ANNUAL REPORT 2018

A catalyst for the connected society

ENEA

Enea in brief

Enea is a global provider of software for the connected society. We deliver solutions for mobile traffic management, network virtualization and traffic classification, combined with embedded operating systems and services. Network operators, system integrators and OEMs rely on Enea when creating world-leading solutions and services. Every day, 3 billion people communicate using products that have been delivered by Enea. Enea is a global leader in producing software platforms for communication-intensive products with extreme availability and performance standards.

We have offices across Europe, North America and Asia, and are listed on Nasdaq Stockholm.

VISION

Our software and expertise help you develop amazing solutions for the connected society.

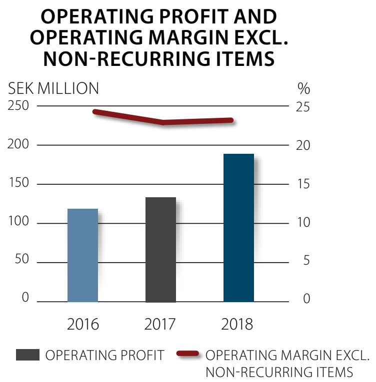
MISSION

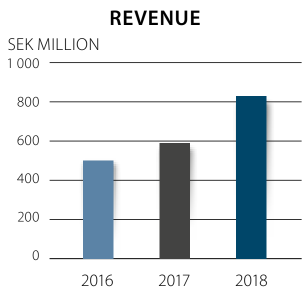
We provide the network software platforms and expert services our customers need to create the connected society of today and tomorrow.

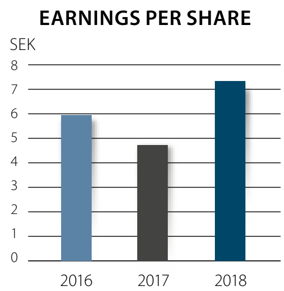
COMMITMENT TO THE ECOSYSTEM

Our commitment is to work together with the leading hardware vendors and our customers – as a key contributor in the open source community– to develop and strengthen optimal software solutions for tomorrow's connected society.

- **Head office | Kista, Sweden**
- **Revenue | SEK 830.3 million**
- **Operating margin | 23.2 percent**
  excl. non-recurring items
- **Employee headcount | 571**
- **R&D OPEX investment | 16 percent**
- **Listed on Nasdaq Stockholm**







ENEA'S OFFERING

Software for embedded applications generally and communications solutions in particular
- Operating System Solutions
- Network Solutions
- Tools, protocols, etc.

Maintenance, support and services
- Related to Enea's products
- For integrated solutions, incl. third-party solutions

Training
- Related to Enea's products
- Related to Linux generally
- Customer specific

Services
- In-house projects
- On-site projects
- Bridged services
- Product services

Contents

Products and services for businesses that develop communication-intensive products for the connected society

Enea delivers products and expert services for companies that develop communication-intensive products for the connected society. Our operating systems are at the core of Enea's product portfolio and are supplemented by expert services to meet market demand for customer-specific solutions. There is a need for different types of operating system depending on where in the system it should be placed, what other systems it must interact with, what characteristics it needs.

Real-time operating systems are used when the priority is very high performance and predictability. Apart from operating systems, Enea offers development tools, databases, network solutions, communication protocols and communication software. Enea's products are modified in large-scale customer engagements, where our services portfolio and expertise are at least as important as our products.

Operating System Solutions

Operating systems are the software that forms the link between hardware and the programs it runs. Enea's operating systems are used in embedded systems that are components of telecom equipment, for example. Enea OSE and Enea OSEck are Enea's market-leading real-time operating systems. Enea has been a leading provider of real-time systems for three decades and has world-leading competence in this segment.

Performance and predictability are critical factors for real time operating systems, which creates a strong position in embedded and hardware-related solutions.

Network Solutions

In Network Solutions, Enea provides platforms and technology that accelerate and optimize the development of products centered on network communication in 5G, NFV and adjacent markets. Enea NFV Access and Enea NFV Core deliver complete platforms for network function virtualization (NFV). The Device and Network Management products: Enea Element, ElementCenter and the Network Intelligence products: Qosmos ixEngine, Qosmos Probe and Qosmos Signatures are products that create the potential to build optimized and differentiated network products that fit contemporary network architectures.

Services

By combining competence, high quality and innovation, Enea services delivers highly developed applications for global players. Enea's Bridged Services concept delivers broad-based competence across a raft of segments, such as telecom and medical devices, as well as developing and modifying products according to customer needs. Enea's new Packaged Services concept has been developed to deliver Enea's strong product portfolio alongside, and integrated with, the expert services Enea offers.

KEY FIGURES	2018	2017	2016
Revenue, SEK million	830.3	588.4	501.3
Revenue growth, %	41	17	4
Revenue growth, currency adjusted, %	38	17	3
Operating profit excl. non-recurring items, SEK million	192.5	134.5	121.6
Operating profit, SEK million	188.9	102.8	118.8
Operating margin excl. non-recurring items, %	23.2	22.9	24.3
Operating margin, %	22.7	17.5	23.7
Profit after tax, SEK million	141.7	82.5	94.6
Earnings per share, SEK	7.33	4.69	5.95
Cash flow from operating activities, SEK million	168.6	116.6	128.1
Cash and cash equivalents and financial investments, SEK million	74.7	414.3	223.5

Thank you for another successful year

Dear shareholders, customers and colleagues, I'd like to start by thanking you for your trust, and for another successful year. 2018 was the best in Enea's history in many ways. We've never achieved higher growth, delivered better operating profit or reported higher earnings per share. Nor have we ever generated a greater operating cash flow than in 2018. The major acquisitions we completed in recent years have also performed very well, making an outstanding contribution to our successes. This helped us to set a new growth record, with revenues 2018 up by 41 percent, and operating profit excluding non-recurring items growing by 43 percent over 2017. We are witnessing a new Enea, and the results exceeded our expectations. It's hard not to be satisfied with our progress.

Our global software business grew significantly in the year, up by 50 percent year over year. Worldwide Software Sales, outside our Key Accounts, grew by all of 122 percent on 2017—growth largely driven by our acquisition of Openwave Mobility. Revenues from the business segment we call Key Accounts were down year over year, and we expect this to continue. This decline might even accelerate the coming years with the more widespread adoption of open source. Accordingly, our dependency on individual Key Accounts is continuing to decline, and these revenues represented 27 percent of the total in 2018, compared to 42 percent in the previous year. Our reduced exposure to Key Accounts is a significant change for Enea, and the fact that we have been able to achieve record growth and record earnings during this transformation, is obviously very positive.

