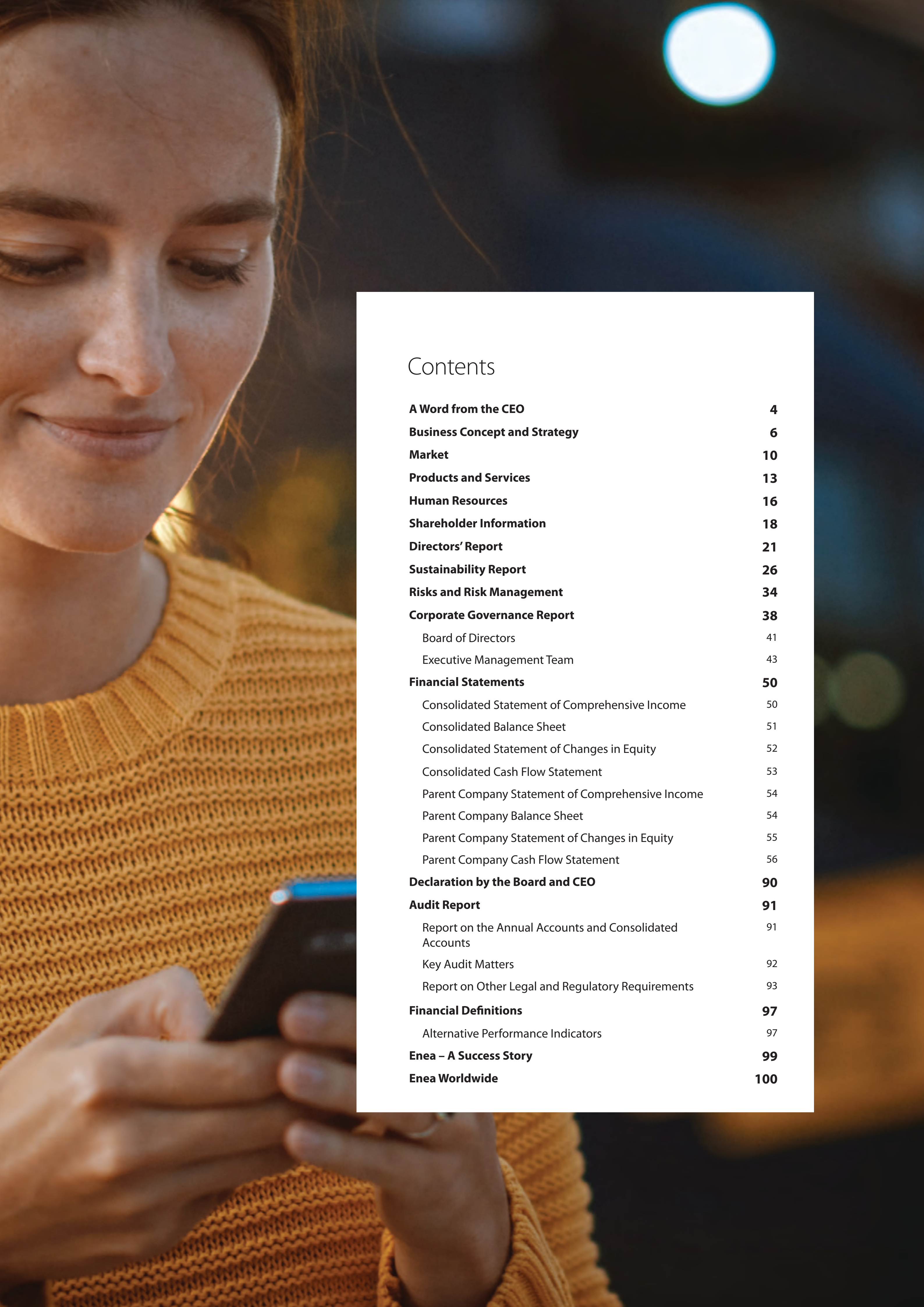


OPERATING PROFIT AND OPERATING MARGIN
EXCL. NON RECURRING ITEMS



EARNINGS PER SHARE
(SEK)





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A Word from the CEO

Enea can add another successful year to the annals. We secured business from new customers, welcomed a lot of new colleagues, and continued to develop innovative products. Our position as a world-leading specialist in telecom and cybersecurity software has been consolidated. These successes are also reflected in our financial results, with double-digit sales growth, strong cash flow, higher earnings, and an EBIT margin of over 20 percent.

The market for mobile and enterprise communication is constantly evolving, and expectations are rising as traffic patterns alter and total traffic volume expands. We are well positioned on this market, and in the year secured business from new, leading telecom operators and continued to upgrade existing customers' systems. 5G and cloud-native platforms are critical to satisfying future communication needs cost efficiently. The trend is toward systems built of software components from multiple vendors, and as a software specialist, we can challenge established competitors, and win market share.

The proliferation of communication systems is making society more vulnerable to cyberattacks, and there are plenty of examples of how people, businesses and countries have been affected. We are since several years the leading vendor of traffic intelligence solutions used by major system vendors to enable more secure communication systems.

Our July acquisition of Irish company AdaptiveMobile Security, a messaging and signaling security specialist, meant us taking a leap forward to extending our offering in cybersecurity and mobile networks. We're helping our customers uncover and prevent attempted fraud by blocking fake messages that target subscribers. Furthermore, we're offering unique products and services for analyzing and filtering signaling between the world's mobile networks, where sabotage and espionage attempts are commonplace. Our ambition is to increase our sales in cybersecurity with our expertise, close customer relationships, and synergies between sales channels and technology segments.

We're well positioned on the market and during the year we have won new business with leading telecom operators, and continued to upgrade systems of current customers.

The war in the Ukraine is causing major human suffering, and has rapidly made much of the Ukrainian population very vulnerable. Economic sanctions against Russia are impacting markets and multinational companies with operations there. Enea has no employees or any significant customer undertakings in the Ukraine or Russia, which means any direct impact on us is very limited. We're reviewing our supply chain systematically, to investigate the extent to which our subcontractors will have dependency on, or operations in, either of these countries going forward.

The Corona pandemic continued through 2021, which means that both we and our customers have worked remotely using digital tools. It's commendable how our employees succeeded in adapting their routines and working methods to these conditions. We've seen many examples of increased efficiency thanks to the automation of testing and customer deliveries. Even if the pandemic did cause delays to customer projects and impeded new business sales, the enhanced efficiency of our organization will remain when the situation in our business environment normalizes.

I'd like to thank our employees for their outstanding efforts, our customers for great partnerships, and our shareholders for the confidence shown in us. Together, we'll keep developing secure and effective communication systems for a sustainable future.

Jan Häglund
President and CEO

Software for Telecommunication and Cybersecurity

Enea's business concept is to develop and sell software that enables and protects digital communication in mobile and enterprise networks.

Growth Strategy

Enea's growth is currently driven by its Network Solutions product group, whose revenue has grown steadily over the past four years. This segment is evolving rapidly, with technological progress and expanding traffic volumes creating new business opportunities.

Technology paradigm shifts in cloud solutions, and towards 5G mobile networks, for example, are opening up new markets and established market segments previously dominated by a small cluster of vendors. Traditional systems, often built on closed products from a single provider, are being increasingly replaced by open systems where multiple vendors contribute specialized components. The trend towards virtualized and cloud-native systems with open interfaces is accelerating this progress, and as a specialist software developer, Enea is well positioned to benefit from this trend.

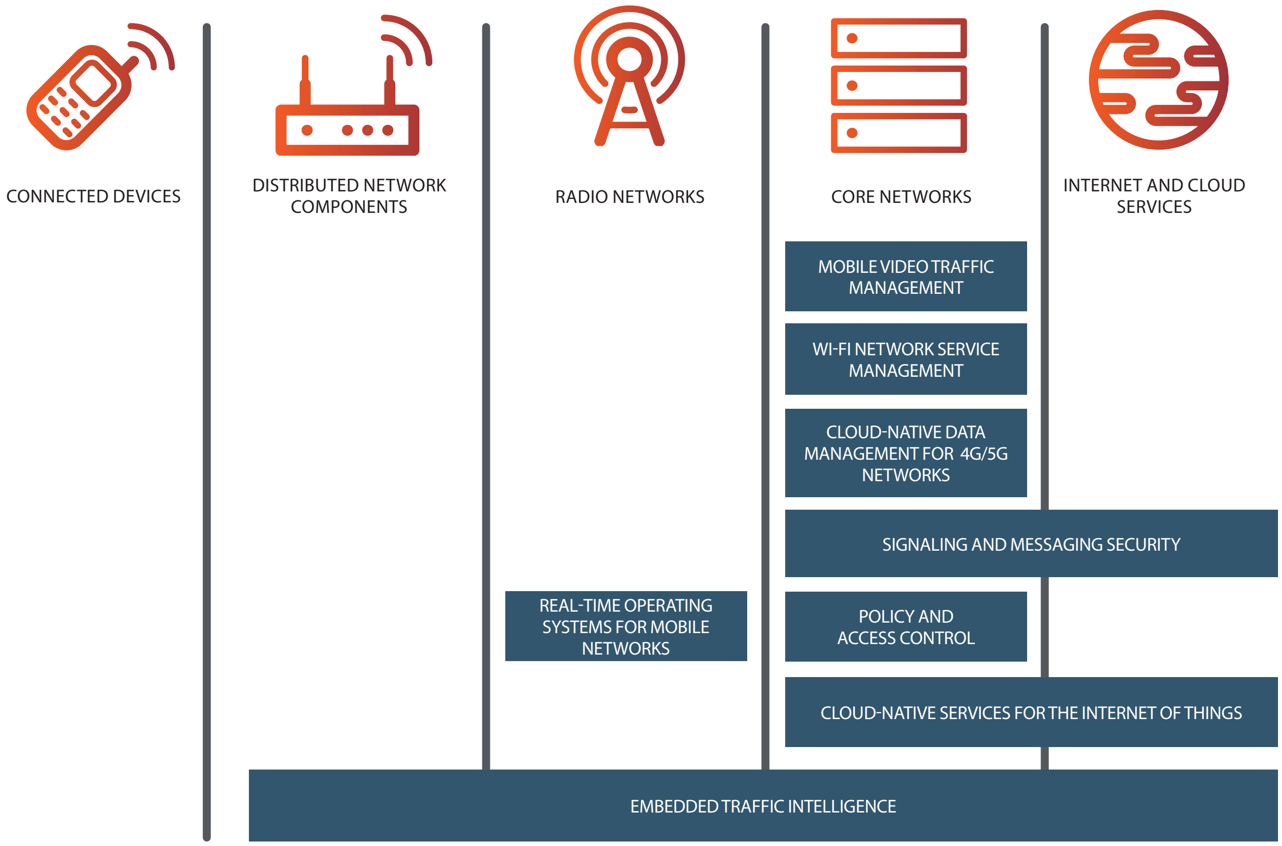
Enea's strategy is to identify and focus on segments that have underlying demand growth, and the simultaneous opportunity for a midsized software vendor to achieve market leadership. The first actual example is traffic management in mobile networks, where the explosion of mobile video traffic has unleashed huge demand with current mobile operators.
Network traffic intelligence, a central function in most security solutions, is the second example. A third is cybersecurity for mobile networks, where the growing exchange of traffic between operators is triggering new security threats. The common feature of all these segments is that Enea currently has global leadership, and a market-leading product portfolio.

Investment Areas

Core networks for 4G and 5G mobile telephony, where organic investments have enabled Enea to win key business in data management for 5G, for example, is an important investment segment. Another is cybersecurity, where in recent years, Enea has extended its offering and customer base through the acquisition of AdaptiveMobile Security. The combination of in-house product development and complementary acquisitions was a contributor to the steady growth of the Network Solutions segment.

KEY SEGMENTS

Enea focuses on a cluster of carefully selected segments, where it pursues leadership



Business and Sales Models

Enea's business model is to sell software, either as a product or service. The software is usually licensed to the customer, with recurring revenue generated by time and volume-based licenses, production licenses, as well as support and maintenance. Enea is increasingly delivering its software as a service (SaaS), where customers pay for usage while the actual software is on the cloud. A growing share of repeat revenue creates the potential to increase the recurring revenue share for the long term.

Enea is pursuing two sales models in parallel. Indirect sales through selected partners enables Enea to offer products and solutions to customers and markets that would be hard to access independently. The company also partners with system vendors and integrators, and these collaborative partners offer access to new telecom operators and to enterprise customers.

Enea also has a direct sales model, where its own sales organization mainly targets large global telecom operators. Enea has progressively improved its direct sales capability, and in recent years, has announced several major contracts from direct sales to leading telecom operators.

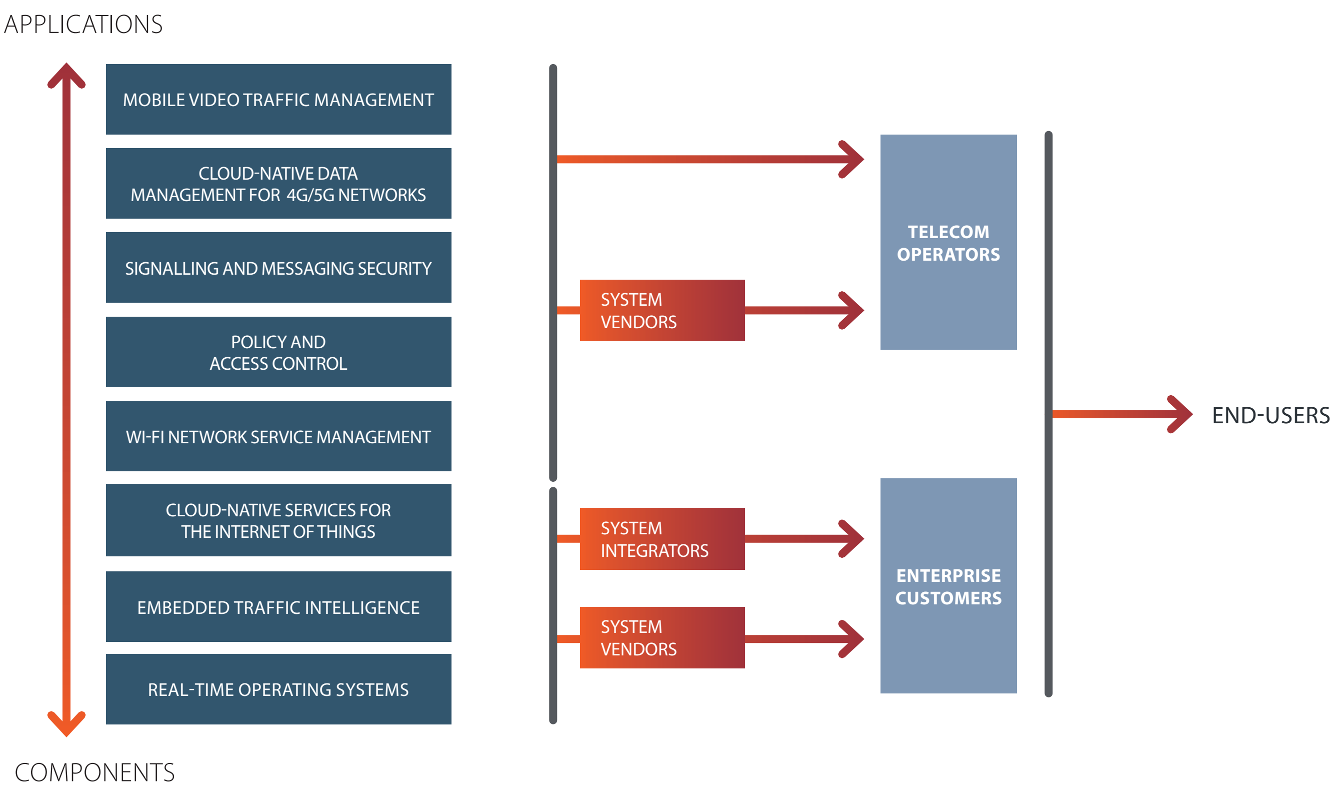
Acquisition Strategy

Enea's strategy focuses primarily on organic growth in the Network Solutions segment. Meanwhile, complementary acquisitions are another important route for the company to increase its growth rate, and over the past five years, Enea has successfully acquired and integrated several companies in this product area. The most recent acquisition was announced and completed in mid-2021, when Enea took over AdaptiveMobile Security, which focuses on mobile network security.

Looking ahead, Enea still views complementary acquisitions as an important way to accelerate its growth. With its strong financial position, the company has good potential to finance more acquisitions, and screens potential acquisition candidates continuously.

Enea's growth is currently driven by the Network Solutions product group, whose revenue has expanded steadily through recent years.

Product Portfolio and Sales Models



Strategy

Enea's strategy is to focus on segments with underlying growth in telecommunication and cybersecurity, and where there is a possibility of attaining global leadership.

Business Model

Enea's business model is to sell specialized telecommunication and cybersecurity software, either as a product or a service.

Market

Enea is a specialist software vendor on the global market for mobile networks and secure communication solutions. There are various customer segments in this market, with increased demand for mobile and fixed data communication services being the collective growth driver.

Customers and Competitors

The primary customer group is major mobile operators that use Enea's software and security solutions in their networks. This strategically critical customer group enables long-term contracts with stable revenue, but simultaneously applies demanding standards to Enea, which sharpens the company's competitiveness. This is Enea's highest-priority market segment, where it focuses on winning strategic business, major contracts, and building long-term relationships with global accounts.

Principally, these deals are for 4G and 5G applications and network functions, as well as security solutions for signaling and messaging on mobile networks. Enea's software for managing user data, a segment where the company has secured several strategic deals in recent years, is an example. In this market segment, Enea is an innovative disrupter and an alternative to the small cluster of system vendors that have historically dominated the mobile infrastructure market.

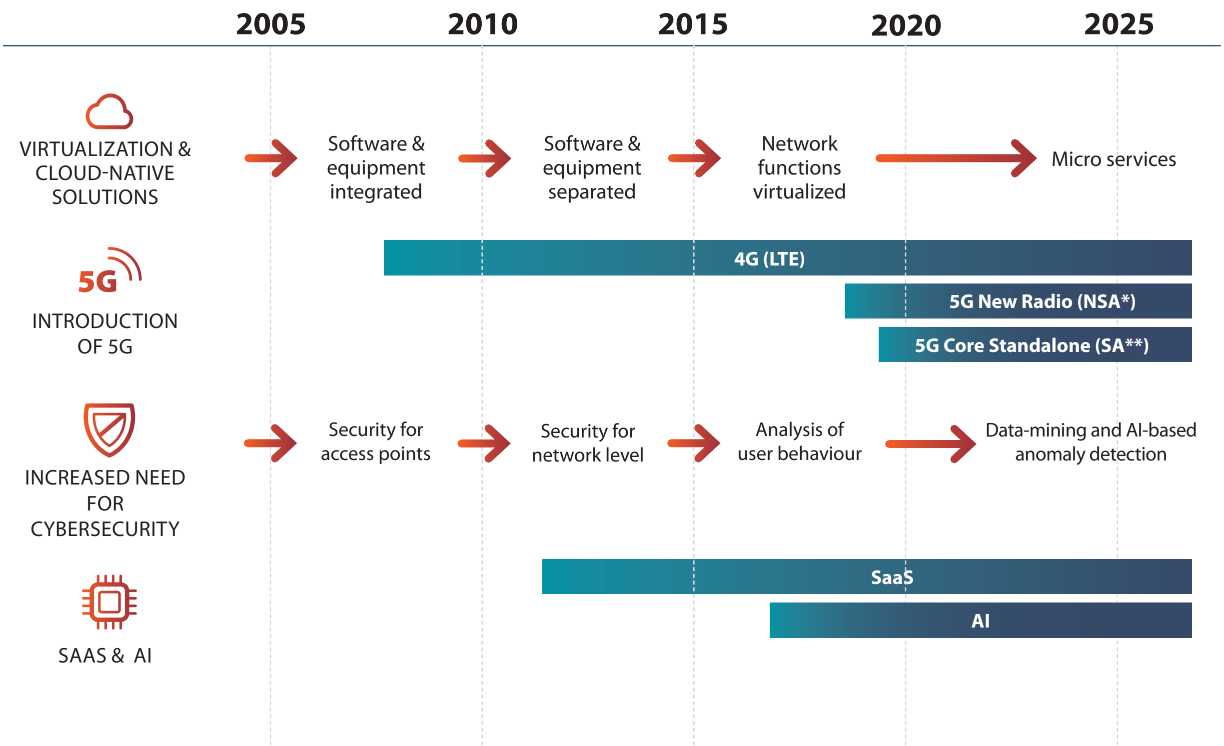
Another key customer group is system vendors in communication and security, that integrate Enea's software and components into their solutions, and where Enea operates as a supplier. Enea's traffic intelligence software, often integrated into these customers' proprietary applications, is an example.
This market segment presents business that is growing with the customer's delivery volumes, and what are known as production licenses imply a high share of recurring revenue. In some cases, competition comes from potential customers' in-house development projects, when they attempt to develop functionality independently instead of buying off-the-shelf software components from Enea.

With the acquisitions it has made in recent years, Enea has expanded its customer base, and started targeting all-new customer groups and market segments. System vendors in Communication Platform as a Service (CPaaS) are one example. These customers use Enea's security solutions for messaging traffic to secure collaborative partners and protect end-users from unwanted traffic. Service-based business models and cloud-native delivery models are becoming more common in the segment. For Enea, this marks a step into a new and expansive market segment.

Trends

The market for mobile infrastructure and communication solutions is evolving rapidly. Delivery and business models are transforming, with a sharper focus on cloud-native solutions and a larger element of service-based business models. Meanwhile the generational succession from 4G and 5G has begun, accelerating the proliferation of networks while simultaneously creating opportunities for new actors and services. A number of external conditions that have impacted the market in recent years, including macro factors like the pandemic, trade conflicts, geopolitical risks, and increased security risks, are additional.

Global Technology Trends



*Non-standalone
**Standalone

The migration to cloud-native solutions is enabling new business models based on usage and actual utilization.

The advent of 5G is presenting business opportunities and a technology paradigm shift. The new generation of core networks is based on open architecture with standard Internet protocols and software divided into well-defined and exchangeable function blocks. For operators, this means open systems with less lock-in effects. Integrating network functions from different vendors becomes easier, and operators gain more flexibility and freedom to select the best components for their complete solutions. This trend is creating new sales opportunities for Enea as a specialist software vendor focused on selected network functions.

The adoption of cloud-native solutions is another clear trend. This involves public and private cloud platforms, the latter still dominant for mobile operators. The trend towards this type of solution is significant to technology choices and business models. In technological terms, it is about modifying software for cloud environments, with new standards for the underlying architecture and more need for flexibility in scalability. In time, the transition to cloud-native solutions may enable new business models based on usage and actual utilization, which ultimately means software being delivered as a service rather than a limited number of licenses.

A third trend that is highly significant to Enea is security. As systems become more complex, open and connected, the number of potential and real threats increases, and mobile traffic networks are no exception. Recent news includes multiple instances of governments, operators and people being exposed to unauthorized access attempts and attacks. Geopolitical factors are another contributor to heightened risk, and mobile infrastructure is an increasingly prioritized target for malicious actors.

Growth Drivers

The underlying growth driver across the whole communication solutions and mobile infrastructure market is the constant increase in demand for fast and secure communication. Subscriber bases and connected devices are continuing to expand, and in the same way, total network traffic volumes are rising. For Enea, this presents an opportunity to assist operators in increasing the capacity of existing networks, while simultaneously reducing the cost of delivering services. Additionally, new services demanding real-time critical communication are being introduced, which in time, further accentuates the demands set on mobile networks, and ultimately, will contribute to more demand for Enea's products and solutions.

A Unique Offering for Reliable and Secure Communication

Enea delivers products and solutions for telecom and enterprise networks, and provides product-related services like integration and technical support. The company also offers operating systems for various types of applications and develops software on assignment from customers.

Market Segments

Enea's product and service portfolio can be divided into three groups:

- **Network Solutions – software for communication focused on cybersecurity, managing user experience, and optimizing data management.**
- **Operating Systems – software that serves as the link between computer equipment and applications.**
- **Software Development Services – software development on assignment from customers.**

The product portfolio of the Network Solutions market segment was supplemented the acquisition of AdaptiveMobile Networks in the year, a market leader in cybersecurity, whose solutions enhance signaling and messaging security in mobile networks.

Software Development Services

In its Software Development Services market segment, Enea helps customers in different sectors around the world to execute complex development projects, often developing software for high-technology solutions with demanding reliability and availability standards. Clients are in sectors including medical devices, the automotive industry and telecommunications.

Acquisitions

In 2021, Enea acquired AdaptiveMobile Security, the world's leading vendor of cybersecurity solutions for mobile networks. This deal added market-leading signaling and messaging security solutions to Enea's portfolio and offering. AdaptiveMobile Security has dominated the North American market for a long time, and also has a strong position in other regions. These solutions currently protect over 2.2 billion subscribers.

Enea's Main Products and Services:

Network Solutions

In the Network Solutions market segment, Enea delivers products for cloud-native solutions that satisfy the telecom and IT sectors' stringent reliability and security standards. This part of Enea's portfolio includes the following products and solutions.

Enea Access Manager

A product enabling mobile operators to authenticate user subscriptions and control access to services on fixed and mobile networks based on subscriber permissions.

Enea Stratum Network Data Layer

A product enabling mobile operators to build a database for scalable and secure storage of subscription and service data.

Enea Subscription Data Manager

A product enabling mobile operators to manage data related to subscriptions and services for any 5G core network and underlying database.

Enea Traffic Manager

A product enabling mobile operators to classify encrypted data traffic, control and optimize encrypted video traffic for enhanced user experiences and cost-efficient network solutions.

Enea Micro-Core

A product bringing mobile operators a complete and cost-efficient solution for managing subscriber data and offering enterprise services in the Private Networks and IoT segments.

Enea Policy Manager

A product enabling mobile operators to control the utilization of resources, and thereby enhance user experiences of different services.

Enea AdaptiveMobile Signaling Security

A product enabling mobile operators to detect and prevent attacks via signaling networks on mobile networks.

Enea AdaptiveMobile Messaging Security

A product enabling mobile operators to analyze messaging traffic and protect mobile subscribers from fraud attempts in real time.

Enea AdaptiveMobile Threat Intelligence

A solution providing mobile operators with information on new potential threats by analyzing large data volumes and applying machine learning and artificial intelligence.

Enea Aptilo Service Management Platform

A connectivity management platform for Wi-Fi networks, which also enables enhanced indoor coverage of 4G and 5G services.

Enea Aptilo IoT Connectivity Control Service

A cloud-native service enabling mobile operators to create secure, flexible, and innovative services for the IoT.

Enea Qosmos ixEngine

A product enabling the classification of data traffic in telecom or enterprise networks, improving cybersecurity, and simplifying network planning.

Enea Qosmos Probe

A product that builds on Enea Qosmos ixEngine, providing similar functionality, but delivered in the form of a software probe for customers that want to simplify the integration process.

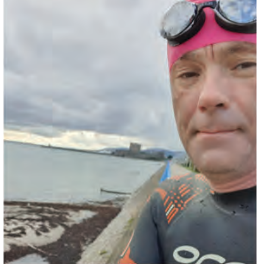
Operating Systems

Enea OSE

A real-time operating system that supports the communication interface between applications, primarily optimizing processor capacity and usage.

Software Development Services

Software development services for complex development projects, spanning everything from design and coding to project management, quality assurance and training.








Human Resources

Employees' skills and capabilities are the most important factors to achieve the company's ambitious goals. It's important to Enea that all staff feel a sense of community and are empowered to contribute to the company's succes.

Core Values

Enea's corporate culture and ways of working are built on five shared core values, which have been formulated in dialogue with employees in a series of workshops at Enea's local companies. These core values form a platform for how all staff conduct themselves in work situations, towards customers and colleagues, making Enea a successful and attractive employer. Enea should operate with agility and adapt its business to new market trends, while encouraging innovation to exploit new business opportunities.

Customer focus is a key element for the company, which always puts the needs and requirements of customers first. Enea's staff satisfy customer expectations by demonstrating accountability, which ultimately, means greater customer satisfaction. Teamwork is essential in daily work, which means that all employees help each other face challenges and share positive feedback and successes.

Committed People

Enea aspires to be an attractive employer with skilled and highly committed people. Accordingly, the company works actively on individual competence development, promoting a healthy working environment and achieving a good work-life balance. These initiatives are based on the understanding that colleagues who are happy and feel well also perform better.

Enea is an international business with a global presence, headquartered in Sweden. It is critical that the company is at the leading edge of research and development. To utilize local skills, a number of development centers have been established in Europe and Asia (India), and Enea's global presence also facilitates recruitment. Enea's largest center is in Romania, where the Software Development Services business operates, and where part of the organization also works on developing Enea's own products.

Diversity is an essential factor for Enea's creativity and innovative capability.

