ENEA 2020

ANNUAL REPORT

Enea in Brief

SEK 915
million
Revenue

24.2
percent
EBIT margin
excl. non-recurring items

27.7
percent
R&D[1]

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 services across enterprise networks, mobile systems (4G and 5G), as well as Wi-Fi networks. Over three billion people rely on Enea's technology every day when using their mobile phones or connecting to the Internet.

Organization and Offering

Enea has development centers and sales offices in Europe, North America, and Asia. The company's portfolio has the following product segments:

- Cloud-native data management
- Mobile video traffic management
- Connectivity management in Wi-Fi networks
- Policy and access control
- Embedded traffic intelligence
- Virtualization platforms
- Cloud-native services for the IoT
- Real-time operating systems

Enea also has a global services organization developing software on assignment from customers in different sectors subject to stringent performance and reliability standards. Engineers in this part of Enea's organization have executed development projects for customers that work on solutions for medical devices, the aviation industry, and aerospace technology.

Historically, data communication solutions have been Enea's core business since the company was founded over 50 years ago. Enea was the first company in the Nordic region to connect to the Internet, and received the first email in Sweden. The company also registered Sweden's first Internet domain, and at an early stage, was the hub of all Internet traffic in Sweden.

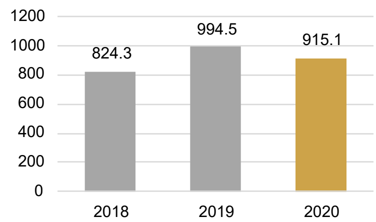
Enea was one of the pioneers behind the emergence of the Internet and mobile data communication, and continues to drive technological evolution by delivering market-leading products and solutions.

HEADQUARTERS: STOCKHOLM, SWEDEN

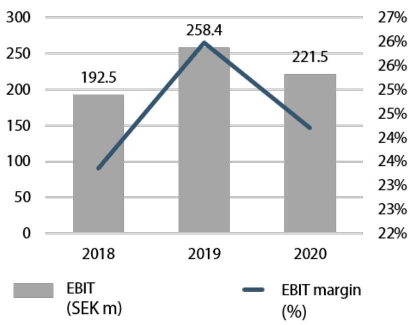
NUMBER OF EMPLOYEES: 659

STOCK EXCHANGE: NASDAQ STOCKHOLM

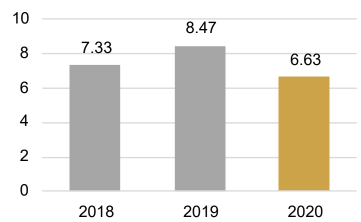
Revenue (SEK m)



EBIT and EBIT margin exc. Non-recurring Items



Earnings per share (SEK)



[1] Total R&D expense (expenditure and capitalised expenses) relative to revenue.

Contents

An Eventful Year

Enea is challenging its competitors, and growing as a vendor of software in telecom and cybersecurity. We're standing strong with a future that looks exciting, despite the short-term uncertainties.

Rapidly Changing Market

The Corona pandemic left deep scars on society and economies in 2020. The crisis exposed vulnerabilities, radically reshaping the conditions facing people and businesses worldwide. But simultaneously, the effects of the pandemic accentuated trends in the telecom sector, increasing the usage of new technology. Nowadays, many people work and study remotely, do their shopping online, while video meetings have become a natural part of our everyday lives, and digital tools are being used for critical social functions.

Communication systems with high capacity, reliability and performance are essential to this progress, and traffic in most telecom networks surged in the year. Many of the new user behaviors and traffic patterns will remain when the world gets back to normal after the pandemic. One downside of digitalization is that security threats and IT attacks against the authorities and businesses have increased. This will also probably continue, demanding even more advanced cybersecurity solutions.

New Customers and Strategic Contracts

We're well positioned to deal with the short-term uncertainty, and benefit from the above trends. Most of our business was stable in 2020, largely thanks to a high share of repeat revenue and broad customer base. Eight of the world's ten largest telecom operators use our solutions, and we are seeing opportunities to offer more products in our portfolio to them and other existing customers.

Parts of our sales were negatively impacted by the pandemic, due to delayed customer projects and investments being pushed into the future. Early in the year, we took action to streamline our organization and adapt our cost structure to the altered sales volumes.

Overall, we succeeded in reporting sustained high cash flow, and beat our target of an EBIT margin of over 20 percent.

"The market for data management in 5G, virtualization and advanced cybersecurity is on the verge of an exciting phase, where we'll be able to challenge established competitors and win market shares."

The increasing demand for reliable communication systems means that our role as a global vendor of software for telecom and cybersecurity is more important and exciting than ever. Customers, users and subscribers worldwide depend on our systems, and our evolution towards software-based networks and cloud technology means that we can grow in size and significance. I am delighted that in the year, we signed multi-year 5G contracts with major North American and European customers. This will generate substantial revenue over the coming years, and be key customer references on the market.

Flexible Colleagues and New Working Methods

Enea's staff and managers are experienced users of digital tools for communication and product development. So our transition to remote working went very quickly and smoothly, without any notable impact on the efficiency or quality of what we deliver. One big challenge has been finding new ways of working on sales, and new solutions, as well as installations and upgrades of existing products. We developed new methodologies and cloud tools for this purpose. This reorientation and automation is something we and our customers will both benefit from because it means shorter lead times, less manual work and reduced travel.

Aptilo Expands Our Offering and Customer Base

Our acquisition of Aptilo was completed on October 1, and its integration, which means Aptilo becoming an independent business unit, went very smoothly. Aptilo is a leader with a large worldwide customer base in public Wi-Fi network connectivity management. The same technology is also used in the Internet of Things, which is an attractive growth market. As in previous acquisitions, we're prioritizing customer focus and continuity for our people, while looking for new sales opportunities, and progressively implementing processes and tools to realize synergies and economies of scale.

Future Prospects

The market for data management in 5G, virtualization and advanced cybersecurity is on the verge of an exciting phase, where we'll be able to challenge established competitors and win market shares with innovative products and new business models. Overall, our ambition is to expand revenues robustly through the coming years, with an EBIT margin of over 20 percent, through organic growth in network solutions, and complementary strategic acquisitions that consolidate our market position. This ambition means we'll pass revenue of SEK 1.5 billion for the full year 2023.

But because of the Corona pandemic, uncertainty in the short and medium term is substantial. Its consequences will probably include continued delays to customer projects and other negative effects on our business, which do risk affecting our earnings through coming quarters. Despite these uncertainties, our target for 2021 is to generate revenue growth on the previous year, with an EBIT margin of over 20 percent.

Summary

We can look back on a year of major change and adjustment for most people. Despite these challenges, we kept delivering world-leading products, won new strategic contracts and completed acquisitions.

We also achieved financial results, with a strong cash flow and healthy EBIT margin. We've never seen more growth opportunities, and the demand for 5G is increasing. Our future has never been as exciting as it is now.

Finally, I'd like to thank our shareholders and customers for their fantastic collaboration, and all my colleagues for their great efforts during an eventful year. I'm looking forward to taking Enea into new technology segments and markets with you, and making profitable and sustainable progress.

Jan Häglund
President and CEO

Focusing on Telecommunication and Cybersecurity

Enea's business concept is to develop and sell software that enables and protects digital communication on various types of network. Its product portfolio consists of individual software components and complete applications, sold directly to system vendors and network operators.

Growth Strategy

Enea's growth is currently driven by its Network Solutions product group, whose revenue has more than tripled in the past three years. This segment is evolving rapidly, with technology trends and altered market dynamics creating new business opportunities.

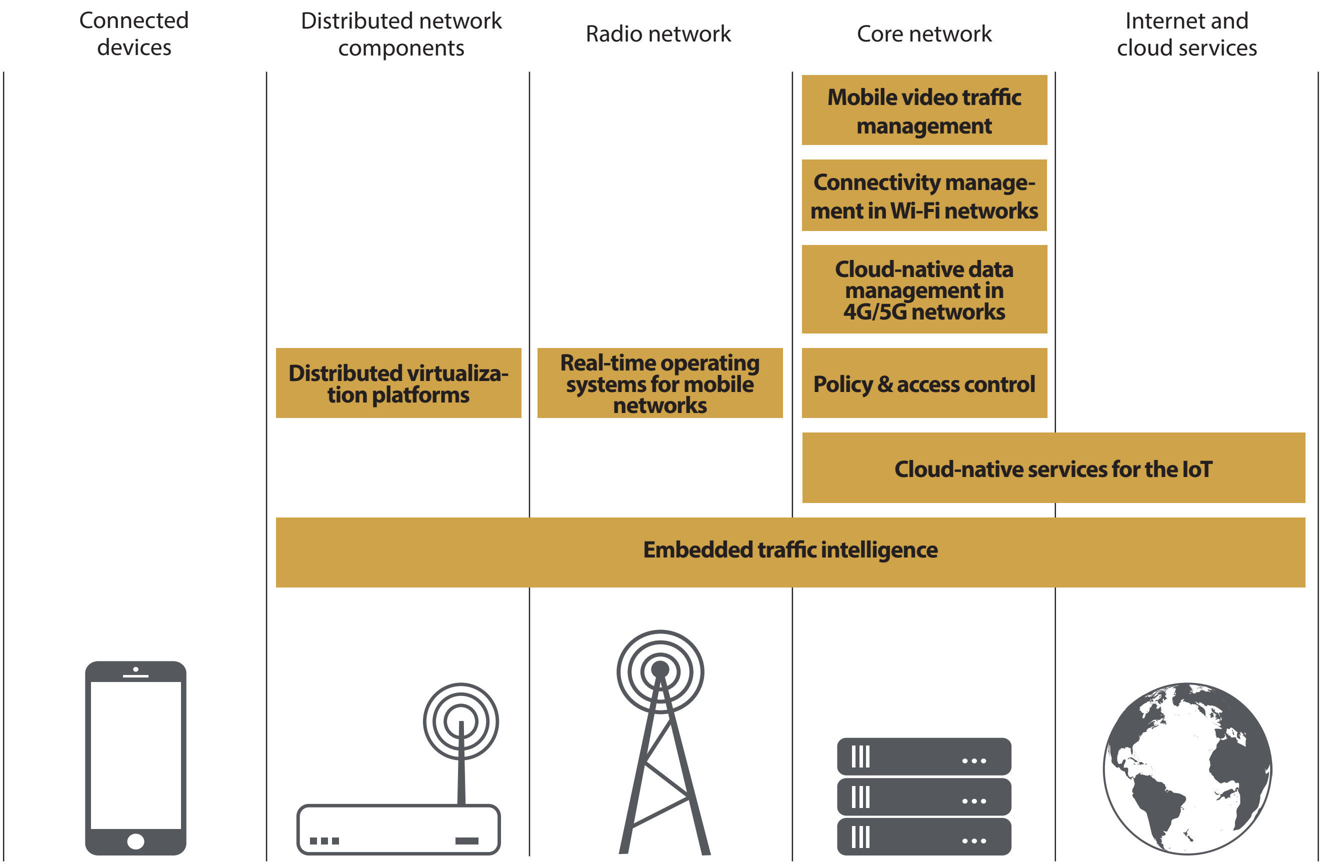
Technological advances in cloud solutions and 5G mobile networks, for example, are creating new market conditions. Traditional closed solutions, often dominated by a single vendor, are being increasingly displaced by open systems, where multiple providers contribute specialist components.

Enea already possesses an established business operation with a stable revenue base from components including traffic intelligence, operating system platforms and mobile traffic management in 4G mobile systems (LTE). This is enabling initiatives in new segments, and in recent years, Enea has made substantial investments in the form of product development and complementary acquisitions.

Areas of Investment

Being selective and focusing on market segments offering good profitability and growth potential is an important part of Enea's strategy. Enea is not trying to become a full-range provider of complete networks. Instead, it targets investments on those specific network functions where it has most potential to be a challenger, and ultimately, a market leader.

Its areas of investment include core networks for 5G and the IoT, where acquisitions in recent years have brought core competence, products and customer relationships in traffic, data and service management. Traffic intelligence products are another area of investment, enabling the capture and analysis of encrypted traffic in data networks, playing a key role in segments including cybersecurity systems. Another area is platforms for the network edge, where applications for connecting SD-WANs are an expansive market segment. In turn, such platforms can be considered the natural evolution of Enea's product portfolio in embedded operating systems.



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

Business and Sales Models

Enea's product portfolio addresses various market segments, sold direct and indirect to end-customers.

Historically, most sales have been to system vendors, preferably large players that build complete mobile telecommunication solutions and networks. In these cases, the end-customer is usually a mobile operator, and for Enea, this is either a matter of indirect sales, serving as subcontractor to a system vendor, or a type of channel sale, with sales via a partner.

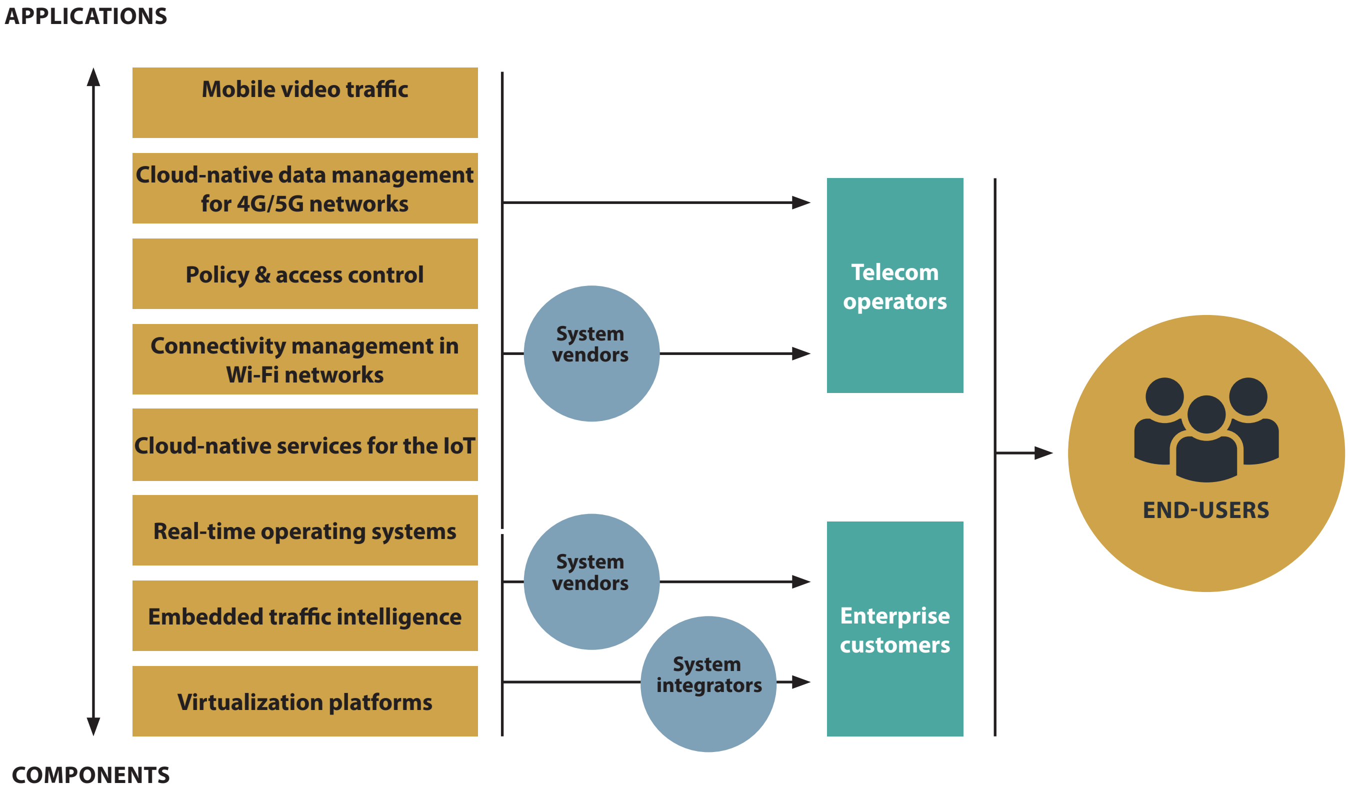
In tandem with indirect sales, in recent years, Enea has also accumulated growing direct sales to telecom operators. With its broad network solutions product portfolio and global sales organization, Enea now has more capability to sell direct to operators. This is largely a result of the successful acquisitions of recent years, and in the past year, Enea has announced several major contracts based on direct sales to leading telecom operators.