Major acquisitions

2017 was also a good year for Enea which that raised the standards, and the expectations, for 2018. Obviously, for all of us that work at Enea, this was encouraging, but also challenging—we all realized that we would need to do something exceptional to exceed 2017. We previously stated our ambition and plan to move higher up the software stack, to move higher up the value chain, and to get closer to our end-users. So it was a major milestone when we were able to announce the biggest acquisition in Enea's history—Openwave Mobility—already in the first quarter of 2018. This acquisition has proved very positive, and to date, has achieved results fully satisfying our plans and expectations. The acquisition we completed in 2016, of the company Qosmos, has also performed really well as an integrated part of Enea. The results are unequivocal—sales in new product segments are continuing to grow, and the Network Solutions product group is now not only our fastest-growing segment, but also our largest segment with 50 percent of total revenues.

Stronger than ever

Enea celebrated its 50th anniversary in 2018, and is now larger and stronger than ever, with a broader product portfolio, more stable customer base, a better revenue mix and greater geographical reach than ever. The acquisitions we have made in the last three years have been fundamental to our successes in recent years. So at the end of the fourth quarter, we announced a new acquisition in the telecom application segment focusing on policy management, authentication and data management of subscriber information. Managing subscriber information, authentication and policy management will be critical components for building new business models and creating individualized and tailored services in the next generation of mobile networks. Following our acquisition of Openwave Mobility, we enjoy a leadership in data management for 5G mobile networks, and this latest transaction enhances and complements this position with some of the key applications needed in the central part of mobile networks. This acquisition adds to the foundation for Enea's continued success as a company, with a stronger market position around telecom applications for 4G and 5G mobile networks.

Even if our center of gravity now lies in the Network Solutions product group, where we announced several major contracts and key product news in 2018, our legacy in operating system solutions remains an important part of Enea, and OSE remains Enea's single biggest product. In the year, we attracted a good inflow of new business in this segment, with several significant deals addressing for example 5G use cases. Late in the year, we were also able to announce a renewed three-year license agreement with

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a world leader in the professional mobile radio segment. But overall, revenues in this segment are decreasing with the long-term trend towards open source, even though these new deals do demonstrate the durability and strength of this business segment.

A new era

Even though if in the long term, securing the company’s market position and generating growth, healthy margins and strong cash flows are most important, the stock market is an important value benchmark of a public company. In late-2018, Nasdaq Stockholm decided to upgrade Enea to its Mid Cap list, because our market capitalization had risen above the threshold for two consecutive years. While shareholders can be pleased by the fantastic progress that we have made, one also needs to be aware that we have an operation that varies from quarter to quarter, and that these variations increase with the acquisitions we have made in recent years. The acquired entities have a higher share of new business, where individual contracts may be large in absolute terms, but with varying degrees of recurring revenues.

Acquisitions that advance our market position and improve long-term earnings capacity are an important part of the transformation Enea has been going through, and that is fundamentally positive and important to the company. It is also this strategy that creates the potential for us to retain our ambition to keep growing the company with good profitability and strong cash flows, despite reducing revenues from our Key Accounts.

Let me conclude by once again thanking shareholders, customers and colleagues for your trust. This time round, it also feels extra special for me because I’ll be leaving my job in 2019 after eight years as Enea’s CEO. It has been unbelievable years when we consider the company’s earnings performance, but also fantastic in so many other ways. First and foremost, in this context, I’d like to highlight the major and fundamental change we’ve made to Enea in recent years. This has created great potential for a new, exciting and successful journey for Enea over the coming years, and the fact that we succeeded with this while also delivering the highest earnings per share ever, feels great.

Your trust in these years has meant everything to me.

March 2019

Anders Lidbeck
President & CEO

Pioneers in network solutions

When we talk about network solutions for the connected society of tomorrow, we're linking back to the core business that has always guided the company. Since our inception over 50 years ago, software focusing on data communication has been our backbone, and has laid the foundation of Enea as a global software company.

Network solutions and telecom have been a constant theme throughout much of our proud history. We actually started building the connected society long before 'connected' became a buzzword. We were the first company in the Nordics to connect to the Internet. We received the first email sent to Sweden. We were the first company in Sweden to register an Internet domain, and were the backbone of all Swedish Internet traffic during the Internet's infancy. We were one of the pioneers of the emergence of the Internet and mobile datacommunication, and are still staking out new territory for the connected society of tomorrow. Even if the Internet and mobile data are and now part of our everyday lives, our journey continues. The explosive evolution of network traffic and mobile data communication does not mark the end of this journey. In fact, it is a testament of our efforts and start of the next phase of Enea's development.

A strategy for growth

Overall technology trends, such as the emergence of the Internet and the breakthrough of mobile communication have made Enea the company it is today. Looking ahead, our strategic decisions are to position the company so the major technology trends keep building growth and success for Enea. Enea is now a software company, and we provide a limited selection of services to supplement our software products. Our proprietary embedded operating systems have been our main product for many years, and our software is now integrated into over one billion different systems and devices, serving a critical role in many of the world's mobile networks. This has been a growth engine for Enea for over three decades, and it remains the single largest and most profitable product family.

But our business environment has altered. The usage of open source has become progressively more widespread, and is now the first choice for many embedded systems and solutions, which obviously impact on the market conditions of our proprietary operating system solutions. In a situation where operating systems and other hardware-related software is encountering a growing presence of open source, it is easier for us to find growth with good margins higher up the software stack. When growth of the software closest to hardware slows, we will increasingly focus on software closer to applications and the actual user.

One important part of Enea's strategy is now about helping our customers to protect, optimize and monetize network traffic. Our operating system solutions have always helped enable the traffic itself—now we're taking the next step, building even more value based on the content of this traffic. Our solutions for mobile traffic management help the world's leading mobile operators to maximize the usage of mobile networks, while also limiting traffic peaks. Quality of Experience (QoE) is used as a competitive tool, while Quality of Service (QoS) and differentiated services becomes a way to build new revenue streams. Our traffic classification and network intelligence solutions also address the same segments. When operators want to optimize traffic flow, differentiate between different types of traffic, or simply protect a system against unwanted traffic, the ability to identify different types of traffic is crucial

Enea's strategy is to keep focusing on network solutions and telecommunication, but we're shifting our focus higher up the software stack.

Evolving our business concept to address new challenges

For many years, one key component of Enea's business concept has been selling proprietary software as a sub-component to various types of embedded systems and solutions. When our customers achieve success, this also translates to success for Enea. This business model remains an important part of Enea's business, and enables us to address a wide variety of customer groups and markets that we could not target directly on our own.