A Learning Organization

The business environment and market segments like telecommunication and cybersecurity are evolving at an accelerating rate. This is why it is important for Enea to give current and future employees the opportunity to develop new skills. Primarily, this is achieved by means of continuous learning at work, and requires high commitment and the capability to adapt to working methods to change. Enea currently consists of four business units, all of which have professionals with unique specialist skills in each market segment. This means that collaboration and exchange of best practice across organizational borders also represent an opportunity to develop new skills. Enea's employees have individual development plans based on the company's needs, and their individual interests.

Diversity in an International Environment

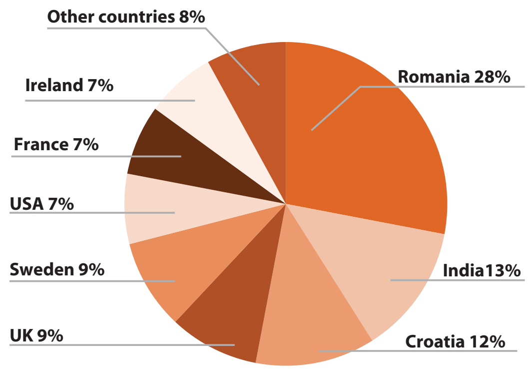
Diversity is essential for Enea to enable the creativity and innovative capability necessary to remain successful, and broaden its perspective on the challenges the company faces. Given that Enea operates globally, it is important that the organization reflects our international customer base, and that employees possess knowledge of local markets and cultural understanding.

Enea aspires to achieve greater gender balance, and has an objective to hire more women, as the majority of employees are currently men (81 percent). This is why the company is working actively to create an attractive and inclusive workplace to attract and retain a diverse workforce. For recruitment the focus is mainly on functions working in product development.

Leadership

Good and effective leaders are characterized by trust in their own leadership and the skills of the employees.

Good leadership is also about understanding people and why they act differently in similar situations.
Enea uses various initiatives to give its staff and managers an opportunity to evaluate their efforts and gain valuable insights. For example, many managers received feedback (based on the "360° Feedback" method) during the year, and there is also a well-functioning process for staff appraisal interviews.



Total employees: 772

Core Values

Customer Focus – we spend time on understanding customer requirements, to ensure mutual success.
Accountability – we honor commitments and deliver on promises, to customers and to each other.
Innovation – we promote trying new concepts, business models and ways of working.
Agility – we move quickly, adapt to change, and embrace new opportunities.
Teamwork – we compete and win as one team and one company, not as individuals.

Shareholder Information

Enea AB has been publicly traded in 1989 and has been listed on Nasdaq Stockholm Mid Cap (ENEA) since January 2, 2019.

Share Price Performance

In the year, Enea's share price varied between a low of SEK 197.20 on January 8, and a high of SEK 282.50 on December 22. The closing price at year-end was SEK 271.50, which means that Enea's share price increased by 43.2 percent in the year. This can be compared to the OMX Stockholm All-Share Gross Index (OMXSGI) and OMX Stockholm Technology Gross Index (SX9000GI), which rose by 39.4 and 28.5 percent respectively in the same period.

Trading Volume

A total of 4.1 million shares were traded in the year, with total value of SEK 943 (1,255) million, equating to an average of 16,199 (31,278) shares per trading day.

Ownership

Enea had 8,891 shareholders as of December 31 (8,649). Enea is listed on Nasdaq Stockholm (ticker: ENEA). The company has a total of 21,615,231 outstanding ordinary shares. The company's largest shareholders are Per Lindberg with 34.1 percent, Swedbank Robur Fonder 9.5 percent, Handelsbanken fonder 7.2 percent, and C World Wide Asset Management with 4.9 percent. The 20 largest shareholders hold a total of 78.6 percent of the company's capital and votes. Foreign shareholdings were 20.8 percent.

Source: Euroclear

Number of Shares

There were 21,615,231 Enea shares as of December 31. At the same date, Enea AB held 130,500 treasury shares, or 0.6 percent of the total number of shares. Each share has a quotient value of SEK 1.13 and carries one vote at the AGM. The provisions of the Articles of Association mean that there is no limitation to transfer-ability or each shareholder's voting rights at shareholders' meetings.

Capital Structure

In a company of Enea's nature, where the development and sale of software is a significant part of operations, maintaining a strong financial position is important. For Enea to also continue growing through acquisitions, the company may be net leveraged over time. The Board of Directors continuously monitors the company's long-term financing need.

Dividend Policy

Enea's long-term dividend policy is to transfer at least 30 percent of profit after tax to shareholders. However, the financial position, cash flow, acquisition opportunities and future prospects should also be considered. Given the acquisition opportunities and future prospects Enea's Board of Directors foresees for the coming years, no dividend is being proposed for 2021.

Authorization – Purchase of Treasury Shares

The AGM 2021 resolved to authorize the Board of Directors to decide on the purchase and transfer of treasury shares. The purchase of treasury shares is only permitted via Nasdaq Stockholm, or in a takeover bid to all the company's shareholders. The maximum permitted purchase is such that the holding of treasury shares at no time exceeds 10 percent of all the shares of the company. Transfer of treasury shares is also permitted by means other than via the stock exchange, including the right of transfer waiving shareholders' preferential rights, and with payment by means other than cash.

A maximum of 10 percent of the total number of the shares of the company may be transferred. The above authorization may be utilized on one or more occasions and by no later than the AGM 2022.

The purchase of shares on the stock exchanges only permitted within the price range quoted on the stock exchange on each occasion. Transfer coincident with business combinations is permitted at the market value determined by the Board of Directors.

The purpose of the purchase and transfer of treasury shares is to continuously adapt the company's capital structure to its capital requirements, to enable full or part-funding of business combinations, and to ensure available shares in approved Share Savings Programs.

New Share Issue

The AGM 2021 authorized the Board to decide on new share issues on one or more occasions in the period until the AGM 2022, to finance continued growth and expansion, e.g. in connection with company acquisitions.

This authorization meant that the Board is authorized to issue shares corresponding to a maximum of 2,161,523 shares, i.e. a maximum of 10 percent of the number of outstanding shares as of the date of notice to the AGM 2021.

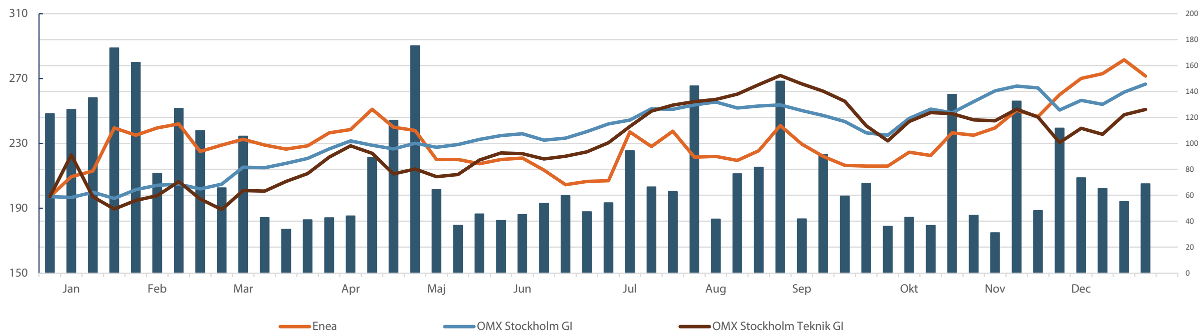
The share issue may take place with or without waiving shareholders' preferential rights. The share price of the new issue should be on market terms. Payment for new shares shall be made in cash, via offset or contribution in kind or other terms stated in chap. 13 § 5. 1 point 6 of the Swedish Companies Act, and that the Board may otherwise determine the terms and conditions of the new share issue.

For more information, see www.enea.com

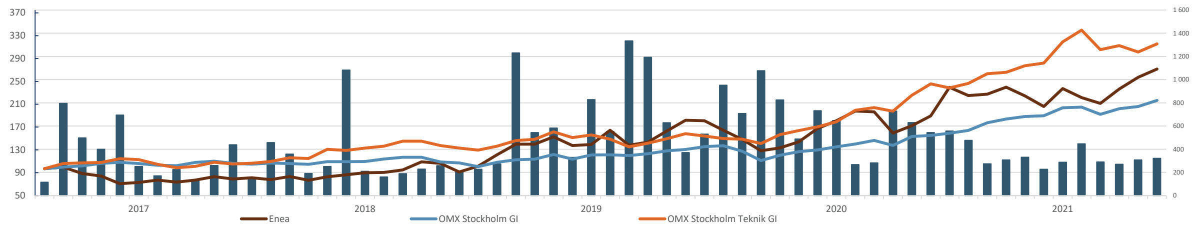
Investor Relations

Enea's IR work features transparency, as well as relevant and accurate information. The company provides this information in the form of press releases, Interim Reports and Annual Reports, and on Enea's website. Stakeholders can subscribe to press releases and financial reports via e-mail.

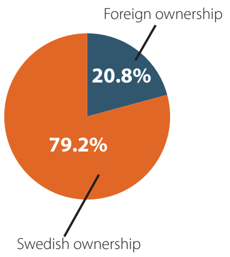
The Share, 2021



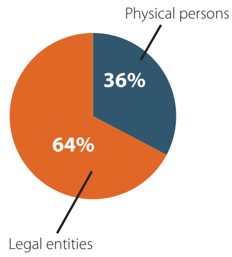
The Share, 2017-2021



Swedish and Foreign Ownership, Based on Shareholdings



Legal Entities and Physical Persons, Based on Shareholdings



Ten Largest Shareholders, by Ownership Group, 31 December 2021

Shareholder	Number of Shares	% Votes & Capital
Per Lindberg	7,376,668	34.1
Swedbank Robur Fonder	2,046,946	9.5
Handelsbanken Fonder	1,557,414	7.2
C WorldWide Asset Management	1,059,146	4.9
Enter Fonder	649,719	3.0
TIN Fonder	592,145	2.7
Canaccord Genuity Wealth Management	587,367	2.7
Fondita Fonder	553,404	2.6
Aktia Asset Management	445,000	2.1
Livförsäkringsbolaget Skandia	352,628	1.6
Ten largest shareholders	**15,220,437**	**70.4**
Enea AB	130,500	0.6
Other shareholders	6,264,294	29.0
Total	21,615,231	100.0

Share-related Key Indicators, SEK

	2021	2020	2019	2018	2017
Net asset value per share	82.66	69.09	69.54	50.99	39.3
Earnings per share	9.30	6.63	8.47	7.33	4.73
Earnings per share after full dilution	9.30	6.63	8.47	7.33	4.73
Cash flow from operating activities per share	15.43	11.43	12.24	8.72	6.63
Dividend per share1	0	0	0	0	0

1 Board of Directors' proposal to the AGM 2022

Shareholders by Size of Holding, December 31, 2021

Holding	No. of Shareholders	No. of Shares	% Votes & Capital
1-500	7,888	740,408	3.4
501-1,000	433	332,409	1.5
1,001-5,000	413	902,268	4.2
5,001-10,000	55	380,639	1.8
10,001-15,000	26	312,822	1.5
15,001-20,000	13	231,595	1.1
20,001-	63	18,715,090	86.6
Total	8,891	21,615,231	100.0

Ownership by Domicile

Region	Shareholders, %	% Votes & Capital
Sweden	95.9	79.2
Rest of Nordics	1.9	7.0
Rest of Europe (exc. Sweden and Nordics)	1.5	11.1
USA	0.5	2.6
Rest of world	0.3	0.1
Total	100.0	100.0

Directors' Report

The Board of Directors and Chief Executive Officer of Enea AB (publ), corp. ID no. 556209-7146, with registered office in Stockholm, Sweden, hereby present the accounts for the financial year January 1–December 31, 2021 for the parent company and the group.

Enea is a global provider of software for telecommunication and cybersecurity. A high revenue share is sourced from the Network Solutions product area. This product area covers mobile and fixed telecommunication, as well as enterprise networks, and the software Enea delivers enables many critical functions. For example, mobile operators can improve the security of their networks, ensure consistent high quality of various types of service and efficiently process large data volumes. The relevant products and solutions are sold direct to network operators and also integrated in solutions from system vendors.

Software Development Services are also part of this offering, and mean that Enea also develops software on assignment from customers. Network operators, system vendors and system integrators use Enea's products to create attractive and user-friendly solutions and services. Today, over four and a half billion people use Enea's solutions and services to communicate using mobile phones and the Internet. Enea is a leading provider of software for products used in sectors with extreme availability and performance standards.

Revenue

Enea's revenue for 2021 was SEK 1000.3 (929.1) million. Net sales increased by 7 (-8) percent to SEK 975.6 (915.1) million. Adjusting for changed exchange rates, revenue increased by 11 (-7) percent.

Revenue in the Network Solutions product group was SEK 726.2 (603.9) million, and increased by 20 (1) percent, mainly because of the July acquisition of AdaptiveMobile Security, a company providing signaling and messaging security in mobile networks. Revenue in the Operating Systems product group was SEK 137.0 (176.6) million, and decreased by 22 (30) percent.

This is a consequence of Key Accounts in this market segment increasingly employing open-source solutions for product launches. Sales in the Software Development Services product group decreased by 16 (8) percent to SEK 112.4 (134.5) million. The decrease in this product group is mainly because of lower revenue from customers operating in sectors negatively impacted by the Corona pandemic.

Profit/Loss

Enea's EBIT excluding non-recurring items was SEK 250.4 (221.5) million, equivalent to an EBIT margin excluding non-recurring items of 25.7 (24.2) percent. Non-recurring items are restructuring costs, impairment and transaction expenses related to acquisitions. EBIT was SEK 216.0 (188.6) million, equivalent to an EBIT margin of 22.1 (20.6) percent. Currency effects on the group's earnings were SEK -12.9 (-3.1) million. Gross margin for the full year was 66.9 (69.5) percent. The financial net for the full year was SEK 5.2 (-24.5) million. The positive impact on the financial net is sourced from exchange gains on financial items. Profit after tax was SEK 200.3 (142.3) million for the full year. Earnings per share were SEK 9.30 (6.63) for the full year. Without adjusting for holdings of treasury shares, and based on the total number of shares at year-end, earnings per share were SEK 9.26 (6.58).

Cash Flow and Financial Position

Cash flow from operating activities was SEK 333.7 (274.2) million and total cash flow was SEK 7.5 (61.6) million. Cash flow from changes in working capital varies between quarters, depending on factors including the timing of revenue receipts from major licensing deals. Cash and cash equivalents were SEK 211.4 (195.1) million at year-end. At the same date, total interest-bearing liabilities were SEK 738.6 (433.9) million, divided between SEK 268.8 (142.2) million of current interest-bearing liabilities and SEK 469.8 (291.7) million of non-current interest-bearing liabilities. In tandem with the acquisition of AdaptiveMobile Security in July, Enea arranged a new EUR 40 million bank loan. Total assets at year-end were SEK 3,033.3 (2,334.0) million, when net debt was SEK 527.3 (238.8) million. Enea has retained a strong financial position with an equity ratio of 58.6 (63.7) percent.

Investments, Depreciation and Amortization

The group's investments were SEK 631.3 (280.6) million for the full year. Depreciation and amortization for the full year was SEK 140.7 (107.6) million, with the increase mainly relating to the aforementioned acquisition of Aptilo (October 2020) and AdaptiveMobile Security (July 2021). SEK 127.2 (112.9) million of product development expenses were capitalized in the year, and amortization and impairment of capitalized development expenses was SEK 85.8 (47.5) million. An impairment loss of SEK 20.1 million was taken on the product Edge in the fourth quarter of 2021.

Research and Development

Enea conducts research and development to secure its positioning as a leading technology innovator. Expenditure for research and development before capitalization increased by 4 percent to SEK 264.2 (253.4) million, or 27.1 (27.7) percent of revenue. This increase mainly relates to the acquisitions of Aptilo and AdaptiveMobile Security.

Parent Company

The parent company's operations mainly focus on central functions and administration in terms of business control, accounting, finance, IT, and administration. The parent company's revenue for the full year was SEK 51.2 (43.3) million, and the loss before appropriations and tax was SEK -31.3 (-37.7) million. The parent company's financial net was SEK -0.7 (1.6) million, and its cash and cash equivalents and financial investments at year-end were SEK 0.0 (0.0) million. The parent company's investments were SEK 2.3 (1.6) million. The parent company had 17 (15) employees at year-end. The parent company does not conduct any operating activities, and its risks primarily relate to the operations of subsidiaries.

Acquisitions

On July 17, Enea acquired AdaptiveMobile Security, which is headquartered in Dublin, Ireland. The company is a world leader in technology to protect signaling and messaging on mobile networks.

Enea has integrated this acquisition into the Network Solutions product group. The acquired operation reported revenue of SEK 103.4 million and EBIT of SEK 21.6 million for the period from the acquisition date until December. The purchase consideration was based on an EV of EUR 45 million on a debt and cash-free basis, and was financed with a EUR 40 million bank loan and cash. The goodwill item is not tax deductible, and relates to expected profitability, complementing the product portfolio and anticipated synergy effects. Acquisition related expenditure for 2021 was SEK 12.5 million, recognized in comprehensive income as consulting expenses.

Guidelines for Remuneration of Senior Executives

The guidelines for remuneration of senior executives are stated in note 4. A Remuneration Report is being prepared and will be presented at the AGM.
It states how the guidelines were applied in 2021. There were no departures from the guidelines, or from the decision-making process that should be applied for setting remuneration according to the guidelines.

Other Significant Events

The Corona pandemic (Covid-19 virus) has had some impact on Enea's customers, with certain investment decisions and upgrades being deferred. There is also a greater need for communication, creating underlying demand for telecom and enterprise network services and capacity. The main impact on Enea's operating activities has related to limitations to working at offices, and a significant reduction in travel to customers and trade events. However, most of Enea's development and deliveries can be conducted remotely, because our products are software. No have there been any significant events since the end of the financial year until publication of this Annual Report.

Sustainability Report

A Sustainability Report that has been subject to review by the company's Auditors has been prepared (see pages 26-33).

Dividend Policy

Enea's ambition is to build a larger and stronger company that provides increasing value for customers, employees and shareholders. Acquisitions that consolidate the company's market positioning and long-term earnings capacity, and continued investments in its product portfolio are important parts of this endeavor. To enable, and be well prepared for, this type of acquisition, Enea needs a strong and flexible capital structure. On occasion, this may mean the company is net leveraged. Accordingly, the Board of Directors should consider the company's long-term investment requirement, but also its financial position, when considering dividends. Enea's long-term dividend policy is to transfer at least 30 percent of profit after tax to shareholders. However, this should consider the company's financial position, cash flow, acquisition opportunities and future prospects. Given the company's acquisition opportunities and growth strategy for the coming years, Enea's Board of Directors is not proposing a dividend for 2021.

Proposed Appropriation of Profits

The following funds are at the disposal of the parent company, SEK:

Share premium reserve	562,748,745
Retained earnings	246,060,537
Profit/loss for the year	-760,398
Total	**808,048,884**

The Board of Directors proposes that these funds are appropriated so that SEK 808,048,884 is carried forward.

Significant Events

New Business

In September, Enea signed an agreement on embedded traffic intelligence software worth a total of USD 3.5 million over a six-year period with a global North American provider of cloud networking solutions for major datacenters and campus environments. The deal involves new business with a current business customer of Qosmos ixEngine, sophisticated traffic intelligence software that recognizes over 3,500 protocols, more than any other product on the market. The supplier of the cloud network will embed Qosmos ixEngine into its intelligent SD-WAN solution to provide detailed traffic information used for WAN optimization, QoS, firewalls and reporting.

In September, Enea signed a five-year deal for core network applications with a leading Central European telecom operator. This solution provides secure authentication of communication services. The deal involves new business with a current business customer including software licenses, professional services, as well as support and maintenance. The total contract value is EUR 1.7 million. Enea's policy and access control products serve hundreds of millions of subscribers worldwide. The software is cloud native and in commercial production on several platforms, including public cloud services. Enea's software supports the latest 4G, 5G and Wi-Fi standards.

In November, Enea signed a deal on embedded traffic intelligence software worth a total of USD 3.1 million over a four-year term with a global, US vendor of cloud services and virtualization. This deal will generate recurring revenue for the Network Solutions product group throughout the contract lifetime. The deal includes new business with a current business customer, a vendor of cloud services using Qosmos ixEngine in its firewalls offering and its SD-WAN solution, to provide detailed traffic information in real time, used for cybersecurity, WAN optimization and QoS.

In December, Enea signed a three-year deal on core network applications with a subsidiary of a leading European telecom operator. This solution will provide secure authentication for all subscribers on this customer's mobile networks.

The deal, involving new business with a current business customer, includes software licenses, professional services as well as support and maintenance. Total contract value is EUR 3.1 million.

Acquisitions

In July, Enea acquired AdaptiveMobile Security Ltd., a leading vendor of security solutions for mobile networks. AdaptiveMobile Security was valued at some EUR 45 million on a debt and cash-free basis. The acquisition, financed with a bank loan and cash, was consolidated from the third quarter of 2021 as part of the Network Solutions product group. AdaptiveMobile Security provides software and services for messaging and signaling security on mobile core networks. The company's products protect mobile networks, subscribers and subscriber data against various types of network-borne attack. Message security prevents unwanted traffic that may present security threats, the misuse of services or revenue losses. The purpose of signaling security is to prevent cyberattacks via signaling traffic. It is built on a combination of specialist signaling firewalls, reporting and sophisticated monitoring. AdaptiveMobile Security's solutions are in production with over 80 network operators worldwide. Its two main customer segments are mobile operators and suppliers of communication platforms. Over half of its revenues are recurring, and products are sold as software licenses, managed software services or cloud services.

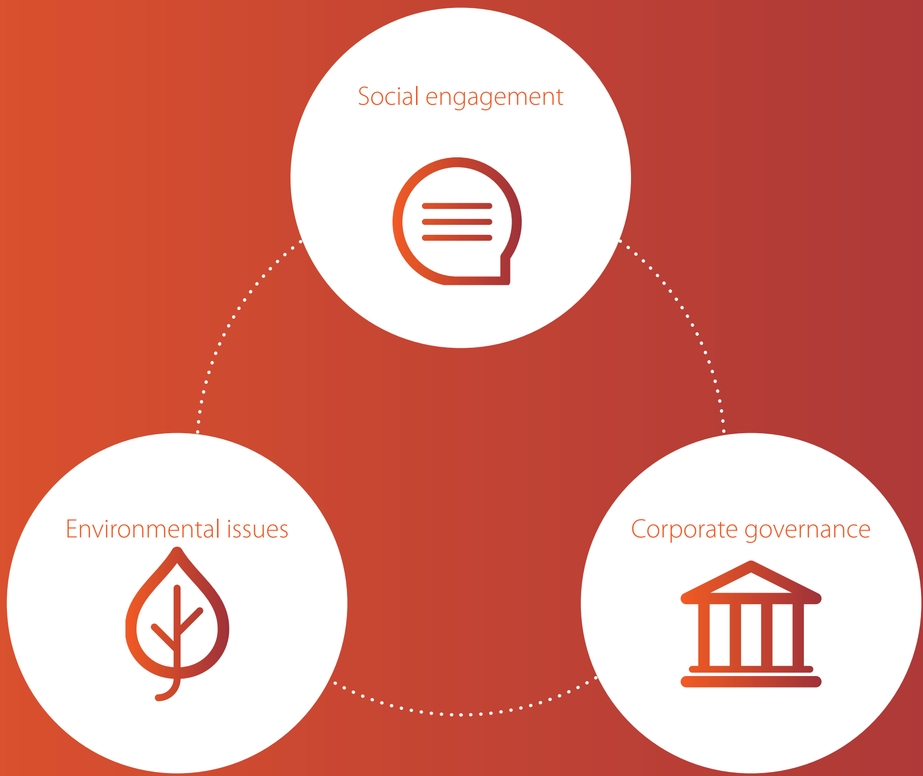
Organization

In June, the company announced that reported that Björn Westberg was resigning as CFO.

In September, Enea reported that Ola Burmark had been appointed as CFO, taking up employment in October.

Other

In July, Enea AB's Board of Directors decided to exercise the authorization granted by the AGM 2021 on the repurchase of treasury shares. The purpose of this repurchase is to ensure delivery of shares in the AGM's previously adopted long-term incentive program, LTIP 2019. Enea's AGM on May 6, 2021 resolved to authorize the Board of Directors to decide on the purchase and transfer of treasury shares. The following terms apply to the repurchase program: maximum 180,000 shares (or 0.8 percent of the number of outstanding shares and votes) may be purchased, and the amount to be paid for the purchased shares may not exceed a total of SEK 45 million. Purchases will be on Nasdaq Stockholm pursuant to the Rules for Issuers, MAR and the Safe Harbor regulation.



Sustainability Report 2021

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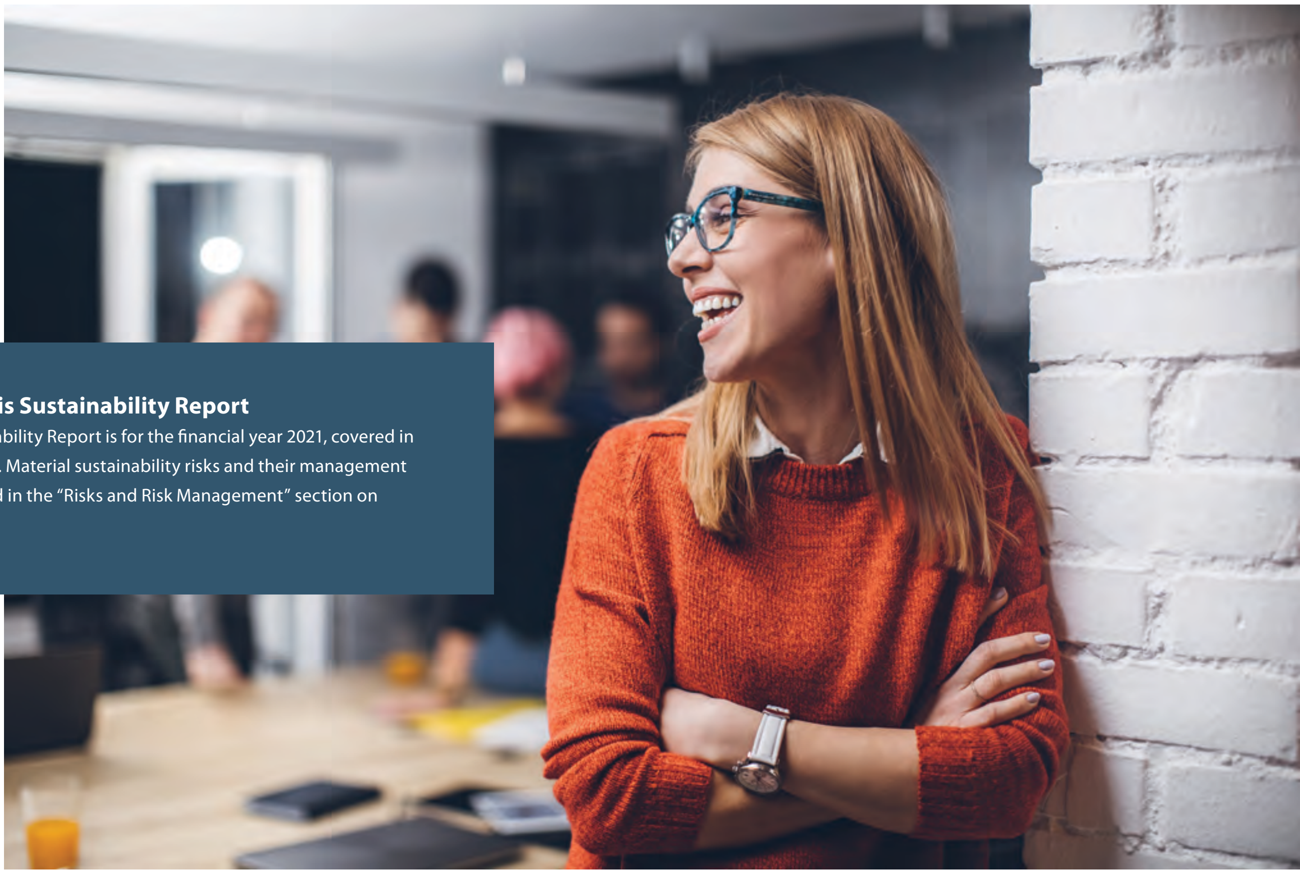


About this Sustainability Report

The Sustainability Report is for the financial year 2021, covered in pages 26-33. Material sustainability risks and their management are reviewed in the "Risks and Risk Management" section on pages 34-37.

Sustainability in Focus

As a specialist in software for telecommunication and cybersecurity, our ambition is to help promote secure and sustainable communication solutions for consumers, businesses and society at large. We build on UN's sustainable development goals (SDG) and sustainable business, and collaborate with partners, suppliers and customers to continuously improve in the affected sector segments.

In 2021, we conducted a number of sustainability initiatives adressing business ethics, climate impact, occupational health and safety, diversity and gender equality. These are important steps in our endeavor to make measurable sustainability a characteristic permeating the whole company and making us stronger on the market.