Acquisition Strategy

Primarily, Enea's growth is organic, 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 four large companies. These acquisitions have enabled Enea to create all-new business opportunities in the expansive Network Solutions segment. The most recent example is Aptilo, an acquisition announced at the beginning of the fourth quarter 2020, bringing Enea new connectivity management solutions in Wi-Fi networks.

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 it screens potential acquisition candidates continuously, mainly in the focus segments of 5G and cybersecurity.

Product Portfolio and Sales Models



Strategy

Enea focuses on a cluster of carefully selected core segments, where it strives for leadership. The company is investing in organic growth based on global technology trends, while retaining its profitability and financial strength to enable complementary acquisitions.

Shorter Response Times, Higher Data Volumes, and More Connected Devices

There is growing interest in 5G, the next generation of mobile systems. The rollout of this type of network will accelerate over the coming years, enabling new applications and driving development on the Internet of Things. This implies greater demand for secure and reliable systems to manage traffic and data.

Global Trends

Enea continuously monitors external factors and global technology trends (see illustration on next page) to adapt its strategy and business operations, which is imperative to ensure the company's growth and success. Virtualization and cloud-native solutions represent one of the main global trends. Software is becoming increasingly independent of equipment, offering competitive advantages to independent and pure-play software providers like Enea.

This trend also means that software is becoming more frequently divided into well-defined and interchangeable components and function blocks – another advantage for specialized companies aiming for market leadership in selected segments. The whole telecom industry is now discussing 5G, the fifth generation of mobile networks. This standard brings an all-new architecture for core networks, with well-defined function blocks, which are natively designed for cloud solutions. This creates opportunities for Enea to assume leadership in key segments like data management and the IoT.

Increasing volumes of data traffic and a complex mix of cyber threats are accentuating the demand for cybersecurity. Advanced technology and specialized products are necessary to classify network traffic and prevent breaches, sabotage and theft of intellectual property. Enea's software in this segment is a market-leading product and an integrated part of the solutions offered by many security vendors.

New and superior Wi-Fi 6 technology makes Wi-Fi a cost-efficient complement for operators to build indoor coverage. The Aptilo business area is already a world leader in secure user connection and authentication on Wi-Fi networks.

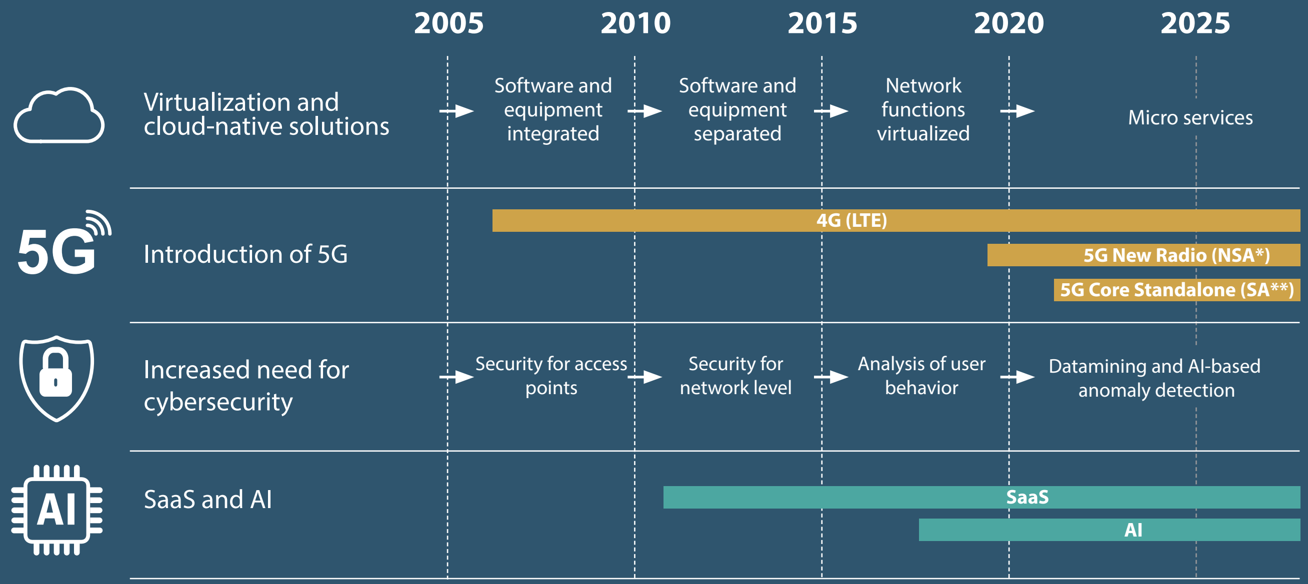
The usage of open source is another trend, and the first choice for many system developers. Enea uses open source in some form in most of its products. This has enabled the rapid development of its product portfolio in the Network Solutions segment. At the same time, the usage of open source has clearly reduced the demand for Enea's proprietary real-time operating system products.

Software as a Service (SaaS) is enjoying growing market acceptance, as are solutions based on artificial intelligence. Enea has already launched offerings where these new business models and technologies are important components.

Managing Mobile Video Traffic

Video is the fastest growing type of traffic in mobile networks, and operators need to be able to manage and optimize encrypted video traffic. Research conducted by Ericsson (Mobility Report 2020), video currently represents 66 percent of mobile traffic, a share forecast to increase to 77 percent by 2026. To retain subscriber loyalty, while simultaneously limiting investment in infrastructure, operators have to optimize video traffic and ensure a good user experience without delays and distortion effects. They will also need to consider implementing new business models centered on video traffic to boost their revenue and maintain profitability.

Global Technology Trends



*Non-standalone
**Standalone

The Internet of Things – IoT

Research by IDC forecasts 41.6 billion devices connected to the Internet of Things by 2025. This means that many enterprise customers will want to manage their connected devices with retained security across programmable, and often multinational, networks.

Cloud-Native Data Management

The rollout of 5G will enable new types of solution where the actual application software and associated data are managed separately. This implies completely new requirements on data management systems for 5G services and the Internet of Things. High availability, reliability, as well as extremely short response times, are fundamental criteria for various types of real-time functionality. Scalability and flexibility are two other key aspects and cloud-native systems will be part of the solution in these cases.

Core Networks for 5G

The critical functions of well-designed 5G networks are not only on the radio network side, but also in the core network. This includes policy and access control. By planning for various scenarios, operators can define rules that automatically manage high traffic load and prioritize traffic that cannot be delayed, for example. Access control is a related function that verifies user subscriptions and opens access to services.

Cybersecurity

Different types of traffic can be classified and measured using a technology called Deep Packet Inspection, enabling traffic optimization and a good user experience. This technology is also the foundation of cybersecurity solutions, and can prevent unauthorized access, while facilitating the identification of malicious traffic. Traffic intelligence is embedded into solutions for telecom and enterprise networks such as components in firewalls and various cybersecurity services.

Virtualization

For several years, telecom operators have been virtualizing core network functionality. There is a wealth of advantages – more flexible solutions, better utilization of available resources and a wider selection of software providers. At the same time, new cloud-native technology has created new requirements on skills, working methods, operation and maintenance systems and business relationships. This process has now reached the network edge, where similar concepts can offer many benefits. Enea was one of the first suppliers to offer SD-WAN solutions that can replace traditional enterprise networks, cutting costs for a raft of operations.

Summary

The market for telecommunication and cybersecurity is continuing to evolve rapidly, due to the innovation of technology and business models. Enea is well positioned to exploit the business opportunities created by this progress, and maintains business relationships and active dialogue with most of the customers driving this market forward. Enea is also one of very few providers capable of offering solutions for both 5G and Wi-Fi.

Enea – A Software Company

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

Market Segments

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

- **Network Solutions** – software to manage user experiences and optimize data management, cybersecurity, database communication as well as platforms for network function virtualization (NFV).
- **Operating Systems** – software that serves as the link between computer equipment and the applications that customers use.
- **Software Development Services** – software development on assignment from customers.

The product portfolio for the Network Solutions market segment was supplemented at year-end when Enea acquired Aptilo Networks, a company focused on connectivity management services for Wi-Fi networks and cloud-native services on the Internet of Things.

Software Development Services

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

Enea's engineers and project managers have extensive experience of software development, and take overall responsibility for everything from design and coding to project management, quality assurance, and training.

Enea's market-leading products are enabled for cloud-native solutions that satisfy the telecom and IT sectors' challenging reliability and security standards.

Acquisitions

In 2020, Enea acquired Aptilo Networks, a world leader in connectivity management for Wi-Fi networks, which provides innovative cloud-native services for devices connected to the IoT. The company has delivered software and services to over one hundred network operators worldwide, who in turn serve tens of thousands of enterprise customers, hundreds of millions of users, and even more connected devices.

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 based on subscriber permissions.

Enea NFV Access
An NFV platform distributed to the edges of various networks, for example in software-defined wide area networks (SD-WANs).

Enea Policy Manager
A product enabling mobile operators to automatically control the usage of network resources, thus enhancing the user experience of different services.

Enea Encrypted Video Manager
A product enabling mobile operators to optimize video and data traffic for a superior user experience and cost-effective network solutions.

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Enea Unified Data Manager
A product enabling mobile operators to manage data related to subscriptions and services for any underlying database.

Enea Stratum Network Data Layer
A product enabling mobile operators to build databases that store information related to subscriptions and services securely.

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.

Enea's Employees

It is important for Enea that all staff feel a sense of community and contribute to the company's success. The single most important factors to achieve the company's ambitious goals are the skills and capabilities of its employees.

Core Values

Enea's corporate culture and ways of working are permeated by 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.
All our work should also be permeated by teamwork. This 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 highly committed people. In line with this, the company works actively on individual competence development, promoting a healthy working environment and 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 a company with headquarters in Sweden, an international business and global presence. It currently has 659 employees, the large majority being technology graduates. 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 proprietary products.

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

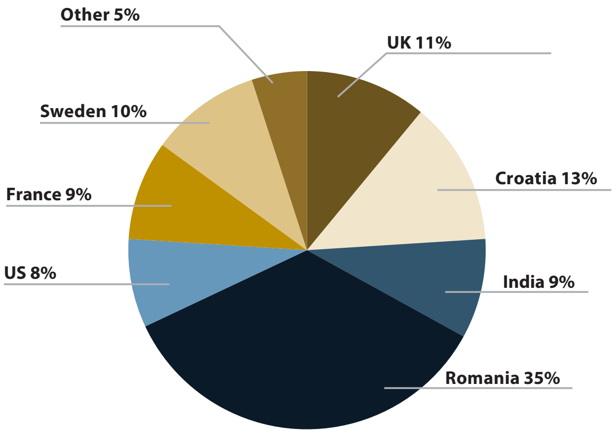
Diversity is an essential factor for Enea to enable the creativity and innovative capability necessary to remain a successful company, and widen its perspective on the challenges the company faces. Given that Enea is a global corporation, it is important that the organization reflects the customer's organization, and that employees possess knowledge of local markets, as well as an understanding of different cultures.

Enea aspires to achieve a more even gender division, and has an objective to hire more women, as the majority of employees are currently men (77 percent). Accordingly, Enea is working actively to create an attractive workplace for both genders, and is facilitating this recruitment process.

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 "360 Feedback" during the year, and there is also a well-functioning process for staff appraisal interviews.

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



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 had its initial public offering in 1989 and has been quoted on Nasdaq Stockholm Mid Cap (ENEA) since July 1, 2007.

Share Price Performance
In the year, Enea's share price varied between a low of SEK 105.50 on March 23, and a high of SEK 209.50 on October 10. The closing price at year-end was SEK 189.60, which means that Enea's share price increased by 4.8 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 14.6 and 59.2 percent respectively in the same period.

Trading Volume
A total of approximately 7.9 million shares were traded in the year, with total value of SEK 1,255 (330) million, equating to an average of 31,278 (15,047) shares per trading day.

Ownership
Enea had 8,649 shareholders as of December 31 (8,265). On this date, the largest shareholders were Per Lindberg (direct and via endowment insurance) and Robur's Småbolagsfond (small cap fund). The ten largest shareholders held 65.8 (60.1) percent of the capital and votes, and foreign shareholdings were 20.3 (17.9) percent.
Source: Euroclear

Number of Shares
There were 21,615,231 Enea shares as of December 31. At the same date, Enea AB held 86,688 treasury shares, or 0.4 percent of all 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 2020.

Authorization – Purchase of Treasury Shares
The AGM 2020 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 2021. 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.

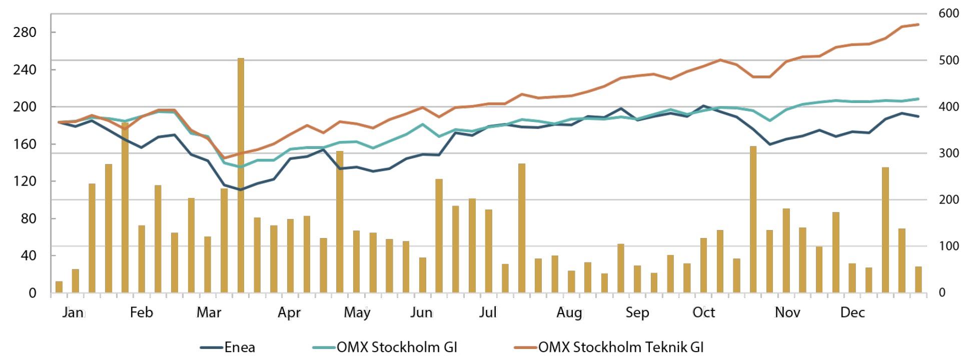
New Share Issue
The AGM 2020 authorized the Board to decide on new share issues on one or more occasions in the period until the AGM 2021, to finance continued growth and expansion, e.g. in connection with company acquisitions.
This authorization meant that the Board is authorized to issue shares corresponding to a maximum of 1,965,023 shares, i.e. a maximum of 10 percent of the number of outstanding shares as of the date of notice to the AGM 2020.