Although this is a well-established business concept for us, there is no shortage of challenges. More widespread use of open source is obviously such a challenge, as we've touched on many times. In a situation where we are encountering a greater presence of open source, proprietary software must increasingly focus on adding value over and above a growing open source platform. But the challenges don't stop there by any means.

As a subcontractor of software components, we constantly encounter challenges. Being further down the value chain, there's always a risk of getting squeezed when other players higher up the chain want to maximize and develop their own business. You're always further away from end-customer needs, and do not possess knowledge of end-customers' strategic challenges. And you have progressively less control over your own future and destiny.

In recent years, we've taken several steps to develop our business concept and business model. We've been working actively to migrate higher up the value chain, closer to the end-customer and end-user. After the acquisition of Openwave Mobility, we now have more business that include a direct dialogue with end-users. Our business concept has been expanded from selling software in individual components, to now also selling applications and solutions direct to end-customers.

Market

The market for communication-intensive products is dynamic, driven by a completely connected society, the continued growth of Internet traffic and operator needs to demonstrate good profitability. This creates high demand for software that optimizes, monetizes and protects online services.

Market segments

Enea provides products and services for communications in a raft of segments including the aerospace and automotive industries, medical devices, and its historically strong telecom sector. Although Enea operates in a broad communication market, its clear focus is on telecom and technologies for virtualized networks. Enea delivers a diverse portfolio of products, from embedded software to turnkey solutions sold directly to telecom operators. To clarify Enea's value and focus, we divide our markets between Telecom/OEMs, Telecom/Operators, Cyber Security, Aerospace/Defense and Other.

Telecom/OEMs

This segment includes operating systems, virtualization platforms and traffic analysis software. Depending on product, Enea sells to different participants in the value chain: OEMs or system integrators. As an example, Enea sells its OSE operating system to OEMs, while its traffic analysis product Qosmos Probe is either sold to OEMs or system integrators that embed the product in their complete solutions for operators.

Market trends: traffic optimization and valuing subscriber data

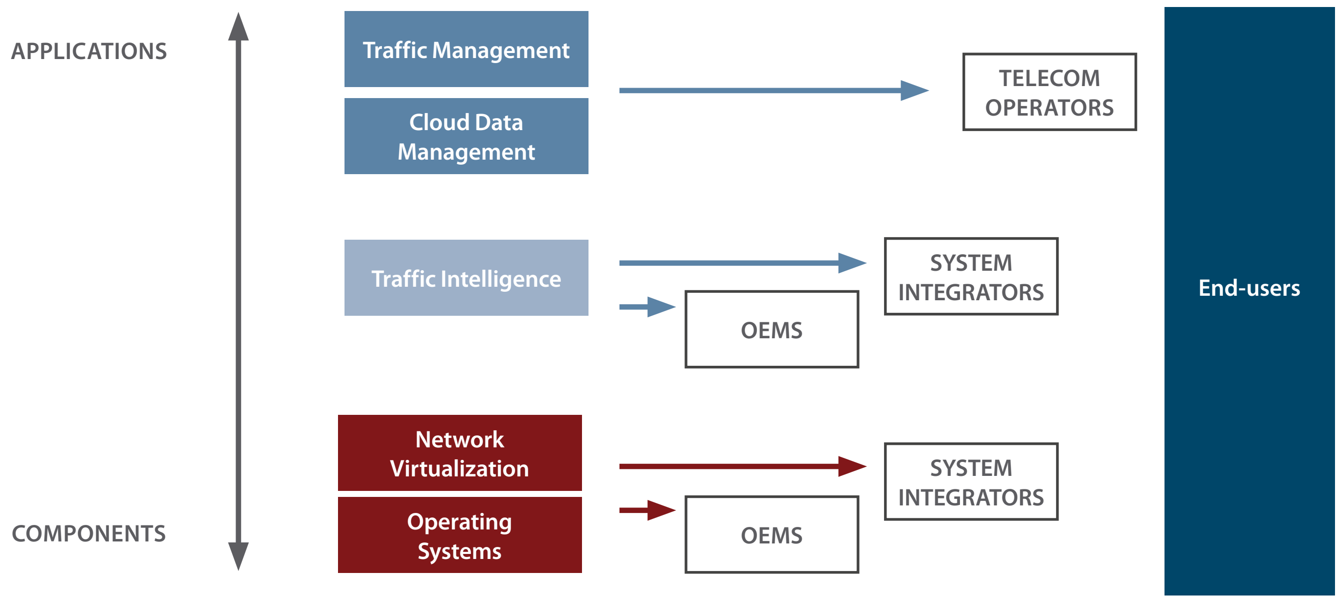
The Internet is the core of the connected society, and traffic is continuing to expand rapidly. This applies especially to video traffic, which is growing by 50 percent per year, presenting a challenge for operators who must guarantee good video quality in order to retain and attract new subscribers.

The fact that most traffic is generated by players like Netflix, Google and Facebook, whose services build on encrypted communication protocols, presents a difficulty. To address this, sophisticated optimization technology is a must.

Additionally, mobile traffic patterns are unpredictable, which means operators are unable to utilize traditional optimization technology to deal with traffic peaks and troughs. The outcome is a negative subscriber experience.

Finally, over 50 percent of mobile video is viewed in high definition (HD), which uses nearly four times more bandwidth than standard quality. Operators did not anticipate this growth of HD traffic, which is straining networks to breaking point. All these difficulties create an ideal situation for technology that enables operators to solve these problems, while also valuing mobile data. This is one key reason for our acquisition of Openwave Mobility—as a result, telecom applications now represent over 30 percent of Enea's total revenues.

MARKET SEGMENTS AND SALES CHANNELS



Telecom/Operators

Openwave Mobility enables Enea to offer turnkey solutions direct to telecom operators. Openwave Mobility's traffic management software helps operators cope with the explosive growth of mobile video traffic, and build new business models focused on mobile video. This software can optimize encrypted traffic, minimize radio overload and create new revenues for operators.

Openwave Mobility's cloud data management solutions help operators to distribute and manage data at the core of mobile networks consistently, and make this data available to the applications that make up the backbone of the mobile network flexibly.

Cyber Security

Deep Packet Inspection (DPI) allows Enea's software to inspect and analyze network data traffic in real time, with minimal impact on signal performance. The analysis instantaneously identifies malicious activity and transmits a signal to separate control software that prevents cyber attacks or data infringement.