Jan Häglund
President and CEO

Governance and Priority Areas for sustainability

Governance

Our ESG and Sustainability Committee reports to the Executive Management Team, led by the company's Corporate Communications Manager, with representatives of the external communication, environment and quality control functions, as well as HR.

As guidelines for sustainability, we rely on the following governance documents: Internal Code of Conduct, Code of Conduct for Suppliers, Whistleblower Procedure and Environmental Policy.

To further improve ESG work and measure progress, we are regularly assessed by independent specialists. In recent years, CDP (www.cdp.net) assessed Enea in terms of sustainability, and EcoVadis (www.ecovadis.com), within responsible business.

This has resulted in a number of concrete actions, such as formulating targets for the share of renewable energy and reduced CO_2 emissions. As part of our commitment to market transparency, we also provide sustainability data to Nasdaq, and Enea is a certified Nasdaq ESG Transparency Partner.

Priority Areas for Sustainability

In 2021, we decided to focus on four sustainability areas: business ethics, climate impact, occupational health and safety, diversity and gender equality.

We selected these areas based on trends and challenge across society, the UN SDGs, requirements from our stakeholders (employees, investors and customers), regulations, and our capability to make a positive impact on progress.

Sustainability Area	Background and Activity
Business Ethics	Our Internal Code of Conduct stipulates rules for business ethics and represents a pledge to conduct our operations with integrity and honesty. Our Code of Conduct for Suppliers states the conduct, processes and procedures we expect our suppliers to observe. In 2021, we updated our Internal Code of Conduct and published the first edition of Enea's Code of Conduct for Suppliers.
Climate Impact	We provide innovative solutions that support sustainable development and help our customers to reduce their consumption of energy and resources. In 2021, we started to measure and monitor our energy consumption, CO_2 emissions and recycling at a more detailed level.
Working Environment	Working at Enea should be a positive experience where all employees maintain and contribute to a healthy working environment. In 2021, we expanded remote working, organized donations for pandemic support in India and conducted a global employee satisfaction survey.
Diversity and Gender Equality	Enea is a global corporation with employees from many different cultures. We view diversity as a strength that makes us more creative and improves our decision-making. In 2021, we distributed an updated Internal Code of Conduct to all staff.

How We Contribute to the UN Global SDGs

We observe the UN's 17 SDGs in our sustainability work in day-to-day business, and contribute directly to a number of them. In 2020, we conducted a new study and identified the goals that are most relevant to our business and stakeholders.

We Contribute to the Following Global SDGs:

Target 3.4

Enea's contribution:
Promote employees' psychological health and well-being.

Target 5.1, 5.5

Enea's contribution:
Prevent discrimination against women and ensure equal opportunities for executive positions.

Target 7.2

Enea's contribution:
Increase the share of renewables in our energy consumption.

Target 8.5, 8.8

Enea's contribution:
Offer equal pay for equal work. Protect employees' rights and promoted safe working environments.

Target 9.5

Enea's contribution:
Invest in research and development and promote innovation.

Target 10.2

Enea's contribution:
Promote inclusion of all employees regardless of age, gender, disability, race, ethnic, origin, religion or economic status.

Target 16.5

Enea's contribution:
Prevent all forms of corruption and bribery.

Our Products Contributing to the UN SDGs

Telecom operators can benefit from our products to reduce their CO_2 footprint and contribute to the UN's SDGs. For example, our subscriber data management and traffic management software require less equipment than competing solutions, which reduces energy consumption and CO_2 emissions.

Enea RAN Congestion Manager with machine learning increases mobile operators' 4G radio capacity in high-load areas by 15 percent. This enables operators to extend the lifetime of their 4G networks without requiring any further equipment investments.

Mobile operators that use our virtualized subscriber data management for 5G can cut their equipment costs by up to 50 percent. This is possible by reducing the number of servers necessary to replicate data when synchronizing over a network.

Climate Impact

Software development is an activity with limited environmental impact. Moreover, many of our customers often provide solutions that contribute to sustainable development. In the telecom sector, our software facilitates and enhances remote communication, reducing the need for travel to physical meetings, which has been especially important during the Corona pandemic.

Additionally, software is delivered, invoiced and paid for electronically, generating minimal environmental impact.

We also assist our customers by creating products that consume less energy and utilize resources more efficiently.

Developing innovative solutions that support sustainable development is an important part of our product strategy.

Our colleagues observe environmental legislation and standards on all markets where we operate. We protect the environment by replacing a significant amount of travel with videoconferencing and by favoring environmental modes of transport, such as rail. We also avoid wasting resources by recycling materials and sorting the waste generated in our office environments at source.

In 2021, we started to collate in-depth information on the company's total energy consumption, the share of green energy, CO_2 emissions and how much material we recycle. We prepared measurement systems and important KPIs, while also specifying measurement units to reduce our climate impact.

Diversity and Gender Equality

Enea is a global corporation with employees, collaborative partners and customers from many different cultures of the world. This diversity makes our workplace and business more creative and promotes the development of new products and solutions. Diversity also promotes gender equality, better decision-making and an inclusive corporate culture.

Diversity makes our workplace and business more creative, and promotes the development of new products and solutions.

In the year, all employees received our updated Code of Conduct. Its emphases include all employees and individuals representing collaborative partners and customers being treated fairly and considerately. Consequently, we do not permit any form of harassment or discrimination, and no-one may be harassed or discriminated against due to their ethnic origin, age, gender or gender identity, sexual orientation, disability, or religion.

Diversity work is an important and prioritized area for us, and is also a long-term process.

Gender equality is another especially important area that we also prioritize. We are working to increase the share of female employees in all parts of our business, and in management positions.

Health, Safety and the Working Environment

Working at Enea should be a positive experience where all employees maintain and contribute to a healthy working environment.

The Corona pandemic has had a major impact on our working conditions, and we have carefully considered employees' physical and psychological well-being. This includes us putting a high emphasis on present and available leadership, with the potential for our staff to submit questions precisely on well-being.

Because of the pandemic, we also implemented more flexible working methods in the year, enabling more remote working. Digital communication and collaborative tools are the foundation of this way of working, and facilitate all staff maintaining close collaboration. Clear goals and smoothly functioning processes then become critical for us being able to form effective teams and achieve good performance, independent of whether work is done at the workplace or remotely.

This flexible way of working also promotes a work-life balance for our staff, which is important for their long-term well-being and critical to our continued success.

In the year, we also introduced a whistleblower system, which is another part of our efforts to continuously improve the working environment. This system enables our staff to report suspicions of impropriety and conduct that is not consistent with our values and rules. Naturally, staff can opt to report anonymously.

In September, we organized a charitable initiative we called Enea4India, whose purpose was to collect donations for treating Covid-19 patients in India. Over 50 employees of our global organization participated in a range of activities to contribute.

The employee satisfaction survey branded "Your Voice" was conducted in the spring, offering an opportunity for all staff to offer feedback on matters that impact daily work such as leadership, communication and shared values. Over 70 percent of our employees participated, and the overall outcome indicated shows that 90 percent enjoyed their work, while 82 percent were satisfied with their situation at work.

Business Ethics

In 2021, we updated our Internal Code of Conduct and published the first edition of a Code of Conduct for Suppliers.

Our Internal Code of Conduct states rules governing business ethics, including responsibility for our customers, partners, employees, shareholders and other stakeholders. Obviously, our aim is for all our employees to comply with laws and regulations in their daily work, and that they should comply with anticorruption legislation. For example, we distance ourselves from doing business which will be perceived as inappropriate out of ethical considerations.

To ensure all our colleagues conduct themselves in accordance with our Internal Code of Conduct, we have detailed procedures and guidelines that govern how we award business deals and contracts. All major contracts are reviewed by an internal committee that includes our whole management team, and sensitive business involving technology under export controls is correspondingly reviewed independent of contract value. In the year, we declined to do business in countries, or with businesses, that we regarded as inappropriate recipients of our products for various reasons.

The Code of Conduct for Suppliers reviews the processes and procedures we expect our suppliers to observe. It is consistent with the fundamental principles of the UN Global Compact, and supplements what we expect from our employees.

Finally, we introduced a whistleblower function in the year, offering our employees the opportunity to anonymously report ethical problems or breaches, for example.

Goals and Performance Indicators

Taxonomy

The Taxonomy Regulation is an EU-wide classification system that sets criteria for environmentally sustainable activities. The Taxonomy Regulation is one of the EU's tools for achieving the EU's climate and energy targets for 2030.

The aim of the Taxonomy Regulation is to promote sustainable investment by protecting investors from greenwashing, helping companies become more climate friendly, reduce market fragmentation and help direct investments to segments where they serve the greatest benefit. The following table illustrates how our business is consistent with the first two environmental goals of the Taxonomy Regulation: "climate change limitation" and "climate change adaptation." Our operating activities are primary covered by the latter environmental goal, and the economic activities by section "8.2 Computer programming, consultancy and related activities", given our core business is software development for telecom-munication and cyber security.

	Total (SEK m)	Share of taxonomy-related activities	Share of non-taxonomy-related activities
Sales	975.6	100%	0%
Capitalized development expenses	127.2	100%	0%
Operating expenses	650.1	100%	0%

We have selected a number of KPIs to enable measurement of our performance in priority areas for sustainability work (see following table). For each priority area, we refer the reader to the UN Agenda 2030's goals and the ten principles for sustainable business stated in the UN Global Compact.

Priority area	Goal	Key indicator	2021	2020
Business Ethics Procurement, sales, accounting, marketing	SDG: Target 16.5 GC: Principle no. 1 and 10	Whistleblower process and portal: Number of cases reported via whistleblower function: Code of Conduct for Suppliers: Internal Code of Conduct: Process established for employees to acknowledge that they have read and understood the Internal Code of Conduct:	Yes[1] 0 Yes Yes Yes	No - No Yes No
Climate Impact Energy consumption, business travel, leased assets	SDG: Target 7.2, 9.5 GC: Principle no. 7-9	Energy consumption, MWh Share of renewable energy Energy intensity, MWh/sales, SEK m Scope 1 - total CO_2 emissions, ton[4] Scope 2 - total CO_2 emissions, ton[5] Scope 3 - total CO_2 emissions, ton[6] Approved Environmental Policy	2,625[2] 46% 2.69 10 170 619 Yes	2,546[3] 40% 2.78 - - - Yes
Occupational health and safety	SDG: Target 3.4, 8.5, 8.8	Employee satisfaction index Share of employee resignations in the year Collective bargaining agreements[7]	82% 20% Yes	- - Yes
Diversity and gender equality	"SDG: Target 5.1, 5.5, 10.2 GC: Principle no. 6"	Share of women Share of female managers Share of women in Management Share of women in Board of Directors Share of women hired in the year Number of nationalities represented in Management	21% 18% 0% 43% 18% 5	23% - - - - 5

NB: Excludes data from AdaptiveMobile Security, which was acquired in 2021.

We intend to evaluate these KPIs regularly, add more measurement points and continuously improve our performance.

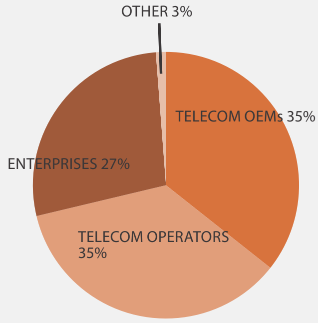
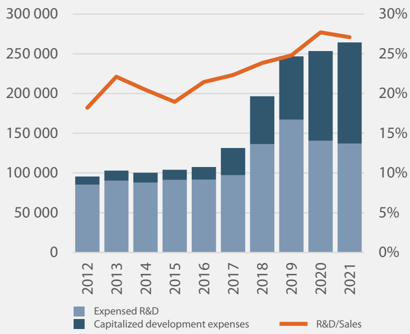
1 Whistleblower process and portal implemented in 2021
2 Metrics for 2021 include Enea's operations in Austria, Croatia, France, Germany, India, Ireland, Japan, Malaysia, Romania, Singapore, Sweden, the UK and USA. The energy consumption of those leased assets whose values for 2021 are not available are estimates based on 2020 values. Emissions for business travel in 2021 were lower than normal because of the corona pandemic.
3 Metrics for 2020 include Enea's operations in Austria, China, Croatia, France, Germany, India, Ireland, Japan, Malaysia, Romania, Singapore, Sweden, the UK and USA
4 Scope 1: Includes company-owned vehicles
5 Scope 2: Includes energy consumption
6 Scope 3: Includes business travel and leased assets
7 Enea is party to collective agreements for employees in all countries included.

Abbreviations:
SDG: UN Sustainable Development Goals
GC: UN Global Compact

Risks and Risk Management

Enea is exposed to a number of risks that could affect the group's earnings. The company continuously identifies and manages these risks. Those judged to have the greatest significance are reviewed below, divided into the categories of business-related, market-related and financial risks.

	Business-related risk	Comment	Exposure
Customer structure	Enea's customer base mainly consists of leading operators and system vendors in telecommunication. Accordingly, the company's customer base is concentrated on a number of major accounts.	Enea is dependent on the long-term investment and product development plans of its major customers. When developing new products generations, their decisions can influence which of Enea's products and services will be used.	Revenues from the company's 10 largest customers were 51% (51) of total, and the largest customer represents 12% (16) percent of total. The risk of rapid negative changes are limited by long-term contracts that prevent customers terminating their use of Enea's products and services at short notice.
Contract structure	Enea's revenue has repeat and non-recurring parts, the latter meaning that new contracts need to be signed to enable good revenue generation.	Enea's revenue mainly consists of license revenue, maintenance and support revenue and services. License revenue consists of non-recurring revenue and revenue of a recurring nature. This means that revenue may vary between quarters and financial years, depending on the timing of entering major agreements and delivery. Additionally, some revenue depends on partners' production volumes, which are critical for the scale of what is termed royalty revenue.	Initial customer contracts are normally for 3 to 5 years. Contracts with capacity limitations and maintenance and support services are extended on an ongoing basis. Recurring revenue represents about one-half of Enea's total.
Skills management	Enea's success is very largely dependent on the company's capability to hire, develop and retain qualified staff.	There is intense competition over qualified staff in the IT sector. But Enea's operations, with their combination of a strong product offering and software development services, do give the company an advantage, because it can offer more career opportunities.	Enea's staff turnover is higher in its service business than in product development. For each part, Enea regards staff turnover as consistent with the sector average. The fact that the company has development centers in several different countries alleviates its dependency on key individuals in each country. Staff turnover for the group as a whole was 20.1% in the year (5.3).
Product liability, intellectual property, and legal disputes	Enea's products are important components in customers' solutions and faults could damage customer relations and cause damages claims. There is also a risk that Enea's intellectual property is exposed to infringement or that Enea's products infringe on other companies' intellectual property.	Enea is insured against damages claims and considers that the company has sufficient cover for the risk of claims to be limited. Enea also has insurance cover against the company's products infringing on other parties' patents or copyright. Enea continuously appoints legal expertise to protect its intellectual property and reduce the risks of intellectual property infringement.	Regarding legal disputes, court proceedings, interpreting local legislation or arbitration procedures, Enea AB or its subsidiaries are currently involved in a small number of minor disputes. It does not consider that any of these disputes will have any material negative impact on its financial position. The company's judgement is that none of the current disputes have a negative impact on the company's financial provision, and no allowance has been made for a negative outcome. Disagreements on contract application, or a court ruling against the company could have a negative impact on the company's financial position.
Climate change	Enea's operations are not influenced decisively by climate change.	Enea identifies risks that can impact the company financially or strategically in the short and long term, and the company's capability to deliver products and services to customers.	Enea has evaluated and assessed the risks associated with climate change. These risks include redirection, reputation, personal and material damages, supply chain and undertakings to customers. The conclusion is that at present, the company is not impacted by risks in any of these segments.

	Market-related risk	Comment	Exposure
Macroeconomic progress	Enea is dependent on the continued growth of mobile communication and the success of its current customer base, economic progress and the growth of major customers. Most revenue is sourced from customers in the telecom sector, which means that the macroeconomic risks are not only linked to the business cycle generally, but also to the progress of the telecom sector.	A business cycle downturn has its main impact on customers' willingness to invest reducing, which may result in lower volumes and difficulties entering new contracts on Enea's products and services. A cyclical downturn can also impact the company's sales, which in turn, has a negative effect on that portion of revenue is dependent on volume or capacity utilization. Structural changes may be more significant than cyclical variations, due to them determining the extent embedded systems are used in a variety of contexts. The Corona pandemic has impacted the global economy (see relevant section of the Directors' Report since 2020)	
Business environment risk	The war in the Ukraine is causing major human suffering, and has rapidly made much of the Ukrainian population very vulnerable. Economic sanctions against Russia are impacting markets and multinational companies with operations there.	Enea has no employees or any significant customer undertakings in the Ukraine or Russia, which means any direct impact on us is very limited.	Enea is reviewing its supply chain systematically, to investigate the extent to which subcontractors will have dependency on, or operations in, either of these countries going forward.
Products and technology	Enea's competitiveness and market positioning largely depend on the company's capability to produce innovative products and improve existing solutions, which means significant investment. Additionally, the company must be able to deliver products and upgrades consistent with how customer needs change in order to grow with the market.	Close collaboration with major customers is highly significant to Enea's product development. Enea's development process is well structured but simultaneously flexible and adaptable to enable rapid redirection when customer needs or demand change. Investments are made on markets offering high potential for growth and future profitability, and after thorough analysis. If, despite this, products are not technologically or commercially successful, this may exert a negative impact on the company's operations and financial position, which may cause alterations to strategy and priorities.	
Competitors	In the telecom sector, Enea competes with a number of independent, specialized software vendors of software, but also major system vendors for sales direct to operators. In other sectors, Enea faces competition from software developers of comparable size, that also have a global presence. There are also specialist enterprises that compete with Enea in certain selected niches.	Apart from competition from businesses with the same profile and comparable operations to Enea, as well as large system vendors, customers' proprietary software can also be a form of competition. However, this is fairly rare, because software products have become increasingly complex, often requiring specialist expertise. For Enea's open-source products, non-commercial developers can also be competition.	Enea has strong positioning in the telecom sector, and is one of the leaders in select market segments, such as products for optimizing mobile video traffic, traffic intelligence and real-time operating systems.

	Financial risk	Comment	Exposure
Currency	Currency risk means that the value of financial assets can vary due to changes in exchange rates.	Enea is a multinational company, most of whom sales revenue is in Swedish kronor, euro and US dollars. Currency exposure is reduced by operations being conducted in foreign subsidiaries, where most revenue and expenses are in the local currency. An account structure at group level with several different currencies minimizes the impact of fluctuations in exchange rates. This account structure also offers more flexibility in terms of the timing of currency exchange. Foreign subsidiaries are translated to Swedish kronor using the current rate method, which means statements of comprehensive income are translated at average rates of exchange for the period, and balance sheets are translated at closing day rates. Translation exposure is not hedged.	In the year, a total of EUR 10 (17) m was hedged. There were six outstanding derivatives with total value of EUR 5 m, with a rate of 10.65 at year-end 2021. If the Swedish krona had appreciated/depreciated by 5% on average in relation to the euro with all other variables constant, revenue for the year would have been SEK 19 m lower/ higher. The corresponding number against the US dollar is SEK 27 m.
Liquidity risk	Liquidity risk is the risk of not being able to fulfil payment obligations or difficulties in arranging external loans.	The operational subsidiaries prepare regular cash flow forecasts consolidated at group level. Reporting and monitoring the group's liquidity is monthly. Enea's cash and cash equivalents, mainly in the Swedish companies, and financial investments, are administered by the parent company.	Enea's liquidity risk is low because the company has stable cash flow and low net debt in relation to EBITDA. Net debt at year-end was SEK 527 (229) million, with SEK 211.4 (195) million cash and interest-bearing bank liabilities of SEK 739 (434) million. Enea has three bank loans, totaling SEK 292 million in Swedish kronor, one loan of EUR 40 million, and an overdraft facility of SEK 70 million, of which SEK 37 (36) million had been utilized at year-end. SEK 101 million of the bank loans were repaid in the year. These loans are unsecured. The loans have covenants relating to the group's debt service ratio and net debt/ EBITDA. The covenants were satisfied at year-end.
Capital management	The objective of the group's capital management is to maintain a stable financial position that safeguards the group's capability to continue operations and generate returns for shareholders. This objective also benefits others stakeholders and engenders trust for creating close and long-term customer relations.	In order to maintain or alter its capital structure, the group can pay dividends or return capital to shareholders, issue new shares or sell assets to reduce its liabilities.	Enea acquired the company AdaptiveMobile Security in the year, financed with a new EUR 40 million loan.
Share dividend	Dividends mean dividend transfers to Enea's shareholders.	Enea's long-term dividend policy is to transfer at least 30 percent of profit after tax to shareholders. However, dividends should consider financial position, cash flow, acquisition potential, and future prospects.	With the acquisition potential and future prospects Enea's Board of Directors sees for the coming years, no dividend is proposed for 2021.
Interest rates	Interest risk means the value of financial instruments may vary because of changes to market interest rates.	Enea's external loans mature at different times, the margin the company pays above the underlying benchmark rate depends on market conditions when arranging the loan. The underlying interest rate is controlled by changes in market interest rates.	At year-end, the group had external bank loans of SEK 701 m and an overdraft facility of SEK 70 m, of which SEK 37 m has been exercised. Enea has moderate interest risk. A 1 percentage point increase/decrease of its debt interest rate would impact net financial items by some SEK 7 m.
Credit	Credit risk means a party in a financial transaction being unable to fulfil an obligation. The primary credit risk for Enea is outstanding accounts receivable.	Most of the group's customers are large, well-established corporations with good solvency, located in many countries. To limit these risks, the company's Credit Policy states guidelines and provisions for credit checks on new customers as well as regulation and procedures governing payment terms and managing unpaid accounts receivable.	A SEK 4.8 (4.1) million allowance was created for doubtful debt in the year, which changed as follows in the period.

Opening balance, Jan. 1, 2021:	5.3
Repayment of doubtful debt:	-1.6
Write-off of doubtful debt:	-1.0
Allowance for doubtful debt:	4.8
Closing balance, Dec. 31, 2021:	**7.5**

Corporate Governance Report 2021

Enea is a Swedish limited company with its headquarters in Stockholm, Sweden. The company is listed on Nasdaq Stockholm and the group's corporate governance is based on Swedish legislation, as well as the rules and recommendations issued by organizations such as the Swedish Corporate Governance Board and Swedish Securities Council.

Governance Model

Enea's governance, management, and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the CEO in compliance with the Swedish Companies Act and the Board of Directors' Rules of Procedure. During the financial year, Enea complied with the Swedish Code of Corporate Governance issued by the Swedish Corporate Governance Board, and this Corporate Governance Report has been prepared accordingly. The company's Auditor has completed a statutory review of this Report.

1 Shareholders

Enea's shares are quoted on Nasdaq Stockholm's Mid Cap list. According to the share register maintained by Euroclear Sweden, there were 21,615,231 shares as of December 31, 2021. At the same date, share capital was SEK 24,430,872, and Enea held 130,500 treasury shares, or 0.6 percent of all shares. As of December 31, 2021, the largest shareholder was Per Lindberg, with 34.1 percent of the shares through direct ownership and endowment insurance.

Annual General Meeting

The Annual General Meeting, or where applicable, Extraordinary General Meetings, is Enea's chief decision-making body. All shareholders are entitled to participate in the Annual General Meeting (either in person by proxy through power of attorney) and have a matter considered. The AGM resolves on issues including:

- any amendment of the Articles of Association
- election of the Board of Directors, Chairman of the Board and Auditor
- adoption of Income Statements and Balance Sheets, appropriation of the company's profit or loss and discharging Board members and the Chief Executive Officer from liability
- principles for appointing a nomination committee
- guidelines for remuneration of senior executives

A two-thirds voting majority is required for resolutions to amend the Articles of Association. The AGM was held on May 6, 2021 in Stockholm, and conducted by postal vote only, pursuant to temporary legal provisions. Its resolutions included:

- adoption of Income Statement and Balance Sheet of the parent company and group
- discharging the Board members and Chief
- Executive Officer from liability
- that no dividend would be payable for the financial year 2020
- approving fees for Directors and Auditors
- approving the Board of Directors' remuneration report for the financial year 2020
- approving the Board of Directors' proposed guidelines for remuneration of senior executives
- authorizing the Board of Directors to decide on the purchase and transfer of treasury shares in accordance with the Board's proposal
- authorizing the Board of Directors to decide on new share issues to finance continued growth and expansion
- approving the Board of Directors' proposal on a long-term share-based incentive program and hedging measures in the form of amendments to the Articles of Association, authorization for the private placement of class C shares, authorization for the re-purchase of class C shares, and resolution on the transfer of ordinary treasury shares
- appointment of the following Directors:
- i) re-election: Anders Lidbeck, Kjell Duveblad, Mats Lindoff, Birgitta Stymne Göransson and Charlotta Sund
- ii) election: Jan Frykhammar

Anders Lidbeck was elected Chairman of the Board. Former Director Anders Skarin declined re-election. Öhrlings PricewaterhouseCoopers AB was re-elected Auditor.

The minutes from the AGM including decision-support documentation has been published at the company's website (www. enea.com) In the Investors section.

2 Nomination Committee

The AGM resolves on principles for appointing a new Nomination Committee. The Nomination Committee should consist of representatives of two major shareholders, and the Chairman of the Board. However, it may have representatives of three or four major shareholders and the Chairman of the Board, if when forming the Nomination Committee, the Chairman considers that the major shareholders have such an interest. It is the Chairman's duty to contact the four largest registered shareholders in terms of votes at the end of September each year, requesting that each appoints a member of the Nomination Committee. If more than two of the shareholders do not wish to appoint a member, shareholders in order of size should then be requested to appoint a member of the Nomination Committee. The names of the Nomination Committee members should be published in the company's Interim Report for the first three quarters of the year.

The term of office for the appointed Nomination Committee should be until a new Nomination Committee has been appointed. A shareholders' representative should be appointed as Chairman of the Nomination Committee.

If material changes of control occur after the Nomination Committee has been constituted, its composition should be altered in accordance with the above principles. In accordance with the above, at the end of September, the Chairman of the Board contacted the four largest shareholders to request them to each appoint a member of the Nomination Committee. The Nomination Committee should consult on, and submit proposals to the AGM regarding, the following:

- Chairman of the forthcoming AGM
- election of the Chairman of the Board and other Board members
- Directors' fees divided between the Chairman and other Directors, and principles for any compensation for committee work
- election and fees for the company's Auditors, and where applicable, Deputy Auditor
- decisions on principles for appointing a nomination committee

The Nomination Committee for the AGM 2022 has the following members: Per Lindberg, Jan Dworsky (appointed by Swedbank Robur Fonder), Niklas Johansson (appointed by Handelsbanken Fonder), Henrik Söderberg (appointed by C WorldWide Asset Management) and Anders Lidbeck (Chairman of the Board of Enea AB). The Nomination Committee has appointed Per Lindberg as its Chairman, and the Nomination Committee's complete proposals for the AGM 2022, with their reasoning, will be published in the invitation to the AGM. The invitation is published on the company's website (www.enea.com) in the Investors section.

3 Board of Directors

Pursuant to its Articles of Association, Enea's Board of Directors should be elected by the AGM and consist of five to seven members, and a maximum of seven deputies. Enea's Board of Directors has been appointed in accordance with the Swedish Code of Corporate Governance and the company's diversity policy. Consideration has been given to the need for versatility, skills, and experience, which in different ways, contribute to Enea's progress, and for the requirement to endeavor for even gender division.

Consideration has also been given to Directors being able to reserve the necessary time for their service with the company. The composition of the Board of Directors reflects this, and most Directors have knowledge and long-term experience of the sectors that Enea operates in. In the year, Enea's Board of Directors had six members elected by the AGM. The CEO and CFO participate at every Board meeting and report on the company's business situation, prospects, financial position and events of material significance. Other employees also present reports at Board meetings when necessary.

The CFO also serves as the Board's secretary. The CEO does not participate in the parts of Board meetings that discuss the relationship between the CEO and the company. The work of the CEO and other senior executives is appraised at least yearly.