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.

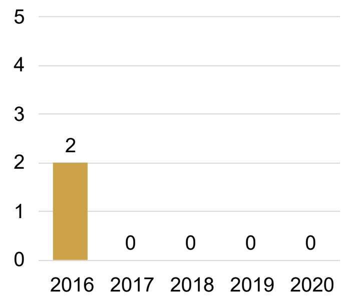
For more information, see www.enea.com

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 2020



Dividend per Share, SEK



Share-related Key Figures, SEK

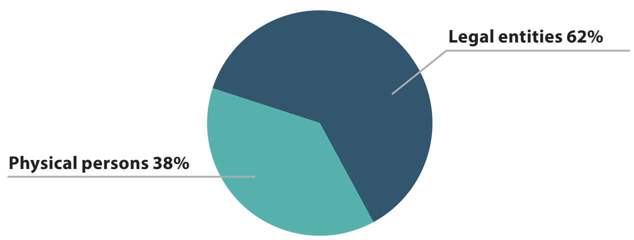
	2020	2019	2018	2017	2016
Net asset value per share	69.09	69.54	50.99	39.3	26.61
Earnings per share	6.63	8.47	7.33	4.73	5.95
Earnings per share after full dilution	6.63	8.47	7.33	4.73	5.95
Cash flow from operating activities per share	11.43	12.24	8.72	6.63	8.06
Dividend per share*	0	0	0	0	2

*Board of Directors' proposal to the AGM 2021

Division by Size of Shareholding, 31 December 2020

Holding	No. of Share-holders	No. of Shares	% Votes & Capital
1-500	7,502	775,794	3.6
501-1,000	494	381,923	1.8
1,001-5,000	482	1,075,070	5.0
5,001-10,000	60	420,596	2.0
10,001-15,000	27	333,455	1.5
15,001-20,000	18	311,264	1.4
20,001-	66	18,317,129	84.,7
Total	**8,649**	**21,615,231**	**100.0**

Legal Entities and Physical Persons, Based on Holdings, No. of Shares

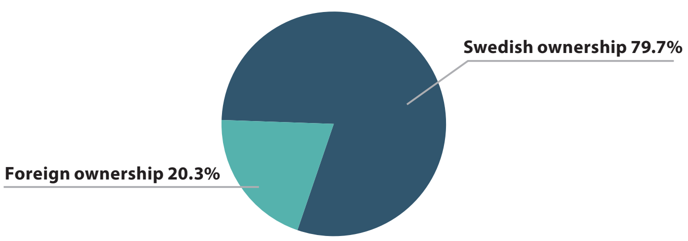


Ten Largest Shareholders, by Ownership Group, 31 December 2020

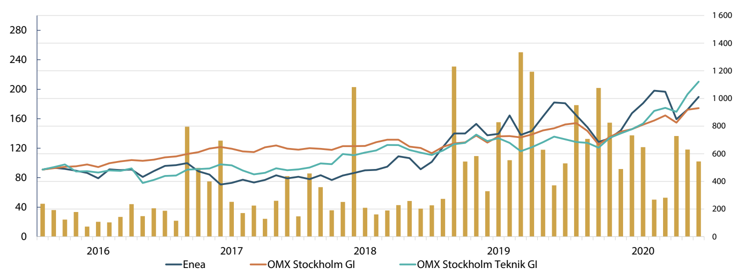
Shareholder	No. of Shares	% Votes & Capital
Per Lindberg	5,111,810	23.7
Försäkringsaktiebolaget, Avanza Pension[1]	2,454,977	11.4
Swedbank Robur Fonder	2,039,261	9.4
Handelsbanken fonder	1,547,828	7.2
JP Morgan Bank Luxembourg S.A.	1,059,146	4.9
TIN NY Teknik	592,145	2.7
HSBC Bank, PLC W8IMY	527,367	2.4
Skandia Fonder	322,934	1.5
Sijoiyusrahasto Aktia Nordic MIC	305,000	1.4
BNY Mellon SA/NV (former BNY) W8IMY	263,259	1.2
Total, ten largest shareholders	**14,233,727**	**65.8**
Enea AB	86,688	0.0
Other shareholders	**7,304,816**	**34.2**
Total	**21,615,231**	**100.0**

[1] Per Lindberg's endowment insurance is 2,264,858 shares of this holding.

Swedish and Foreign Ownership, Based on Holdings, No. of Shares



The Share, 2016-2020



Ownership by Domicile

Region	Shareholders, %	% Votes & Capital
Sweden	95.4	79.6
Rest of Nordics	2.3	6.0
Rest of Europe (exc. Sweden and Nordics)	1.6	11.4
US	0.5	2.9
Rest of world	0.2	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, 2020 for the parent company and the group.

Enea is a global provider of software for telecommunication and cybersecurity. The company offers products in the following segments:

- Cloud-native data management
- Mobile video traffic management
- Connectivity management in Wi-Fi networks
- Policy and access control
- Embedded traffic intelligence
- Virtualization platforms
- Cloud-native services for the IoT
- Real-time operating systems

Software Development Services is part of this offering, and means 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 3 billion people use these solutions and services to communicate using mobile phones and the Internet. Enea is also a leading provider of software for products used in sectors with extreme availability and performance standards.

Revenue

Enea's revenue for 2020 was SEK 929.1 (1,012.0) million. Net sales decreased by 8 (21) percent to SEK 915.1 (994.5) million, with the reduction mainly related to the effects of the Corona pandemic, such as delayed customer projects and deferred investments. Including adjustments for changed exchange rates, revenue was down by 7 (16) percent.

Revenue in the Network Solutions product group was SEK 603.9 (596.8) million, and increased by 1 (43) percent, mainly because of the October 1 acquisition of Aptilo, a Wi-Fi policy & access control operation. Revenue in the Operating Systems product group was SEK 176.6 (251.9) million, and decreased by 30 (4) 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 8 (0) percent to SEK 134.5 (145.8) 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 221.5 (258.4) million, equivalent to an EBIT margin excluding non-recurring items of 24.2 (26.0) percent. EBIT was SEK 188.6 (254.7) million, equivalent to an EBIT margin of 20.6 (25.6). Earnings were negatively impacted by lower sales, and positively by rationalization measures. Currency effects on the group's earnings were SEK -3 (6.0) million. Gross margin for the full year was 69.5 (74.2) percent. The financial net for the full year was SEK -24.5 (-51.7) million. Profit after tax was SEK 142.3 (169.7) million for the full year.
Earnings per share were SEK 6.63 (8.47) for the full year. Without restating for holdings of treasury shares, and based on the total number of shares at year-end, earnings per share were SEK 6.63 (8.47).

Cash Flow and Financial Position

Cash flow from operating activities was SEK 274.2 (245.2) million and total cash flow was SEK 61.6 (71.2) million. Cash flow was negatively impacted by lower EBIT, and positively by a marginal change in working capital, and lower financial net, the latter mainly because of very low financing costs due to the redemption of a bond loan in October 2019. 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 and financial investments were SEK 195.0 (146.1) million at year-end. At the same date, total interest-bearing liabilities were SEK 433.9 (362.1) million, divided between SEK 142.2 (99.1) million of current interest-bearing liabilities and SEK 291.7 (263.0) million of non-current interest-bearing liabilities.
In tandem with the acquisition of Aptilo on October 1, Enea arranged a new SEK 130 million bank loan. Total assets at year-end were SEK 2,334.0 (2,213.8) million, when net debt was SEK 238.8 (215.9) million. Enea has retained a strong financial position with an equity ratio of 63.7 (66.9) percent.

Investments, Depreciation and Amortization

The group's investments were SEK 280.6 (279.0) million for the full year. Depreciation and amortization for the full year was SEK 107.6 (86.1) million, with the increase mainly relating to the aforementioned acquisition of Aptilo. SEK 112.9 million of product development expenses were capitalized in the year, and amortization of capitalized development expenses was SEK 47.5 (30.0) million.

Research and Development

Enea conducts research and development to secure its positioning as a leading technological innovator. Expenditure for research and development before capitalization increased by 3 percent to SEK 253.4 (246.7) million, or 27.7 (24.8) percent of revenue. This increase mainly relates to the acquisition of Aptilo.

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 43.3 (77.6) million, and the profit before appropriations and tax was SEK 37.7 (-1.3) million. The parent company's financial net was SEK 1.6 (-1.3) million, and its cash and cash equivalents and financial investments at year-end were SEK 0.0 (1.7) million. The parent company's investments were SEK 0.0 (0.5) million. The parent company had 15 (13) employees at year-end. The parent company does not conduct any operating activities, and its risks primarily relate to the operations of subsidiaries.

Acquisitions

Enea executed the acquisition of Aptilo, headquartered in Stockholm, on October 1. Aptilo is a leader in policy & access control in Wi-Fi and the IoT. This acquisition means Enea expanding its offering and addressable market, and securing a position higher up the value chain, with more influence over relationships with end-customers.

Enea has integrated the acquisition into the Network Solutions product group. The acquired operation reported revenue of SEK 21.6 million and EBIT of SEK 3.8 million for the period October-December. The purchase consideration was based on an EV of 150 million, and was financed via a SEK 130 million bank loan and cash. The goodwill item is tax deductible, and relates to expected profitability, complementing the product portfolio and anticipated synergy effects. Acquisition related expenditure for 2020 was SEK 4.2 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. No significant amendments are being proposed at the AGM 2020. A Remuneration Report is being prepared and will be presented at the AGM. It states how the guidelines were applied in 2020. 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 has been prepared (see pages 24-25) and has been reviewed by the company's Auditors.

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 acquisition opportunities and future prospects Enea's Board of Directors foresees for the coming years, no dividend is being proposed for 2020.

Proposed Appropriation of Profits

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

Share premium reserve	562,748,745
Retained earnings	265,205,260
Profit/loss for the year	-657,819
Total	**827,296,186**

The Board of Directors proposes that these funds are appropriated so that SEK 827,296,186 is carried forward.

Business Highlights

January
Publication of Annual Statement for 2019.

February
Launch of cloud-native Unified Data Manager for 4G/5G.

Launch of new smart tools to identify encrypted traffic.

Launch of development and test package for SD-WAN solutions based on uCPE.

March
Adaptation to remote working for most of the company's employees because of the Corona pandemic.

Publication of research indicating that one-third of mobile operators will be launching 5G within two years.

Partnership with Ampere Computing for developing an Arm®-native uCPE platform.

Issue of unlimited voice over Wi-Fi licenses to help operators manage increased traffic volumes caused by remote working during the pandemic.

Program of measures to achieve more efficient structure with fewer development centers and lower costs finalized.

April
USD 15-20 million contract for cloud-native 5G data management with North American customer.

USD 1.3 million traffic management contract with Middle Eastern customer.

May
AGM in Stockholm.

Zain implements Enea's complete traffic management solution in Kuwait.

Research on the impact of traffic patterns from the new Disney+ streaming service published.

Partnership with Genua for maximum security in mission-critical networks.

June
Contract worth up to EUR 24 million for cloud-native management of 5G data with a European customer.

AGM gives the Board mandate to issue up to 10 percent new shares and appoint a new Director.

Partnership with Videns for delivering second-generation SD-WAN solutions.

July
USD 1.3 million traffic management contract with Egyptian customer.

Enea Stratum Cloud Data Manager and Enea Unified Data Manager win innovation awards.

Vodafone recognizes that Enea Openwave Traffic Management has enabled video services of high and consistent quality.

August
Partnership with inq. for developing innovative net security and SD-WAN services.

September
Research on the impact of remote working on the implementation of cloud-native solutions and SaaS.

Research indicates that AI increases the capacity of radio networks by 15 percent.

October
Acquisition of Aptilo networks completed, valued at SEK 150 million on a debt and cash-free basis.

The City of Istanbul wins the Telecoms World Smart Cities Award for a solution based on Aptilo Technology.

November
South American operator implements EPM on Amazon Web Services.

Aptilo IoT Connectivity Control Service wins award as Most Innovative Cloud Service.

Verizon Wireless USA announces the certification of a combined Enea NFV Access and Lanner uCPE solution.

December
EUR 1.9 million contract for cloud-native data management with a European subsidiary of a leading telco based in the UK.

USD 4.1 million traffic management contract with North American customer.

EUR 0.5-1 million framework agreement for user connectivity management on public Wi-Fi networks with EU authority.

Partnership with Matrixx for combined 5G solution with policy & access control and billing functionality.

Sustainability Report

The Board of Directors and Chief Executive Officer of Enea AB (the parent company and the group) hereby present the Sustainability Report for 2020. The Report is based on Swedish law and the Swedish Annual Accounts Act.

ESG Programs

Enea is active in environmental, social and governance (ESG) issues. Such issues are important to customers, staff and investors, and impact the company's valuation, as well as its access to finance, revenue and staff recruitment.

Environmental Issues

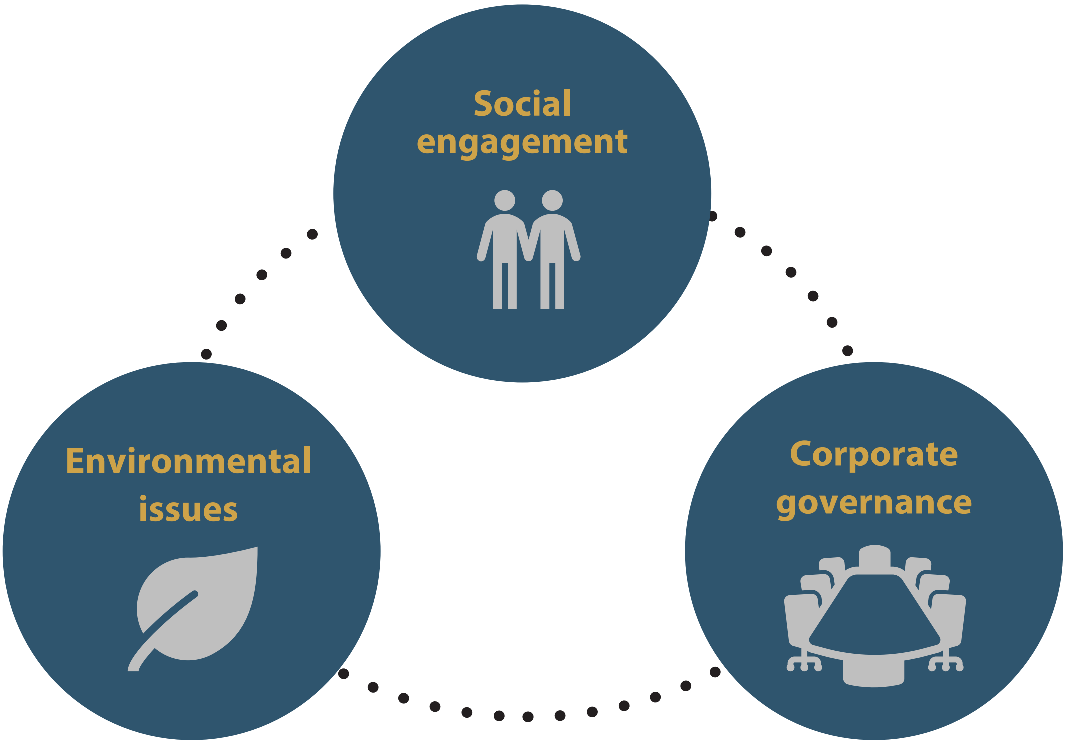
Software development is a business with relatively low environmental impact. Additionally, many of Enea's customers develop solutions that help reduce environmental impact. In the telecom sector, Enea's products facilitate and improve remote communication, alleviating the need for physical meetings, and enabling workers to avoid travelling as much, which gained extra importance in 2020 with the Corona pandemic.