Enea sells security software to customers whose products include embedded real time analysis, typically used for firewalls, cyber security services, and analysis of suspicious traffic etc. Thanks to the market's most extensive protocol classification, the software identifies all traffic, presenting the optimal and most secure overview of network activity.

Aerospace/Defense

Enea offers software and services for the aerospace and space industries, as well as for a variety of defense equipment. Enea is an established and recognized provider of systems solutions, including all necessary components such as requirements specifications and management, software architecture and design, development, quality assurance and lifecycle management.

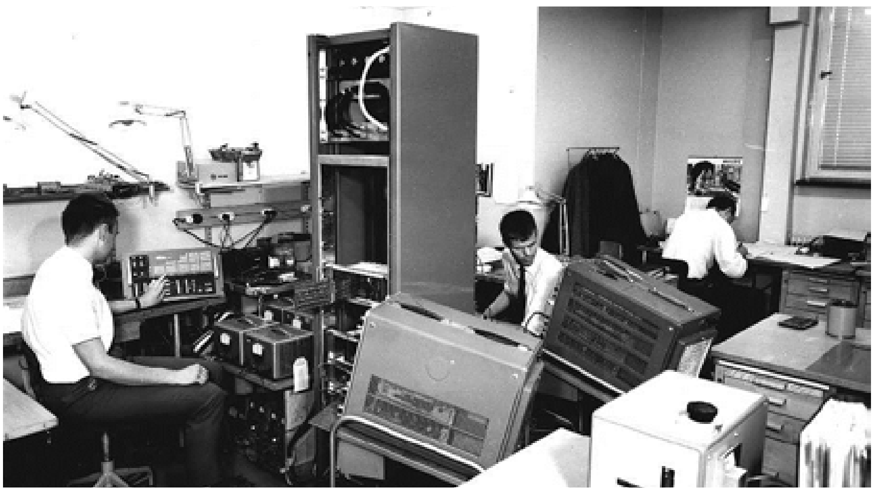
Enea's extensive expertise in the aerospace and space technology sector is used to support the US aerospace industry in obtaining federal certification standards (DO-178B/C, DO-254), and to provide training in the processes and methods necessary for bringing products to market.

Other

The Other market segment includes customers in system integration and the automotive and manufacturing industries.

Enea has capacity for complex projects of varying scale and geographical coverage, and can deliver its skills in a variety of forms, on the customer's premises or off site at Enea's offices and by deploying flexible business models.

Product-related services are often required to integrate or optimize one or several products for specific customer needs. Enea bundles implementation, support and maintenance according to a set price list, or customizes packages according to customer needs.



Products and services for the connected society

Enea provides products and services for telecommunication and other high-technology sectors like the automotive and aerospace industries.

In 2018, the acquisition of Openwave Mobility reinforced our offering in the network virtualization and 5G mobile network segments. This expansion of our product portfolio has moved us up the value chain, and we now sell complete solutions to network operators to optimize mobile traffic and monetize subscriber data.

Our product revenues mainly consist of licenses and royalties for operating systems, embedded software and turnkey solutions sold to operators. Enea's service offering consists of a broad array of R&D-intensive development services for all phases of product or system development life cycles

Network Solutions

Last year, we significantly extended our product range by adding Openwave Mobility solutions to manage mobile traffic and subscriber data.

Traffic Management—solutions to manage and value the phenomenal growth of mobile video. This software can optimize encrypted traffic, alleviate radio overload and create new revenues.

Cloud Data Management—technology that enables operators to integrate, store safely and offer access to data from all virtualized applications—and accelerate readiness for 5G.

Openwave Mobility Traffic Manager—mobile video and data optimization solution that satisfies operator standards and subscriber expectations of video quality. Several of the world's largest operators use this product to optimize and monetize the exceptional growth of mobile communication.

Stratum Cloud Data Manager—a specialized 5G data layer capable of storing subscriber data efficiently. Traditionally, data management and storage can take up to nine months. Openwave Mobility enables operators to reduce this time to as little as 15 days.

Traffic Intelligence—a way for OEMs and operators to understand which traffic is flowing on a network through deep packet inspection (DPI). This enables traffic flows to be optimized, cyber security to be managed, and end-user QoS to be enhanced.

Qosmos ixEngine—DPI software that extracts and classifies metadata to ensure compliance with the appropriate traffic policies. ixEngine is also used in cyber security solutions to block cyber attacks and malicious software.

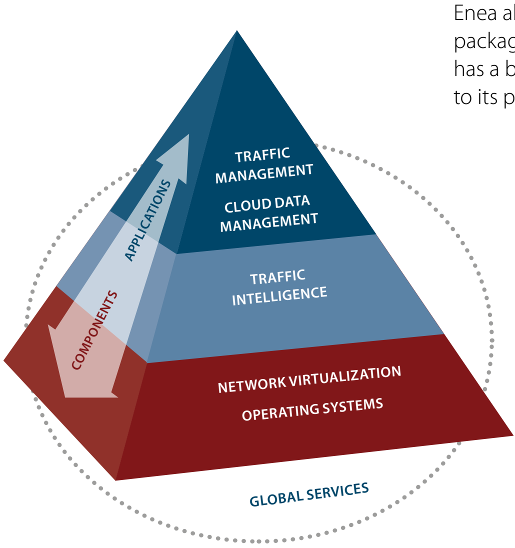
Qosmos Probe—a software probe based on Qosmos ixEngine that generates detailed traffic information in virtualized networks. Its format simplifies integration in complete solutions for data security and traffic analysis.

Operating System Solutions

Enea has well-established skills in operating systems solutions. Enea also provides a portfolio of complementary products that are usually combined into custom solutions, supplemented by services.

Enea OSE—a real-time operating system for embedded systems. Enea OSE optimizes processor resources and channelizes their characteristics through a software interface that various applications communicate with to enable execution.

Enea Linux—an operating system built from open source code from the Yocto project, which is within the Linux Foundation. Enea Linux is a distribution especially produced for telecom and network purposes, and is especially adapted for high performance standards.



Enea NFV Access—a software platform for high network performance, with a compact footprint. Enea NFV Access is streamlined, so we can deliver virtualized functionality at network edges, and can be executed with minimal memory resources and system impact. Enea has long-term experience and tried-and-tested solutions for managing individual devices, physical and virtual, up to major distributed clusters and systems.

Enea ElementCenter—a model-driven development platform that integrates processing functions for configuration, management and control of physical and virtual network functions through an adaptable web-based user interface.