Board of Directors' Independence

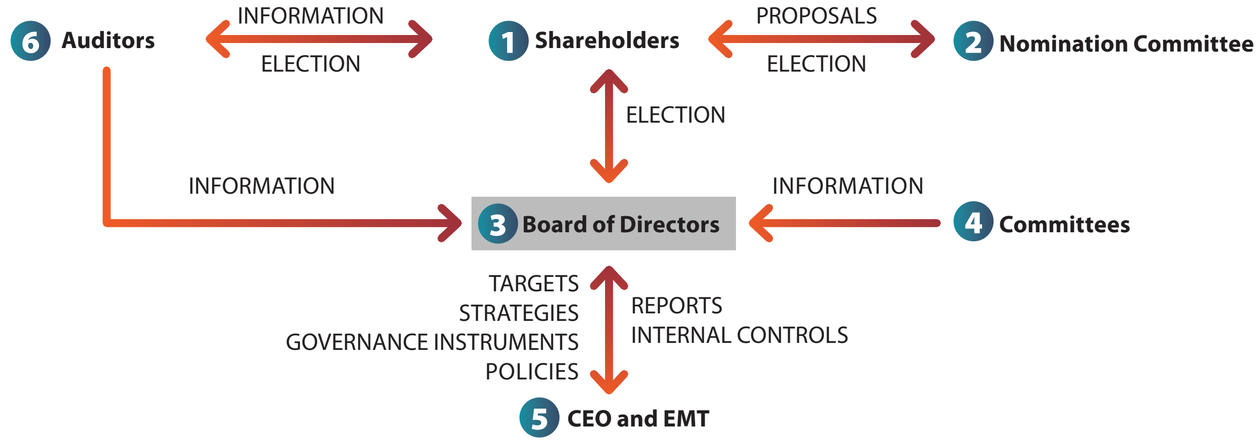
According to the Swedish Code of Corporate Governance, a majority of Board members elected by the AGM should be independent of the company and Management. A minimum of two of these should also be independent of the company's major shareholders.

All Board members were judged as independent in respect of the company and Executive Management Team and major shareholders. For information on Board members and their shareholdings, see pages 41-42.

The Work of the Board of Directors

The Board of Directors' rules of procedure are adopted at the Board meeting following election after the AGM each year and are revised only in special circumstances. Apart from the Board of Directors' duties, the rules of procedure also state the Board of Directors' responsibilities and segregation of duties. The Board of Directors also issues instructions for the President. At the Board meeting following election, staffing of the Board's Audit, Remuneration and Technology committees is also approved. Apart from the Board meeting following election, the Board should hold at least six meetings per year. The Board of Directors should manage the company's affairs in the interests of the company and of all shareholders.

Governance Model – Overview



The duties of the Board include:

- formulating business targets and strategy
- appointing, appraising, and where necessary, dismissing, the CEO
- implementing effective systems for monitoring and controlling the company's operations
- ensuring satisfactory control over the company's compliance with laws and other regulations that apply to the company's operations
- formulating the necessary ethical guidelines for the company's conduct
- continuously evaluating strategic and complementary acquisitions
- ensuring corporate communication features openness, is relevant, and reliable

In the year, the Board dealt with the company's strategy and its business operations, and remuneration of senior executives. The CEO's status report, which includes ongoing monitoring of operations and forecasts, is provided to the Board each month, apart from January and July. In the year, the Board also considered these matters and Interim Reports, budgets and the business plan for 2022, as well as acquisition plans and initiated acquisition projects. Additionally, the Board discussed staff and management issues, as well as exogenous factors such as competition and technological progress.

The Board's' work was evaluated at the end of the year. The Board held 11 meetings where minutes were taken, and one Board meeting following election in 2021. Apart from regular service on the Board, certain Directors are also members of the company's Audit, Remuneration and Technology Committees. Attendance at Board meetings in the year is on page 45.

Board of Directors 2021

Anders Lidbeck
Chairman of the Board
Elected 2019

Born in: 1962
Education: B.Sc. (Econ.), Lund University
Previous appointments: President and CEO of Enea, President and CEO of Telelogic, sales and marketing positions at Nokia, ICL and Telia Megacom, including President of ICL Direct in Benelux and Vice President of Sales & Marketing for ICL Industry Systems Europe.
Other directorships: -
Main employment: Directorships
Shares held: 44,702
Committee service: Chairman of Remuneration Committee

Kjell Duveblad
Director
Elected 2008

Born in: 1954
Education: MBA, Stockholm School of Economics
Previous appointments: Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics.
Other directorships: Chairman of QBNK Holding AB and Director of several unlisted companies
Main employment: Management consulting and Directorships
Shares held: 10,000
Committee service: Chairman of Audit Committee

Jan Frykhammar
Director
Elected 2021

Born in: 1965
Education: B.Sc. (Econ.), Uppsala University
Previous appointment: CEO of Ericsson (Interim), COO & CFO of Ericsson 2009-2016, President of Global Services business area.
Other directorships: Chairman of Aspia AB and Celltick Inc. Director of Telavox AB, ITAB Shop Concept AB, Roima Intelligence Oy, Nordic Semiconductor ASA, Clavister Holding AB, Alphawave IP Plc, Quickbit AB and Ox2 AB.
Main employment: independent director, senior advisor and investor
Shares held: 0
Committee service: Audit Committee

Mats Lindoff
Director
Elected 2010

Born in: 1961
Education: M.Sc. (Eng.) EE
Previous appointments: Chief Technology Officer Sony-Ericsson, President of C-Technologies AB.
Other directorships: Director of Precise Biometrics AB, and a number of unlisted companies.
Main employment: Strategy consultant
Shares held: 990
Committee service: Chairman of Technology Committee

Birgitta Stymne Göransson
Director
Elected 2019

Born in: 1957
Education: M.Sc. (Eng.) Royal Institute of Technology, Stockholm, MBA, Harvard Business School
Previous appointments: Strategy consultant, McKinsey and Co, COO of Telefosgruppen, President of Semantix AB and Memira AB.
Other directorships: Chairman of the National Swedish Industrial Development Fund and Min Doktor. Director of Elekta AB, Pandora A/S, Asker Healthcare Group and BCB Medical Oy.
Main employment: Industry advisor and Directorships
Shares held: 2,000
Committee service: Audit Committee

Charlotta Sund
Director
Elected 2020

Born in: 1963
Education: M.Sc. (Eng.) Industrial Engineering & Management, Linköping Institute of Technology
Previous appointments: Senior Vice President and Vice President, Ericsson, various product management, marketing and sales positions at Ericsson.
Other directorships: Directorships in the Tekniska verken group.
Main employment: President and CEO of Tekniska verken i Linköping AB
Shares held: 200
Committee service: Remuneration Committee

Jenny Andersson
Employee Representative, Swedish Association of Graduate Engineers (Sveriges Ingenjörer)
Elected 2019

Born in: 1973
Education: Computer technology graduate
Previous appointments: Enea employee since 2010 (test and project manager)
Main employment: Group Quality Manager
Shares held: 0
Committee service: None

4 Audit Committee

The overall responsibilities of the Board cannot be delegated, but the Board has constituted an Audit Committee to go to greater depth and consult on the following critical issues. At the Board meeting following election after the AGM, Kjell Duveblad (Chairman), Jan Frykhammar, and Birgitta Stymne Göransson were appointed members of the Audit Committee. Enea's CEO, CFO and Auditor are co-opted to Audit Committee meetings, which are normally held once per quarter. Anders Skarin was a member of the Audit Committee until May.

Minutes are taken at Audit Committee meetings, which are reported to the Board. The Committee is responsible for consulting on the Board's work in terms of:

- quality-assuring the company's financial reporting
- staying informed on the orientation and scope of the audit
- discussing coordination between the external audit and the company's internal control functions, and view of the company's risks
- setting guidelines for services other than auditing that the company may purchase from its Auditors
- appraising the Auditor's work and informing the company's Nomination Committee about this appraisal
- assisting the Nomination Committee on consulting on proposals for the company's Auditors and audit fees

The Audit Committee held five meetings in the year. Primarily, the Committee discussed the presentation of the company's interim reports, product profitability, goodwill and other intangible assets, accounts receivable, risk management, finance-related issues, and internal controls. The company's Auditors report their observations from the audit to the whole Board each year in tandem with the annual financial statement.

Additionally, the Board meets the company's Auditor at least once per year, without Management being in attendance, to receive information on the audit's orientation and scope. The coordination between the external audit and internal controls, and view of the company's risks as above, is also discussed at these meetings.

Anders Skarin resigned at the AGM 2021.
This information, which covers personal and related parties shareholdings, is as of March 24, 2022

4 Remuneration Committee

As stated above, the Board's overall responsibilities cannot be delegated, but the Board has also constituted a Remuneration Committee, whose duty is to consult on issues relating to salary, other benefits, and other employment terms of the CEO, and where appropriate, other members of the Executive Management Team.

The Remuneration Committee is convened as required, and reports on its work to the Board. The Remuneration Committee held five meetings where minutes were taken in the year. At the Board meeting following election after the AGM, Anders Lidbeck was appointed Chairman and Charlotta Sund as a member of the Remuneration Committee.

4 Technology Committee

The overall goal of the Technology Committee is to give the Board of Directors an opportunity to exchange know-how and feedback with Management on technology choices for Enea's product and acquisition strategy. The Technology Committee serves an advisory function, and does not discharge the Board of Directors from any liability. The Technology Committee was constituted in May 2021, and held three meetings in the year. Mats Lindoff was appointed a member and Chairman of the Technology Committee at the Board meeting following election after the AGM. Enea's Chief Executive Officer and Head of Corporate Development are co-opted to Technology Committee meetings.

Evaluation of the Work of the Board of Directors

The Chairman of the Board is responsible for evaluating the work of the Board. This evaluation is in two phases, the first being an open discussion within the Board, with each Director given the opportunity and time to reflect and discuss their view of the Board's work. This discussion is then the basis of the second phase, which consists of the Nomination Committee excluding the Chairman of the Board, individually interviewing one or two Directors each. The Nomination Committee receives written reports used as a basis for evaluating the work of the Board.

5 Chief Executive Officer and Executive Management Team

Jan Häglund has been Chief Executive Officer since May 2019. He has no significant shareholdings in companies that Enea has business relationships with, and his other significant appointments and experience are stated in the presentation of the Executive Management Team below.

The members of Enea's Executive Management Team are the CEO, CFO, as well as seven managers of central and line functions representing organizational functions and business units. For more information on the members of the Executive Management Team, see the presentation below.

The Executive Management Team meets twice per month to analyze the business position of all business units, and to discuss other regular and relevant issues. The Executive Management Team also meets several times per year to discuss the company's strategy and report its proposal for a strategy for the coming years to the Board. Based on the approved strategy, the CEO and CFO produce a business plan for the coming year. This business plan is submitted for approval at a Board meeting in December.

Executive Management Team 2021

Jan Häglund

President and CEO
Employee since 2019
EMT member since 2019

Born in: 1966
Education: Ph.D. in Physics, Royal Institute of Technology, Stockholm, DEA in Physics, Grenoble University of Technology, M.Sc. (Eng.) in Engineering Physics, Royal Institute of Technology, Stockholm.

Previous appointments: Ericsson: product portfolio and development manager, Digital Services product area, Product area VP for Network Analysis and Control, Product area VP for IP and Broadband.

Shares held: 3,000
Max. no. of shares from incentive programs:
LTIP 2019: 13,860
LTIP 2021: 21,000

Ola Burmark

Chief Financial Officer
Employee since 2021
EMT member since October 1, 2021

Born in: 1969
Education: B.Sc. (Econ.), Mid Sweden University

Previous appointments: CFO of ZetaDisplay, Medivir, Onemed Group and Aditro.
Other assignments: Director of Kjell&Company Group AB.

Shares held: 0
Max. no. of shares from incentive programs:
LTIP 2019: 0
LTIP 2021: 12,000

Erik Larsson

Senior Vice President of Marketing
Employee since 2016
EMT member since 2016

Born in: 1960
Education: M.Sc. (Eng.) in Engineering Physics, Royal Institute of Technology, Stockholm. MBA, IU Kelley School of Business, US.

Previous appointments: VP of Marketing at Netcenter (now part of Mavenir), VP of Marketing at Integra (now Level 3), Marketing Director at Nortel, Consultant at Business Sweden.

Shares held: 17,554
Max. no. of shares from incentive programs:
LTIP 2019: 7,920
LTIP 2021: 12,000

Daniel Forsgren
Senior Vice President of Corporate Development
Employee since 2006
EMT member since 2014

Born in: 1973
Education: M.Sc. (Eng.) in Applied Physics and Electrical Engineering, Linköping Institute of Technology.

Previous appointments: SVP Product Management at Enea, Principal Engineer at Enea's CTO office, System Architect at Enea. Software Engineer at Virtutech.

Shares held: 12,969
Max. no. of shares from incentive programs:
LTIP 2019: 7,920
LTIP 2021: 12,000

Jonas Jacobsson
Senior Vice President, Head of Service Provider Sales
Employee Aptilo since 2012, Enea since 2020
EMT member since July 23, 2021

Born in: 1973
Education: AS Degree Data Communications, CA Software Development and Network Management, Foothill College, USA

Previous appointments: COO of Aptilo Networks, VP of Sales Americas at Aptilo Networks, Director of Business Development at Smith Micro Software, Director of Engineering at Insignia Solutions, CTO of mi4e Device Management AB.

Shares held: 0
Max. no. of shares from incentive programs:
LTIP 2019: 0
LTIP 2021: 12,000

Roland Steiner
Senior Vice President of Telecom Business Unit
Employee since 2019
EMT member since 2019

Born in: 1974
Education: M.Sc. Electrical Engineering, Vienna University of Technology.

Previous appointments: VP, Global Head of Telco Solutions at Atos, VP of Business Unit LTE at Siemens Convergence Creators.

Shares held: 0
Max. no. of shares from incentive programs:
LTIP 2019: 7,920
LTIP 2021: 12,000

Jean-Philippe Lion
Senior Vice President of Enterprise Business Unit
Employee of Qosmos since 2007, Enea since 2017
EMT member since 2018

Born in: 1966
Education: M.Sc. in Telecommunication Engineering, Telecom ParisTech, MBA INSEAD (France).

Previous appointments: VP Sales Engineer and Apac at Qosmos, Local Loop BU General Manager and Business Development Director at SFR, Senior Associate at Booz Allen and Hamilton.

Shares held: 3,379
Max. no. of shares from incentive programs:
LTIP 2019: 7,920
LTIP 2021: 12,000

Brian Collins
Senior Vice President of AdaptiveMobile Security
Employee of AdaptiveMobile Security since 2009, Enea since 2021
EMT member since July 15, 2021

Born in: 1962
Education: Business graduate, University College Dublin.
Previous appointments: executive positions with Telenor International, Pacific Bell, Etisalat (UAE) and Internet pioneers such as Google. President and Founder of MobileAware, one of the investment projects of US/Ireland-based fund Cross Atlantic Capital Partners. Adviser to two sovereign wealth funds and private equity funds on several major transactions.

Shares held: 0
Max. no. of shares from incentive programs:
LTIP 2019: 0
LTIP 2021: 0

Marius Dutu
Senior Vice President of Software Development Services Business Unit
Employee since 2008
EMT member since November 1, 2021

Born in: 1975
Education: Finance & Banking, Bucharest University of Economic Studies

Previous appointments:
Country Manager Enea Services Romania, Finance Manager Enea Services Romania, Finance Manager Ipdevel.

Shares held: 0
Max. no. of shares from incentive programs:
LTIP 2019: 0
LTIP 2021: 0

Jonas Björklund, Senior Vice President and Head of the Aptilo Business Unit, was an EMT member July 1 - December 31, 2021.
EMT members leaving Enea in 2021: Björn Westberg, CFO, Bogdan Putinica, Senior Vice President of the Software Development Services Business Unit, Paul Mikkelsen, Senior Vice President and Head of the Aptilo Business Unit, Indranil Chatterjee, Senior Vice President, Head of Service Provider Sales

This information, which covers personal and related parties shareholdings, is as of March 24, 2022.

6 Auditors

The AGM 2021 elected Öhrlings PricewaterhouseCoopers as Auditor, with Nicklas Kullberg (Authorized Public Accountant) as Auditor in Charge. The company's Auditor conducts a review of the company's internal controls and administration each year, reporting observations and evaluation to the whole Board. The guidelines for the work of the Board are based on the rules of procedure that formalize issues including the segregation of duties within the Board and between the Board and Management. In the year, the Auditor also conducted a review of the annual financial statement, and the Audit Report is included in this Annual Report (page 91). A summary review of the third quarterly financial statement was also conducted, and the company's Auditor presented his Audit Report in the Interim Report for the period January-September. Enea's internal controls were one of the focuses of the Auditor's review of the Third-quarter Interim Report.

Remuneration of the Board of Directors

A total of SEK 2,080,000 of Directors' fees are payable, divided between SEK 530,000 to the Chairman, and SEK 250,000 to each of the other Directors appointed by the AGM. Fees for committee work are payable as follows, a total of SEK 190,000 for the Audit Committee, divided between SEK 90,000 for the Chairman and SEK 50,000 to each of the two members, and for the Remuneration Committee, SEK 50,000 for the Chairman and SEK 30,000 to one member, and for the Technology Committee, SEK 30,000 to one member. The Board's employee representatives do not receive Directors' fees.

Remuneration of Senior Executives

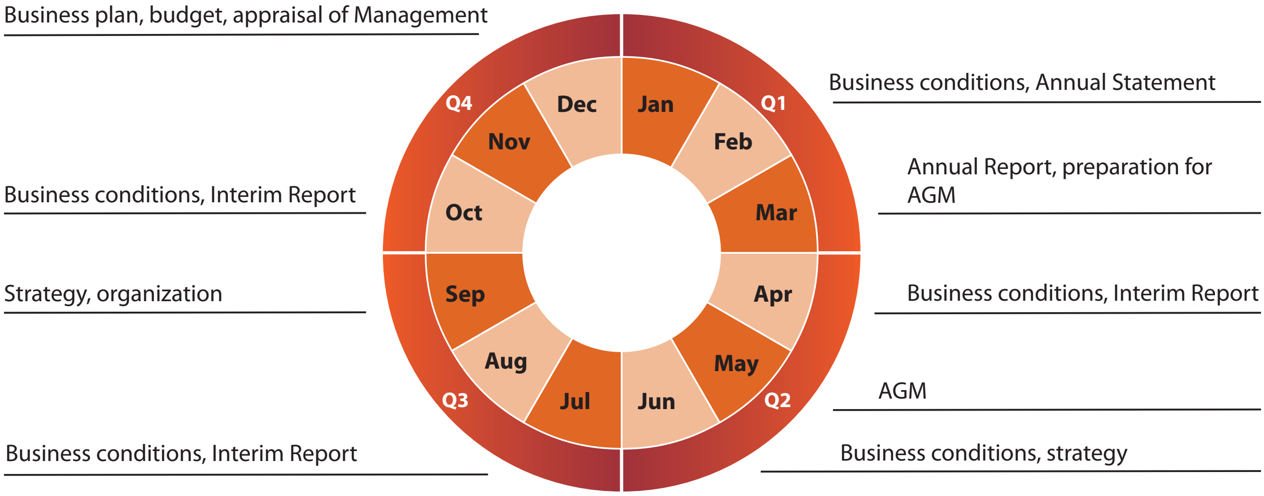
In order to hire and retain senior executives, the company offers competitive terms and conditions with remuneration at market levels. Overall remuneration to senior executives comprises basic and variable salary, pension provisions, and share-based payment. Basic and variable salary are set yearly at individual level. The model for senior executives' variable salary, and determining its outcome, are subject to decision by the Board after proposal from the Remuneration Committee. Additionally, variable salary is based on performance in relation to targets set yearly, primarily relating to the company's sales and EBIT, as well as individual targets adapted to the individual executive's responsibilities. If these targets are achieved, a portion of maximum variable salary is payable, and if targets are exceeded, more remuneration may be payable, up to a predetermined ceiling. Senior executives may be offered the opportunity to participate in share-based incentive programs, subject to AGM resolution. This means that compensation may also be payable in the form of share-based payment, providing that the targets and other conditions of such share-based incentive program are satisfied. Remuneration of the Chief Executive Officer is subject to decision by the Board, after proposal from the Remuneration Committee.

Board Members' Meeting Attendance 2021

Board member	Board of Directors (12 meetings)	Audit Committee (5 meetings)	Remuneration Committee (2 meetings)	Technology Committee (3 meetings)
Anders Lidbeck	12		2	
Kjell Duveblad	12	5		
Jan Frykhammar[1]	7	3		
Mats Lindoff	12			3
Birgitta Stymne Göransson	12	5		
Charlotta Sund	11		2	
Jenny Andersson[2]	12			
Anders Skarin[3]	5	2		

1 Elected at the AGM 2021
2 Employee representative
3 Left at the AGM 2021

Work of the Board of Directors in 2021



Pension Arrangements

The pension arrangements of the Chief Executive Officer are decided by the Board after proposal from the Remuneration Committee, and make up 30 percent of total salary. Other senior executives in Sweden have pension arrangements lying within the framework set by the ITP (Supplementary Pensions for Salaried Employees) plan, with expected retirement ages of 65, and pension provisions related to employee salary. Pension premiums are paid continuously.

Severance Pay

On termination of the Chief Executive Officer's employment, the company will observe a notice period of six months, and the Chief Executive Officer has a notice period of six months to the company. In addition, severance pay corresponding to six months' basic salary is payable for employment terminated by the company.

If a change of control results in a new majority shareholder, the CEO is entitled to severance pay of six months' salary. All dismissal and severance pay are deducted from any other income. For other senior executives, notice periods of up to nine months apply. The Board reserves the right to depart from the proposed guidelines if there are special circumstances in an individual case.

Internal Controls and Risk Management

The Board is responsible for internal controls and risk management in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, and the Swedish Code of Corporate Governance. The Audit Committee monitors Enea's internal control, which does not affect the Board's responsibilities and work otherwise. The purpose is for operations to be pursued expediently and efficiently, and that external reporting complies with legislation and internal regulations governing the company. For this work to be successful, the Board works on a structured basis, delegating specific duties to the Executive Management Team, the Audit Committee, and other staff. Enea states how this work is to be conducted and delegated in policies, such as the Finance Policy and Authorization Policy.

Internal Controls over Financial Reporting

Enea's control environment forms the basis of the company's internal controls over financial reporting. Clear communication of decision paths, authorization, and responsibilities throughout the organization is a key component of Enea's control environment. Enea fulfils the requirements of ongoing work on internal controls and risk management as part of the company's compliance with the Swedish Code of Corporate Governance. For Enea, internal controls over financial reporting are an integrated part of the company's corporate governance. This involves procedures and methods to safeguard the company's assets and the accuracy of financial reporting, which in turn, is designed to protect shareholders' investments in the company. The Board monitors the quality of financial reporting in a number of ways.

Each year, the Board adopts rules of procedure, which regulate activities including the Chairman's and CEO's duties. According to these rules, the CEO is responsible for the control environment, and reviews and quality-assures all financial reporting, as well as ensuring that the Board receives all other reports necessary for evaluation of the group's financial position on an ongoing basis. The instructions for the CEO state the matters that require authorization or approval from the Board. The Board approves rules of procedure for the Board, Audit Committee, Remuneration Committee and Technology Committee at the Board meeting following election after the AGM. Additionally, the Board adopts instructions for the CEO, an approvals list, Finance Policy and instructions for trading in the company's shares. Enea's CEO and Executive Management Team bear operational responsibility for internal controls. Based on the Board's guidelines, as well as legislation and regulation of financial reporting, such as the Swedish Companies Act, the Swedish Annual Accounts Act, and the Swedish Code of Corporate Governance, the Executive Management Team has adopted the segregation of roles and duties for employees that work on financial reporting within the group. The group is divided into units, whose managers are responsible for performance against target and budget, as well as governance issues for their operations. Enea's organizational structure is communicated on the group's intranet, to clarify areas of responsibility and roles for everyone working on financial information. Enea has instructions for the group's staff, stating the authorization of each employee to take certain actions, such as approval and authorization policies. Enea also has a number of policies governing day-to-day work, laying a foundation of internal controls, such as its Finance Policy, Insider Policy (pursuant to the EU MAR), Authorization Policy, IT Policy, Sustainability Policy, and Corporate Communication Policy.

The group also has an Accounting and Financial Reporting Manual, stating the group's accounting policies, and providing reporting instructions. It also includes a schedule for ensuring the availability of consistent and accurate account information at the appropriate times.

The guidelines are updated regularly and communicated to those employees that work directly or indirectly on financial reporting. To safeguard internal controls, all critical governance documents are kept available on Enea's intranet, and in the company's document management system. Accordingly, all staff always have access to the relevant documents and policies. These documents are also classified by authorization level, depending on the roles of individual staff members. The Board receives monthly business reports. The Board analyzes these reports and potential actions are discussed at the following Board meeting. For urgent actions, the Chairman convenes additional Board meetings to consult on the relevant issue. Internal controls are monitored through a number of channels including the Accounting and QA function, Enea's General Counsel, the Delivery function, internal quality meetings, and at quarterly Audit Committee meetings. These functions work on the basis of various targets and control documents to assure the quality of the company's procedures and decision-making.

Risk Assessment

The objective of Enea's risk assessment is to safeguard the group's earnings performance and financial position. The Board approves the principles and guidelines governing the company's risk management, while the CEO and Executive Management Team bear operational responsibility. Regular risk assessments of the Executive Management Team and each business unit manager are conducted within Enea's monthly financial follow-ups, with actions taken as necessary. As stated above, Enea's organization is structured to manage, review, and evaluate internal controls. Internal controls are also covered in the company's planning and budgeting process, which involves a yearly review of the risks of operations. The Audit Committee and Board are responsible for analyzing and assessing these risks.

Control Activities

Enea's control environment is structured to manage the risks that the Board considers material to internal controls over financial reporting. The control environment is based on the company's organization having clear roles that enable effective segregation of duties, and control activities being capable of discovering and preventing risks of misstatements in financial reporting early.

Examples of activities and documentation for this purpose include:

- review conducted by Authorized Public Accountants in addition to the statutory audit
- governance and regular monitoring of the company's accounting
- financial and legal policies
- quarterly updates of the company's forecast
- regular monitoring and review of special segments
- the Board's quarterly review of business conditions, in terms of plans and budgets
- monitoring financial performance of the company's business units and products
- analysis of major transactions, cash flow, balance sheet, and future prospects
- the finance function reviews development projects with the development function, usually each month. Commercial viability and other criteria that new projects need to satisfy are discussed

Enea has had ISO certification since 2006. The company's product activities comply with the principles defined by ISO 9001:2015. Enea recertifies every third year, and follow-up audits are conducted in intervening years.

Information and Communication

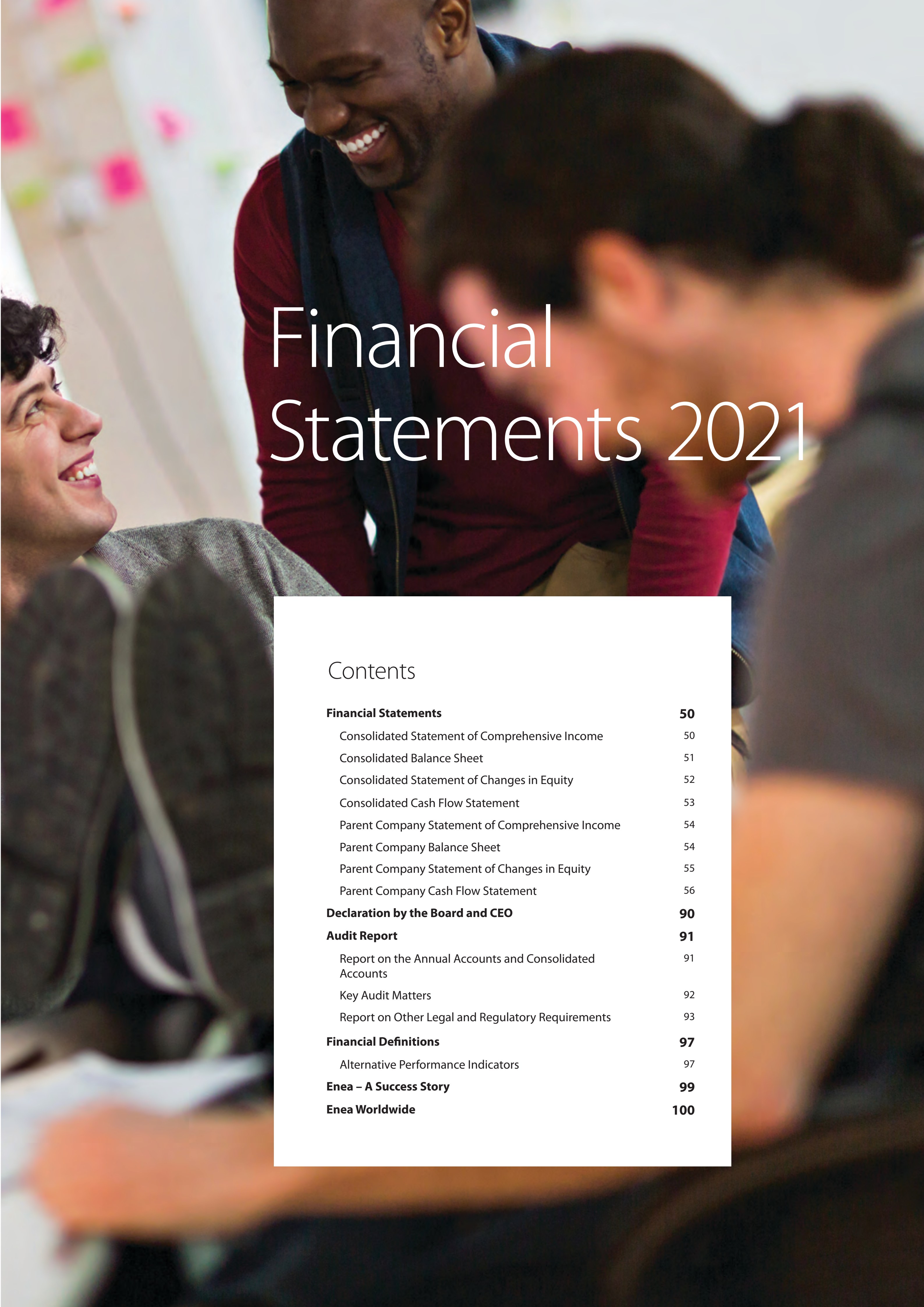
The governance documents (such as policies, guidelines and manuals) relating to financial reporting are communicated on Enea's intranet and document management system. Each governance document is owned by the department responsible for its content and any revisions.