Additionally, Enea helps its customers create products that use less energy and use resources more efficiently. Creating innovative solutions that support sustainable development is a key component of the company's product plans. Enea's products are software, which is mainly delivered electronically. This implies minimal environmental impact from distribution, and obviously, invoicing and payment is electronic.

Enea complies with relevant environmental legislation and satisfies the environmental standards on the markets where the group operates. Additionally, the company avoids wasting resources by recycling materials and waste generated in office environments.

Social Engagement

Enea's business is permeated by the shared core values of customer focus, innovation, agility, teamwork and accountability. They serve as an inner compass for how employees conduct themselves internally and towards customers. They also provide guidance when taking ethical standpoints, and contribute to reaching wise, long-term decisions. Every employee should be recognized and feel that they are contributing to Enea's success. Enea also contributes to



a range of charitable projects, and endeavours for all its people to conduct themselves in a socially and ethically responsible manner.

Gender equality and diversity are two other issues that Enea is prioritizing. They help improve decision-making, occupational health and safety and an inclusive corporate culture. Management is convinced that diversity also creates business opportunities through larger contact networks and a better understanding of individual needs. Enea aspires to achieve a higher share of female employees (currently 23 percent) in all parts of its business operations and in management positions. Gender equality is evaluated regularly based on criteria in four segments: salary and benefits, recruitment, health and safety, and skills development.

Discrimination and prejudicial treatment are two risks in the human resources area. Enea manages these risks through the company's Code of Conduct and Equal Opportunities Policy. The Code of Conduct states guidelines on individual rights and obligations, while the Equal Opportunities Policy states that no one may be subject to prejudicial treatment based on their gender, religion, age, disability, sexual orientation, nationality, political opinion, or social and ethnic origin. Accordingly, employees having diverse backgrounds and experiences is something Enea values in recruitment. It is also a strength and competitive advantage when communicating with customers and stakeholders in different countries.

Corporate Governance

In its corporate governance, the group's ethical guidelines and Code of Conduct should ensure that its staff comply with laws and regulations in daily work, and that they respect anti-corruption legislation. For example, Enea does not do business that is inappropriate based on ethical considerations.

The risk of corruption can occur in business relationships with customers and in procurement of equipment and services. The purpose of the Code of Conduct is to emphasize the fundamental principles that govern the way Enea conducts operations and manages relationships with its employees, business partners and other stakeholders.

To ensure that Enea's employees comply with the company's Code of Conduct, there are detailed processes and guidelines regulating the approval and granting of individual transactions. All major deals are reviewed by an internal committee that includes the whole Executive Management Team, and sensitive transactions involving technology subject to export controls are reviewed correspondingly, regardless of the size of deal. In the year, Enea refrained from doing business with countries and companies that are unsuitable users of the company's products for various reasons.

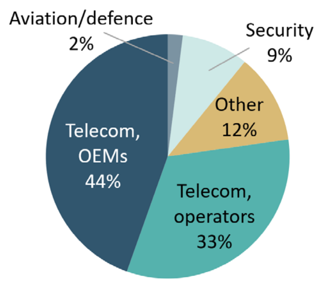
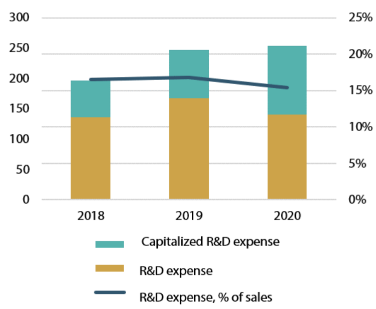
An ESG Committee reports to the Executive Management Team, led by the company's Corporate Communications Manager, with representatives of the external communication, environment and quality control functions, as well as HR.

To further improve ESG work and measure progress, Enea is regularly rated by independent specialists. In recent years, CDP (www.cdp.net/en) has evaluated 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 CO2 emissions.

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 Risks	Comment	Exposure
Customer Structure Enea is dependent on a small number of Key Accounts.	Enea is dependent on the long-term investment and product development plans of its Key Accounts. When developing new product generations, their decisions can impact which of Enea's products and services will be used.	Total revenue from Key Accounts is some 23 (28) percent of the company's total, significantly lower than a few years ago. The risk of rapid negative changes is limited through long-term contracts that prevent customers from terminating usage 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 cannot influence the progress of future royalty income. Customers' production volumes are critical for the scale of these revenues. Meanwhile, the expenses for this revenue stream are limited.	Repeat revenues represent the majority of Enea's yearly software revenues.
Skills Management Enea's success is highly dependent on the company's capability to hire, develop, and retain qualified staff.	There is intense competition over qualified staff in the IT sector. However, Enea's operations, with their combination of a strong product offering and software development services, gives the company an advantage by offering more career opportunities.	Enea's staff turnover is higher in services than in product development. However, it regards staff turnover in each segment as consistent with sector averages. The fact that the company has development centers in several different countries reduces its dependency on individual key staff in each country. The group's overall staff turnover was 5.3 (11.4) percent in the year.
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 a risk that Enea's intellectual property is exposed to infringement. There is also risk that Enea's products infringe on other company's 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. Disagreement over the application of contracts could result in disputes.

Market-related Risks	Comment	Exposure
Macroeconomic Progress Enea is dependent on economic progress and the growth of its major customers. Most revenues are sourced from customers in the telecom sector, which means that macroeconomic risks are not only associated with the business cycle generally, but also to progress of the telecom sector.	Poor economic conditions mainly have an impact by reducing customers' willingness to invest, leading to fewer purchases of Enea's products and services. Poorer economic conditions can also impact customers' sales, which in turn will have a negative impact on Enea's royalty revenues. Structural change can have a greater impact than cyclicality because it determines how widely embedded systems are used in different contexts. In 2020, the coronavirus (Covid-19) impacted the global economy (see the Directors' Report).	
Products and Technology Enea's competitiveness and market positioning is largely dependent on the company's capability of delivering innovative products, often in close partnership with customers and system vendors. The company also needs to be able to deliver products consistently with the evolution of customer needs in order to be able to grow with the market.	Close partnerships with major customers are highly significant to Enea's product development. Enea partners with a number of OEMs so it can adapt product plans to future solutions and be able to integrate products into these solutions at an early stage. Enea's product development process is well structured, but simultaneously flexible and adaptable to enable rapid realignment when customer demand and needs change.	
Competitors In the telecom sector, Enea competes with a number of independent, specialist vendors of software, but also major system providers on direct sales to operators. In other sectors, Enea competes with software vendors of about the same size that also have a global presence. There are also specialist enterprises that compete with Enea in specific niches.	Apart from competition from businesses with a similar profile and type of operations as Enea, and major system vendors, customers' proprietary software can represent a type of competition. However, this is relatively rare as software products have become more complex, often requiring specialist knowledge. For Enea's open source products, competition may also be sourced from non-commercial developers.	Enea is strongly positioned in the telecom sector, and one of the leading vendors in selected market segments, such as products for mobile video traffic management, embedded traffic intelligence, and real-time operating systems.

Financial Risks	Comment	Exposure
Currency Currency risk means the value of financial assets may vary due to fluctuations in exchange rates.	Enea is a multinational company, the majority of whose sales are in Swedish kronor, euro, and US dollars. Currency exposure is reduced by operations being conducted through foreign subsidiaries, where most of revenue and expenditure are denominated in local currency. An account structure at group level with several different currencies minimizes the impact of exchange rate fluctuations. This account structure also confers more flexibility in terms of the timing of currency exchange. Major foreign currency contracts are hedged using currency forwards, in accordance with Enea's Finance Policy. Foreign subsidiaries are translated to Swedish kronor using the current 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.	A total of EUR 17 (25) million was currency hedged in the year. There were 10 outstanding derivatives with total value of EUR 10 million, at a rate of 10.61 at year-end 2020. If the Swedish krona had appreciated/depreciated by an average of 5 percent against the euro with all other variables constant, revenue would have been SEK 23 million lower/higher. The corresponding figure for the US dollar is SEK 20 million.
Pricing Price risk relates to changes in value of saleable financial instruments held by the group.	Surpluses from Enea's operations may only be invested in certificates of deposit, bonds or unit trusts, as stipulated in the company's Finance Policy. Those unit trusts selected should have a mandate only permitting investment in fixed-income securities or corporate bonds with minimum ratings of BB- from Standard and Poor's or equivalent. Any investments in unclassified companies must have quantitative credit ratings at least on a par with what applies to the above fixed-income securities or corporate bonds.	Enea's price risk was previously related to holdings of corporate bonds with high credit ratings, i.e. very limited risk. At year-end, Enea had no investments in financial instruments.
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. Surplus liquidity is invested in fixed-income securities with maturities of less than one year (in certain cases up to a maximum of two years) with reputable financial institutions. Enea is able to terminate these investments during their term. The investments have limited risk level compliant with Enea's Finance Policy.	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 238.8 (215.9) million, with SEK 195.1 (146.1) million cash and interest-bearing bank liabilities of SEK 433.9 (362.1) million. Enea has three bank loans, totaling SEK 460 million, and an SEK 70 million overdraft facility, of which SEK 36 million had been utilized at year-end. The bank loans are being repaid at a yearly rate of SEK 67 million. 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.

cont.

Financial Risks	Comment	Exposure
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 rearranged a SEK 80 million bank loan in the year and arranged a new SEK 130 million loan in tandem with the acquisition of Aptilo.
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 2020.
Interest Interest risk means the value of financial instruments varying due to variations in market interest rates.	After repaying a bond loan in 2019, Enea has significantly lower interest expenses. Interest on the group's loans is mainly dependent on progress on the Swedish bond market.	At year-end, the group had an external bank loan of SEK 393 million, and a SEK 70 million overdraft facility, of which SEK 36 million had been used. Enea's interest risk is moderate. A 1 percent increase decrease in its debt interest would have an impact of approx. SEK 4 million on financial net.
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 accounts receivable.	A SEK 2.2 (1.3) million allowance was created for doubtful debt in the year, which changed as follows in the period. Opening balance, Jan. 1, 2020: 2.9 Repayment of doubtful debt: -1.0 Write-off of doubtful debt: -0.7 Allowance for doubtful debt: 2.2 Closing balance, Dec. 31, 2020: 3.4

Corporate Governance Report 2020

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, 2020. At the same date, share capital was SEK 24,430,872, and Enea held 86,688 treasury shares, or 0.4 percent of all shares. As of December 31, 2020, 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, 2020 in Stockholm, and 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 2019
- approving fees for Directors and Auditors
- 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
- appointment of the following Directors:
- i) re-election: Anders Lidbeck, Kjell Duveblad, Mats Lindoff, Anders Skarin and Birgitta Stymne Göransson
- ii) election: Charlotta Sund

Anders Lidbeck was elected Chairman of the Board. Former Director Gunilla Fransson declined re-election. Öhrlings PricewaterhouseCoopers 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 2021 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 2021, 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.

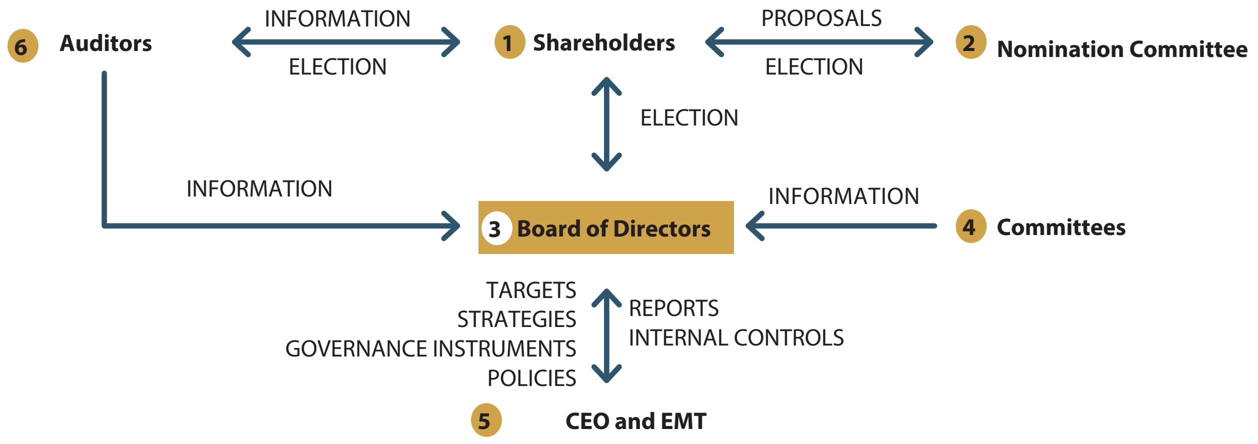
3 Board of Directors

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 to be independent in respect of the company and Executive Management Team and major shareholders. For information on Board members and their shareholdings, see page 32-33.

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, rules of procedure for the Audit Committee 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 2021, 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 2020. Apart from regular service on the Board, certain Directors are also members of the company's Audit and Remuneration Committees. Attendance at Board meetings in the year is on page 36.

Board of Directors 2020

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: Chairman of Creandum Advisor AB.
Main employment: Directorships
Personal and related party holdings 2020: 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: Director of several unlisted companies
Main employment: Management consulting and Directorships
Personal and related party holdings 2020: 10,000
Committee service: Chairman of 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
Personal and related party holdings 2020: 990
Committee service: None

Anders Skarin
Director (Chairman 2011-2019)
Elected 2005

Born in: 1948
Education: B.Sc. (Econ. and IT)
Previous appointments: President of Programator (listed) and Nordic Manager of Cap Gemini, directorships and management consulting.
Other directorships: Chairman of Multisoft Consulting, Data Ductus and Universal Avenue.
Main employment: Management consulting and directorships
Personal and related party holdings 2020: 15,000
Committee service: Audit 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 Cinder Invest AB, BCB Medical Oy and the National Swedish Industrial Development Fund. Director of Elekta AB and Pandora A/S.
Main employment: Industry advisor and Directorships
Personal and related party holdings 2020: 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
Personal and related party holdings 2020: 100
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)
Other directorships: -
Main employment: Group Quality Manager
Personal and related party holdings 2020: 0
Committee service: None

4 The Work of the Board of Directors

The Board of Directors' Rules of Procedure are adopted each year at the Board meeting following election in conjunction with the AGM and are only revised subsequently when specifically required. In addition to the Board of Directors' duties, the Rules of Procedure also state the Board's responsibilities and segregation of duties. The Board also issues instructions for the CEO.
The members of the Board's Audit and Nomination Committees are also determined at the Board meeting following election. Apart from the Board meeting following election, the Board will hold at least five meetings each year. The Board will manage affairs in the interests of the company and all shareholders.