Global Services

Enea possesses the capacity for complex projects of different sizes and geographical reach, including design and development, project management, training and quality assurance. It can deliver its skills packaged in a variety of ways, with the customer or off-site at Enea's premises, and through flexible business models.

Services close to products are often required to integrate or optimize one or several products for the customer's specific use cases, and in these contexts, Enea packages implementation, support and maintenance in a predetermined price list, or preferably, fully tailored to customer needs.

Training

Enea also provides a wide array of training packages in embedded programming, and has a broad offering of Linux courses thanks to its partnership with the Linux Foundation.

People with world-class skills

Enea has just over 570 employees stationed in Europe, Asia and North America. In the year, we welcomed new colleagues in locations including India, Northern Ireland and the USA through our acquisition of Openwave Mobility. Our largest employee headcount is in Romania, where much of Enea's R&D operations and most of its service operations are based. Developing Enea's R&D operations in Romania is a strategic decision based on the skills excellence and educational standards of the country.

Competence and diversity

For Enea, employee skills and innovation are the key factors for success. A clear majority of Enea's staff are graduates, most of them engineers. It is critical that Enea's engineers keep up to date with the latest developments in the technology sector. Enea encourages individually tailored personal and career development programs, based on each employees' needs and interests. To secure the right skills on a competitive market, Enea has established offices around the world. When hiring new staff, Enea prefers to recruit talent from different countries. The group language is English, which means that speaking only English is not an issue at any of Enea's offices. Enea is a diverse company made up of many different nationalities, which is a strength in the pursuit of our vision.

Working at Enea

Enea strives to be an attractive employer, where employees want to stay. The company actively seeks to create a healthy and inspiring working environment with a good work-life balance. Health-promoting activities are offered to employees, aimed at improving their long-term well-being. A friendly workplace with regular social activities is important to Enea. The welcoming process for new employees is vital. A well-planned induction program is important for new employees to feel at home, and quickly start achieving results in their new roles. New employees are offered Enea's interactive induction program, which provides information about the company's vision, mission, strategy, Enea's key business areas and policies.

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Values

We view values as a fundamental platform for our everyday actions. Our values unite us, creating a sense of commitment and community. Our values should be visible in everything we do.

We focus on customers' success

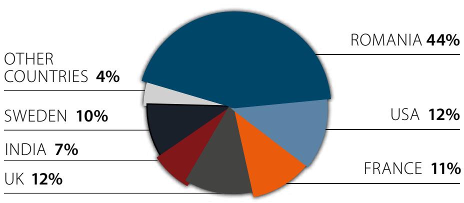
We provide trusted leadership

We innovate for business reasons

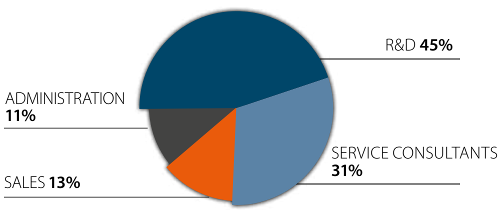
We are team players

We bring passion and fun

EMPLOYEES BY COUNTRY, %



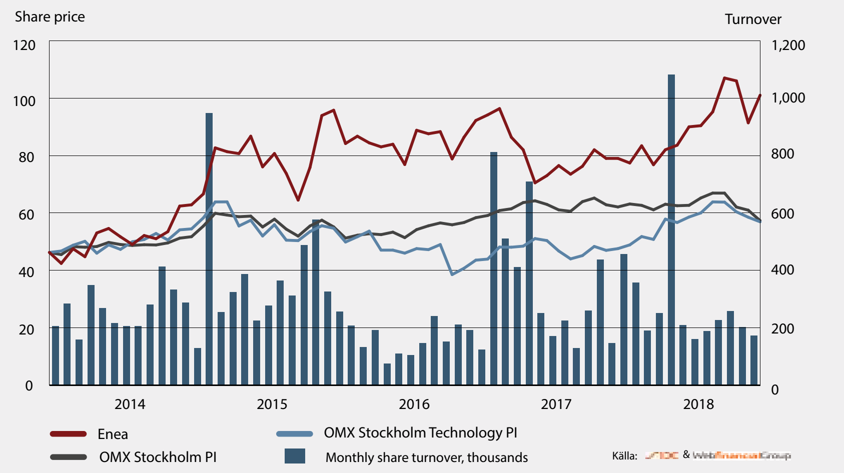
EMPLOYEES BY FUNCTION



Shareholder information

Enea AB had its initial public offering in 1989 and has been quoted on Nasdaq Stockholm's list of Swedish equities—Mid Cap (ENEA) since 1 July 2007.

THE SHARE 2014–2018



Share price 2018

The share price fluctuated between a low of SEK 70.8 on 7 February and a high of SEK 114.5 on 4 October.

The closing price at year-end was SEK 101.5. Enea's share price increased by 24.9 percent in the year, which can be set against the broad SIX Generalindex, which increased by 6 percent and the IT index, which increased by 11 percent.

Trading volume

A total of some four million shares turned over with a total value of SEK 330 million. An average of 15,047 shares were traded per trading day in the year.

Ownership structure

The company had 6,983 shareholders as of 31 December 2018. The ten largest shareholders' holdings totaled 66.7 (65.3) percent of the equity and the votes. The largest shareholders are Per Lindberg and Försäkringsbolaget Avanza Pension. Foreign ownership amounts to 21.1 (19.7) percent. Source: Euroclear

Number of shares

The number of shares was 19,650,231 as of 31 December 2018. Each share has a nominal value of SEK 1.13. As of 31 December 2018, Enea AB held a total of 314,760 treasury shares, or 1.6 percent of all shares. One share entitles its holder to voting rights at the AGM, of one vote per share. There are no limitations to the transferability of shares, or each shareholder's voting rights at share-holders' meetings due to stipulations in the Articles of Association.

Capital structure

In order for Enea to continue to progress, which may also include acquisitions, the company may be in net debt from time to time. For a company of Enea's character, where the development and sale of software represents sizable portion of operating activities, the retention of a secure financial position is important. Accordingly, the Board of Directors will consider the company's long-term funding requirements on a regular basis.

Dividend Policy

Enea seeks to create a larger and stronger company that delivers value growth to its customers, employees and shareholders.

Acquisitions that strengthen the company's market position, long-term earnings ability and investments in our product portfolio are all part of this pursuit. To enable and be prepared for this type of acquisitions, Enea needs a strong but flexible capital structure. This may mean that the company is in net debt from time to time. The Board needs to consider these long-term investment needs and financial position when considering dividend payments.