Most communication is digital, and when necessary, departmental managers meet staff to inform, follow up, and evaluate. Communication of the Board of Directors' material is digital, through a verified and secure channel. The Board's and Executive Management Team's corporate communication rules are stated on pages 40-43.

Governance documents for internal and external corporate communication have been prepared to ensure compliance with disclosure liabilities, and to manage communication with internal and external stakeholders.

Follow-up

Enea's Finance functions within the group are integrated by a single, collective financial control system, and have shared accounting instructions. The company's marketing and sales function deals with current and potential customers in its customer relationship management system, which ensures that Enea's sales staff have access to the necessary information.
The company reports regularly to the Board and Audit Committee on compliance with the Code of Conduct and the export legislation that Enea is liable for compliance with, on a regular basis. Against the background of the size and nature of operations, and the current reporting procedures to the Board and Audit Committee, the Board does not consider that constituting a dedicated internal audit function would be justifiable. The internal controls reviewed above are considered sufficient to assure the quality of financial reporting.



Financial Statements 2021

Contents

Consolidated Statement of Comprehensive Income

SEK 000 (January 1 - December 31)	Note	2021	2020
Net sales	2,17	975,623	915,085
Other operating revenue		24,724	14,011
Total revenue		1,000,347	929,096
Operating expenses			
Cost of sold products and services		-350,668	-293,072
Gross profit		649,679	636,024
Sales and marketing expenses		-181,948	-202,466
Product development expenses		-136,963	-140,520
Administrative expenses		-114,805	-104,434
Operating profit*	3,4,5,6,7,10,11,21	215,963	188,604
Financial income		100,597	28,066
Financial expenses		-95,405	-52,518
Financial net	8	5,192	-24,452
Profit before tax		221,155	164,152
Tax	9	-20,891	-21,867
Profit after tax		200,263	142,284
Other comprehensive income reclassifiable to profit or loss			
Exchange differences		108,327	-149,372
Cash flow hedges, profit before tax		-3,224	3,025
Cash flow hedges, tax effect		664	-647
Other comprehensive income not reclassifiable to profit or loss			
Pension obligations		1,014	-1,143
Total comprehensive income for the year, net of tax		307,044	-5,852
Net profit attributable to equity holders of the parent		200,263	142,284
Comprehensive income attributable to equity holders of the parent		307,044	-5,852

*Non-recurring items included in operating profit	2021	2020
Operating profit, including non-recurring items	215,963	188,604
Restructuring costs	1,895	28,655
Wriite-down	20,100	-
Transaction costs for major acquisition	12,453	4,250
Operating profit, excluding non-recurring items	250,411	221,509
Earnings per share, SEK	9.30	6.63

Consolidated Balance Sheet

SEK 000 (December 31)	Note	2021	2020
Assets			
Intangible assets	10	2,276,433	1,692,569
Rights of use assets	7	36,919	41,973
Equipment, tools, fixtures and fittings	11	25,635	21,251
Derivative instruments	15	534	2,526
Deferred tax assets	9	24,704	19,438
Other long-term receivables		3,742	3,669
Total fixed assets		2,367,968	1,781,426
Accounts receivables	12	219,758	144,537
Tax receivables		30,686	41,829
Prepaid expenses and accrued income	13	182,070	153,741
Other receivables		20,145	14,770
Derivative instruments	14	1,302	2,667
Cash and cash equivalents	19	211,370	195,070
Total current assets		665,331	552,614
Total assets		3,033,299	2,334,041
Equity	15,26		
Share capital		24,431	24,431
Other paid-up capital		992,529	992,529
Reserves		75,057	-30,710
Retained earnings including profit for the year		683,992	501,230
Total equity		1,776,009	1,487,480
Provisions			
Other provisions		2,031	3,149
Total provisions		2,031	3,149
Long-term liabilities			
Deferred tax liabilities	9	124,320	96,005
Long-term liabilities, interest-bearing	24	469,829	291,680
Obligation for employee benefits	25	21,576	15,820
Long-term liabilities, lease obligations	7	21,412	26,053
Total long-term liabilities		637,137	429,558
Current liabilities			
Current liabilities, interest-bearing	24	268,832	142,177
Current liabilities, lease obligations	7	16,390	16,811
Accounts payables		24,552	14,515
Tax liabilities		2,945	859
Other liabilities	24	33,040	15,984
Accrued expenses and deferred income	17	272,363	223,508
Total current liabilities		618,122	413,854
Total equity and liabilities		3,033,299	2,334,041

Consolidated Statement of Changes in Equity

SEK 000 (January 1 - December 31)	Share Capital	Other paid-up capital	Reserves: Cash Flow Hedges	Reserves: Translation reserve	Retained Earnings incl. Profit for the year	Total equity
Opening equity, Jan 1, 2019	24,431	992,529	1,033	115,251	348,023	1,481,267
Comprehensive income						
Profit for the year					142,284	142,284
Other comprehensive income						
Cash flow hedges, profit befiore tax			3,025			3,025
Cash flow hedges, tax effect			-647			-647
Translation difference				-149,372		-149,372
Pension obligations					-1,143	-1,143
Total other comprehensive income			2,378	-149,372	-1,143	-148,137
Total comprehensive income			2,378	-149,372	141,141	-5,852
Transactions with equity holders						
Share savings program					13,810	13,810
Text					-1,744	-1,744
Total transactions with equity holders	-	-	-	-	12,066	12,066
Closing equity, Dec 31, 2019	24,431	992,529	3,411	-34,121	501,230	1,487,480
Opening equity, Jan 1, 2020	24,431	992,529	3,411	-34,121	501,230	1,487,480
Comprehensive income						
Profit for the year					200,263	200,263
Other comprehensive income						
Cash flow hedges, profit before tax			-3,224			-3,224
Cash flow hedges, tax effect			664			664
Translation difference				108,327		108,327
Pension obligations					1,014	1,014
Total other comprehensive income			-2,560	108,327	1,014	106,781
Total comprehensie income			-2,560	108,327	201,277	307,044
Transactions with equity holders						
Share savings program					3,155	3,155
Repurchase own shares					-21,670	-21,670
Total transactions with equity holders	-	-	-	-	-18,515	-18,515
Closing equity, Dec 31, 2020	24,431	992,529	851	74,206	683,992	1,776,009

Consolidated Cash Flow Statement

SEK 000 (January1 - December 31)	Note 19	2021	2020
Operating activities			
Profit before tax		221,155	164,152
Adjustment for non-cash items		158,261	121,149
Cash flow from operations before tax paid		379,416	285,301
Tax paid		-12,081	-5,401
Cash flow from operating activities before change in working capital		367,334	279,900
Cash flow from change in working capital			
Change in operating receivables		-12,215	-39,372
Change in operating liabilities		-21,376	33,640
Cash flow from change in working capital		-33,592	-5,732
Cash flow from operating activities		333,742	274,168
Investing activities			
Investments in intangible assets	10	-127,228	-113,078
Investments in property, plant and equipment	11	-13,331	-15,873
Investment/disposal of financial assets		2,138	-1,991
Acquisition of operations, net of cash	28	-379,357	-90,477
Cash flow from investing activities		-517,778	-221,419
*Financing activities***			
Borrowing		412,994	139,361
Amortization of loan		-181,490	-108,258
Amortization of lease liability		-18,292	-20,497
Settlement of share saving program		-21,670	-1,744
Cash flow from financing activities		191,542	8,862
Cash flow for the year		7,506	61,611
Cash and cash equivalents at beginning of year		195,070	146,147
Exchange rate difference in cash and cash equivalents		8,793	-12,687
Cash and cash equivalents at end of year		211,370	195,070

*Payments for acquisition of operation consisted of consideration for AdaptiveMobile Security (2021) and Aptilo (2020)

**Financing activities do not include any translation effects impacting cash flow

Parent Company Statement of Comprehensive Income

SEK 000 (January 1 - December 31)	Note	2021	2020
Net sales		51,198	43,333
Operating expenses			
Administrative expenses		-81,779	-82,632
Operating profit	3,4,5,6,7,10,11,21	-30,581	-39,299
Financial income		37,841	11,342
Financial expenses		-38,557	-9,706
Financial net	8	-716	1,636
Profit (loss) after financial net		-31,297	-37,663
Appropriations		30,536	37,005
Profit (loss) before tax		-760	-658
Tax	9	-	-
Profit (loss) for the year		-760	-658

Parent Company Balance Sheet

SEK 000 (December 31)	Note	2021	2020
Assets			
Intangible assets	10	543	814
Equipment, tools, fixtures and fittings	11	3,972	2,980
Participation in group companies	18	208,616	208,616
Total fixed assets		213,131	212,410
Receivables from group companies	20	1,416,543	1,108,686
Tax receivables		1,348	1,202
Prepaid expenses and accrued income	13	7,357	5,407
Other receivables		960	1,247
Cash and cash equivalents	19	33	6
Total current assets		1,426,241	1,116,548
Total assets		1,639,372	1,328,958
Equity	15		
Restricted equity			
Share capital		24,431	24,431
Non-restricted equity			
Share premium reserve		562,749	562,749
Retained earnings		246,059	265,204
Profit (loss) for the year		-760	-658
Total equity		832,479	851,726
Provisions			
Appropriations		2,734	3,666
Total provisions		2,734	3,666
Long-term liabilities			
Long-term liabilities interest-bearing	24	469,829	291,680
Total long-term liabilities		469,829	291,680
Current liabilities			
Current liabilities interest-bearing	24	267,293	137,538
Accounts payables		6,929	3,258
Liabilities to group companies	20	38,169	24,248
Other liabilities		1,195	992
Accrued expenses and deferred income	17	20,744	15,850
Total current liabilities		334,330	181,886
Total equity and liabilities		1,639,372	1,328,958

Parent Company Statement of Changes in Equity

	Restricted equity		Non-restrcted equity			
SEK 000 (January 1 - December 31)	Share Capital	Statutory Reserve	Share Premium Reserve	Retained earnings	Profit (loss) for the year	Total equity
Opening equity, Jan 1, 2020	24,431	-	562,749	253,138		840,318
Share savings program				13,810		13,810
Repurchase own shares				-1,744		-1,744
Profit for the year					-658	-658
Closing equity, Dec 31, 2020	24,431	-	562,749	265,204	-658	851,726
Opening equity, Jan 1, 2021	24,431	-	562,749	264,546		851,726
Share redemption program				28		28
Share savings program				3,155		3,155
Repurchase own shares				-21,670		-21,670
Profit for the year					-760	-760
Closing equity, Dec 31, 2021	24,431	-	562,749	246,059	-760	832,479

Parent Company Cash Flow Statement

SEK 000 (January 1 - December 31)	Note 20	2021	2020
Operating activities			
Profit (loss) before tax		-760	-658
Adjustment for non-cash items		-25,796	-22,035
		-26,556	-22,693
Tax paid		-146	-285
Cash flow from operating activities before change in working capital		-26,702	-22,978
Cash flow from change in working capital			
Change in operating receivables		-309,520	-50,707
Change in operating liabilities		22,689	8,099
Cash flow from change in working capital		-286,831	-42,608
Cash flow from operating activities		-313,533	-65,586
Investing activities			
Investments in intangible assets	10	-	-163
Investments in property, plant and equipment	11	-2,306	-1,402
Cash flow from investing activities		-2,306	-1,565
Financing activities			
Borrowing		409,224	134,152
Amortization of loan		-101,320	-67,000
Redemption program		28	-
Group contribution received/paid		29,604	-
Repurchase own shares		-21,670	-1,744
Cash flow from financing activities		315,866	65,408
Cash flow for the year		27	-1,743
Cash and cash equivalents at beginning of year		6	1,749
Cash and cash equivalents at end of year		33	6

Note 1 Accounting Policies

Amounts in SEK 000 unless otherwise stated.

Consistency with Standards and Legislation

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. The parent company applies the same accounting policies as the group except in the cases stated below in the section on "parent company accounting policies". The inconsistencies between the parent company's and the group's policies stem from the limited potential for applying IFRS to the parent company as a consequence of the Swedish Annual Accounts Act, and in some instances, for tax reasons.

Basis of Preparation of Parent Company's and the Group's Financial Statements

The parent company's functional currency is Swedish kronor (SEK) which is also the presentation currency of the parent company and the group. This means that the financial statements are presented in SEK. Assets and liabilities are recognized at historical cost, except certain financial assets and liabilities, which are measured at fair value. In order to prepare financial statements in accordance with IFRS, Management is required to make accounting judgements and estimates as well as assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on historical experience and other factors that are deemed reasonable in prevailing circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not otherwise clear from other sources. Actual outcomes may differ from these estimates and judgements. The estimates and assumptions are reviewed regularly. Changes to estimates are recognized in the period in which the change is made if the change has only affected that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods. When applying IFRS, assessments made by the Executive Management Team that have a significant impact on the financial statements and the estimates and which could result in material restatements of the financial statements of subsequent years are described in more detail in Note 23. The accounting policies stated below for the group have been applied consistently to all periods presented in the consolidated accounts unless otherwise stated. The group's accounting policies have been applied consistently for the recognition and consolidation of subsidiaries.

Changes in Accounting Policies and Disclosures

New and Revised Standards and Interpretations of Existing Standards Applied by the Group

The standards, amendments and interpretations that come into effect for the financial year beginning January 1, 2020 have no material impact on the consolidated financial statements.

New Standards, Amendments and Interpretations of Existing Standards That Have Not Been Applied Prospectively by the Group

A number of new standards, as well as amendments of interpretations and existing standards start to apply for financial years beginning after January 1, 2021. These standards are not mandatory, have no material impact on the Group, and accordingly, have not been applied.

Segment Reporting

The operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker (CODM). The CODM is that function responsible for allocating resources and evaluating the performance of segments. For the group, this function has been identified as the CEO. The group has applied IFRS 8 Operating segments effective January 1, 2009.

Classification, etc.

Non-current assets and non-current liabilities in the parent company and group essentially consist only of amounts expected to be recovered or paid after more than 12 months of the reporting date. Current assets and current liabilities in the parent company and group essentially consist only of amounts expected to be recovered or paid within 12 months of the reporting date.

Consolidation Policies

Subsidiaries

Subsidiaries are all companies that the group exerts is a controlling influence over. The group has controlling influence over a company when it is exposed, or has a right, to variable returns from its holdings in the company, and can affect these returns through its controlling influence in the company. Subsidiaries are included in the consolidated accounts effective the date the controlling influence transfers to the group. They are excluded from the consolidated accounts from the date the controlling influence ceases. The purchase method is used to recognize the group's business combinations. The purchase consideration for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities and the shares issued by the group. The consideration also includes the fair value of all assets or liabilities resulting from an agreement concerning a contingent consideration. Acquisition-related costs are expensed as they arise. Identifiable acquired assets and assumed liabilities in a business acquisition are initially measured at fair value on the date of acquisition. For each acquisition, the group determines whether all non-controlling interests in the acquired entity are recognized at fair value or at the proportionate share of net assets of the acquired entity. The amount by which the transferred consideration, any non-controlling interests and the fair value of previous shareholdings on the date of transfer exceeds the fair value of the group's share of identifiable acquired net assets, is recognized as goodwill. When the difference is negative, it is recognized directly in profit or loss. Intra-group receivables, liabilities, income or expenses and unrealized gains or losses attributable to intra-group transactions are eliminated when the consolidated accounts are prepared. Unrealized losses are eliminated in the same way as unrealized gains.

Foreign Currency

Transactions in Foreign Currency

Transactions in foreign currency are translated to the functional currency at the rate of exchange ruling on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at closing day rates. Exchange differences occurring in translations are recognized in profit or loss. Exchange differences on non-monetary assets and liabilities are recognized in operating profit or loss, and exchange differences on monetary assets and liabilities are recognized in financial net. Non-monetary assets and liabilities recognized at historical cost are translated at the rate of exchange ruling on the transaction date. Non-monetary assets and liabilities recognized at fair value are translated to the functional currency at the rate of exchange ruling at the time of fair value measurement, the change in exchange rate is then recognized in the same way as other value changes relating to the asset or liability. The functional currency is the currency in the primary economic environments where companies conduct operations. The group's constituent companies are the parent company and subsidiaries. The parent company's functional currency, and presentation currency, is Swedish kronor. The group's presentation currency Swedish kronor.

Financial Statements of Foreign Operations

Assets and liabilities in foreign operations including goodwill and other consolidated surplus values and deficits, are translated to Swedish kronor at closing day rates. The revenues and expenses of a foreign operation are translated to Swedish kronor at an average rate of exchange that is an approximation of the rates at each transaction date. Translation differences arising on currency conversion of foreign operations are recognized in other comprehensive income. When selling a foreign operation, the accumulated translation differences attributable to the operation are realized. Accumulated translation differences are presented as a separate category and the 'reserves' item and contain translation differences accumulated from January 1, 2004 onwards. Accumulated translation differences prior to January 1, 2004 are allocated between other equity categories and are not disclosed separately.

Revenue

The group generates revenue from sales of software and services, and applies IFRS 15 Revenue from Contracts with Customers effective January 1, 2018. The following are the criteria for recognizing the revenue from licenses and, wherever appropriate, the revenue from services:

- A written contract signed by both parties.
- Delivery has occurred, and control has transferred to the customer.
- The license fee must be a fixed amount or calculated using a reliable method, and no withdrawal options are available.
- It is probable that payment will be received.

Software Sales

Sales of software generate revenue in the form of license fees, buyouts (the customer purchases the product for an unlimited time), royalties and revenue for support and maintenance. When Enea is entitled to recognize revenue, a contract asset/accrued income arises. The contract assets transfer to a receivable from a customer when all the criteria regarding the rights to invoice the customer are satisfied.

Developer Licenses and Buyouts

A license is a performance obligation. When the customer develops a product, a developer license is paid to Enea. Developer licenses are normally priced per development engineer. The customer can decide to purchase a time-based or perpetual license. For both developer licenses and buyouts, income is recognized when delivery of the software has been completed, and the customer has control over the good. Income from time-based license fees is accrued over the contract period on a straight-line basis, because during the contract term, the customer is dependent on continuous upgrades and modifications in order to use the license, while the revenue from perpetual license fees and buyouts is recognized at delivery when no performance obligations remain. Support and maintenance are sold in part separately from, and in part together with, the licenses. Separate maintenance contracts normally have a term of 12 months and the income is allocated on a straight-line basis over the contract term. In the sale of perpetual developer licenses, support and maintenance is included in the license fee, as is entitlement to continuous upgrades. In respect of such multi-component contracts, revenue from license sales is recognized in the amount representing the independent sales price of the license in relation to the total sales price pursuant to the contract on delivery of the license. Revenue from the service component, which corresponds to the independent sales price of the service component in relation to the total contracted sales price, is allocated over the service period. The independent sales price of each component is measured on the basis of current market prices of these components when sold separately. Discounts are allocated proportionally to each separate performance obligation (license and support/maintenance). Enea also sells Software as a Service, where the software is cloud-based and the customer pays for the usage.

Production Licenses (Royalties)

In order to deliver a finished product containing Enea's technology, the customer signs a production license. This may be time-based or perpetual and often consists of royalties, i.e. a revenue item per sold unit. Royalties are recognized when full delivery has occurred, and when performance obligations are considered satisfied.

Services

The revenue from service assignments rendered on open account is recognized as work is completed. The revenue from services that are based on a functional undertaking are recognized on a straight-line basis over the contract term during which the services are rendered. A functional undertaking involves a service function with an indefinite number of services that are to be maintained over a specific period. Revenue from projects that are executed on a fixed-fee basis is recognized by degree of completion, which is determined based on contract costs incurred in relation to estimated contract costs for the whole contract in accordance with the percentage of completion method. If a loss risk is deemed to exist, individual allowances are posted continuously.

Government Grants

Government grants are recognized at fair value when there is reasonable certainty of the grant being received, and if possible, in the same period as the related expense is reported. Government grants related to Covid-19 of SEK 9.7 (2.1) million and research and development grants of SEK 6.1 (0) million are included in the other operating income revenue item for the financial year 2021 Government grants based on the year's research and development expense in the form of a reduction of income taxes payable of SEK 3.5 (8.9) million was received in France. Two central government Covid-related loans of SEK 9.7 million in the US to cover operating expenses were waived. There were no unsatisfied covenants or contingencies associated with these grants. The group has not received any other form of government grant.

Operating Expenses and Financial Income and Expenses

Expenses for Leases

The group leases offices, office equipment and vehicles. Usually, leases have fixed periods of between six months and five years, although there may also be extension options. Effective January 1, leases are recognized as rights of use with the corresponding liability. Assets and liabilities from leases are initially recognized at present value, with payments discounted with the lessee's incremental borrowing rate. The incremental borrowing rate is the interest rate that the individual lessee would pay to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment, with similar terms and conditions and security. Lease payments are allocated between amortization of the liability and interest. Interest is recognized in profit or loss over the lease period in a way that implies a fixed rate of interest for the lease liability being recognized in the period. Assets with right of use are measured at cost, are amortized over the lease term and include the following:

- The amount the lease liability was originally measured at
- Lease payments made at or before the commencement date, after deducting for any benefits received in tandem with entering the lease
- Initial direct expenditure
- Expenditure to maintain the asset in the condition stipulated by the terms and conditions of the lease

Expenses for operating leases of low individual value and with periods of less than 12 months are recognized in profit or loss on a straight-line basis over the lease period. A number of the group's arrangements include options to extend and cancel leases. Most of these extension options have not been included in the lease liability because the group can replace these assets without incurring material expenses or disrupting operations.

Financial Income and Expenses

Financial income and expenses may consist of interest income on bank balances and receivables, and fixed-income securities, interest expenses on loans, dividend income, exchange differences, unrealized and realized gains on financial investments and derivative instruments used in financing activities. Interest income on receivables and interest expenses on liabilities is computed by applying the effective interest method. Effective interest is the rate that makes the present value of all future payments received and made during the fixed-interest period equal to the carrying amount of the receivable or liability. Interest income includes allocated amounts of transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received when due. The group does not capitalize interest in the cost of assets because the group's development projects do not have a period of longer than one year.

Financial Instruments

Financial instruments recognized in the Balance Sheet include, on the assets side, financial assets held for sale, other long-term receivables, cash and cash equivalents and accounts receivable, and, on the liabilities and equity side, accounts payable and other current and non-current liabilities. A financial asset or financial liability is recognized in the Balance Sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are recognized in the Balance Sheet when the invoice has been sent. Accounts payable are recognized in the Balance Sheet when the invoice has been received. A financial asset is derecognized from the Balance Sheet when the contractual rights have been realized, expire or the company loses control over them. Spot purchases and sales of financial assets are recognized on the transaction date, which is the date on which the company delivers the asset. A financial liability is derecognized from the Balance Sheet when the contractual obligation has been fulfilled or is in some other way extinguished. The fair value of quoted financial assets corresponds to the highest price paid quoted for the asset on the reporting date. Should no such price be available, valuation takes place through generally acceptable methods, such as discounting of future cash flows to the market interest rate for the relevant maturity. For short-term loans and investments, the fair value is assumed to correspond to book value since a change in market interest rates would not have a material effect on market value. Financial assets and liabilities are offset and recognized in a net amount in the Balance Sheet only when a legal right exists to offset the items and there is an intention to settle the amount net, or to simultaneously realize the asset and settle the liability. Financial assets and liabilities are divided into the following categories according to IAS 39.

Loans and Accounts Receivable

This category includes financial assets that are not derivative instruments, with fixed or determinable payments, and that are not listed on an active market. These receivables arise when money, goods or services are provided directly to another party without an intention to trade in the receivables. The assets in this category are measured at amortized cost, less any provision for value depletion. The category includes accounts receivable and cash and cash equivalents.

Accounts Receivable

When the estimated maturity of accounts receivable is short, recognition occurs in the amount expected to flow in based on an individual assessment of doubtful receivables and without discounting, according to the method for recognizing amortized cost. Any impairment losses on accounts receivable are recognized in operating profit. According to IFRS 9, a credit loss reserve based on expected credit losses should be recognized. The group has recognized the transition prospectively, considering historical credit losses over a business cycle, and concludes that there is no reason to create a general impairment allowance. However, accounts receivable are impaired based on individual tests.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash at financial institutions and short-term investments with an original maturity of less than three months. Cash and cash equivalents are recognized at nominal amount.

Financial Assets Held for Sale

Financial assets held for sale are assets that are not derivatives and where the assets have been identified as being held for sale or have not been classified in any other category. The assets form part of non-current assets unless management intends to sell the asset within 12 months of the end of the reporting period.

Financial Liabilities Measured at Fair Value through Profit or Loss

This category includes assets intended for sale in the short term. Derivatives with positive market value are included in this category if not used for hedge accounting. Investments in corporate bonds and unit trusts are also included in this category. Assets in this category are recognized continuously at fair value and value changes are recognized in profit or loss. No financial derivative instruments were classified in this category in the year.

Financial Liabilities Measured at Fair Value through Profit or Loss

This category includes derivative instruments with a negative market value if they are not subject to hedge accounting. Similarly, it includes financial liabilities held for sale. The liabilities in this category are measured continuously at fair value and the changes in value are recognized in profit or loss. During the year, no financial derivatives were classified in this category.

Recognition of Derivatives Used in Hedge Accounting

All derivatives are measured initially and then continuously at fair value in the Balance Sheet. Gains or losses arising from the re-measurement of derivatives are used for hedging purposes as follows. Changes in value pertaining to cash flow hedges are recognized in other comprehensive income and entered in profit or loss at the pace at which the hedged cash flow impacts profit or loss. Any ineffective component is recognized directly in profit or loss. Gains losses arising from the re-measurement of derivatives intended as fair value hedges are recognized in profit or loss together with changes in the fair value of the receivable or liability that is exposed to the hedged risk. To qualify for hedge accounting, certain documentation is required concerning the hedging instrument and its relationship to the hedged item. The group also documents objectives and strategies for risk management and hedging measures together with an assessment of how effective the hedging relationship is in terms of evening out changes in fair value or cash flow for hedged items, both when the hedge is initiated and in continuous recognition.

Financial Liabilities Measured at Amortized Cost

This category includes financial liabilities that are not held for trading, such as accounts payable and loan liabilities. These are initially recognized at fair value, net, after transaction costs and subsequently at amortized cost, applying the effective interest rate method.

Loans and Accounts Payable

The measurement policy used for loans and accounts payable is amortized cost. Since the expected maturity of loans and accounts payable is short, such liabilities are recognized at a nominal amount without discounting. Liabilities that fall due within 12 months are classified as current liabilities.

Financial instruments per category

Text	Financial assets measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Assets measured at amortized cost	Total
December 31, 2021				
Assets in the Balance Sheet				
Derivative instruments	-	1,836	-	1,836
Accounts receivables and other receivables, excluding interim receivables	-	-	283,301	283,301
Cash and cash equivalents	-	-	211,370	211,370
	-	1,836	494,671	496,507
December 31, 2020				
Assets in the Balance Sheet				
Derivative instruments	-	5,193	-	5,193
Accounts receivables and other receivables, excluding interim receivables	-	-	183,086	183,086
Cash and cash equivalents	-	-	195,070	195,070
	-	5,193	378,156	383,349

	Financial liabilities measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Liabilities measured at amortized cost	Total
December 31, 2021				
Liabilities in the Balance Sheet				
Liabilities to credit institutions	-	-	738,661	738,661
Liabilities lease obligations	-	-	37,802	37,802
Accounts payables and other liabilities, excluding financial liabilities	-	-	57,592	57,592
	-	-	834,055	834,055
December 31, 2020				
Liabilities in the Balance Sheet				
Liabilities to credit institutions	-	-	433,857	433,857
Liabilities lease obligations	-	-	42,864	42,864
Accounts payables and other liabilities, excluding financial liabilities	-	-	30,499	30,499
	-	-	507,220	507,220

Allocation by level in fair value measurement as of 31 December

2021	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging purposes				
Receivable currency derivatives	-	1,836	-	1,836
Total 2021	-	1,836	-	1,836

2020	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging purposes				
Receivable currency derivatives	-	5,193	-	5,193
Summa 2020	-	5,193	-	5,193

Cash and Cash Equivalents

The subcomponents included in cash and cash equivalents are cash, bank and special deposits or commercial paper with an insignificant risk of fluctuations in value and that can easily be converted into cash and cash equivalents, and which have a maturity of no more than three months from acquisition date.