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), Anders Skarin, 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.
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 four meetings relating to quarterly financial statements 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.

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 two 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. Gunilla Fransson was a member of the Remuneration Committee until May.

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 foundation of the second phase, which consists of the Nomination Committee excluding the Chairman, 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.

In the year, the members of Enea's Executive Management Team were 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.

Executive Management Team 2020

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.
Personal and related party holdings 2020: 3,000
Max. no. of shares from incentive programs: 42,000 LTIP 2019

Björn Westberg
Chief Financial Officer
Employee since 2018
EMT member since 2018

Born in: 1962
Education: M.Sc. (Eng.), Industrial Engineering and Management, Linköpin University.
Previous appointments: CFO of Bonesupport AB, CFO and COO of Recipharm AB and CFO of Jeeves.
Personal and related party holdings 2020: 1,886
Max. no. of shares from incentive programs: 36,000 total LTIP 2018 and LTIP 2019

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.
Personal and related party holdings 2020: 17,554
Max. no. of shares from incentive programs: 24,000 LTIP 2019

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.
Personal and related party holdings 2020: 20,939
Max. no. of shares from incentive programs: 24,000 LTIP 2019

Indranil Chatterjee
Chief Customer Officer, Service Providers
Employee of Openwave Mobility since 2012, and Enea since 2018
EMT member effective 1 November 2020

Born in: 1975
Education: B.Tech Mechanical Engineering Indian Institute of Technology (IIT) BHU, India. MBA, Duke University, USA
Previous appointments: Director of Product Marketing at Lucent, Director of New Product Innovation at Syniverse, VP of Product Management at Openwave Systems, SVP of Product Management, Marketing & Sales Openwave Mobility.
Personal and related party holdings 2020: 0
Max. no. of shares from incentive programs: 36,000 total LTIP 2018 and LTIP 2019

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

Born in: 1966
Education: M.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.
Personal and related party holdings 2020: 6,579
Max. no. of shares from incentive programs: 24,000 LTIP 2019

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: VVP Global Head of Telco Solutions at Atos, VP Business Unit LTE at Siemens Convergence Creators.
Personal and related party holdings 2020: 0
Max. no. of shares from incentive programs: 24,000 LTIP 2019

Bogdan Putinica
Senior Vice President of Software Development Services Business Unit
Employee since 2007
EMT member since 2011

Born in: 1977
Education: International Finance and Banking, Academy of Economic Studies, Bucharest, Romania.
Previous appointments: CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and President of IP Devel.
Personal and related party holdings 2020: 17,716
Max. no. of shares from incentive programs: 24,000 LTIP 2019

Paul Mikkelsen
Senior Vice President of Aptilo Business Unit
Employee of Aptilo Networks since 2001, and Enea since 2020
EMT member effective 1 October 2020

Born in: 1964
Education: B.Sc. (Econ.), Örebro University
Previous appointments: CEO and prior to that COO of Aptilo, Director of Business Development at Axis, business & finance positions at Ericsson
Personal and related party holdings 2020: 0
Max. no. of shares from incentive programs: 0

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.

6 Auditors

The AGM 2020 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 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 80). A summary review of the third quarterly financial statement was also conducted, and the company's Auditor pre-sented 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 1,915,000 of Directors' fees are payable, divided between SEK 500,000 to the Chairman, and SEK 235,000 to each of the other Directors appointed by the AGM. Fees for committee work are payable as follows, a total of SEK 160,000 for the Audit Committee, divided between SEK 80,000 for the Chairman and SEK 40,000 to each of the two members, and for the Remuneration Committee, SEK 50,000 for the Chairman and SEK 30,000 to one member. 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.

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 basic 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.

Attendance at Board Meetings, 2020

Board Member	Board Meetings (12 meetings)	Audit Committee (4 meetings)	Remuneration Committee (2 meetings)
Anders Lidbeck	12		2
Kjell Duveblad	12	4	
Anders Skarin	12	4	
Birgitta Stymne Göransson	11	4	
Mats Lindoff	12		
Charlotta Sund[1]	7		1
Jenny Andersson[2]	12		
Gunilla Fransson[3]	4		1
Total	**12**	**4**	**2**

1 Elected at the AGM 2020. Member of the Remuneration Committee from May 2020.
2 Employee representative.
3 Left at the AGM 2020. Member of the Remuneration Committee until May 2020.

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.

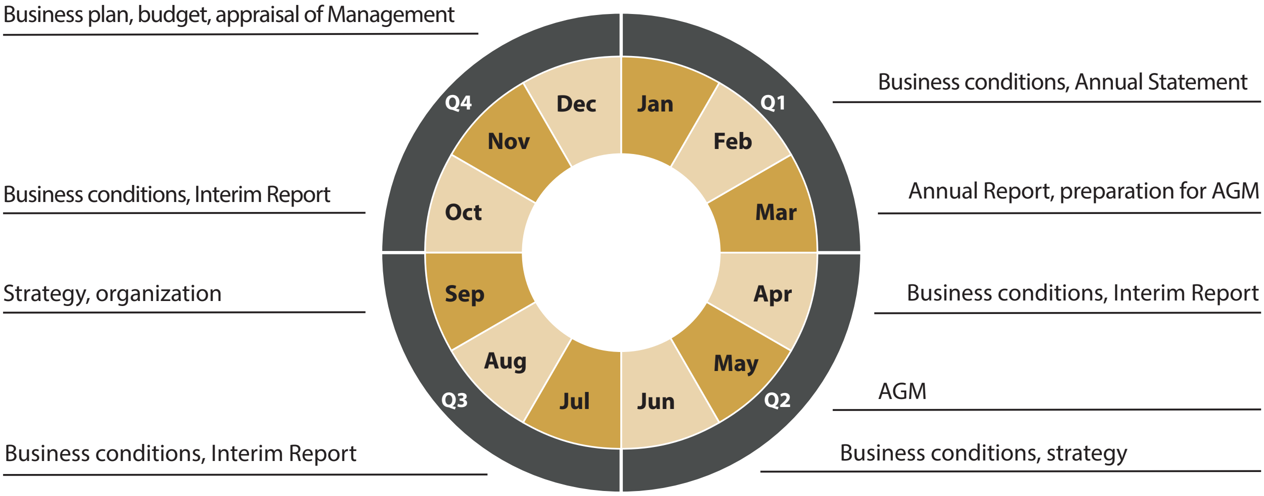
Each year, the Board adopts rules of procedure, which regulate activities including the Chairman's and CEO's duties. According to these rules, the CEO is responsible for the control environment, and reviews and quality-assures all financial reporting, as well as ensuring that the Board receives all other 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 and Remuneration 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

Work of the Board of Directors in 2020



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:

- 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' materia is digital, through a verified and secure channel. The Board's and Executive Management Team's corporate communication rules are stated on pages 31-34.
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.

Contents

Consolidated Statement of Comprehensive Income

SEK 000 (January 1 - December 31)	Note	2020	2019
Net sales	2,17	915,085	994,499
Other operating revenue		14,011	17,545
Total revenue		929,096	1,012,044
Operating expenses			
Cost of sold products and services		-293,072	-273,659
Gross profit		636,024	738,385
Sales and marketing expenses		-202,466	-204,276
Product development expenses		-140,520	-166,967
Administrative expenses		-104,434	-112,416
Operating profit*	3,4,5,6,7,10,11,21	188,604	254,726
Financial income		28,066	19,978
Financial expenses		-52,518	-71,661
Financieal net	8	-24,452	-51,683
Profit before tax		164,152	203,043
Tax	9	-21,867	-33,381
Profit after tax		142,284	169,661
Other comprehensive income reclassifiable to profit or loss			
Exchange differences		-149,372	41,262
Cash flow hedges, profit before tax		3,025	2,238
Cash flow hedges, tax effect		-647	-479
Other comprehensive income not reclassifiable to profit or loss			
Pension obligations		-1,143	487
Total comprehensive income for the year, net of tax		-5,852	213,170
Net profit attributable to equity holders of the parent		142,284	169,661
Comprehensive income attributable to equity holders of the parent		-5,852	213,170

*Non-recurring items included in operating profit	2020	2019
Operating profit, including non-recurring items	188,604	254,726
Restructuring costs	28,655	-
Expenses for integrating new operation	-	992
Transaction costs for major acquisition	4,250	2,721
Operating profit, excluding non-recurring items	221,509	258,439
Earnings per share, SEK	6.63	8.47

Consolidated Balance Sheet

SEK 000 (December 31)	Note	2020	2019
Assets			
Intangible assets	10	1,692,569	1,634,951
Rights of use assets	7	41,973	37,391
Equipment, tools, fixtures and fittings	11	21,251	17,417
Derivative instruments	15	2,526	55
Deferred tax assets	9	19,438	10,188
Other long-term receivables		3,669	3,368
Total fixed assets		1,781,426	1,703,370
Accounts receivables	12	144,537	208,493
Tax receivables		41,829	53,339
Prepaid expenses and accrued income	13	153,741	87,961
Other receivables		14,770	13,891
Derivative instruments	14	2,667	569
Cash and cash equivalents	19	195,070	146,147
Total current assets		552,614	510,400
Total assets		2,334,041	2,213,770
Equity	15,26		
Share capital		24,431	24,431
Other paid-up capital		992,529	992,529
Reserves		-30,710	116,284
Retained earnings including profit for the year		501,230	348,023
Total equity		1,487,480	1,481,267
Provisions			
Other provisions		3,149	6,569
Total provisions		3,149	6,569
Long-term liabilities			
Deferred tax liabilities	9	96,005	79,974
Long-term liabilities, interest-bearing	24	291,680	263,000
Obligation for employee benefits	25	15,820	12,433
Long-term liabilities, lease obligations	7	26,053	20,633
Total long-term liabilities		429,558	376,040
Current liabilities			
Current liabilities, interest-bearing	24	142,177	99,066
Current liabilities, lease obligations	7	16,811	17,956
Accounts payables		14,515	18,119
Tax liabilities		859	2,431
Other liabilities	24	15,984	17,067
Accrued expenses and deferred income	17	223,508	195,255
Total current liabilities		413,854	349,894
Total equity and liabilities		2,334,041	2,213,770

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	22,210	727,939	-726	74,001	162,411	985,835
Restatement of opening balance, changed accounting policy					-1,214	-1,214
Comprehensive income						
Profit for the year					169,661	169,661
Other comprehensive income						
Cash flow hedges, profit before tax			2,238			2,238
Cash flow hedges, tax effect			-479			-479
Translation difference				41,250		41,250
Pension obligations					487	487
Total other comprehensive income			1,759	41,250	487	43,496
Total comprehensive income			1,759	41,250	170,148	213,157
Transactions with equity holders						
New share issue*	2,221	264,590				266,811
Share savings program					16,678	16,678
Total transactions with equity holders	2,221	264,590	-	-	16,678	283,489
Closing equity, Dec 31, 2019	24,431	992,529	1,033	115,251	348,023	1,481,267
Opening equity, Jan 1, 2020	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 before 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 comprehensie income			2,378	-149,372	141,141	-5,853
Transactions with equity holders						
Share savings program					13,810	13,810
Repurchase own shares					-1,744	-1,744
Total transactions with equity holders	-	-	-	-	12,066	12,066
Closing equity, Dec 31, 2020	24,431	992,529	3,411	-34,121	501,230	1,487,480

***New share issue**

New share issue, cash	271,170
Transaction costs, new share issue	-5,546
Tax on transaction costs accounted directly in equity	1,187
Net, new share issue	266,811

Consolidated Cash Flow Statement

SEK 000 (January1 - December 31)	Note 19	2020	2019
Operating activities			
Profit before tax		164,152	203,043
Adjustment for non-cash items		121,149	108,891
		285,301	311,934
Tax paid		-5,401	-23,645
Cash flow from operating activities before change in working capital		279,900	288,289
Cash flow from change in working capital			
Change in operating receivables		-39,372	-10,464
Change in operating liabilities		33,640	-32,719
Cash flow from change in working capital		-5,732	-43,183
Cash flow from operating activities		274,168	245,106
Investing activities			
Investments in intangible assets	10	-113,078	-81,531
Investments in property, plant and equipment	11	-15,873	-8,655
Investment/disposal of financial assets		-1,991	-745
Acquisition of operations, net of cash	28	-90,477	-47,143
Cash flow from investing activities		-221,419	-138,074
*Financing activities***			
Borrowing		139,361	362,066
Amortization of loan		-108,258	-642,363
Amortization of lease liability		-20,497	-21,180
New share issue		-	265,624
Settlement of share saving program		-1,744	-
Cash flow from financing activities		8,862	-35,853
Cash flow for the year		61,611	71,179
Cash and cash equivalents at beginning of year		146,147	74,673
Exchange rate difference in cash and cash equivalents		-12,687	295
Cash and cash equivalents at end of year		195,070	146,147

*Payments for acquisition of operation consisted of consideration for Aptilo (2020) and Atos Convergence Creators (2019)

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

Parent Company Statement of Comprehensive Income

SEK 000 (January 1 - December 31)	Note	2020	2019
Net sales		43,333	77,556
Operating expenses			
Administrative expenses		-82,632	-77,556
Operating profit	3,4,5,6,7,10,11,21	-39,299	-
Financial income		11,342	46,107
Financial expenses		-9,706	-47,380
Financial net	8	1,636	-1,273
Profit (loss) after financial net		-37,663	-1,273
Appropriations		37,005	5,972
Profit (loss) before tax		-658	4,699
Tax	9	-	-1,472
Profit (loss) for the year		-658	3,227

Parent Company Balance Sheet

SEK 000 (December 31)	Note	2020	2019
Assets			
Intangible assets	10	814	909
Equipment, tools, fixtures and fittings	11	2,980	2,480
Participation in group companies	18	208,616	172,034
Total fixed assets		212,410	175,423
Receivables from group companies	20	1,108,686	1,058,435
Tax receivables		1,202	1,202
Prepaid expenses and accrued income	13	5,407	6,123
Other receivables		1,247	75
Cash and cash equivalents	19	6	1,749
Total current assets		1,116,548	1,067,584
Total assets		1,328,958	1,243,007
Equity	15		
Restricted equity			
Share capital		24,431	24,431
Non-restricted equity			
Share premium reserve		562,749	562,749
Retained earnings		265,204	249,911
Profit (loss) for the year		-658	3,227
Total equity		851,726	840,318
Provisions			
Appropriations		3,666	4,089
Total provisions		3,666	4,089
Long-term liabilities			
Long-term liabilities interest-bearing	24	291,680	263,000
Total long-term liabilities		291,680	263,000
Current liabilities			
Current liabilities interest-bearing	24	137,538	99,066
Accounts payables		3,258	5,282
Tax liability		-	285
Liabilities to group companies	20	24,248	3,247
Other liabilities		992	1,435
Accrued expenses and deferred income	17	15,850	26,285
Total current liabilities		181,886	135,600
Total equity and liabilities		1,328,958	1,243,007

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, 2019	22,210	-	298,159	233,233		553,602
New share issue*	2,221		264,590			266,811
Share savings program				16,678		16,678
Profit for the year					3,227	3,227
Closing equity, Dec 31, 2019	24,431	-	562,749	249,911	3,227	840,318
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

***New share issue**

New share issue, cash	271,170
Transaction costs, new share issue	-5,546
Tax on transaction costs accounted directly in equity	1,187
Net, new share issue	266,811

Parent Company Cash Flow Statement

SEK 000 (January 1 - December 31)	Note 20	2020	2019
Operating activities			
Profit (loss) before tax		-658	4,699
Adjustment for non-cash items		-22,035	19,924
		-22,693	24,623
Tax paid		-285	-384
Cash flow from operating activities before change in working capital		-22,978	24,239
Cash flow from change in working capital			
Change in operating receivables		-50,707	-37,552
Change in operating liabilities		8,099	7,734
Cash flow from change in working capital		-42,608	-29,818
Cash flow from operating activities		-65,586	-5,579
Investing activities			
Investments in intangible assets	10	-163	-339
Investments in property, plant and equipment	11	-1,402	-1,254
Cash flow from investing activities		-1,565	-1,593
Financing activities			
Borrowing		134,152	362,065
Amortization of loan		-67,000	-642,013
New share issue		-	265,624
Group contribution received/paid		-	5,532
Repurchase own shares		-1,744	-
Cash flow from financing activities		65,408	-8,791
Cash flow for the year		-1,743	-15,964
Cash and cash equivalents at beginning of year		1,749	17,712
Cash and cash equivalents at end of year		6	1,749

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, 2020. 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).