Accordingly, the Board has decided to adjust the company's long-term dividend policy as follows: "Enea's long-term dividend policy is that at least 30 percent of profit after tax will be transferred to shareholders. However, consideration should be given to the Company's financial position, cash flow, acquisition opportunities and future prospects." Given the acquisitions and prospects that the Board perceives over the coming years, no 2018 dividend will be proposed.

Authorization—purchase of treasury shares

The AGM 2018 resolved to authorize the Board of Directors to decide on the purchase and transfer of treasury shares. The purchase of shares of the company 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 shares in the company 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 2019. The purchase of shares on the stock exchanges only permitted within the price range quoted on the stock exchange from time to time. 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 Enea'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.

Authorization—new share issue

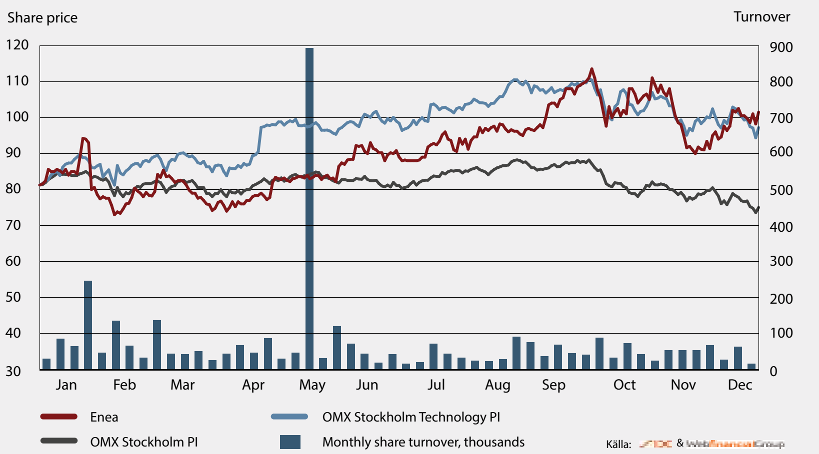
The AGM 2018 authorized the Board to decide on new share issues on one or more occasions in the period until the AGM 2019, to finance continued growth and expansion, e.g. in connection with company acquisitions. This means that the Board is authorized to issue shares corresponding to a maximum of 1,965,023 shares, i.e. a maximum of 10 percent of the number of outstanding shares as of the date of notice to the AGM. The share issue may take place with or without waiving shareholders' preferential rights.

The share price of the new issue shall 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 share issue. The authorization was not utilized in 2018. For more information, see www.enea.com.

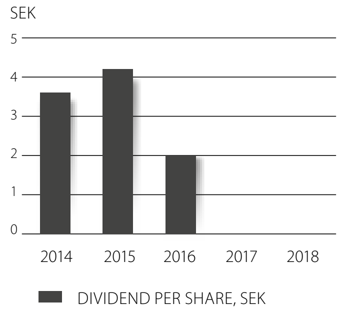
Investor relations

Enea's IR work features open, relevant and accurate information and the company provides information in the form of Interim Reports, Annual Reports, press releases and Enea's investor pages on its website. Stakeholders can subscribe to press releases and financial reports via e-mail.

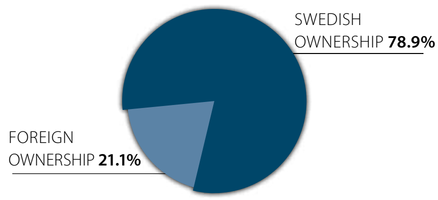
THE SHARE 2018



DIVIDEND PER SHARE



SWEDISH AND FOREIGN OWNERSHIP, BASED ON HOLDING, NO. OF SHARES

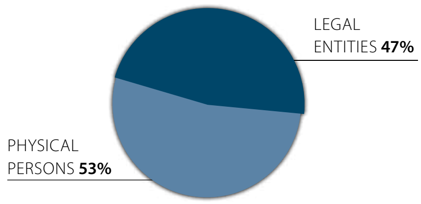


DIVISION BY SIZE

31 DECEMBER 2018

Holding	No. of shareholders	No. of shares	% of votes and capital
1–500	5,890	664,629	84.4
501–1 000	476	382,576	6.8
1 001–5 000	462	1,010,137	6.6
5 001–10 000	68	488,234	1.0
10 001–15 000	19	238,137	0.3
15 001–20 000	10	175,497	0.1
20 001–	58	16,691,021	0.8
Total	**6,983**	**19,650,231**	**100.0**

LEGAL ENTITIES AND PHYSICAL PERSONS, BASED ON HOLDING, NO. OF SHARES



THE TEN LARGEST SHAREHOLDERS, BY OWNERSHIP GROUP

31 DECEMBER 2018

Shareholder	No. of shares	% of votes and capital
Per Lindberg	5,110,810	26.0
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,463,237	12.5
Swedbank Robur fonder	1751,474	8.9
DnB Nor	1,031,729	5.2
JP MORGAN BANK LUXEMBOURG S.A.	795,741	4.0
Skandia fonder	599,488	3.0
FJÄRDE AP FONDEN	545,603	2.8
HSBC BANK PLC, W8IMY	535,090	2.7
CACEIS BANK, LUXEMBOURG BRANCH, W8IMY	519,027	2.6
AKTIA NORDIC MICRO CAP	245,000	1.6
Total, 10 largest shareholders	**13,597,199**	**69.3**
ENEA AB	314,760	1.6
Other shareholders	5,738,272	29.1
TOTAL	**19,650,231**	**100.0**

OWNERSHIP BY GEOGRAPHICAL REGION

Region	Shareholders, %	% of votes and capital
Domiciled in Sweden	96.52	79.34
Rest of Nordics	1.00	6.95
Rest of Europe (excl. Sweden and Nordics)	1.62	10.93
USA	0.59	2.76
Rest of world	0.27	0.03
Total	**100.00**	**100.00**

SHARE-RELATED KEY FIGURES

SEK	2018	2017	2016	2015	2014
Net asset value per share, SEK	50.99	39.0	26.61	25.06	24.81
Earnings per share, SEK	7.33	4.69	5.95	5.49	4.58
Earnings per share after full dilution	7.33	4.69	5.95	5.49	4.58
Cash flow from operating activities per share	8.72	6.63	8.06	6.53	7.19
Dividend per share*	0	0	2.00	4.20	3.60

*Board of Directors' proposal to AGM 2019

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 2018. The report is based on Swedish law (the Annual Accounts Act) governing sustainability reporting.