Cash and cash equivalents	2021	2020
Cash and cash equivalents	211,370	195,070
Total	211,370	195,070

Accounts Payable and Other Liabilities

Accounts payable are unsecured and normally paid within 30 days. The fair value of accounts payable and other liabilities is considered equal to their carrying amounts, because they are inherently short term.

Current liabilities	2021	2020
Accounts payable	24,552	14,515
Other liabilities	33,040	15,984
Total	57,592	30,499

Borrowing

	2021		
	Short-term	Long-term	Total
Unsecured loans			
Overdraft facility	36,973		36,973
Bank loans	231,859	469,829	701,688
Total	268,832	469,829	738,661

	2020		
	Short-term	Long-term	Total
Unsecured loans			
Overdraft facility	36,218	-	36,218
Bank loans	105,959	291,680	397,639
Total	142,177	291,680	433,857

Intangible Assets

Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value of the acquired assets, assumed liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairment. Goodwill is divided between cash-generating units and is impairment tested at least yearly.

Research and Development

Research expenses aimed at obtaining new scientific or technical knowledge are recognized as an expense when they arise.

Development expenditure, where the research results are aimed at achieving new or improved products or processes, is recognized as an asset in the Balance Sheet when the following criteria have been fulfilled:

- it is technically feasible to complete the asset,
- the company intends to complete the asset and use or sell it,
- the company has sufficient resources to complete development,
- the asset is expected to generate future economic benefits,
- it is possible to measure the expenditure required to complete the asset reliably.

The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure attributable to the asset in a reasonable and consistent manner. Other development costs are recognized as expense in profit or loss when they arise. The development expenditure recognized in the Balance Sheet is booked at cost, less accumulated amortization and impairment losses.

Other Intangible Assets

These consist mainly of trademarks and brands, licenses and contractual customer relations arising through business combinations. The assets are recognized at fair value on the acquisition date less accumulated amortization.

Amortization Policies

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of the intangible assets, assuming that useful life is not indeterminable. Goodwill is impairment tested on a quarterly basis or as soon as there are indications that the asset in question has declined in value. Amortizable intangible assets are amortized as of the date on which they become available for use. The estimated useful life of capitalized development expenditure is between 3 and 5 years. Acquired product rights are amortized over 5-10 years, while acquired contractual customer relations are amortized over 7-10 years.

Property, Plant and Equipment

Owned Assets

Property, plant and equipment are recognized as assets in the Balance Sheet when it is probable that the future economic benefits associated with the holding will flow to the company and that the cost of the asset can be measured reliably. Property, plant and equipment are recognized at cost in the group less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to bringing the asset to the site and condition required for it to be used in accordance with the aim of the purchase. Examples of directly attributable expenses included in cost are expenses for delivery and handling, installation, consultancy services and legal services.

Depreciation Policies

Depreciation is on a straight-line basis over the asset's estimated useful life. The estimated useful life of property, plant and equipment such as equipment, tools, fixtures and fittings is 5 years. The useful life and residual value of assets are tested yearly.

Impairment

The carrying amounts of the group's assets, with the exception of deferred tax assets and financial assets, are impairment tested at each reporting date. If there is any indication of impairment, the recoverable amount of the asset is calculated. For the exempted assets as stated above, the carrying amounts are tested in accordance with the relevant standard. For goodwill and intangible assets, which are not yet ready for use, the recoverable amount is measured yearly. If it is not possible to determine essentially independent cash flows for an individual asset, the assets are grouped at the lowest level at which it is possible to identify essentially independent cash flows (known as a cash-generating unit). An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment is recognized as an expense in profit or loss. Impairment of assets identified for a cash-generating unit (group of units) is allocated initially to goodwill. Subsequently, proportional impairment of other assets included in the unit (group of units) is conducted.

Measurement of Recoverable Amount

The recoverable amount is the greater of the fair value less selling expenses and value in use. When measuring value in use, future cash flow is measured using a discount rate that takes into account risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are essentially independent of other assets, the recoverable amount is measured for the cash-generating unit to which the asset belongs.

Amortization Policies

Amortization is recognized on a straight-line basis in profit or loss over the estimated useful life of the intangible assets, assuming that useful life is not indeterminable. Goodwill is impairment tested on a quarterly basis or as soon as there are indications that the asset in question has declined in value. Amortizable intangible assets are amortized as of the date on which they become available for use. The estimated useful life of capitalized development expenditure is between 3 and 5 years. Acquired product rights are amortized over 5-10 years, while acquired contractual customer relations are amortized over 7-10 years.

Employee Benefits

Pensions

Obligations regarding fees for defined-contribution plans are recognized as expenses in profit or loss when they arise. All pension solutions in foreign subsidiaries, with the exception of Qosmos in France and Enea Germany, are classified and recognized as defined-contribution plans, which means that the group's profit (loss) is charged with pension expenses in pace with vesting benefits. Salaried employees in Sweden are covered by the ITP plan, which is recognized as a defined-contribution pension plan. Obligations for retirement pensions and survivors' pensions for salaried employees in Sweden are covered by an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer, defined-benefit plan. Alecta is unable to provide Enea or other Swedish companies with sufficient information to determine an individual company's share of the total commitment and its plan assets. Accordingly, ITP pension plans covered by insurance with Alecta are recognized as defined contribution. This plan is being financed on an ongoing basis through pension insurance policies. Alecta's surplus can be distributed to the policyholders and/or the insured. The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19. Salaried employees in Qosmos France and Enea Germany are covered by a defined-benefit pension plan. The group's net obligation for defined-benefit plans is calculated by estimating future compensation accrued by employees in the current and earlier periods. This remuneration is discounted to present value. The liability for defined-benefit pension plans posted to the Balance Sheet corresponds to the present value of the defined-benefit obligation. Revaluation gains (losses) resulting from experience-based restatements and changes in actuarial assumptions are reported in other comprehensive income in the period in which they arise. Costs relating to employment in earlier periods are recognized directly in profit or loss.

Remuneration on Termination

In conjunction with notice of employment termination, a provision is recognized only if the company is contractually obligated to terminate an employment position before the normal time, or when payments are made as an offering to encourage voluntary termination. For cases in which the company implements personnel cutbacks, a detailed plan is prepared that covers at least the workplace concerned, positions, and the approximate number of affected employees and disbursements for every personnel category or position, as well as a time schedule for the plan's implementation.

Remuneration of Senior Executives

The guidelines for remuneration of senior executives are adopted by the Annual General Meeting. For the Executive Management Team, salaries and other employment conditions are applied based on market conditions. In addition to basic annual salaries, members of the group's Executive Management Team receive variable remuneration based on earnings performance in relation to predetermined targets. Remuneration of certain senior executives within the Enea group can also be paid in the form of share-based payment.

Share-based Payment

The group has three outstanding incentive programs from which payments are made in the form of shares, with the company receiving services from employees as payment for the group's equity instruments (shares). The fair value of the service that provides the employees with entitlement to granting of equity instruments is expensed over the vesting period. The Share Savings Program is measured using conventional models. For more information on the incentive program, also refer to Note 21.

Provisions

A provision is recognized in the Balance Sheet when the group has an existing legally enforceable or constructive obligation resulting from an event that has occurred, and it is probable that an outflow of economic resources will be required to fulfil the obligation and the amount concerned can be reliably estimated. If the effect of when payment is made is significant, the provision is measured by means of discounting of the anticipated future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Restructuring

A provision for restructuring is recognized when the group has established a detailed and formal restructuring plan, and restructuring has either been commenced or announced publicly. No provisions are made for future operating expenses.

Onerous Contracts

A provision for onerous contracts is recognized when the anticipated rewards the group expected to receive from a contract are less than the unavoidable expenses to satisfy obligations pursuant to contract.

Taxes

Income taxes comprise current tax and deferred tax. Income tax is recognized in profit or loss, except when the underlying transaction is recognized directly against equity, in which case the related tax effect is recognized in equity. Current tax is tax to be paid or recovered for the current year using the tax rates already enacted or substantively enacted at the reporting date, including restatements of current tax attributable to earlier periods. Deferred tax is computed in accordance with the balance sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. The following temporary differences are not taken into account: temporary differences arising upon initial recognition of goodwill; initial recognition of assets and liabilities that are not business combinations and which at the time of the transaction did not affect either recognized or taxable gains. Temporary differences attributable to participations in subsidiaries that are not expected to be reversed in the foreseeable future are not taken into account. Measurement of deferred tax is based on how the carrying amount of underlying assets or liabilities is expected to be recovered or settled. Deferred tax is measured using the tax rates and regulations enacted or substantively enacted at the reporting date. Deferred tax assets pertaining to deductible temporary differences and tax loss carry-forwards are only recognized insofar as they are likely to be utilized in the future. The value of deferred tax assets is reduced when it is no longer probable that the assets can be utilized. Any additional income tax relating to dividends is recognized at the same date as the dividend is recognized as a liability.

Financial Risks

The greatest financial risks are liquidity risk, currency risk and interest rate risk. Enea has a Finance Policy established by the Board of Directors, which sets a framework of guidelines for managing financial risks. A detailed description of the financial risks is presented in the Directors' Report.

Earnings per Share

The measurement of earnings per share is based on consolidated profit for the year attributable to equity holders of the parent and on the weighted average number of shares outstanding during the year. When measuring earnings per share after dilution, earnings and the average number of shares is restated to take into account the dilutive effects of potential ordinary shares, which arise during reported periods from convertible debentures and warrants issued to employees. Dilution occurs only when the exercise price is lower than the share price. The exercise price is adjusted by means of a supplement for the value of future services linked to the equity-settled stock option programs recognized as share-based payments pursuant to IFRS 2.

Contingent Liabilities

A contingent liability is recognized when there is a possible obligation deriving from events that have occurred whose existence can only be confirmed if one or more uncertain future events occur or when there is a commitment that has not been recognized as a liability or entered as a provision because it is not likely that an outflow of resources will be required.

Parent Company's Accounting Policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act.

(1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the parent company, as the legal entity, must apply all of the EU-endorsed IFRS and statements insofar as possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation indicates the exemptions and supplements that are to be made compared with IFRS. The differences between the group's and parent company's accounting policies are described below.

Differences between the Group's and Parent Company's Accounting Policies

The differences between the group's and parent company's accounting policies are reviewed below. The accounting policies stated below for the parent company were applied consistently in all periods presented in the parent company's financial statements.

Subsidiaries

Participations in subsidiaries are recognized in the parent company in accordance with the cost method. Dividends received are only recognized as revenue if they are derived from profits earned after acquisition. Dividends in excess of such earnings are regarded as repayment of the investment and reduce the carrying amount of the participating interest.

Dividends

Dividends to the parent company's shareholders are recognized as liabilities in the consolidated financial statements for the period in which the dividend is approved by the parent company's shareholders. Anticipated dividends from subsidiaries are recognized if the parent company has sole entitlement to decide on the size of the dividend and the parent company has made a decision on the size of the dividend before the parent company has published its financial statements.

Taxes

The parent company recognizes untaxed reserves including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liabilities and equity.

Group Contributions and Shareholder Contributions for Legal Entities

Shareholder contributions are entered directly in the equity of the recipient and are capitalized in shares and participations by the donor, to the extent that impairment is not required. Due to the correlation between recognition and taxation, group contributions paid by the parent company to subsidiaries are recognized as a financial cost in profit or loss. Group contributions received are recognized as appropriations. The tax effect is recognized in accordance with IAS 12.

Note 2 Nature of Income and Operating Segment Reporting

Operating segments are reported consistent with internal reporting to the chief operating decision maker (CODM). The CODM is the function responsible for allocating resources and evaluating the performance of segments. In the group, this function has been identified as the CEO, and Enea reports the whole operation as a single segment.

Net sales by market segment	2021	2020
Telecom/OEMs	337,815	386,921
Telecom/operators	338,959	214,498
Enterprise	261,906	294,098
Other	36,943	19,568
	975,623	915,085

Net sales by product group	2021	2020
Operating Systems	137,048	176,619
Network Solutions	726,157	603,948
Software Development Services	112,418	134,518
	975,623	915,085

Net sales by region	2021	2020
Sweden	59,505	92,538
Americas	368,663	332,899
EMEA excluding Sweden	464,960	414,787
Asia	82,495	74,861
	975,623	915,085

Fixed assets by region	2021	2020
Sweden	420,519	457,184
Americas	957,258	835,543
Ireland	487,028	-
France	387,601	382,099
Rest of Europe and Asia	49,664	38,994
	2,302,070	1,713,820

Other operating revenue	2021	2020
Exchange gains on operating receivables/liabilities	7,999	11,288
Government grants	15,843	2,063
Other	882	660
	24,724	14,011

Enea has a few major customers that account for a significant share of the company's sales. One of the company's customers account for 10 percent or more of the company's sales, with a share of 12 (16) percent respectively of the company's sales. Sales by geographical market are based on customers' geographical domicile.

Note 3 Exchange Gains and Exchange Losses

	2021	2020
GROUP		
Exchange gains on operating receivables/liabilities	7,999	11,288
Exchange losses on operating receivables/liabilities	-5,066	-15,724

	2021	2020
PARENT COMPANY		
Exchange gains on operating receivables/liabilities	-	-
Exchange losses on operating receivables/liabilities	-	-

Note 4 Employees and Other Senior Executives

The Annual General Meeting (AGM) in May 2021 resolved on the following guidelines for remuneration of senior executives:

Who the Guidelines Cover, and their Applicability

These guidelines for remuneration of senior executives cover the Chief Executive Officer and other members of group management. The guidelines should be applied to compensation agreed, and amendments to compensation previously agreed, after the guidelines have been adopted by the AGM 2021. Regarding employment terms in other legislatures than Sweden, the relevant adaptations should be made to comply with mandatory local regulation or practice, in order for the overall purpose of these guidelines to be met. These guidelines do not cover compensation resolved by the AGM. The Board of Directors is entitled to temporarily depart from these guidelines wholly or partly if there are special reasons for this in an individual case, and a departure is necessary to serve the company's long-term interests and sustainability, or to ensure the company's profitability. If such departure occurs, this should be stated in the Remuneration Report at the following AGM. These guidelines apply to the period from the AGM 2021 onwards. Matters regarding departure from the guidelines should be subject to consultation by the Remuneration Committee, and decision by the Board of Directors.

The Guidelines' Promotion of the Company's Business Strategy, Long-term Interests and Sustainability

Enea's ambition is to be a global software company, with a strong and leading position in those markets that it addresses, with yearly sales growth, high profitability and healthy cash flows. Organic growth is the foundation of operations, and work is ongoing to develop, rationalize and optimize it. Strategic and complementary acquisitions will be continuously screened, and if considered to add value for customers and shareholders within a well-considered risk level, Enea will attempt to execute such acquisitions. Enea's target is to maintain an EBIT margin of over 20 percent per year. EBIT margin will vary during quarters, keeping pace with growth. Growth and earnings will vary between years and quarters, mainly depending on how individual deals occur, and the progress of royalty streams. For more information on Enea's strategy, see www.enea.com
The Board of Directors' opinion is that the company's ability to attract, motivate and retain high-performing staff and managers is critical for successful implementation of the company's business strategy and protection of the company's long-term interests, including sustainability. This entails the company being able to offer competitive benefits packages. Total compensation should contain a variable component linked to the individual performance of staff and managers, but that is also synchronized with the company's profitability and long-term sustainability.

Forms of Compensation, etc.

Remuneration and other employment terms of senior executives should be at market levels. Remuneration consists of basic salary, variable remuneration and pensions. Additionally – and independent of these guidelines – the AGM is entitled to resolve on share or share price-based payments.

Fixed Basic Salary

The basic salary of the CEO and other senior executives is subject to yearly review. For the CEO, fixed basic salary may represent a maximum of 60 percent of total compensation excluding the LTIP (long-term incentive program) and assuming a 50 percent outcome of the STIP (short-term incentive program). For other senior executives, fixed basic salary may represent a maximum of 90 percent of total compensation excluding LTI, and assuming a 50 percent outcome of the STIP.

Short-term Incentive Program (STIP)

Enea's STIP has three parts. Two of these parts relate to the company achieving specific targets, while one is determined by the achievement of individual targets. The majority of compensation is linked to the company's financial targets, while the individual part of compensation corresponds to a lesser proportion of them. The criteria applied relate to the company's targets for sales and EBIT, pursuant to the adopted annual financial statement. The criteria applying to the individual targets should be formulated prior to the end of the first quarter of the financial year the compensation relates to, and should be as specific as the criteria relating to the company's targets. The criteria are designed to promote the company's business strategy, long-term interests, as well as sustainability, and accordingly, the company's long-term value creation. The outcome of compensation is subject to consultation by the Remuneration Committee, and decided by the Board of Directors for the CEO. For other senior executives, the outcome of compensation is consulted and decided by the Remuneration Committee. Payment of compensation is as soon as possible after the Board meeting where the company's annual financial statement is adopted for the vesting year. Variable remuneration is not pensionable, nor used to calculate vacation pay. The company is not entitled to reclaim this compensation. For the CEO, the STIP may be a maximum of 100 percent of fixed basic salary, and may be a maximum of 50 percent of total compensation excluding the LTIP. For other senior executives, the STIP may be a maximum of 150 percent of fixed basic salary, and may be a maximum of 60 percent of total compensation excluding the LTIP.

Long-term Incentive Program (LTIP)

Senior executives are eligible for incentive programs that are basically share, or share price, related. An incentive program should be designed to increase participants' commitment to the company's progress, and be implemented on market terms. Share and share price-related incentive programs are subject to AGM resolution, and accordingly, are not covered by these guidelines.

Pension

The CEO's agreed retirement age is 67, and other senior executives do not have any specifically agreed retirement ages. All pension benefits of senior executives are defined contribution. This means that for senior executives, the company pays individually agreed defined contribution pension premiums. Apart from these pension benefits, the company has no pension obligations to senior executives. For the CEO, pension will be a maximum of 20 percent of total compensation excluding LTIP, assuming a 50 percent outcome from the STIP. For other senior executives, pension will be a maximum of 30 percent of total compensation excluding the LTIP, and assuming a 50 percent outcome from the STIP. Senior executives employed in countries other than Sweden are subject to local pension plans in their respective home countries. Such plans are consistent with those offered to other employees in the same countries. Accordingly, in terms of retirement age and any additional pension obligations, there may be some variation in employment terms in other legislatures than Sweden where mandatory local regulation or practice requires, and accordingly, the overall purpose of these guidelines should still be met.

Notice Period and Severance Pay

The employment or service contracts of senior executives should apply until further notice, or for a specific period. For the CEO, a six-month notice period applies for termination by the company. In addition to dismissal pay, the CEO is entitled to severance pay of six times fixed monthly salary. During the notice period, the employment contract and associated benefits apply. For other senior executives, maximum notice periods of nine months apply to termination by the company. Apart from dismissal pay, other senior executives are not entitled to severance pay. Applicable employment contracts and associated benefits apply during notice periods. Where severance pay is due, no other benefits are payable after the end of the notice period.

Salary and Employment Terms of Employees

Consultation on the Board of Directors' proposal on guidelines for remuneration of senior executives considers salary and employment terms of the company's employees. Information on employees' total compensation, the components of such compensation, as well as increases and rates of increase of compensation over time, have been collated and served as part of the decision-support data for the Remuneration Committee and the Board of Directors when appraising the reasonableness of the guidelines and their ensuing limitations.

The Board of Directors' Proposed Guidelines for Remuneration of Senior Executives

The Board of Directors proposes that the AGM approves guidelines for senior executives with the following amendments to the guidelines applicable in 2021:

"Pension for the CEO is decided by the Board of directors based on remuneration committee proposal and is 30 percent of total salary. Other senior executives in Sweden are entitled to pension within the ITP- plan with an expected retirement age of 65 and the pension premiums are related to the employee´s salary. Pension premiums are paid on a regular basis"

	2021		2020	
Average number of employees	Total	Of which men, %	Total	Of which men, %
Parent company	15	59	15	66
Subsidiaries	693	81	619	77
Group total	708	81	634	77
of which:				
Sweden	68	86	44	79
US	57	77	57	75
Romania	204	70	231	62
China	4	75	4	75
Japan	5	100	4	100
France	57	83	58	84
Germany	12	91	12	88
UK	68	88	63	87
Ireland	25	78	-	-
Croatia	90	87	83	85
Austria	9	89	9	88
Spain	5	100	5	79
Canada	7	89	3	100
Text	5	78	4	100
India	82	84	56	86
Other countries	12	100	1	100
Group total	708	81	634	77
Gender division in executive management team				
Board of Directors	7	57	7	57
Other senior excecutives	10	100	9	100

Salaries, other benefits and social security expenses	2021	2020
GROUP		
Salaries and benefits	438,391	416,460
Share-based payments	3,155	13,811
Total salaries and remunerations*	441,546	430,271
* of which Board of Directors, CEO and other senior executives 1)	33,540	43,433
Pension expenses 2)	27,754	23,434
of which defined-benefit pension plans	1,213	1,383
of which defined-contribution pension plans	26,541	22,051
Other social security expenses	85,720	74,248
Total	555,020	527,953

Salaries, other benefits and social security expenses	2021	2020
PARENT COMPANY		
Salaries and benefits	20,317	16,673
Share-based payments	963	4,913
Total salaries and remunerations*	21,280	21,586
* of which Board of Directors, CEO and other senior executives 3)	11,281	13,336
Pension expenses 4)	4,627	4,224
of which defined-contribution pension plans	4,627	4,224
Other social security expenses	8,219	9,485
Total	34,126	35,295

1) Of the group´s salaries and benefits, SEK 2,073,000 (1,526,000) is variable remuneration for the group comprising the Board of Directors and CEO (including the Presidents and Boards of subsidiaries).

2) Of the group´s pension expenses, SEK 1,218,000 (1,299,000) is for the group comprising the Board of Directors and CEO.

3) Of the parent company´s salaries and benefits, SEK 1,606,000 (1,110,000) is variable remuneration for the group comprising the Board of Directors and CEO.

In accordance with the resolution of the Annual General Meeting, Board members elected by the AGM who are not employed by the company received the following remuneration in 2021

	Director´s fee	Audit committee fee	Remuneration committee fee	Remuneration technique committee	Total
Anders Lidbeck (Chairman)	530	-	50	-	580
Kjell Duveblad	250	90	-	-	340
Jan Frykhammar	250	50	-	-	300
Charlotta Sund	250	-	30	-	280
Mats Lindoff	250	-	-	30	280
Birgitta Stymne Göransson	250	50	-	-	300
Total 2021	1,780	190	80	30	2,080

In accordance with the resolution of the Annual General Meeting, Board members elected by the AGM who are not employed by the company received the following remuneration in 2020

	Director´s fee	Audit committee fee	Remuneration committee fee	Remuneration technique committee	Total
Anders Lidbeck (Chairman)	500	-	50	-	550
Kjell Duveblad	235	80	-	-	315
Anders Skarin	235	40	-	-	275
Charlotta Sund	235	-	30	-	265
Mats Lindoff	235	-	-	-	235
Birgitta Stymne Göransson	235	40	-	-	275
Total 2020	1,675	160	80	-	1,915

Summary of compensation and other benefits in 2021

	Fixed salary	Variable remuneration	Other benefits	Share-based expenses	Total	Pension expense
CEO Jan Häglund	3,184	1,607	-	260	5,051	1,160
Other senior executives (10)	15,795	5,318	632	1,746	23,491	2,016
Total 2021	18,979	6,925	632	2,006	28,542	3,176

Number of other senior executives have varied during the year

Summary of compensation and other benefits in 2020

	Fixed salary	Variable remuneration	Other benefits	Share-based expenses	Total	Pension expense
CEO Jan Häglund	3,129	1,110	-	1,345	5,584	1,127
Other senior executives (9)	19,811	6,746	733	5,168	32,458	1,802
Total 2020	22,940	7,856	733	6,513	38,042	2,929

Note 5 Auditor's Remuneration

Auditing assignments are defined as examinations of the Annual Report and financial statements, as well as of the administration of the Board of Directors and CEO, other duties that the company's Auditors are obliged to conduct and advice or other assistance required due to observations made during such reviews or during the performance of such other duties. All other work is defined as other assignments. Of Audit assignments, SEK 1,663,000 (1,537,000) relates to PwC Sweden, of tax consulting, SEK 0 (193,000) relates to PwC Sweden, and of other assignments, SEK 730,000, (591,000) relates to PwC Sweden.

	2021	2020
GROUP		
PricewaterhouseCoopers		
Audit	1,803	1,676
Other statutory assignments	17	-
Tax consultancy	-	193
Other	730	591
Ernst & Young		
Audit	614	703
KPMG		
Audit	183	-
Other statutory assignments		-
Tax consultancy	46	-
Other		-
	3,393	3,163

	2021	2020
PARENT COMPANY		
PricewaterhouseCoopers		
Audit	1,445	709
Other statutory assignments	17	-
Tax consultancy	-	-
Other	20	-
	1,482	709

Note 6 Operating Expenses by Type

	2021	2020
Consumables and subcontractors	45,271	34,501
Other external costs	101,398	112,479
Staff costs	478,657	485,980
Depreciation/amortization and impairment	159,058	107,529
	784,384	740,489

Depreciation/amortization and impairment losses for the year are allocated between cost of sold products and services totaling SEK 133.7 (79.6) million, sales and marketing expenses totaling SEK 3.3 (3.5) million, product development costs totaling SEK 3.7 (2.0) million and administrative costs totaling SEK 18.3 (22.4) million. SEK 18.3 (20.3) million of amortization and impairment of the year is for rights of use pursuant to IFRS 16.

Note 7 Leases

Lease Arrangements

The following amounts related to leases are recognized in the Balance Sheet:

Right of use assets	2021	2020
Real estate	35,220	40,074
Vehicles	1,699	1,899
	36,919	41,973

Additional right-of-use assets in 2021 were SEK 12.8 (27.9) million, of which SEK 9.7 (2.4) million was additional from acquisitions.

Lease liabilites	2021	2020
Long-term	21,412	26,053
Short-term	16,390	16,811
	37,802	42,864

Maturity analysis of lease liabilities	2021	2020
Within 1 year	16,385	16,811
More than 1 year but within 2 years	8,774	13,012
More than 2 years but within 5 years	11,351	11,592
More than 5 years	1,292	1,449
	37,802	42,864

The following amounts related to leases are recognized in the Income Statement:

Amortization of rights of use assets	2021	2020
Real estate	17,125	19,315
Vehicles	1,233	959
	18,358	20,274

Interest expenses (included in financial expenses)	1,165	1,057
Expenses related to short-term leases	2,038	3,173
Expenses related to leased assets where the underlying asset is of low value	821	362
The group has no variable lease payments		

Amount reported in cash flow for the group	2021	2020
Total cash flow related to leased assets	21,151	24,032

The above cash flow includes payments for lease obligations reported in Balance Sheet as well as short-term leased assets and assets of low value.

Operating lease obligations	2021	2020
PARENT COMPANY		
Lease payments current year	4,898	4,651
Contracted future lease payments within 1 year	4,527	4,275
Contracted future lease payments within 1-5 years	292	4,126

The group recognizes rights of use for of these leases (mainly premises), apart from short-term leases and leases where the underlying asset has low value.