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 2 .1 (0) million and research and development grants of SEK 0 (9.6) million are included in the other operating income revenue item for the financial year 2020 Government grants based on the year's research and development expense in the form of a reduction of income taxes payable of SEK 8.9 (9.2) million was received in France. A central government loan of SEK 4 .6 million was received in the US to cover operating expenses. This loan may be waived if certain covenants are satisfied. 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, 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
December 31, 2019				
Assets in the Balance Sheet				
Derivative instruments	-	624	-	624
Accounts receivables and other receivables, excluding interim receivables	-	-	235,519	235,519
Cash and cash equivalents	-	-	146,147	146,147
	-	624	381,666	382,290

	Financial liabilities measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Liabilities measured at amortized cost	Total
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
December 31, 2019				
Liabilities in the Balance Sheet				
Liabilities to credit institutions	-	-	362,066	362,066
Liabilities lease obligations	-	-	38,589	38,589
Accounts payables and other liabilities, excluding financial liabilities	-	-	35,186	35,186
	-	-	435,841	435,841

Allocation by level in fair value measurement as of 31 December

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

2019	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging purposes				
Receivable currency derivatives	-	624	-	624
Summa 2019	-	624	-	624

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	2020	2019
Cash and cash equivalents	195,070	146,147
Total	195,070	146,147

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	2020	2019
Accounts payable	14,515	18,119
Other liabilities	15,984	17,067
Total	30,499	35,186

Borrowing

	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

	2019		
	Short-term	Long-term	Total
Unsecured loans			
Overdraft facility	32,066	-	32,066
Bank loans	67,000	263,000	330,000
Total	99,066	263,000	362,066

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	2020	2019
Telecom/OEMs	409,290	494,136
Telecom/operators	299,207	289,389
Security	80,545	69,483
Aerospace/defense	20,212	47,154
Other	105,831	94,337
	915,085	994,499

Net sales by product group	2020	2019
Operating Systems	176,619	251,896
Network Solutions	603,948	596,758
Software Development Services	134,518	145,845
	915,085	994,499

Net sales by region	2020	2019
Sweden	92,538	137,063
Americas	332,899	400,604
EMEA excluding Sweden	414,787	343,170
Asia	74,861	113,662
	915,085	994,499

Fixed assets by region	2020	2019
Sweden	457,184	306,426
Americas	835,543	911,850
France	382,099	393,878
Rest of Europe and Asia	38,994	40,214
	1,713,820	1,652,368

Enea has a few major customers that account for a significant share of the company's sales. Two of the company's customers each account for 10 percent or more of the company's sales, with a share of 7 (11) percent and 16 (17) percent respectively of the company's sales. Sales by geographical market are based on customers' geographical domicile.

Note 3 Exchange Gains and Exchange Losses

	2020	2019
GROUP		
Exchange gains on operating receivables/liabilities	11,288	7,842
Exchange losses on operating receivables/liabilities	-15,724	-5,415

	2020	2019
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 2020 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 2020. 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 2020 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 120 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 20 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 six 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 2020:

"Variable remuneration to the CEO is not pensionable."

"For other senior executives, the STIP may be a maximum of 150 percent of fixed basic salary"

"For other senior executives, pensions should be a maximum of 30 percent of total remuneration"

"Severance pay to the CEO shall be deducted if the CEO receives compensation from new employment or assignment."

"For other senior executives, a maximum of nine months' notice period applies for termination from the company's side."

	2020		2019	
Average number of employees	Total	Of which men, %	Total	Of which men, %
Parent company	15	66	12	66
Subsidiaries	619	77	617	79
Group total	634	77	629	79
of which:				
Sweden	48	79	55	78
US	57	75	71	80
Romania	231	62	241	68
China	4	75	4	75
Japan	4	100	4	100
France	58	84	61	86
Germany	12	88	16	89
UK	63	87	60	92
Singapore	1	100	1	100
Croatia	83	85	55	87
Austria	9	88	7	87
Spain	5	79	5	81
Canada	3	100	3	100
India	56	86	46	87
Group total	634	77	629	79

Gender division in executive management team				
Board of Directors	7	57	7	57
Other senior excecutives	9	100	8	100

Salaries, other benefits and social security expenses	2020	2019
GROUP		
Salaries and benefits	422,661	391,747
Share-based payments	13,882	28,661
Total salaries and remunerations*	436,543	420,408
* of which Board of Directors, CEO and other senior executives 1)	43,433	41,336
Pension expenses 2)	23,434	24,582
of which defined-benefit pension plans	1,383	731
of which defined-contribution pension plans	22,051	23,851
Other social security expenses	74,248	67,759
Total	534,225	512,749

Salaries, other benefits and social security expenses	2020	2019
PARENT COMPANY		
Salaries and benefits	22,874	17,013
Share-based payments	6,747	5,852
Total salaries and remunerations*	29,621	22,865
* of which Board of Directors, CEO and other senior executives 3)	13,336	13,434
Pension expenses 4)	4,224	5,388
of which defined-contribution pension plans	4,224	5,388
Other social security expenses	7,651	5,364
Total	41,496	33,617

1) Of the group´s salaries and benefits, SEK 1,526,00 (2,342,000) 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 2,048,000 (4,095,000) is for the group comprising the Board of Directors and CEO.

3) Of the parent company´s salaries and benefits, SEK 1,110,000 (2,342,000) 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 2020

	Director´s fee	Audit committee fee	Remuneration committee fee	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

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 2019

	Director´s fee	Audit committee fee	Remuneration committee fee	Total
Anders Lidbeck (Chairman)	500	-	50	550
Kjell Duveblad	235	80	-	315
Anders Skarin	235	40	-	275
Gunilla Fransson	235	-	30	265
Mats Lindoff	235	-	-	235
Birgitta Stymne Göransson	235	40	-	275
Total 2019	1,675	160	80	1,915

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

*SEK 5.7 m of remuneration is severance pay

Summary of compensation and other benefits in 2019

	Fixed salary	Variable remuneration	Other benefits	Share-based expenses	Total	Pension expense
CEO Jan Häglund (from April 2019)	2,105	1,342	-	673	4,120	837
former CEO Anders Lidbeck (until April 2019)	1,918	1,000	-	924	3,842	2,245
Other senior executives (8)	14,599	6,573	73	6,827	28,072	1,559
Total 2019	18,622	8,915	73	8,424	36,034	4,641

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 1,537,000 (1,258,000) relates to PwC Sweden, of tax consulting, SEK 193,000 (25,000) relates to PwC Sweden, and of other assignments, SEK 591,000 (441,000) relates to PwC Sweden.

	2020	2019
GROUP		
PricewaterhouseCoopers		
Audit	1,676	1,393
Other statutory assignments	-	-
Tax consultancy	193	25
Other	591	441
Ernst & Young		
Audit	703	667
Other statutory assignments	-	-
Tax consultancy	-	-
Other	-	-
	3,163	2,526

	2020	2019
PARENT COMPANY		
PricewaterhouseCoopers		
Audit	709	812
Other statutory assignments	-	-
Tax consultancy	-	25
Other	-	116
	709	953

Note 6 Operating Expenses by Type

	2020	2019
Consumables and subcontractors	34,501	33,613
Other external costs	112,479	119,934
Staff costs	485,980	517,676
Depreciation/amortization and impairment	107,529	86,094
	740,489	757,317

Depreciation/amortization and impairment losses for the year are allocated between cost of sold products and services totaling SEK 79.6 (58.6) million, sales and marketing expenses totaling SEK 3.5 (4.0) million, product development costs totaling SEK 2.0 (3.2) million and administrative costs totaling SEK 22.4 (20.2) million. SEK 20.3 (20.7) 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	2020	2019
Real estate	40,074	36,200
Vehicles	1,899	1,191
	41,973	37,391

Additional right-of-use assets in 2020 were SEK 27.9 (13.1) million, of which SEK 2.4 (6.5) million was additional from acquisitions.

Lease liabilites	2020	2019
Long-term	26,053	20,633
Short-term	16,811	17,956
	42,864	38,589

Maturity analysis of lease liabilities	2020	2019
Within 1 year	16,811	17,956
More than 1 year but within 2 years	13,012	10,925
More than 2 years but within 5 years	11,592	8,223
More than 5 years	1,449	1,485
	42,864	38,589

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

Amortization of rights of use assets	2020	2019
Real estate	19,315	20,179
Vehicles	959	587
	20,274	20,766

Interest expenses (included in financial expenses)	1,057	1,434
Expenses related to short-term leases	3,173	2,250
Expenses related to leased assets where the underlying asset is of low value	362	329
The group has no variable lease payments		

Amount reported in cash flow for the group	2020	2019
Total cash flow related to leased assets	24 032	22 319

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	2020	2019
PARENT COMPANY		
Lease payments current year	4,651	4,302
Contracted future lease payments within 1 year	4,275	4,166
Contracted future lease payments within 1-5 years	4,126	8,192

Effective January 1, 2019, the group recognized 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

	2020	2019
GROUP		
Interest income	1,121	585
Exchange gains	26,945	19,393
Financial income	28,066	19,978
Interest expenses	-8,811	-25,631
Other financial expenses	-	-21,303
Exchange losses	-43,707	-24,727
Financial expenses	-52,518	-71,661
Financial net	-24,452	-51,683

	2020	2019
PARENT COMPANY		
Interest income, other	1,071	35
Interest income, group companies	6,824	44,849
Exchange gains	3,447	1,223
Financial income	11,342	46,107
Interest expenses, other	-7,705	-24,363
Interest expenses, group companies	-67	-36
Other financial expenses	-	-21,303
Exchange losses	-1,934	-1,678
Financial expenses	-9,706	-47,380
Financial net	1,636	-1,273

Note 9 Tax

	2020	2019
GROUP		
Current tax expense		
Tax expense for the period	-16,684	-15,371
	-16,684	-15,371
Deferred tax		
-tax expense in loss carry-forwards used in the year	-944	-7,737
-tax expense/income related to temporary differences	-4,239	-10,273
	-5,183	-18,010
Total tax cost for the group	-21,867	-33,381

Reconciliation of effective tax	2020	2019
GROUP		
Profit before tax	164,152	203,043
Standard tax rate 21.4%	-35,128	-43,451
Tax effect of		
- other tax rates in foreign subsidiaries	-2,872	-3,511
- use of previously non-capitalized loss carry-forwards	5,100	6,124
- tax losses for which no deferred tax receivable reported	-134	-
- non-deductible costs	-1,929	-3,274
- non-taxable revenue	3,608	4,611
- change of future tax rate	1,295	-
- changed judgements	983	-
- research and development	12,334	13,805
Other tax	-5,124	-7,685
Total tax cost recognized, group	-21,867	-33,381
	13%	16%

	2020	2019
PARENT COMPANY		
Current tax		
Tax for the period	-	-1,472
	-	-1,472

Reconciliation of effective tax	2020	2019
PARENT COMPANY		
Profit /loss before tax	-658	4 699
Tax 21.4%	141	-1 006
Tax effect of		
- non-deductible costs	-133	-456
Other tax	-8	-10
Total tax cost recognized, parent company	-0	-1 472
	-0%	31%

Deferred tax assets and tax liabilities	2020	2019
GROUP		
The following components are included in deferred tax assets and liabilities		
Deferred tax assets:		
- loss carry forwards	10,321	2,494
- other temporary differences	9,117	7,694
Total deferred tax assets	19,438	10,188
Deferred tax liabilities:		
- temporary differences	96,005	79,974
Total deferred tax liabilities	96,005	79,974

Change in deferred tax

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

2019

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	10,532	-8,323	-	285	-	2,494
Other temporary differences	6,953	1,386	-357	-288	-	7,694
Total deferred tax assets	17,485	-6,937	-357	-3	-	10,188

Deferred tax liabilities	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisition of subsidiaries	Closing balance
Appropriations	27,417	7,220	-	-	-	34,637
Intangible assets	27,887	-4,145	-	972	-	24,714
Other temporary differences	13,113	7,997	-	-487	-	20,623
Total deferred tax liabilities	68,417	11,072	-	485	-	79,974

Deferred tax assets for loss carry-forwards pertain to subsidiaries in Germany, France 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 77.1 (84.8) million and relate to the US, Sweden and UK.

Note 10 Intangible Assets

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

2019	Goodwill	Capitalized development costs	Product rights	Customer contracts	Brands	Other intangible assets	Total
GROUP							
Accumulated cost							
Opening balance, Jan 1, 2019	1,151,182	299,326	53,953	70,155	22,126	12,316	1,609,058
Acquistion in the year	81,299	79,690	24,732	84,126	-	455	270,302
Sales/retirements in the year	-	-	-	-400	-	-	-400
Translation difference for the year	33,467	855	1,509	2,444	626	30	38,930
Closing balance, Dec 31, 2019	1,265,948	379,871	80,194	156,325	22,752	12,801	1,917,890
Accumulated amortization and impairment							
Opening balance, Jan 1, 2019	-	-198,389	-8,626	-9,657	-	-11,004	-227,676
Sales/retirements in the year	-	-	-	400	-	-	400
Amortization for the year	-	-30,012	-8,620	-16,341	-	-512	-55,485
Translation difference for the year	-	87	-100	-144	-	-20	-178
Closing balance, Dec 31, 2019	-	-228,314	-17,346	-25,742	-	-11,536	-282,939
Carrying amount, Dec 31, 2019	1,265,948	151,557	62,848	130,583	22,752	1,264	1,634,951

Other intangible assets	2020	2019
PARENT COMPANY		
Accumulated cost		
Opening balance, Jan 1	8,474	8,135
Acquistion in the year	163	339
Closing balance, Dec 31	8,637	8,474
Opening balance, Jan 1	-7,565	-7,265
Amortization for the year	-258	-300
Closing balance, Dec 31	-7,823	-7,565
Carrying amount, Dec 31	814	909

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. Management's opinion is that there is no impairment in 2020.