Introduction

Business concept

Our business concept is to deliver the software platforms and expert services required for network solutions in today's and tomorrow's connected society. Many of Enea's customers develop products that reduce environmental impact. Telecom provides several examples where applications improve communication and lessen the need for physical meetings. Enea also helps customers to build products that consume less power and utilize resources more efficiently. Creating innovative solutions that promote sustainable development is a key component of Enea's future product plans.

Business model

Being a software company, Enea deploys a business model that combines product and service revenues. The gross margin on Enea's software is high, set against a fixed cost base. Overall, this results in a model that requires a threshold scale for the company to create good profitability. The leverage effect is substantial in either direction—if revenue increases or decreases, this has a great effect on earnings.

Developer licenses, including support and maintenance

When a customer develops a product, it purchases a developer license from Enea. Developer licenses are typically priced per development engineer. The customer can decide whether to purchase a term-based or perpetual license. Revenue from term-based licenses is recognized during the license term, and revenue from perpetual licenses is recognized on delivery. Support and maintenance are included in the term-based developer license concept.

Production licenses (royalties)

To enable delivery of a finished product embedding Enea's technology, the customer signs a production license. This may be term-based or perpetual, and often consists of royalties, that is to say revenue per sold unit. Some large customers report production volumes quarterly in arrears, which means that Enea invoices royalties with a one quarter delay.

Services

For service sales, the customer is either invoiced an hourly rate, or on a fixed-fee basis. The revenue from services is recognized in the period services are rendered.

Expenses

Enea's expenses largely consist of personnel and infrastructure, such as offices and IT support. This means that there is a threshold scale of operations to achieve good profitability. It also means that costs are fairly fixed and do not vary notably with revenues. Expenses can be divided into direct costs such as personnel costs for consulting assignments rendered and costs for third-party products, as well as indirect costs such as sales and marketing costs, product development costs and administrative expenses.

Environment

Enea's software development and consultant services operate both from proprietary premises as well as at customer's premises. Although Enea does not conduct high-risk activities that are subject to permit or notification requirements under the Swedish Environmental Code, environmental practices are an integral part of our daily business. The environmental risks we perceive in our operations mainly relate to travel to and between our offices. Our Environmental Policy stipulates that we will:

- comply with all applicable environmental legislation and other environmental standards that apply on markets where the group operates and avoid wasting resources,
- dispose of the waste that we generate, and re-use and recycle materials,
- consider environmental issues in the design and location of our offices,
- endeavor to continuously evaluate our working practices and find alternatives to reduce our environmental impact.

Minimizing travel

Enea's offices are located close to public transport in order to minimize negative impact on the environment. Enea is a global corporation active in several countries worldwide. To minimize business travel, Enea uses an internal chat and web conferencing system. This enables Enea to keep teams together and hold regular meetings regardless of geographical distance without any negative environmental impact.

Efficient distribution

To optimize deliveries as far as possible, Enea mainly provides software downloads, which imply minimal environmental impact on delivery and distribution. Enea also sends invoices electronically.

Corruption

The risk of corruption could arise in business relationships with customers, and when Enea is procuring equipment. Enea's Code of Conduct summarizes the group's ethical guidelines for compliance with laws and ordinances, and rules for anti-corruption including ethical business practice and how to deal with any gifts in a business relationship. The aim of the Code of Conduct is to emphasize the fundamental principles that Enea operates by and manages relationships with its employees, business partners and other stakeholders. Executive management reviews and checks all major business deals and abnormal discounts.

Human resources and corporate social responsibility

The risks we perceive in human resources, corporate social responsibility and human rights are discrimination or any form of special treatment. Enea manages these risks with its Code of Conduct and Equal Opportunities Policy. Enea's Code of Conduct includes guidelines stating individual rights and responsibilities. Enea's Equal Opportunities Policy also prohibits any special treatment of employees in terms of employment or duties based on their sex, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Diversity

Enea encourages progress towards greater diversity. Employees that dare to think in new and diverse ways have made the company what it is today. Differing backgrounds and experience are positive factors that we want to encourage. When communicating with customers and stakeholders in different countries, having access to members of staff with different backgrounds is a strength.

Human rights

We support and respect internationally recognized human rights, and tolerate no abuses of them. Our Code of Conduct proceeds from the UN Global Compact, and we recognize the rights of each individual. We endeavor to be a responsible corporate citizen, and it is important that we conduct ourselves in a socially and ethically responsible manner.

The main risks we perceive in the segment relate to usage of our products. Enea's products and solutions in the communication segment can obviously be used for positive and negative purposes, an example of the latter could involve the abuse of information or surveillance that infringes on the rights of the individual.

To ensure that we conduct ourselves in accordance with our Code of Conduct, we have detailed procedures and guidelines internally, which govern how we approve and agree individual transactions, for example. All large transactions are reviewed by an internal committee which includes our whole executive management, and sensitive transactions, involving technology subject to export controls for example, are also reviewed regardless of the size of transaction. In the year, we actively refrained from doing business with countries or corporations, which for various reasons, we regard as unsuitable recipients of our products and solutions.

Social responsibility

Enea contributes directly and indirectly to the communities where we operate. Millions of people use Enea's products in communication. Increased communication alleviates the need for unnecessary travel and provides greater security.

Enea's responsibility to stakeholders is to generate profitable growth. The long-term objective is to increase the value of the company and thus ensure sustainable development and long-term returns for shareholders. Enea contributes to socioeconomic development through product usage and by creating employment opportunities.

Enea's responsibility to employees is based on the company's core values that the corporate culture is built on. Every employee should feel valued and part of the company's success. Enea respects individual dignity and human rights, develops the skills of individuals, pays a fair salary, provides opportunities for advancement, promotes open and honest communication and provides a safe and healthy working environment.

Auditor's report on the Statutory Sustainability Report

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

Assignment and division of responsibilities

The Board of Directors are responsible for the statutory Sustainability Report for 2018 on pages 14-15, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Scope and focus of the review

Our review 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 review of the statutory Sustainability Report is substantially different and more limited in scope and focus compared to an Audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the review has provided us with sufficient basis for our opinion.

Opinion

A statutory Sustainability Report has been prepared.

Stockholm. Sweden, 2 April 2019
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Directors' Report

The Board of Directors and Chief Executive Officer of Enea AB (publ) Corp. ID no. 556209-7146 with registered office in Kista, Stockholm, Sweden, hereby present the accounts for the financial year 1 January–31 December 2018 for the parent company and the group.

Enea is a global provider of software for the connected society. We deliver solutions for mobile traffic management, network virtualization and traffic classification, combined with embedded operating systems and services. Network operators, system integrators and OEMs rely on Enea when creating world-leading solutions and services. Every day, 3 billion people communicate using products that have been provided by Enea. Enea is a global leader in producing software platforms for communication-intensive products with extreme availability and performance standards.