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Note 8 Financial Net

	2021	2020
GROUP		
Interest income	919	1,121
Exchange gains	99,678	26,945
Financial income	100,597	28,066
Interest expenses	-11,342	-8,811
Other financial expenses	-203	-
Exchange losses	-83,861	-43,707
Financial expenses	-95,406	-52,518
Financial net	5,191	-24,452

	2021	2020
PARENT COMPANY		
Interest income, other	911	1,071
Interest income, group companies	9,270	6,824
Exchange gains	27,660	3,447
Financial income	37,841	11,342
Interest expenses, other	-9,933	-7,705
Interest expenses, group companies	-	-67
Other financial expenses	-203	-
Exchange losses	-28,421	-1,934
Financial expenses	-38,557	-9,706
Financial net	-716	1,636

Note 9 Tax

	2021	2020
GROUP		
Current tax expense		
Tax expense for the period	-24,930	-16,684
	-24,930	-16,684
Deferred tax		
-tax income in capitalized loss carry-forwards	12,014	-
-tax expense in loss carry-forwards used in the year	-4,570	-944
-tax expense/income related to temporary differences	-3,406	-4,239
	4,039	-5,183
Total tax cost for the group	-20,891	-21,867

Reconciliation of effective tax	2021	2020
GROUP		
Profit before tax	221,155	164,152
Standard tax rate 20.6% (21.4%)	-45,558	-35,128
Tax effect of		
- other tax rates in foreign subsidiaries	-9,861	-2,872
- use of previously non-capitalized loss carry-forwards	20,000	5,100
- tax losses for which no deferred tax receivable reported		-134
- non-deductible costs	-4,266	-1,929
- non-taxable revenue	3,381	3,608
- change of future tax rate	-	1,295
- changed judgements	338	983
- research and development	8,263	12,334
Other tax	-5,101	-5,124
Total tax cost recognized, group	-20,891	-21,867
	9%	13%

	2021	2020
PARENT COMPANY		
Current tax		
Tax for the period	-	-
	-	-

Reconciliation of effective tax	2021	2020
PARENT COMPANY		
Profit /loss before tax	-760	-658
Tax 20.6% (21.4%)	157	141
Tax effect of		
- non-deductible costs	-142	-133
Other tax	-15	-8
Total tax cost recognized, parent company	-0	-0
	-0%	-0%

Deferred tax assets and tax liabilities	2021	2020
GROUP		
The following components are included in deferred tax assets and liabilities		
Deferred tax assets:		
- loss carry forwards	18,233	10,321
- other temporary differences	6,472	9,117
Total deferred tax assets	24,705	19,438
Deferred tax liabilities:		
- temporary differences	124,320	96,005
Total deferred tax liabilities	124,320	96,005

Change in deferred tax

2021

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisition of subsidiaries	Closing balance
Loss carry-forwards	10,321	7,445	-	467	-	18,233
Other temporary differences	9,117	-2,647	-	2	-	6,472
Total deferred tax assets	19,438	4,798	-	469	-	24,705

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisition of subsidiaries	Closing balance
Appropriations	33,770	-1,450		-	-	32,320
Intangible assets	32,587	-6,614	-	1,301	24,952	52,226
Other temporary differences	29,648	8,823	581	722	-	39,774
Total deferred tax liabilities	96,005	759	581	2,023	24,952	124,320

2020

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisition of subsidiaries	Closing balance
Loss carry-forwards	2,494	-1,419	-	123	9,123	10,321
Other temporary differences	7,694	1,438	-	-15	-	9,117
Total deferred tax assets	10,188	19	-	108	9,123	19,438

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisition of subsidiaries	Closing balance
Appropriations	34,637	-428	-439	-	-	33,770
Intangible assets	24,714	-4,411	-	-2,109	14,393	32,587
Other temporary differences	20,623	10,041	603	-1,619	-	29,648
Total deferred tax liabilities	79,974	5,202	164	-3,728	14,393	96,005

Deferred tax assets for loss carry-forwards pertain to subsidiaries in Germany, US and Sweden. Management's opinion is that the capitalized loss carry-forwards will be utilized in the coming years based on profit forecasts and that the loss carry-forwards have indefinite useful lives. Non-capitalized deferred tax assets for unutilized deficits total SEK 88.5 (77.1) million and relate to the US, Sweden, Norway and Ireland.

Note 10 Intangible Assets

2021	Goodwill	Capitalized development costs	Product rights	Customer contracts	Brands	Other intangible assets	Total
GROUP							
Accumulated cost							
Opening balance, Jan 1, 2021	1,227,670	488,456	82,179	209,001	23,532	12,819	2,043,656
Acquistion in the year	291,156	127,228	20,833	176,458	2,325	-	618,000
Sales/retirements in the year	-	-	-	-	-	-791	-791
Translation difference for the year	76,761	15,857	3,255	5,561	1,348	52	102,834
Closing balance, Dec 31, 2021	1,595,587	631,541	106,267	391,020	27,205	12,080	2,763,699
Accumulated amortization and impairment							
Opening balance, Jan 1, 2021	-	-272,470	-24,753	-41,990	-68	-11,807	-351,088
Sales/retirements in the year	-	-	-	-	-	791	791
Amortization for the year	-	-65,580	-11,033	-31,741	-392	-433	-109,179
Impairment for the year	-	-20,194	-	-	-	-	-20,194
Translation difference for the year	-	-3,558	-1,416	-2,571	-1	-50	-7,596
Closing balance, Dec 31, 2021	-	-361,802	-37,202	-76,302	-461	-11,499	-487,266
Carrying amount, Dec 31, 2021	1,595,587	269,739	69,065	314,718	26,744	580	2,276,434

2020	Goodwill	Capitalized development costs	Product rights	Customer contracts	Brands	Other intangible assets	Total
GROUP							
Accumulated cost							
Opening balance, Jan 1, 2020	1,265,948	379,871	80,194	156,325	22,752	12,801	1,917,890
Acquistion in the year	69,685	124,923	6,642	60,521	2,704	205	264,680
Translation difference for the year	-107,962	-16,338	-4,657	-7,846	-1,924	-187	-138,914
Closing balance, Dec 31, 2020	1,227,670	488,456	82,179	209,001	23,532	12,819	2,043,656
Accumulated amortization and impairment							
Opening balance, Jan 1, 2020	-	-228,314	-17,346	-25,742	-	-11,536	-282,939
Amortization for the year	-	-45,299	-9,068	-19,029	-68	-451	-73,915
Impairment for the year	-	-2,163	-	-	-	-	-2,163
Translation difference for the year	-	3,307	1,661	2,782	-	180	7,930
Closing balance, Dec 31, 2020	-	-272,470	-24,753	-41,990	-68	-11,807	-351,088
Carrying amount, Dec 31, 2020	1,227,670	215,986	57,426	167,011	23,464	1,011	1,692,569

Other intangible assets	2021	2020
PARENT COMPANY		
Accumulated cost		
Opening balance, Jan 1	8,637	8,474
Acquistion in the year	-	163
Closing balance, Dec 31	8,637	8,637
Opening balance, Jan 1	-7,823	-7,565
Amortization for the year	-271	-258
Closing balance, Dec 31	-8,094	-7,823
Carrying amount, Dec 31	543	814

Capitalized development expenses within Enea relate mainly to internal work on the development of new products. The amortization term for capitalized development expenditure is five years, ten years for product rights, seven to ten years for customer contracts and three to five years for other intangible assets. The remaining amortization term for intangible assets amounts to one to nine years.

Impairment Testing of Capitalized Development Expenses

Enea routinely conducts impairment tests on significant assets regardless of whether there is any indication of impairment. The measurement is reviewed quarterly. Impairment tests of capitalized development expenses have the same assumptions as for goodwill. In 2021 there was a decision to make a write-down of the product Edge amounting to SEK 20.1 million, based on that Enea will prioritize growth segments, while simultaneously reduce the costs and investments where market potential and synergies are low.

Impairment Testing of Goodwill

As of December 31, 2021, goodwill amounted to a book value of SEK 1,596.6 (1,227.1) million, allocated between Enterprise of SEK 410.6 (401.1) million, Telecom SEK 866.0 (798.4) million, Software development services SEK 28.3 (28.2) million and AdaptiveMobile Security SEK 290.1 (0) million. Assets with indefinite useful lives are tested yearly for impairment. Individual assets may be subject to more frequent testing if there are indications of impairment.

The group's measurement is based on three cash-generating units: Enterprise, Telecom and Software development services. The impairment tests are based on measurement of value in use. Value in use is measured on the basis of discounted cash flows and are based on group management's financial forecasts over a five-year period. The Gordon model has been used for computing the terminal value of cash flows. Cash flows beyond the five-year period have been forecast using a 3 (3) percent growth rate. Forecast cash flows are based on annual earnings growth for Enterprise of -2 percent, Telecom of 5 percent, and Software development services of 4 percent, based on estimated growth of existing customers and underlying markets. The cost trend of Enterprise is forecasted at 2 percent, Telecom 3 percent and Software development services at 4 percent. The present value of forecast cash flows was measured by applying a discount rate of 9 (9) percent before tax. The discount rate is judged as consistent with market required returns. Sensitivity analyzes have been conducted that consider the discount rate (risk) and long-term growth rate, implying a general reduction in the growth rate after 5 years by 1.5 percentage points and a general increase in the weighted cost of capital by 1 percentage point. The sensitivity analyses did not indicate any impairment. Accordingly, management's opinion is that a reasonable potential change in assumptions would not reduce the recoverable amount below book value. Important assumptions for impairment testing are outlined below:

	Assumptions Enterprise		Assumptions Telecom		Assumptions SDS	
Variable	2021	2020	2021	2020	2021	2020
Revenue growth	-2%	5%	5%	5%	4%	4%
Cost trend	2%	3%	3%	3%	4%	3%
Discount rate	9%	9%	9%	9%	9%	9%
Long-term stable growth	3%	3%	3%	3%	3%	3%

Note 11 Equipment, Tools, Fixtures and Fittings

	Group		Parent company	
	2021	2020	2021	2020
Accumulated cost				
At beginning of year	135,116	123,484	14,457	13,055
Acquistion in the year	13,331	15,873	2,306	1,402
Acquisition in the year via acquired operation	29,947	9,899	-	-
Sales/retirements	-18,580	-5,912	-187	-
Transkation difference for the year	6,866	-8,228	-	-
	166,680	135,116	16,576	14,457
Accumulated depreciation and impairment				
At beginning of year	-113,865	-106,067	-11,477	-10,575
Sales/retirements	18,563	5,912	187	-
Depreciation and impairment for the year	-11,327	-11,174	-1,314	-902
Depreciation for the year via acquired operation	-28,616	-9,463	-	-
Translation difference for the year	-5,800	6,926	-	-
	-141,045	-113,865	-12,604	-11,477
Carrying amount at end of year	25,635	21,251	3,972	2,980

Depreciation relates to cost of sold products and services, sales and marketing expenses, product development expenses and administrative expenses.

Note 12 Accounts Receivable

Non-overdue accounts receivable are from customers with good solvency and payment history. Accounts receivable usually become due for payment within 30-90 days. Accounts receivable that are impaired are consistent with the provision for doubtful debt. A reserve is made when the company has taken measures to collect the receivable without success, and judges that the likelihood of the customer paying is low. The reserve for doubtful debt amounts to SEK 7.4 (5.3) million. The allowance for doubtful debt is recognized as a selling expense in the Income Statement. The fair value of accounts receivable corresponds to the carrying amount. Accounts receivable are predominantly denominated in SEK, EUR and USD. The age analysis of accounts receivable follows:

Age analysis of accounts receivable	2021	2020
GROUP		
Not due	161,566	107,970
Overdue 1-60 days	43,733	18,301
Overdue 61-90 days	6,535	9,648
Overdue 90 days	7,924	8,618
Text	219,758	144,537

Change in doubtful debt	2021	2020
GROUP		
Opening balance	5,310	2,890
Repayment	-1,639	-1,034
Write -off	-1,051	-652
Allowance for the year	4,839	4,107
Total	7,459	5,310

Note 13 Prepaid Expenses, Contract Assets and Accrued Income

	2021	2020
GROUP		
Prepaid insurance	1,215	472
Prepaid rent	2,058	1,525
Accrued income	158,811	139,964
Other prepaid expenses	19,986	11,780
	182,070	153,741

	2021	2020
PARENT COMPANY		
Prepaid rent	1,089	1,045
Other prepaid expenses	6,268	4,362
	7,357	5,407

Contract Assets

The group reports the following revenue-related contract assets	2021	2020
Contract assets relating to fulfilled performance obligations, where entitlement to payment is conditional on factors other than time	120,317	121,326

Contract assets have not been subject to impairment, and accordingly, carrying amounts are recognized net.

Material Changes to Contract Assets

The group's contract assets have not changed materially during 2021.

Note 14 Derivative Instruments

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Long-term				
Currency forwards - cash flow hedges	534	-	2,526	-
Short-term				
Currency forwards - cash flow hedges	1,302	-	2,667	-

Note 15 Equity

Group

Share Capital

As of December 31, 2021, the registered share capital comprised 21,615,231 ordinary shares with a quotient value of SEK 1.13 per share. Holders of ordinary shares are entitled to dividends at amounts specified in arrears, and shareholdings carry voting rights at Annual General Meetings of one vote per share. In the year, the company purchased 91,812 (13,158) treasury shares, and granted employees 48,000 (241,320) treasury shares when settling LTIP 18 (LTIP 17).

Other Paid-up Capital

Equity contributed by owners. This includes share premium reserves transferred to the statutory reserve as at December 31, 2005. Provisions to the share premium reserve from January 1, 2006 onwards are also recognized as paid-up capital.

Number of shares	2021	2020
Opening number of shares	21,615,231	21,615,231
Closing number of shares	21,615,231	21,615,231

Hedging reserve	2021	2020
Opening hedging reserve	3,411	1,033
Cash flow hedges:		
- fair value gains/losses in the year	-3,357	4,569
- tax on fair value adjustments	692	-941
- transfers to profit or loss	133	-1,590
- tax on transfers to profit or loss	-27	340
Closing hedging reserve	851	3,411

Translation Reserve

The translation reserve includes all exchange rate differences that arise when translating net assets from foreign operations that have prepared their financial statements in currencies other than the currency in which the group's financial reports are presented. The parent company and group present their financial reports in Swedish kronor.

	2021	2020
Opening translation reserve	-34,121	115,251
Translation difference for the year	108,327	-149,372
Closing translation reserve	74,206	-34,121

Retained Earnings Including Profit for the Year

Profit brought forward, including profit (loss) for the year, includes earned profits in the parent company and its subsidiaries. Earlier provisions to the statutory reserve, excluding transferred share premium reserves, are included in this equity item. The total holding of treasury shares as at December 31, 2021 was 130,500. The shares are held as treasury shares and were fully paid up on December 31, 2021.

Non-restricted Equity

Share Premium Reserve

When shares are issued at a premium, so the price paid for the shares is higher than their quotient value, an amount corresponding to the amount received over and above the quotient value of the share is transferred to the share premium reserve.

Retained Earnings

This consists of the preceding year's non-restricted equity following any statutory reserve provision and dividends paid. With the profit (loss) for the year, this is total non-restricted equity, i.e. the amount available as dividends to shareholders.

See also the Consolidated Statement of Change in Equity and Parent Company Statement of Change in Equity.

Note 16 Earnings per Share

	2021	2020
Earnings per share before dilution		
Profit for the year after tax	200,263	142,284
Average number of shares, 000	21,540	21,454
Earnings per share before dilution, SEK	9.30	6.63
Earnings per share after dilution		
Profit for the year after tax	200,263	142,284
Average number of shares, 000	21,540	21,454
Earnings per share after dilution, SEK	9.30	6.63

Earnings per share is measured by dividing earnings for the period attributable to equity holders of the parent by the average number of shares.

Note 17 Accrued Expenses, Contract Liabilities, Deferred Income and Performance Obligations

	2021	2020
GROUP		
Deferred support income*	112,674	104,599
Accrued staff costs	92,509	89,004
Other deferred income*	35,782	9,296
Other	31,398	20,609
	272,363	223,508

	2021	2020
PARENT COMPANY		
Accrued staff costs	16,449	13,898
Other	4,295	1,952
	20,744	15,850

Contract Liabilities

* When Enea receives a payment but has not fulfilled a performance obligation, a contract liability arises, which consist of the deferred income relating to support contracts and licenses. A contract liability is recognized until the performance obligations is fulfilled, or become due for the customer to utilize, when it is recognized as revenue.

The group recognizes the following revenue-related contract liabilities	2021	2020
Contract liabilities relating to unfulfilled performance obligations	140,768	113,896

Opening contract liabilities recognized as revenue in the year	2021	2020
GROUP	106,690	88,887

Revenue from performance obligations satisfied in previous periods	2021	2020
GROUP	46,286	39,851

Unfulfilled long-term performance obligations*	2021	2020
GROUP	554,084	294,172

Revenue from performance obligations for long-term, irrevocable contracts that will be recognized as revenue in future periods.

Management expects that 60 percent of the transaction price that has been allocated to unfulfilled agreements as of December 31, 2021 will be recognized as revenue in the following financial year (SEK 335,463,000). The remaining 40 percent will be recognized in the years 2023-2027.

Note 18 Parent Company Holdings in Group Companies

	Country	Ownership %
Enea Software AB	Sweden	100
Enea Zealcore AB	Sweden	100
Aptilo Holding AB	Sweden	100
Enea Software & Services, Inc	USA	100
Enea GmbH	Germany	100
Enea KK	Japan	100
Enea Polyhedra Ltd	UK	100
Enea Romania SRL	Romania	100
Enea Software SRL	Romania	100
Qosmos SA	France	100
Openwave Mobility Inc	USA	100
AdaptiveMobile Security Ltd	Ireland	100
Enea Software GmbH	Austria	100
Enea Software d.o.o.	Croatia	100

	2021	2020
Accumulated cost		
At beginning of year	367,212	330,630
Shareholder´s contribution	-	36,582
Closing balance, December 31	367,212	367,212
Accumulated impairment		
At beginning of year	-158,596	-158,596
Closing balance, December 31	-158,596	-158,596
Carrying amount at end of year	208,616	208,616

Spedification of parent company´s holdings of participations in subsidiaries	No of shares	%	Carrying amount 2021	Carrying amount 2020
Subsidiaries				
Enea Software AB, 556183-3012, Kista	5,900	100	208,616	208,616
			208,616	208,616

Note 19 Cash Flow Statement

Cash and Cash Equivalents

The subcomponents included in cash and cash equivalents are cash at bank and special deposits or commercial paper with an insignificant risk of fluctuations in value and that can readily be converted into cash and cash equivalents, and which have a maturity of no more than three months from the time of acquisition.

	Group		Parent company	
Cash and cash equivalents	2021	2020	2021	2020
Cash and bank balances	211,370	195,070	33	6
Text	211,370	195,070	33	6

	Group		Parent company	
Disclosures on interest	2021	2020	2021	2020
Interest income in the period amounted to	864	1,121	10,181	7,895
Interest paid in the period amounted to	-11,491	-8,811	-10,232	-7,928

	Group		Parent company	
Adjustment for non-cash items	2021	2020	2021	2020
Depreciation/amortization and impairment	159,058	107,526	1,585	1,160
Profit/loss sale from disposal of fixed assets	17	-	-	-
Share saving program	3,155	13,810	3,155	13,810
Appropriations	-	-	-30,536	-37,005
Changes in pension lliability	2,027	2,902	-	-
Provisions	-1,299	-3,089	-	-
Forgiven loan	-4,821	-	-	-
Exchange differences	124	-	-	-
Total	158,261	121,149	-25,796	-22,035

Note 20 Related Parties

Summary of Transactions with Related Parties

Transactions with related parties are on arm's length basis. For information on remuneration of key personnel in executive positions, see Note 4 Employees and personnel expenses, and Note 21 Pensions, share-based payment, benefits to senior executives. The parent company has a close relationship with its subsidiaries (see Note 18).

Group

There were no transactions with related parties

Parent Company

Related party relationship	Year	Sale of goods and services to related party	Purchase of goods and services from related party	Liability to related party as of Dec 31	Receivable from related party as of Dec 31
Subsidiaries	2021	51,433	19,445	38,169	1,416,543
Subsidiaries	2020	46,041	20,751	24,248	1,108,686

Note 21 Pensions and Share-based Payments

Defined-contribution Plans

The methods for measuring pension expenses and pension liabilities differ from country to country. Companies report according to local regulations and the reported figures are consolidated in the consolidated financial statements. All pension solutions in foreign subsidiaries, with the exception of Qosmos in France and Enea GmbH in Germany, are defined-contribution plans, which means that the group's profit (loss) is charged with pension expenses as benefits are vested. Salaried employees in Sweden are covered by the ITP plan, which is reported as a defined-contribution pension plan. Obligations for retirement pension and survivors' pension for salaried employees in Sweden are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. Alecta, which is a mutual insurance company that also administers benefits under the pension plan, is unable to provide Enea or other Swedish companies with sufficient information to determine an individual company's share of the total obligation and its assets. Accordingly, ITP pension plans that are vested through an insurance policy with Alecta are reported as defined-contribution. The cost for 2021 amounts to SEK 4,670,000 (3,979,000). The cost for 2021 is estimated at the corresponding amount. Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2021 Alecta's surplus in the form of its collective consolidation ratio amounted to 172 (148) percent. The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting assumptions, which do not comply with IAS 19.

Defined-benefit Plans

A number of salaried employees of France and Germany are covered by a defined-benefit pension plan. The group's net obligation for defined-benefit plans is measured by estimating future benefits accrued from employment in current and previous periods. These benefits are discounted to present value and recognized as a liability in the Balance Sheet.

	Group		Parent co.	
	2021	2020	2021	2020
Costs for defined-contribution plans	18,945	16,602	4,267	4,225
Costs for defined-benefit plans	1,213	1,383	-	-

Share-based payment

LTIP 2018

In May 2018, the AGM resolved to offer key employees the opportunity to participate in a Long Term Incentive Program (LTIP). The principal objective of the program is to align the interests of shareholders, management and other key individuals in order to maximize long-term value creation. LTIP 2018 is also expected to facilitate the recruitment and retention of management and other key individuals. The specific purpose of LTIP 2018 is to offer the management of Openwave Mobility and selected members of management that did not participate in LTIP 2017, a long-term incentive. LTIP 2018 involves a total of seven employees, consisting of senior executives and other key individuals. Participants are allocated performance-based warrants that entitle the holder the right to subscribe for shares. After the end of the fixed vesting period, on condition that specific performance requirements are met, participants are entitled to receive shares in the company free of charge. The allocation of shares requires continued employment with the Enea group during the vesting period. The granting of shares is conditional on specific performance requirements linked to Enea's yearly growth of earnings per share for the financial years 2018-2020. The maximum value conferring full entitlement is Enea's accumulated earnings per share in 2018-2020 being a minimum of SEK 18.89. The minimum level for granting is that accumulated earnings per share are a minimum of SEK 15.66 in 2018-2020. The maximum value participants can receive per warrant (including any compensation for extraordinary dividends) has been capped at SEK 312. In the event that the value of the Enea share exceeds the maximum value at the time of allocation, the number of shares each warrant entitles the holder to reduces proportionally. The fair value of services rendered is based on the share price of the shares expected to be granted. The share price is determined at the time of the participants' investment, adjusted for the dividends that do not accrue to the employee during the vesting period. The incentive program entails financial exposure for the company as a result of fluctuations in Enea's share price and the anticipated allocation of shares. To secure the Program, a decision was made to transfer already acquired treasury shares under the Program. The number of shares that can be transferred to participants under the Program, free of charge, has been capped at 180,000, including compensation relating to extraordinary dividends. LTIP 2018 was finally settled in 2021.

LTIP 2019

In May 2019, the AGM resolved to offer key employees the opportunity to participate in a Long Term Incentive Program (LTIP). The principal objective of the program is to align the interests of shareholders, management and other key individuals in order to maximize long-term value creation. LTIP 2019 is also expected to facilitate the recruitment and retention of management and other key individuals. LTIP 2019 involves some 25 employees, consisting of senior executives and other key individuals. Participants are allocated performance-based warrants that entitle the holder the right to subscribe for shares. After the end of the fixed vesting period, on condition that specific performance requirements are met, participants are entitled to receive shares in the company free of charge. The allocation of shares requires continued employment with the Enea group during the vesting period. The granting of shares is conditional on specific performance requirements linked to Enea's yearly growth of earnings per share for the financial years 2019-2021. The maximum value conferring full entitlement is Enea's accumulated earnings per share in 2019-2021 being a minimum of SEK 29.27. The minimum level for granting is that accumulated earnings per share are a minimum of SEK 24.26 in 2019-2021. In addition to the main principle, there is an alternative rule that comes into effect if outcomes per year generate better earnings than the main principle. In the alternative rule, the years 2019, 2020 and 2021 are computed separately, with a maximum of 1/4 of full granting available based on growth of earnings per share for each year. Participants will receive allocation according to the most advantageous alternative for them. The maximum value participants can receive per warrant (including any compensation for extraordinary dividends) has been capped at SEK 551. In the event that the value of the Enea share exceeds the maximum value at the time of allocation, the number of shares each warrant entitles the holder to reduces proportionally. The fair value of services rendered is based on the share price of the shares expected to be granted.

The incentive program entails financial exposure for the company as a result of fluctuations in Enea's share price and the anticipated allocation of shares. To secure the Program, a decision was made to transfer already acquired treasury shares under the Program. The number of shares that can be transferred to participants under the Program, free of charge, has been capped at 438,000, including compensation relating to extraordinary dividends.

LTIP 2021

In May 2021, the AGM resolved to offer key employees the opportunity to participate in a Long Term Incentive Program (LTIP). The principal objective of the program is to align the interests of shareholders, management and other key individuals in order to maximize long-term value creation. LTIP 2021 is also expected to facilitate the recruitment and retention of management and other key individuals. LTIP 2021 involves some 30 employees, consisting of senior executives and other key individuals. Participants are allocated performance-based warrants that entitle the holder the right to subscribe for shares. After the end of the fixed vesting period, on condition that specific performance requirements are met, participants are entitled to receive shares in the company free of charge. The allocation of shares requires continued employment with the Enea group during the vesting period. The granting of shares is conditional on specific performance requirements linked to Enea's yearly growth of earnings per share. The maximum value conferring full entitlement is Enea's accumulated earnings per share in 2021-2023 being a minimum of SEK 29.86. The minimum level for granting is that accumulated earnings per share are a minimum of SEK 24.75 in 2021-2023. In addition to the main principle, there is an alternative rule that comes into effect if outcomes per year generate better earnings than the main principle. In the alternative rule, the years 2021, 2022 and 2023 are computed separately, with a maximum of 1/4 of full granting available based on growth of earnings per share for each year. Participants will receive allocation according to the most advantageous alternative for them. The maximum value participants can receive per warrant (including any compensation for extraordinary dividends) has been capped at SEK 943. In the event that the value of the Enea share exceeds the maximum value at the time of allocation, the number of shares each warrant entitles the holder to reduces proportionally.

To secure the Program, a decision was made to issue and repurchase C-shares. The number of shares that can be transferred to participants under the Program, free of charge, has been capped at 243,000.

LTIP 2017	2021	2020
Opening no. of warrants allocated	-	330,000
Forfeited in the period	-	-88,770
Allocated in the period	-	-241,230
Outstanding at end of period	-	-
Number of participants, Dec 31	-	-

LTIP 2018	2021	2020
Opening no. of warrants allocated	48,000	108,000
Forfeited in the period	-	-60,000
Allocated in the period	-48,000	-
Outstanding at end of period	-	48,000
Number of participants, Dec 31	-	2

LTIP 2019	2021	2020
Opening no. of warrants allocated	402,000	438,000
Forfeited in the period	-36,000	-36,000
Outstanding at end of period	366,000	402,000
Number of participants, Dec 31	22	25

LTIP 2021	2021	2020
Opening no. of warrants allocated	-	-
Allocated in the period	231,000	-
Outstanding at end of period	231,000	-
Number of participants, Dec 31	30	-

Note 22 Translation Exposure

Enea's foreign subsidiaries are translated into Swedish kronor in accordance with the current method. This means that Balance Sheets are translated at closing day rates and Income Statements at average rates of exchange for the period.

The rates used for the group's significant currencies are stated in the table below.

	Closing day rate		Average rate	
Currency	2021	2020	2021	2020
EUR	10.2269	10.0375	10.1449	10.4867
USD	9.0437	8.1886	8.5815	9.2037
GBP	12.1790	11.0873	11.8022	11.7981
JPY	0.0785	0.0792	0.0781	0.0862
RON	2.0665	2.0615	2.0619	2.1677
SGD	6.6806	6.1788	6.3842	6.6680
INR	0.1216	0.1117	0.1160	0.1246
MXN	0.4390	0.4123	0.4229	0.4304
CAD	7.0636	6.3996	6.8453	6.8603
HRK	1.3597	1.3306	1.3462	1.3907
MYR	2.1643	2.0260	2.0701	2.1770
NOK	1.0254	0.9546	0.9980	0.9786

When translating foreign subsidiaries' balance sheets to Swedish kronor, the group is exposed to exchange rate fluctuations. The effect on equity in 2021 for the translation of foreign subsidiaries' accounts to Swedish kronor was SEK 108,327,000 (-149,372,000). The group's exposure in equity for exchange rate fluctuations on the reporting date was as follows:

	2021		2020	
Currency	Amount	Translated to SEK at closing day rate	Amount	Translated to SEK at closing day rate
EUR	39,105	399,923	25,288	253,828
USD	23,408	211,695	12,663	103,692
GBP	13,469	164,039	16,906	187,442
JPY	78,964	6,200	74,129	5,875
RON	14,492	29,948	24,090	49,662
SGD	293	1,957	267	1,650
INR	36,726	4,465	30,673	3,426
MXN	646	284	646	266
CAD	276	1,950	247	1,581
HRK	3,536	4,808	2,081	2,769
MYR	-4,846	-10,488	-4,992	-10,114
NOK	215	220	270	258

Note 23 Critical Estimates and Judgements

Estimates and judgements, which are reviewed continuously, are based on historical experience and other factors, including expectations of future events that are considered reasonable in prevailing circumstances.