Impairment Testing of Goodwill

As of December 31, 2020, goodwill amounted to a book value of SEK 1,227.7 (1,265.9) million, allocated between Enterprise of SEK 401.1 million, Telecom SEK 728.7 million, Software development services SEK 28.2 million and Aptilo, SEK 69.7 million. For 2020, goodwill was allocated to match a reorganization of cash-generating units. 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 (2) percent growth rate. Forecast cash flows are based on annual earnings growth for Enterprise and 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 all units is forecast at 3 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	2020	2019	2020	2019	2020	2019
Revenue growth	5%	N/A	5%	N/A	4%	N/A
Cost trend	3%	N/A	3%	N/A	3%	N/A
Discount rate	9%	N/A	9%	N/A	9%	N/A
Long-term stable growth	3%	N/A	3%	N/A	3%	N/A

Note 11 Equipment, Tools, Fixtures and Fittings

	Group		Parent company	
	2020	2019	2020	2019
Accumulated cost				
At beginning of year	123,484	108,350	13,055	11,801
Acquistion in the year	15,873	8,655	1,402	1,254
Acquisition in the year via acquired operation	9,899	3,634	-	-
Sales/retirements	-5,912	-1,000	-	-
Transkation difference for the year	-8,228	3,845	-	-
	135,116	123,484	14,457	13,055
Accumulated depreciation and impairment				
At beginning of year	-106,067	-92,156	-10,575	-9,835
Sales/retirements	5,912	1,000	-	-
Depreciation and impairment for the year	-11,174	-9,842	-902	-740
Depreciation for the year via acquired operation	-9,463	-1,769	-	-
Translation difference for the year	6,926	-3,300	-	-
	-113,865	-106,067	-11,477	-10,575
Carrying amount at end of year	21,251	17,417	2,980	2,480

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 3.4 (2.9) 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	2020	2019
GROUP		
Not due	107,970	174,816
Overdue 1-60 days	18,301	27,163
Overdue 61-90 days	9,648	5,962
Overdue 90 days	8,618	552
Text	144,537	208,493

Change in doubtful debt	2020	2019
GROUP		
Opening balance	2,890	2,890
Repayment	-1,034	-1,262
Write -off	-652	-
Allowance for the year	2,232	1,262
Total	3,435	2,890

Note 13 Prepaid Expenses, Contract Assets and Accrued Income

	2020	2019
GROUP		
Prepaid insurance	472	912
Prepaid rent	1,525	2,809
Accrued income	139,964	68,717
Other prepaid expenses	11,780	15,523
	153,741	87,961

	2020	2019
PARENT COMPANY		
Prepaid rent	1,045	1,092
Other prepaid expenses	4,362	5,031
	5,407	6,123

Contract Assets

The group reports the following revenue-related contract assets	2020	2019
Contract assets relating to fulfilled performance obligations, where entitlement to payment is conditional on factors other than time	121,326	60,550

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 increased in 2020, due to the type of contracts signed in the year, mainly by Openwave Mobility and Qosmos.

Note 14 Derivative Instruments

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Long-term				
Currency forwards - cash flow hedges	2,526	-	55	-
Short-term				
Currency forwards - cash flow hedges	2,667	-	569	-

Note 15 Equity

Group

Share Capital

As of December 31, 2020, 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 13,158 (0) treasury shares, and granted employees 241,230 (0) treasury shares when settling 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	2020	2019
Opening number of shares	21,615,231	19,650,231
New share issue	-	1,965,000
Closing number of shares	21,615,231	21,615,231

Hedging reserve	2020	2019
Opening hedging reserve	1,033	-726
Cash flow hedges:		
- fair value gains/losses in the year	4,569	2,555
- tax on fair value adjustments	-941	-547
- transfers to profit or loss	-1,590	-316
- tax on transfers to profit or loss	340	67
Closing hedging reserve	3,411	1,033

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.

	2020	2019
Opening translation reserve	115,251	74,001
Translation difference for the year	-149,372	41,250
Closing translation reserve	-34,121	115,251

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, 2020 was 86,688. The shares are held as treasury shares and were fully paid up on December 31, 2020.

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

	2020	2019
Earnings per share before dilution		
Profit for the year after tax	142,284	169,661
Average number of shares, 000	21,454	20,035
Earnings per share before dilution, SEK	6.63	8.47
Earnings per share after dilution		
Profit for the year after tax	142,284	169,661
Average number of shares, 000	21,454	20,035
Earnings per share after dilution, SEK	6.63	8.47

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

	2020	2019
GROUP		
Deferred support income*	104,599	98,030
Accrued staff costs	89,004	69,761
Other deferred income*	9,296	11,862
Other	20,609	15,602
	223,508	195,255

	2020	2019
PARENT COMPANY		
Accrued staff costs	13,898	24,324
Other	1,952	1,961
	15,850	26,285

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	2020	2019
Contract liabilities relating to unfulfilled performance obligations	113,896	109,941

Opening contract liabilities recognized as revenue in the year	2020	2019
GROUP	88,887	59,380

Revenue from performance obligations satisfied in previous periods	2020	2019
GROUP	39,851	76,504

Unfulfilled long-term performance obligations*	2020	2019
GROUP	294,172	241,791

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

Management expects that 70 percent of the transaction price that has been allocated to unfulfilled agreements as of December 31, 2020 will be recognized as revenue in the following financial year (SEK 208,027,000). The remaining 30 percent will be recognized in the years 2022-2025.

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	US	100
Enea GmbH	Germany	100
Enea KK	Japan	100
Enea Polyhedra Ltd	UK	100
Enea Romania SRL	Romania	100
Qosmos SA	France	100
Openwave Mobility Inc	US	100
Enea Software GmbH	Austria	100
Enea Software d.o.o.	Croatia	100

	2020	2019
Accumulated cost		
At beginning of year	330,630	330,630
Shareholder´s contribution	36,582	-
Closing balance, December 31	367,212	330,630
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	172,034

			Carrying amount	
Spedification of parent company´s holdings of participations in subsidiaries	No of shares	%	2020	2019
Subsidiaries				
Enea Software AB, 556183-3012, Kista	5,900	100	208,616	172,034
			208,616	172,034

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	2020	2019	2020	2019
Cash and bank balances	195,070	146,147	6	1,749
Text	195,070	146,147	6	1,749

	Group		Parent company	
Disclosures on interest	2020	2019	2020	2019
Interest income in the period amounted to	1,121	585	7,895	44,884
Interest paid in the period amounted to	-8,811	-46,935	-7,928	-45,914

	Group		Parent company	
Adjustment for non-cash items	2020	2019	2020	2019
Depreciation/amortization and impairment	107,526	86,092	1,160	1,040
Share saving program	13,810	16,678	13,810	16,678
Appropriations	-	-	-37,005	-5,972
Changes in pension lliability	2,902	678	-	-
Provisions	-3,089	-971	-	-
Transaction costs loans	-	8,178	-	8,178
Exchange differences net	-	-1,764	-	-
Total	121,149	108,891	-22,035	19,924

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	2020	46,041	20,751	24,248	1,108,686
Subsidiaries	2019	77,757	281	3,246	1,058,435

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 2020 amounts to SEK 3,979,000 (4,556,000). 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 2019, Alecta's surplus in the form of its collective consolidation ratio amounted to 148 (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.	
	2020	2019	2020	2019
Costs for defined-contribution plans	16,602	19,005	4,225	5,388
Costs for defined-benefit plans	1,383	731	-	-

Share-based payment

LTIP 2017

In May 2017, 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 2017 is also expected to facilitate the recruitment and retention of management and other key individuals. The program involves 32 senior executives, key individuals and certain other employees. 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 sales growth, operating profit and earnings per share for the financial years 2017–2019. Threshold values for accumulated sales in 2017-2019 are SEK 1,890 million, accumulated operating profit for 2017-2019 of SEK 425 million, and average earnings per share of SEK 6.89. The maximum value participants receive per warrant (including any compensation for extraordinary dividends) has been capped at SEK 415. 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 441,000, including compensation relating to extraordinary dividends. LTIP 2017 had final settlement in 2020.

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 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 2017	2020	2019
No. of warrants allocated	330,000	357,000
Forfeited in the period	-88,770	-27,000
Allocated in the period	-241,230	-
Outstanding at end of period	-	330,000
Number of participants, Dec 31	-	26

LTIP 2018	2020	2019
No. of warrants allocated	108,000	156,000
Forfeited in the period	-60,000	-48,000
Outstanding at end of period	48,000	108,000
Number of participants, Dec 31	2	4

LTIP 2019	2020	2019
No. of warrants allocated	438,000	438,000
Forfeited in the period	-36,000	-
Outstanding at end of period	402,000	438,000
Number of participants, Dec 31	25	28

Share-based staff costs Group	2020	2019
Incentive programs	13,882	28,661

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	2020	2019	2020	2019
EUR	10.0375	10.4336	10.4867	10.5892
USD	8.1886	9.3171	9.2037	9.4604
GBP	11.0873	12.2145	11.7981	12.0658
JPY	0.0792	0.0853	0.0862	0.0868
RON	2.0615	2.1797	2.1677	2.2308
SGD	6.1788	6.9043	6.6680	6.9327
INR	0.1117	0.1325	0.1246	0.1343
MXN	0.4123	0.4953	0.4304	0.4911
CAD	6.3996	7.1283	6.8603	7.1308
HRK	1.3306	1.3998	1.3907	1.3691
MYR	2.0260	N/A	2.1770	N/A
NOK	0.9546	N/A	0.9786	N/A

When translating foreign subsidiaries' balance sheets to Swedish kronor, the group is exposed to exchange rate fluctuations. The effect on equity in 2020 for the translation of foreign subsidiaries' accounts to Swedish kronor was SEK -149,372,000 (41,250,000). The group's exposure in equity for exchange rate fluctuations on the reporting date was as follows:

	2020		2019	
Currency	Amount	Translated to SEK at closing day rate		Translated to SEK at closing day rate
EUR	25,288	253,828	20,280	211,593
USD	12,663	103,692	9,480	88,326
GBP	16,906	187,442	16,258	198,583
JPY	74,129	5,875	68,925	5,881
RON	24,090	49,662	18,090	39,431
SGD	267	1,650	247	1,705
INR	30,673	3,426	15,590	2,065
MXN	646	266	646	320
CAD	247	1,581	228	1,625
HRK	2,081	2,769	816	1,142
MYR	-4,992	-10,114	N/A	N/A
NOK	270	258	N/A	N/A

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, 2020. 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 found that no reasonable changes to these assumptions would result in any impairment as at December 31, 2020. They are reviewed in Note 10.

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 carry-forwards 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	2020	2019	2020	2019
Liabilities to credit institutions	291,680	263,000	291,680	263,000
Total long-term liabilities, interest-bearing	291,680	263,000	291,680	263,000
Current liabilities, interest-bearing	2020	2019	2020	2019
Liabilities to credit institutions	142,177	99,066	137,538	99,066
Total current liabilities, interest-bearing	142,177	99,066	137,538	99,066
Current liabilities, non-interest-bearing	2020	2019	2020	2019
Accounts payable	14,515	18,119	3,258	5,282
Other liabilities	15,984	17,067	992	1,435
Accrued expenses, supplier related	13,067	12,190	1,952	1,961
Total current liabilites, non-interest-bearing	43,566	47,376	6,202	8,678
Total financial liabilities	477,423	409,442	435,420	370,744

Maturity analysis	Group		Parent company	
Long- and short-term interest-bearing liabilities	2020	2019	2020	2019
Within 1 year of reporting date	142,177	99,066	137,538	99,066
More than 1 year, but within 3 years of reporting date	291,680	263,000	291,680	263,000
More than 3 years, but within 5 years of reporting date	-	-	-	-

	Group		Parent company	
Interest	2020	2019	2020	2019
Within 1 year of reporting date	5,039	4,408	5,039	4,408
More than 1 year, but within 3 years of reporting date	2,735	3,528	2,735	3,528
More than 3 years, but within 5 years of reporting date	-	-	-	-

	Group		Parent company	
Non-interest-bearing liabilities	2020	2019	2020	2019
Within 1 year of reporting date	43,566	47,376	6,202	8,678
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	2020	2019	2020	2019
Within 1 year of reporting date	190,782	150,850	148,779	112,152
More than 1 year, but within 3 years of reporting date	294,415	266,528	294,415	266,528
More than 3 years, but within 5 years of reporting date	-	-	-	-

Enea has three bank loans with maturity 1-3 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 12.4 (11.2) million as of December 31, 2020. Costs for defined-benefit pensions totaled SEK 1,383,000 (731,000), of which SEK 1,383,000 (731,000) was charged to Enea's profit. The costs for 2021 are estimated at approx. EUR 120,000.

2020	Defined benefit pension plans
GROUP	
Accumulated cost	
Opening balance, Jan 1, 2020	11,153
Value change/currency translation	1,263
Closing balance, Dec 31, 2020	12,416

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

Defined benefit obligations	Group 2020	Group 2019
Present value of unfunded defined benefit obligations	12,416	11,153
Total liability, unfunded obligations	12,416	11,153

Actuarial assumptions, %	Group 2020	Group 2019
Discount rate	0.96	1.04
Future salary increase	-	-

Note 26 Proposed Appropriation of Profits

	2020
Parent company	
Share premium reserve	562,748,745
Retained earnings	265,205,260
Profit/loss for the year	-657,819
Total	827,296,186

The Board of Directors is proposing that these funds are appropriated so that SEK 827 296 186 is carried forward.

Note 27 Pledged Assets and Contingent Liabilities

	2020	2019
GROUP		
Claim for damage	13,478	-
Other exposure	14,739	-
Rent deposits	1,624	2,419
	29,842	2,419

Note 28 Business Combinations

Acquisition of Aptilo

On 1 October, Enea Software AB acquired Aptilo Holding and subsidiaries. The purchase consideration was based on an enterprise value (EV) of SEK 150 million, and amounted to SEK 94.4 million. The acquisition was financed with a bank loan, and to some extent, cash. A new SEK 130 million bank loan was arranged in tandem with the acquisition, while a SEK 40.2 million shareholder loan was redeemed. Aptilo is a leader in connectivity management solutions for WiFi and the IoT (Internet of things), and is headquartered in Stockholm. The acquisition means Enea expanding its offering and addressable market, as well as migrating upwards in the value chain. Aptilo was consolidated into Enea effective 1 October, when its operations were integrated into the Network Solutions product group. For October-December 2020, the company reported sales of SEK 21.6 million and EBIT of SEK 3 .8 million. The goodwill arising is not deductible for tax purposes, and is considered to relate to expected profitability, supplementing Enea's product portfolio and expected synergy effects.
The financial impact of this transaction is reported below. The acquisition analysis for fair value adjustment of product rights, customer contracts, trademarks & brands, current receivables and current liabilities is preliminary until 12 months after the acquisition date, because analysis of fair value was not complete as of the reporting date.

Purchase consideration	SEK 000
Summary of purchase consideration paid:	
Cash and cash equivalents	94,356
Total purchase consideration paid	94,356

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	18,692
Customer contracts	60,521
Brand	2,704
Tangible fixed assets	440
Other long-term receivables	1,005
Deferred tax assets	9,123
Current receivables	24,171
Cash and cash equivalents	3,815
Deferred tax liability	-14,393
Long-term liabilities, interest-bearing	-41,035
Current liabilities, non-interest-bearing	-40,373
Net identifiable assets and liabilities	24,671
Goodwill	69,685
Acquisition cost for the group	94,356

Acquisition-related expenses

Acquisition-related expenses of SEK 4,250,000 are included in administrative costs in the consolidated income statement for 2020.

The acquisition analysis of a global software business acquired in 2019 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 March 30, 2021. 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 6, 2021.

Stockholm, Sweden March 30, 2021

Enea AB (556209-7146)

Anders Lidbeck

Chairman of the Board

Kjell Duveblad

Board member

Mats Lindoff

Board member

Anders Skarin

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 March 31, 2021

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 2020 except for the corporate governance statement and sustainability report on pages 30-38 and 24-25 respectively. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20-79.

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, 2020 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, 2020 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 30-38 and 24-25 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 additional report that has been submitted to the parent company's and group's audit committee in accordance with the Audit 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 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. 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 opinions.

Our Audit Approach

Scope and Focus of Audit

Enea is a software company that sells both software and services. The customers are mainly active in the telecom sector, but also in aerospace and defense. For the sale of software, revenue recognition is often dependent on contract terms, and when control is transferred to customers. Service operations provide around 15 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.

Software operations consist of sales of software licenses and maintenance and product-related services. Sales of licenses comprise partly production licenses, partly developer licenses. Customer contracts for sales of developer licenses often include a combination of licenses and services, which implies that the risks and benefits for the relevant part of an agreement are transferred to the customer at different times. 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 developer licenses is dependent on Management's assessment of the distribution of revenue over components and contractual agreements with customers. Enea has made 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 misstatement 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 of, 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

Sales of Developer Licenses

In addition to the license itself, customer agreements for developer licenses, which are either term-based or perpetual, include the right to services in the form of support and maintenance during the contract term.

This means that agreements 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 systems sales constitutes a key audit matter.

For the above accounting policies, please refer to page 49, and notes 2, 13, and 17 in the Annual Report for 2020.

Audit Approach

We have focused a significant part of our audit on evaluating Enea's principles and underlying assumptions in order 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 1,467 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 53 and Note 10 in the Annual Report for 2020.

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 with the aid of PwC's internal valuation specialists.
- Compared the estimated value in use with the market capitalization as of December 31, 2020.
- 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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-19 and 84-88 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 the assessment 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 Director's 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 Public Accountants' 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 2020 and the proposed appropriations of the company's profit or loss.

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 Corporate Governance Statement

The Board of Directors is responsible for ensuring that the Corporate Governance Statement on pages 30-38 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.

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.

Auditor's Opinion Regarding the Statutory Sustainability Report

It is the Board of Directors who is responsible for the sustainability report for the year 2018 on pages 24-25, 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.

Stockholm, Sweden, March 31, 2021

Öhrlings PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

SEK m	2020	2019	2018	2017	2016
INCOME STATEMENT					
Net sales	915.1	994.5	824.3	584.4	498.2
Other operating revenue	14.0	17.5	17.7	4.0	3.1
Operating expenses	-740.5	-757.3	-653.1	-485.6	-382.5
Operating profit	188.6	254.7	188.9	102.8	118.8
Net financial income/expense	-24.5	-51.7	-27.7	-5.2	5.2
Profit before tax	164.2	203.0	161.1	97.6	124.0
Profit for the period	142.3	169.7	141.7	82.5	94.6
Total	142.3	169.7	141.7	82.5	94.6
BALANCE SHEET					
Intangible assets	1,734.5	1,672.3	1,381.4	522.2	499.2
Other intangible assets	40.7	27.6	33.7	31.0	34.4
Other financial fixed assets	6.1	3.4	3.1	2.7	6.5
Financial assets held for sale, non-current	-	-	-	62.1	-
Current receivables	357.5	364.3	426.8	203.6	219.4
Financial assets held for sale, current	-	-	-	40.2	-
Cash and cash equivalents	195.1	146.1	74.7	312.0	223.5
Total assets	2,334.0	2,213.8	1,919.7	1,173.8	983.0
Shareholders' equity	1,487.5	1,481.3	985.8	754.2	422.9
Long-term liabilities, interest-bearing	291.7	263.0	539.8	82.0	116.0
Long-term liabilities, non-interest-bearing	141.0	119.6	86.8	161.8	161.9
Current liabilities, interest-bearing	142.2	99.1	94.3	34.0	34.0
Current liabilities, non-interest-bearing	271.7	250.8	212.9	141.8	248.2
Total equity and liabilities	2,334.0	2,213.8	1,919.7	1,173.8	983.0
CASH FLOW					
Cash flow from operating activities	274.2	245.2	168.6	116.6	128.1
Cash flow from investing activities	-130.9	-90.9	30.5	-139.7	49.6
Cash flow from investing activities-acquisition of operation	-90.5	-47.1	-954.4	-96.3	-139.6
Cash flow from financing activities	8.9	-35.9	514.2	206.6	56.2
Cash flow for the period	61.6	71.2	-241.1	87.2	94.3
KEY FIGURES					
Net sales growth, %	-8	21	41	17	5
Operating margin, %	20.6	25.6	22.9	17.6	23.8
Profit margin, %	17.9	20.4	19.5	16.7	24.9
Return on capital employed, %	11.2	15.6	17.0	16.3	27.8
Return on equity, %	9.6	13.8	16.3	14.0	23.0
Return on total capital, %	9.5	13.3	13.8	11.1	18.1
Interest coverage ratio, multiple	4.1	3.8	4.1	5.4	10.2
Equity ratio, %	63.7	66.9	51.4	64.3	43.0
Liquidity, %	133.5	145.9	163.2	316.1	156.9
EBITDA	296.1	215.9	229.3	126.6	134.9
Net debt/EBITDA	0.81	0.63	2.44	-1.58	-0.55
Average number of employees	634	629	563	467	410
Net sales per employee, SEK m	1.4	1.6	1.5	1.3	1.2
Net asset value per share, SEK	69.09	69.54	50.99	39.00	26.61
Earnings per share, SEK	6.63	8.47	7.33	4.69	5.95
Dividend per share, SEK	-	-	-	-	2.00

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

Financial Definitions

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, 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 2020 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	
	2020	2019
Net sales, SEK m	915.1	994.5
Net sales growth, SEK m	-79.4	170.2
Net sales growth, %	-8	21
Currency effect, unchanged exchange rates previous year, %	-13.6	38.4
Currency effect, unchanged exchange rates previous year, SEK m	-1.0	5.0
Net sales growth, unchanged exchange rate previous year, SEK m	-65.8	131.8
Net sales growth, unchanged exchange rate previous year, %	-7	16

Reconciliation of Financial Net

	Full year	
	2020	2019
Financial income	28.1	20.0
Financial expense	-52.5	-71.7
Reported financial net, SEK m	-24.5	-51.7

Annual General Meeting 2021

The shareholders of Enea AB have been invited to the AGM on May 6, 2021. The AGM will be held exclusively by advance voting (postal votes). Shareholders recorded in the share register maintained by Euroclear as of April 28, 2021, and that have notified their participation by no later than May 5, 2021 by submitting their advance vote in accordance with the instructions on *Förhandsröstning* ("advance voting", information at www.enea.com), are entitled to participate in the AGM. For entitlement to participate at the AGM through advance voting, 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 30, 2021, which means that shareholders requiring voting registration must inform their nominee thereof in good time prior to the a fore-mentioned date.

Financial Calendar

April 27, 2021:	Publication of Interim Report for January–March 2021
May 6, 2021:	AGM 2021
July 16, 2021:	Publication of Interim Report for April–June 2021
October 26, 2021:	Publication of Interim Report for July–September 2021
February 2, 2022:	Publication of Annual Statement for 2021

Information Sources

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

Contact Information

Mail: Enea AB
Box 1033
164 21 Kista

Email: Ir@enea.com (ordering financial reports)
agm@enea.com (attendance at AGM)

Telephone: +46 (0)8 507 140 00

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

Investor Relations

Enea strives to always provide transparent, relevant and accurate information to shareholders, investors and financial analysts to increase knowledge of the group's operations and share. Enea shares information in the form of 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 via e-mail.
In 2020, 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. There is no communication of financial information in the three weeks prior to the publication of a financial report.

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 stake-holders 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 from 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 2019.

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.

This Annual Report 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 Report is 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.

The audited annual accounts are on pages 20-23, 26-29 and 40-78.

The Sustainability Report on pages 24-25 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 650-plus 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, the theme throughout has been solving customers' problems with innovative and inventive solutions.Many of Enea's ideas have been genuinely pioneering. For example, 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 short response times. 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. This success, and experience of 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 used and widespread 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 real-time operating system enabled the routing of calls, and later, mobile data communication. It was also used in millions of mobile phones during this period. Furthermore, Enea 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. In 2019, Enea also launched one of the world's first cloud-based solutions for data management in 5G networks. With the acquisition of Aptilo Networks, Enea also gained world-leading connectivity management products for large Wi-Fi networks and innovative connectivity services for devices on the Internet of Things. Enea is continuing to monitor market development and make investments in strategic market segments where the company's professionals can add value through the skills and experience they possess. In some cases, this business intelligence results in acquisitions. Three segments where the company has rapidly secured leadership through acquisitions are embedded traffic intelligence, mobile video traffic management, and Wi-Fi connectivity management. This type of investment in organic growth and complementary acquisitions offers a good illustration of the strategy that Enea has formulated 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

Historical Milestones

1983	1988	1998	2004	2006	2016	2019
Enea receives Sweden's first email	Enea creates the first real-time operating system for mobile networks	Enea develops the first mobile version of HTML	Enea's customer Telia offers the first mobile service with seamless transition to Wi-Fi	Enea launches the first commercial application of embedded traffic intelligence	Enea provides the first solution for optimizing en-crypted video traffic	Enea launches one of the first cloud-based solutions for data management in 5G networks

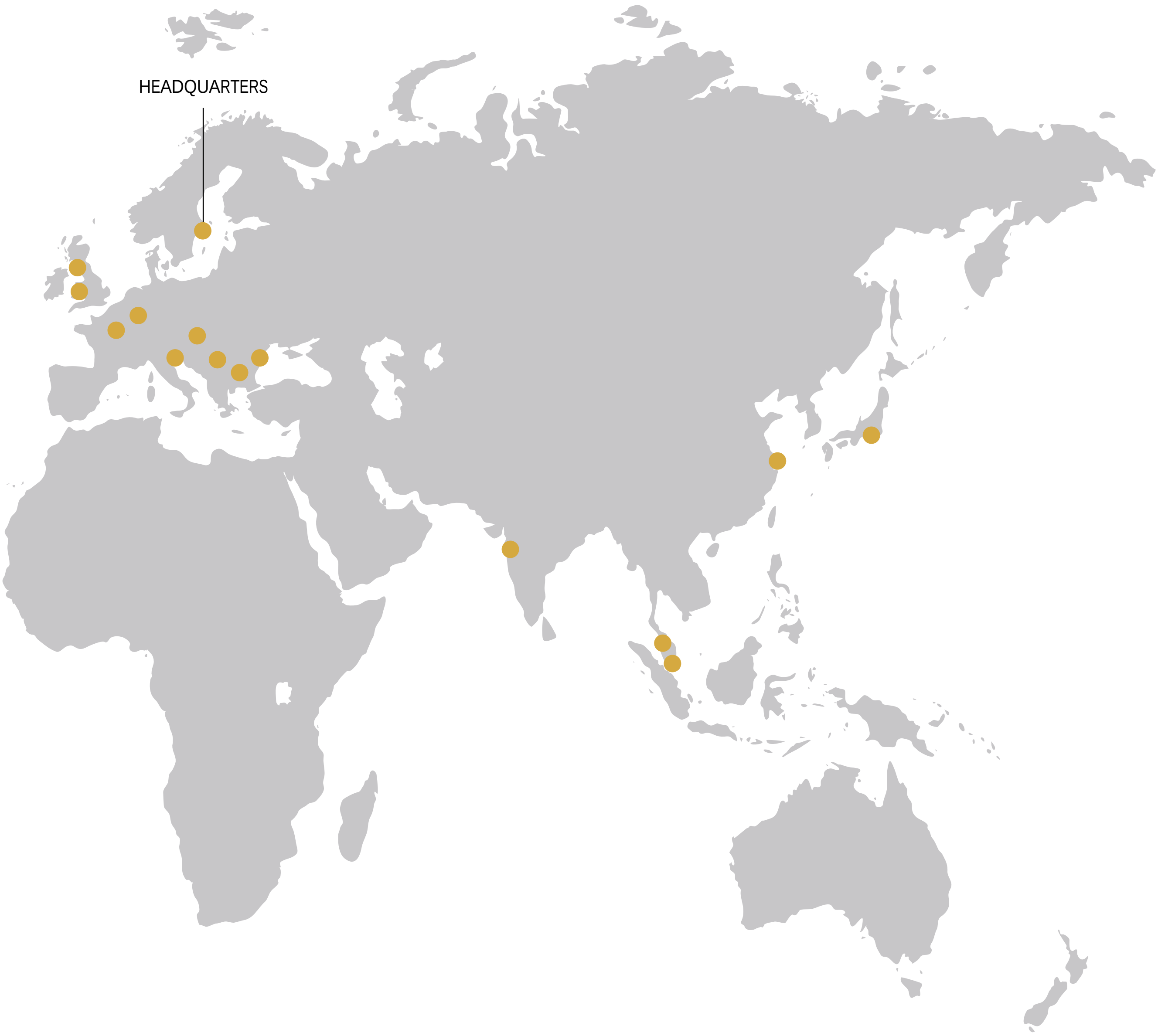
Enea – Worldwide

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 659 people work for the company.

Region	Country	City	Product development	Sales support
Europe	Austria	Vienna		●
	Croatia	Osijek	●	
	France	Paris	●	●
	Germany	Berlin		●
	Romania	Bucharest	●	●
		Craiova	●	
		Iasi	●	
	Sweden	Stockholm	●	●
	UK	Belfast	●	
		Bristol	●	
North America	US	Boston	●	
		Dallas		●
		Phoenix		●
		Redwood City		●
North-East Asia	Japan	Tokyo		●
	Kina	Shanghai		●
South-East Asia	India	Pune	●	
	Malaysia	Kuala Lumpur		●
	Singapore	Singapore		●

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