Critical Judgments Regarding Application of the Group's Accounting Policies

Management has discussed the progress, choice and disclosures regarding the group's most important accounting policies and estimates, and the application of these policies and estimates with the Audit Committee. The estimates and judgements mainly include revenue recognition, the measurement of deferred tax assets on loss carry-forwards, the financial effect of business combinations such as. acquisition analysis, and the estimated outcome of contingent considerations, and any impairment. Some important accounting estimates made on application of the group's accounting policies are described below.

Key Sources of Estimation Uncertainty Impairment Testing of Goodwill

When measuring the recoverable amount of cash-generating units for judging goodwill impairment, a number of assumptions have been made regarding future conditions and estimates of parameters. Enea has conducted a sensitivity analysis of key assumptions in which management found that no reasonable changes to these assumptions would result in any impairment as at December 31, 2021. They are reviewed in Note 10.

Impairment Testing of Capitalized Development Expenditure

When measuring the recoverable amount of cash-generating units for judging impairment of capitalized development expenditure, a number of assumptions have been made regarding future conditions and estimates of parameters. Enea has conducted a sensitivity analysis of key assumptions in which management decided to make a write-down of the product Edge of SEK 20,100,000.

Measurement of Loss Carry-forwards

The group's loss carry-forwards are valued on an ongoing basis and when it is likely that taxable profit can be offset against loss carryforwards in a reasonable time frame, a deferred tax asset is recognized. Future profit is forecast and set in relation to the loss carry-forwards, which forms the basis of decision-making data for capitalization.

Note 24 Maturity Analysis, Financial Liabilities and Interest

Financial liabilities	Group		Parent company	
Long-term liabilties, interest-bearing	2021	2020	2021	2020
Liabilities to credit institutions	469,829	291,680	469,829	291,680
Total long-term liabilities, interest-bearing	469,829	291,680	469,829	291,680
Current liabilities, interest-bearing	2021	2020	2021	2020
Liabilities to credit institutions	268,832	142,177	267,293	137,538
Total current liabilities, interest-bearing	268,832	142,177	267,293	137,538
Current liabilities, non-interest-bearing	2021	2020	2021	2020
Accounts payable	24,552	14,515	6,929	3,258
Other liabilities	33,040	15,984	1,195	992
Accrued expenses, supplier related	16,348	13,067	4,295	1,952
Total current liabilites, non-interest-bearing	73,940	43,566	12,419	6,202
Total financial liabilities	812,601	477,423	749,541	435,420

Maturity analysis	Group		Parent company	
Long- and short-term interest-bearing liabilities	2021	2020	2021	2020
Within 1 year of reporting date	268,832	142,177	267,293	137,538
More than 1 year, but within 3 years of reporting date	469,829	291,680	469,829	291,680
More than 3 years, but within 5 years of reporting date	-	-	-	-

	Group		Parent company	
Interest	2021	2020	2021	2020
Within 1 year of reporting date	8,414	5,039	8,414	5,039
More than 1 year, but within 3 years of reporting date	3,509	2,735	3,509	2,735
More than 3 years, but within 5 years of reporting date	-	-	-	-

	Group		Parent company	
Non-interest-bearing liabilities	2021	2020	2021	2020
Within 1 year of reporting date	73,940	43,566	12,419	6,202
More than 1 year, but within 3 years of reporting date	-	-	-	-
More than 3 years, but within 5 years of reporting date	-	-	-	-

	Group		Parent company	
Total liability and interest	2021	2020	2021	2020
Within 1 year of reporting date	351,186	190,782	288,126	148,779
More than 1 year, but within 3 years of reporting date	473,338	294,415	473,338	294,415
More than 3 years, but within 5 years of reporting date	-	-	-	-

Enea has four bank loans with maturity 1-2 years with an interest at STIBOR 3 M (with a floor) plus a market yield.

Note 25 Obligations Relating to Employee Benefits, etc.

The group has defined-benefit pension plans for employees of Qosmos in France and Enea GmbH in Germany. The pension plans are based on employees' pensionable compensation and term of service. The defined-benefit obligation amounted to SEK 12.9 (12.4) million as of December 31, 2020. Costs for defined-benefit pensions totaled SEK 1,213,000 (1,383,000), of which SEK 1,213,000 (1,383,000) was charged to Enea's profit. The costs for 2022 are estimated at approx. EUR 100,000.

2020	Defined benefit pension plans
GROUP	
Accumulated cost	
Opening balance, Jan 1, 2021	12,416
Value change/currency translation	440
Closing balance, Dec 31, 2021	12,856

Defined benefit pension plans are judged to be payable after more than 5 years.

	Group	
Defined benefit obligations	2021	2020
Present value of unfunded defined benefit obligations	12,856	12,416
Total liability, unfunded obligations	12,856	12,416

	Group	
Actuarial assumptions, %	2021	2020
Discount rate	1.17	0.96
Future salary increase	-	-

Note 26 Proposed Appropriation of Profits

	2021
Parent company	
Share premium reserve	562,748,745
Retained earnings	246,060,537
Profit/loss for the year	-760,398
Total	808,048,884

The Board of Directors is proposing that these funds are appropriated so that SEK 808 048 884 is carried forward.

Note 27 Pledged Assets and Contingent Liabilities

	2021	2020
GROUP		
Claim for damage	14,886	13,478
Other exposure	25,525	14,739
Rent deposits	2,720	1,624
	43,131	29,842

Note 28 Business Combinations

Acquisition of AdaptiveMobile Security

On July 17th Enea acquired AdaptiveMobile Security including subsidiaries. The acquired company is market leading in technology for the protection of signaling and messaging in mobile networks. AdaptiveMobile Security is acquired at an enterprise value of EUR 45 million on a debt- and cash free basis and the transaction is financed by a new bank loan and cash. The company´s net sales 2020 amounted to EUR 15.5 million and it has 135 employees with head quarter in Dublin, Ireland.

The company was consolidated into Enea from the acquisition date, when operations were integrated into the Network Solutions product group. For the period acquisition date to December 2021, the unit reported net sales of SEK 103.4 million and an operating profit of SEK 21.6 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 consideration	SEK 000
Summary of purchase consideration paid:	
Cash and cash equivalents	400,342
Total purchase consideration paid	400,342

Carrying amounts (preliminary fair values) of identifiable assets and liabilities taken over as of the acquisition date:

	Fair value recognized in the group
Product rights	20,833
Customer contracts	176,458
Brand	2,325
Tangible fixed assets	1,337
Other long-term receivables	108
Current receivables	52,086
Cash and cash equivalents	21,195
Deferred tax liability	-24,952
Long-term liabilities, non interest-bearing	-3,677
Current liabilities, interest- bearing	-15,330
Current liabilities, non-interest-bearing	-121,196
Net identifiable assets and liabilities	109,186
Goodwill	291,156
Acquisition cost for the group	400,342

Acquisition-related expenses

Acquisition-related expenses of SEK 12,453,000 are included in administrative costs in the consolidated income statement for 2021.

The acquisition analysis of Aptilo acquired in 2020 was finalized in the year without material adjustments.

Declaration by the Board of Directors and CEO

The Board and CEO declare that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards, IFRS, as endorsed by the EU, and the Swedish Annual Accounts Act, and give a true and fair view of the group's results of operations and financial position. The Directors' Report for the group and parent company gives a true and fair view of the progress of the group and parent company's operating activities, financial position and results of operations, and covers significant risks and uncertainties affecting the parent company and companies within the group. As stated above, the annual accounts and consolidated accounts were approved for issue by the Board of Directors on April 6, 2022. The Consolidated Income Statement and Consolidated Balance Sheet, and the Parent Company Income Statement and Parent Company Balance Sheet, will be subject to adoption by the Annual General Meeting on May 5, 2022.

Stockholm, Sweden April 6, 2022

Enea AB (556209-7146)

Anders Lidbeck
Chairman of the Board

Kjell Duveblad
Board member

Jan Frykhammar
Board member

Mats Lindoff
Board member

Birgitta Stymne Göransson
Board member

Charlotta Sund
Board member

Jenny Andersson
Employee representative

Jan Häglund
President and CEO

Our Audit Report was presented on April 11, 2022

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

Audit Report

To the Annual General Meeting of Enea AB (publ.), corp. ID no. 556209-7146

Report on the Annual Accounts and Consolidated Accounts

Opinions

We have audited the annual accounts and consolidated accounts of Enea AB (publ) for the year 2021 except for the corporate governance statement and sustainability report on pages 38-48 and 26-33 respectively. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 21-90.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and sustainability report on pages 38-48 and 26-33 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the Income Statement and Balance Sheet for the parent company, and the Consolidated Statement of Comprehensive income and the Consolidated Statement of Financial Position.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the Regulation (537/2014) Article 11.

Basis for Opinions

We have conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our Audit Approach

Scope and Focus of Audit

Enea is a software company that sells both software and services. Service operations provide around 11 percent of group revenue, and are focused on the US market. Services are generally delivered on account where hours spent are invoiced to customers in arrears. Often, for sales of software, revenue is recognized when control transfers to customers, dependent on the contract terms.

Software operations consist of sales of software licenses and maintenance and product-related services. Sales of licenses consist of time and volume-based licenses, and production licenses. Customer contracts for sales of licenses often include a combination of licenses and services, known as composite customer contracts. In this type of customer agreement, the control of each part of the agreement transfers at different times. Revenue recognition depends on the contract terms, and accordingly, revenue is recognized for the respective part at different times, and invoicing and payment occur at a different time to revenue recognition. Overall, this means that revenue recognition of composite customer contracts depends on management's judgements of the division of revenue between components, and what has been agreed with the customer. Enea has made several acquisitions in recent years, which have resulted in an increase in the book values of intangible assets in the consolidated accounts. The value of these assets is tested for impairment annually or when there are indicators of impairment.

We prepared our audit by defining materiality and evaluating the risk of material misstatements in financial reporting. We focused on areas where the Managing Director and Board of Directors have made subjective judgments, such as key accounting estimates on the basis of assumptions and forecasts, which are by their nature uncertain. Like for all audits, we also considered the risk of the Board of Directors and the Managing Director overriding internal control, and factors such as whether there is any evidence for systematic departures that have given rise to material misstatement resulting from fraud. We adjusted our audit to conduct an expedient examination in order to comment on the financial statements as a whole, with consideration given to the group structure, accounting procedures and controls, and the sector in which the group is active.

Materiality

The scope and focus of the audit were affected by our assessment of materiality. An audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually and in aggregate, they can reasonably be expected to influence financial decisions made by users on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including thresholds for the financial statements as a whole (see table below). Based on these thresholds, as well as qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our audit procedures, and assessed the effect of any misstatements, both individually and in aggregate, on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key Audit Matters

Accounting of Composite Customer Contracts

Composite customer contracts can consist of several different components such as software licenses, implementation, and rights in the form of support and maintenance during the contract term.

This means that agreements are broken down into individual components where the timing of revenue recognition for each respective component is dependent on the contractual terms. Revenue for each respective component is recognized when the risks and benefits have been transferred to the customer.

Accordingly, the time of revenue recognition does not usually correspond to invoicing and payment by the customer. This implies that Management is required to make estimates and judgments relating to the price of the components of customer contracts.

As a result of the inherent complexity of revenue recognition and the element of estimates and judgments by Management, we assess that revenue from sales of composite customer contracts constitutes a key audit matter.

For the above accounting policies, please refer to page 59, and notes 2, 13, and 17 in the annual accounts for 2021.

Audit Approach

Our audit focused on evaluating Enea's principles and underlying assumptions to break down revenue from developer licenses into various components, for example by reviewing and checking selected assumptions. We have done this by implementing audit measures that include:

- Evaluating the terms of Enea's customer contracts from an accounting perspective.
- Evaluating assumptions of revenue recognition principles.
- Conducting an analytical review of revenue in the year.
- Reviewing a selection of new customer agreements to ensure that revenue recognition follows Enea's principles and that license rights have been transferred to customers at the time of revenue recognition.
- Cross-checking a selection of new customer agreements spanning multiple years to determine the correct estimated amortization in the accounts.
- Verifying that revenue has been recognized in the correct period and at the right amount by checking a selection of licenses that have been delivered to customers at the end of the financial year.

Impairment Testing of Acquisition-related Surplus Values and Goodwill

Acquisition-related surplus values and goodwill of SEK 1,971 million were included in the Consolidated Balance Sheet.

Goodwill and acquisition-related surplus values correspond to the difference between the value of net assets and the purchase consideration paid in connection with an acquisition. In contrast with other non-current assets there is no amortization of goodwill, and goodwill and brands are tested annually for impairment or when there is an indication that impairment may be necessary. Other acquisition-related non-current assets are depreciated over their estimated useful life. The impairment testing, and thereby the recognized value, is dependent on the Board's and Management's estimates and assumptions regarding factors such as growth and future profitability and discount rates. Future events may come to change these judgments and estimates, and it is therefore particularly important that management continuously evaluates whether the value of acquisition-related intangible assets can be justified considering these assumptions. Management's calculation of the value in use of assets is based on next year's budget and forecasts for the ensuing four-year period. For a more detailed description of these assumptions, see Note 10. Impairment testing naturally includes a significant element of estimates and judgments by Management, which explains why we have designated it a key audit matter.

For more information about the aforementioned Accounting policies, see page 63 and Note 10 in the Annual Report for 2021.

Our audit focused on management's impairment testing and the surplus values identified:

- Evaluated Enea's process for impairment testing of goodwill and acquisition-related assets.
- Reviewed how Management identifies cash-generating units and compared this with how Enea monitors goodwill and acquisition-related assets internally.
- Evaluated the reasonableness of the assumptions made and conducted sensitivity analyses for changed assumptions.
- Evaluated the reasonableness of the discount rate applied.
- Compared the estimated value in use with the market capitalization as of December 31, 2021.
- Evaluated Management's forecasting ability by comparing earlier forecasts with actual outturns.
- Verified that sufficient information has been presented in the Notes to the Annual Report from a materiality perspective.

Other Information than the Annual Accounts and Consolidated Accounts

Other Information than the Annual Accounts and Consolidated Accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on page 2-20 and 96-101 respectively. Information in the Remuneration Report published on Enea's website is also other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for reassessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

For more information about our Audit responsibility for the Annual Report and Consolidated Financial Statements, see the Supervisory Board of www.revisorsinspektionen.se/revisornsansvar This description is part of the Audit Report.

Report on Other Legal and Regulatory Requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Enea AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit (loss) be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes continuous assessment of the company's and the group's Financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

For more information about our responsibility for the audit of the administration, see the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/en/English This description is part of the Audit Report.

The Auditor's Examination of the ESEF Report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Enea AB for year 2021.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report #0282bd1a7eb031769a660e2f8fbab81ddc93efd18aa253e8b12b157 9cf4058e5 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Enea AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed. RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The auditor selects procedures dependent on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow

The Auditor's Examination of the Corporate Governance Statement

The Board of Directors is responsible for ensuring that the Corporate Governance Statement on pages 38-48 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Statement is conducted in accordance with FAR's auditing standards RevU 16 The auditor's examination of the Corporate Governance Statement.

This means that our examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted accounting practice in Sweden. We believe that the examination has provided us with a satisfactory basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's Opinion Regarding the Statutory Sustainability Report

It is the Board of Directors who is responsible for the sustainability report on pages 26-33, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A statutory sustainability report has been prepared.

The AGM on May 6, 2020 appointed Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, Stockholm, Sweden, as Enea AB's (publ) Auditor, who have served as the company's Auditor since May 15, 2007.

Stockholm, Sweden, April 11, 2022

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

SEK m	2021	2020	2019	2018	2017
INCOME STATEMENT					
Net sales	975.6	915.1	994.5	824.3	584.4
Other operating revenue	24.7	14.0	17.5	17.7	4.0
Operating expenses	-784.4	-740.5	-757.3	-653.1	-485.6
Operating profit	216.0	188.6	254.7	188.9	102.8
Net financial income/expense	5.2	-24.5	-51.7	-27.7	-5.2
Profit before tax	221.2	164.2	203.0	161.1	97.6
Profit for the period	200.3	142.3	169.7	141.7	82.5
Total	200.3	142.3	169.7	141.7	82.5
BALANCE SHEET					
Intangible assets	2,313.4	1,734.5	1,672.3	1,381.4	522.2
Other intangible assets	50.3	40.7	27.6	33.7	31.0
Other financial fixed assets	4.3	6.1	3.4	3.1	2.7
Financial assets held for sale, non-current	-	-	-	-	62.1
Current receivables	454.0	357.5	364.3	426.8	203.6
Financial assets held for sale, current	-	-	-	-	40.2
Cash and cash equivalents	211.4	195.1	146.1	74.7	312.0
Total assets	3,033.3	2,334.0	2,213.8	1,919.7	1,173.8
Shareholders' equity	1,776.0	1,487.5	1,481.3	985.8	754.2
Long-term liabilities, interest-bearing	469.8	291.7	263.0	539.8	82.0
Long-term liabilities, non-interest-bearing	169.3	141.0	119.6	86.8	161.8
Current liabilities, interest-bearing	268.8	142.2	99.1	94.3	34.0
Current liabilities, non-interest-bearing	349.3	271.7	250.8	212.9	141.8
Total equity and liabilities	3,033.3	2,334.0	2,213.8	1,919.7	1,173.8
CASH FLOW					
Cash flow from operating activities	333.7	274.2	245.2	168.6	116.6
Cash flow from investing activities	-138.4	-130.9	-90.9	30.5	-139.7
Cash flow from investing activities-acquisition of operation	-379.4	-90.5	-47.1	-954.4	-96.3
Cash flow from financing activities	191.5	8.9	-35.9	514.2	206.6
Cash flow for the period	7.5	61.6	71.2	-241.1	87.2
KEY FIGURES					
Net sales growth, %	7	-8	21	41	17
Operating margin, %	22.1	20.6	25.6	22.9	17.6
Profit margin, %	22.7	17.9	20.4	19.5	16.7
Return on capital employed, %	14.0	11.2	15.6	17.0	16.3
Return on equity, %	12.3	9.6	13.8	16.3	14.0
Return on total capital, %	11.8	9.5	13.3	13.8	11.1
Interest coverage ratio, multiple	3.3	4.1	3.8	4.1	5.4
Equity ratio, %	58.6	63.7	66.9	51.4	64.3
Liquidity, %	107.6	133.5	145.9	163.2	316.1
EBITDA	375.0	296.1	340.8	230.3	126.6
Net debt/EBITDA	1.41	0.81	0.63	2.44	-1.58
Average number of employees	708	634	629	563	467
Net sales per employee, SEK m	1.4	1.4	1.6	1.5	1.3
Net asset value per share, SEK	82.66	69.09	69.54	50.99	39.00
Earnings per share, SEK	9.30	6.63	8.47	7.33	4.69

Financial Definitions

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

Return on capital employed
Operating profit plus financial income in relation to average capital employed.

Return on total capital
Profit after financial items plus financial costs in relation to average total assets.

Gross margin
Gross profit less reversed additional purchase price in relation to revenue.

Dividend yield
The dividend as a percentage of the market price at year-end.

EBITDA
Profit before financial items plus depreciation and amortization.

Equity per share
Profit after tax in relation to the average number of shares.

Non-recurring items
Items of a non-repeat nature in normal operations. Non-recurring items include restructuring expenses, non-recurring write-down, expenses for legal advice in major disputes, and transaction expenses relating to major acquisitions. Transaction expenses include expenses for legal and financial advice but exclude financing costs. Reversed additional purchase prices are also included in non-recurring items. The purpose of specifying these items is to clarify the progress of underlying operations.

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

Liquidity
Cash and cash equivalents including short-term investments and short-term receivables in relation to current liabilities.

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

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

Revenue growth
Revenue for the period in relation to revenue in the previous period.

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

Interest coverage ratio
Profit after financial net plus financial costs in relation to financial costs.

Operating margin
Operating profit in relation to net sales.

Operating profit excl. non-recurring items
Operating profit before financial items and tax, restated for any non-recurring items.

Debt service ratio
Cash flow from operating activities – ongoing investments + total financial expenses in relation to amortization and total financial expenses during a reference period of twelve months.

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

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

Capital employed
Total assets less non-interest-bearing liabilities including deferred tax liabilities. Average capital employed has been calculated as opening capital employed plus closing capital employed divided by two.

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

Profit margin
Profit after financial items in relation to net sales.

Alternative Performance Indicators

The Annual Report for 2021 refers to the non-IFRS indicators used by Enea and other parties when evaluating Enea's results of operations. These indicators provide Management and investors with valuable information required to analyze trends in the company's business operations. These non-IFRS indicators are intended to complement, not replace, financial indicators presented in accordance with IFRS.

Reconciliation of Net sales growth

	Full year	
	2021	2020
Net sales, SEK m	975.6	915.1
Net sales growth, SEK m	60.5	-79.4
Net sales growth, %	7	-8
Currency effect, unchanged exchange rates previous year, %	-36.9	-13.6
Currency effect, unchanged exchange rates previous year, SEK m	-4.0	-1.0
Net sales growth, unchanged exchange rate previous year, SEK m	97.4	-65.8
Net sales growth, unchanged exchange rate previous year, %	11	-7

Reconciliation of Financial Net

	Full year	
	2021	2020
Financial income	100.6	28.1
Financial expense	-95.4	-52.5
Reported financial net, SEK m	5.2	-24.5

Annual General Meeting 2022

The shareholders of Enea AB have been invited to the AGM on May 5, 2022. The AGM will be held exclusively by advance (postal) voting. Shareholders recorded in the share register maintained by Euroclear as of April 27, 2022, and that have notified their participation by no later than May 4, 2022 by submitting their advance vote in accordance with the instructions on advance voting (sv. *Förhandsröstning*, see enea.com) are entitled to participate in the AGM. Shareholders with nominee-registered holdings with banks or other nominees must request inclusion in the share register in their own names with Euroclear Sweden AB (known as voting registration). The nominee must have completed the voting registration by no later than April 29, 2022, which means that shareholders requiring voting registration must inform their nominee thereof in good time prior to the date above.

Financial Calendar

April 27, 2022:	Publication of Interim Report for January–March 2022
May 5, 2022:	AGM 2022
July 15, 2022:	Publication of Interim Report for April–June 2022
October 26, 2022:	Publication of Interim Report for July–September 2022
February 2, 2023:	Publication of Annual Statement for 2022

Information Sources

All financial information is published on Enea's website and financial reports can also be ordered by mail or e-mail (website and contact information below).

Contact Information

Mail:	Enea AB Box 1033 164 21 Kista Sweden
Email:	ir@enea.com (ordering financial reports) agm@enea.com (attendance at AGM)
Telephone:	+46 (0)8 507 14000

Enea AB is a public company (corporate. ID no. 556209-7146) with its registered office in Stockholm, Sweden.

Investor Relations

Enea always endeavors to provide transparent, relevant and accurate information to shareholders, investors and financial analysts to promote awareness of the group's operations and share. Enea distributes information in Interim Reports, Annual Reports and press releases, and provides detailed information on the company's website. Shareholders and other stakeholders can subscribe to press releases and financial reports by e-mail. In 2021, press releases were published for major product news, key strategic transactions and high-value contracts. General information is uploaded to our website, such as shareholder lists at each quarter-end. When major changes occur, we update our website immediately. Enea applies a 30-day quiet period prior to financial reporting.

www.enea.com

Information for customers, shareholders, and investors is available on Enea's website. Blog posts, news articles, interviews, and webinars offer more in-depth information on various topics.

Information on Enea's product portfolio and solutions, as well as new contracts and business highlights are reported on Enea's LinkedIn account. This is also a recruitment channel.

www.linkedin.com/company/enea-software-ab

Enea's Twitter account maintains a continuous stream of updates on press releases, blog posts and other activities. This is an excellent channel for stakeholders that want to keep up to date with Enea's newsflow.

www.twitter.com/EneaAB

Interviews with industry analysts and Enea experts are published on Enea's YouTube channel. Recordings of training, webinars and product demos are also uploaded.

www.youtube.com/Enea-Software

The currency for all amounts stated in this Annual Report is Swedish kronor unless otherwise stated. For thousands and millions of Swedish kronor, the abbreviations SEK 000 and SEK m are used respectively. Unless otherwise stated, all amounts are for current operations, and amounts in brackets are for 2020.

Information on trends and competitive situations are Enea's opinion unless another source is stated. These opinions are based on the latest available factual information.

The Annual Report has been produced by Enea in partnership with Rehngruppen. Images of the Board of Directors and Executive Management Team, and in the contents, are from various sources, and purchased images.

This document is a translation of the Swedish language original. In the event of any discrepancy between the two versions, the Swedish version shall take precedence.

The audited annual accounts are on pages 21-25, 34-37 and 50-89.

The Sustainability Report on pages 26-33 has been reviewed by the Auditors in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report.

Enea – A Success Story

How is it possible that Enea, a company with just over 750 employees, has become a global leader in a number of key market segments of telecom and enterprise networks?

Enea has been an innovator ever since it was founded back in 1968. Its employees—and primarily the company's development engineers—have always been driven by a passion for new technology. Although the company has transformed from an IT consulting firm into a software vendor, what has always been consistent is solving customers' problems with innovative and inventive solutions.

Many of Enea's ideas have been genuinely pioneering. One of its first assignments was to produce a data management solution for an air traffic control system. Obviously, its client, the Swedish Civil Aviation Administration, applied very stringent standards on availability and low latency. It's no exaggeration to say that with the development and delivery of a real-time operating system back in the late 60s, Enea made history.

Its success in operating systems paved the way for developing new products and applications for other sectors. In 1985, Enea launched Enea OSE, now one of the world's most widely used and proliferated operating systems. Ericsson and Nokia have been using this product in their radio base stations for several generations of mobile networks.

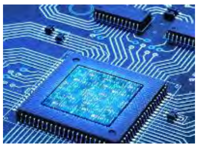
In the same decade, Enea became a pioneer and visionary in electronic communication and the Internet. The company was the first in the Nordics to connect to the Internet, received the first email in Sweden, and registered the country's first Internet domain. In this early stage, Enea was the hub of all Internet traffic in Sweden.

Enea was also part of the emergence of mobile data communication. The latest version of Enea OSE was central to Ericsson's global rollout of GSM networks in the 90s. Enea's In base stations, Enea's real-time operating system enabled the routing of calls, and later, mobile data communication. Enea also developed the first mobile version of HTML (the Internet text formatting language). In recent years, acquisitions have helped strengthen Enea's position in strategic market segments.

The integration of Qosmos and Openwave Mobility expanded its portfolio by adding the market's best embedded traffic intelligence and mobile video traffic management solutions respectively. Enea also launched one of the world's first cloud-based solutions for data management in 5G networks.

Enea is continuing to make investments in strategic market segments where the company's professionals can add value through the skills and experience, they possess. In some cases, strategic decisions have resulted in acquisitions. Three segments where the company has rapidly secured leadership through acquisitions are Mobile network security, embedded traffic intelligence and managing mobile video traffic. This type of investment in organic growth and complementary acquisitions offers a good illustration of the strategy that Enea has staked out to ensure its continued growth and success.

Leading Market Positions



Real-time operating systems

Embedded traffic intelligence

Connectivity management on large-scale Wi-Fi networks

Managing mobile video traffic

Mobile network security

Historical Milestones

1983 – Enea receives Sweden's first email.

1988 – Enea creates the first real-time operating system for mobile networks.

1998 – Enea develops the first mobile version of HTML.

2006 – Enea launches the first commercial application of embedded traffic intelligence.

2016 – Enea provides the first solution for optimizing en-crypted video traffic.

2019 – Enea launches one of the first cloud-native solutions for data management in 5G networks.

Enea Worldwide

Enea is a global company with customers in many countries worldwide.

Its headquarters are located in Stockholm, Sweden, and the company has development centers in Europe and India.
To facilitate its dialog with customers and capture new market demands, Enea also has sales offices in strategically selected locations in different regions.

A total of 772 people works for the company.

Region	Country	City	Product development	Sales support
Africa	South Africa	Johannesburg		●
Europe	France	Paris	●	●
"	Ireland	Dublin	●	●
"	Croatia	Osijek	●	
"	Rumania	Bucharest	●	●
"	"	Craiova	●	
"	"	Iasi	●	
"	Spain	Madrid		●
"	UK	Belfast	●	
"	"	Bristol	●	
"	"	London		●
"	Sweden	Stockholm	●	●
"	Czech Republic	Brno	●	●
"	Germany	Berlin		●
"	Austria	Vienna		●

Region	Country	City	Product development	Sales support
Middle East	United Arab Emirates	Dubai		●
North America	Canada	Toronto		●
"	USA	Boston		●
"	"	Dallas		●
"	"	Miami		●
"	"	Phoenix		●
"	"	Redwood City		●
	"	Seattle		●
North America	Japan	Tokyo		●
"	China	Shanghai		●
South-East Asia	India	Hyderabad	●	
"		Pune	●	●
"	Malaysia	Kuala Lumpur		●
"	Singapore	Singapore		●

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