Revenue

Enea's revenue increased by 41 (17) percent to SEK 830.3 (588.4) million in 2018, with SEK 228.9 million sourced from acquisitions. Currency adjusted, revenue increased by 38 (17) percent for the full year. Worldwide Software Sales increased significantly year over year, driven by the acquisition of Openwave Mobility. Sales to key accounts decreased year over year. Service sales increased compared to 2017.

Profit/loss

Enea's operating profit excluding non-recurring items was SEK 192.5 (134.5) million, equivalent to an operating margin excluding non-recurring items of 23.2 (22.9) percent. Operating profit increased to SEK 188.9 (102.8) million, equivalent to an operating margin of 22.7 (17.5) percent. Currency effects on the group's earnings are marginal. Gross margin for the full year was 73.2 (71.7) percent. The financial net for the full year was SEK -27.7 (-5.2) million. Profit after tax was SEK 141.7 (82.5) million for the full year. Earnings per share for the full year were SEK 7.33 (4.69). Without adjusting for holdings of treasury shares, and computed on the total number of shares at year-end, earnings per share were SEK 7.21 (4.20) for the full year.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 168.6 (116.6) million for the full year.

A SEK 24 million payment for a unilateral price reduction by one major customer was received in 2018.

Total cash flow was SEK -241.1 (87.2) million. Cash flow from changes in working capital vary between quarters due to factors including the timing of large payments.

Cash and cash equivalents and financial investments were SEK 74.7 (414.3) million at year-end. Total interest-bearing liabilities were SEK 634.2 (116.0) million at year-end, divided between long-term interest-bearing liabilities of SEK 539.8 (82.0) million, and short-term interest-bearing liabilities of SEK 94.3 (34.0) million. In 2018, Enea issued a senior unsecured bond loan of SEK 500 million with maturity in 2021, mainly related to the acquisition of Openwave Mobility. Enea also arranged a SEK 70 million overdraft facility in the year, of which SEK 60 million had been utilized at year-end, mainly related to the initial purchase consideration for the acquisition of an operation from Atos (see also post balance sheet events). Total assets at year-end were SEK 1,919.7 (1,173.8) million, and net debt at year-end was SEK 567.0 million (2017 net cash of SEK 192.8 million). Enea still has a strong financial position with an equity ratio of 51.4 (64.3) percent.

Investments, depreciation and amortization

The group's investments were SEK 816.3 (38.8) million. The increase relates mainly to the acquisition of Openwave Mobility Inc. Depreciation and amortization for the full year was SEK 40.5 (22.9) million. SEK 60.3 (34.5) million of product development expenses were capitalized for the full year. Amortization of capitalized development expenses for the year was SEK 19.7 (13.7) million.

Parent company

The parent company's operations are mainly group-wide, involving the company's management, accounting and finance, administration and IT. Parent company revenue for the full year was SEK 53.1 (58.1) million, and profit (loss) before appropriations and tax was SEK -1.1 (36.6) million. The parent company's

BUSINESS HIGHLIGHTS IN 2018

JANUARY
- Arbitration of previous dispute with major customer.

FEBRUARY
- Year-end Report 2017 published.
- Enea issues SEK 500 million bond loan to finance the upcoming acquisition of Openwave Mobility.
- Enea acquires Openwave Mobility for EUR 90 million.

MARCH
- Enea enhances NFV Lab.

APRIL
- Enea publishes Annual Report for 2017.
- First-quarter Interim Report for 2018 published.
- Openwave Mobility launches Stratum Cloud Data Manager: a database for 5G networks.
- Enea is a finalist in the most innovative product strategy category for NFV .
- Zyxel partners with Enea to improve traffic information in Cyber Security solutions.

MAY
- Enea's AGM held on Tuesday 8 May in Kista, Sweden.
- New downloadable version of Enea OSE facilitates the evaluation of scalability of operating systems for real-time applications.
- Enea and Lanner Electronics partner to deliver a reliable combination of hardware and software platforms offering high performance for vCPE use cases.

JUNE
- Enea signs SEK 10 million 5G deal with major customer.
- Enea announces an agreement for full payment on a unilateral price reduction by one of its major customers.
- Enea launches NFV Access 2.0 light uCPE virtualization software.

financial net was SEK -1.1 (36.6) million, and cash and cash equivalents and financial investments were SEK 17.7 (349.0) million at year-and. Parent company investments were SEK 1.9 (0.4) million. The parent company had 11 (11) employees at year-end. The parent company does not conduct any operations, and its risks mainly relate to the operations of subsidiaries.

Acquisition

On 15 March, Enea Software AB acquired 100 percent of the capital and votes of US company Openwave Mobility Inc. and subsidiaries, with a purchase price of SEK 748,519,000. The acquisition price was adjusted by SEK 8,510,000 in the fourth quarter 2018 after definitive reconciliation of acquired working capital. Openwave Mobility has a leading position in traffic management in the fast-growing video traffic over the internet segment. The acquisition means that Enea is expanding its offering and addressable market, as well as moving upward in the value chain. The companies will be consolidated from 1 March, and operations will be integrated into the Network Solutions product group. Openwave Mobility reported revenue of USD 29.5 million and operating profit of USD 5.7 million on an annualized basis for the period January-December. The acquisition was funded through cash and a bond loan of SEK 500 million. The goodwill item is not tax deductible and is expected to relate to estimated profitability, additions to the product portfolio and expected synergy effects. The acquisition-related expenditure for 2018 is SEK 9,389,000 and is recognized in other comprehensive income as consulting expenses.

Events after the end of the reporting period

Enea acquires a business unit from Atos

On 20 December 2018, Enea made a bid to acquire a business unit from Atos Convergence Creators, which has leading positioning in policy management, authentication and managing subscriber information. The total purchase consideration is approx. EUR 18 million, which will be financed through cash and a bank loan. This business unit is headquartered in Austria, and has sales and development offices in Germany, Croatia and the US. The acquired operation will generate revenues of some EUR 12 million for the full year 2019. The acquired operation was consolidated effective 1 March 2019 and will be an independent business area within Enea. The purchase consideration for the acquired operation is some EUR 18 million. In December 2018, Enea paid EUR 10 million, and the remaining some EUR 5 million will be paid in December 2019. Enea will also take over liabilities, primarily relating to accrued income of some EUR 3 million, which means that the valuation of the acquired operation is around EUR 18 million on a debt free cash free basis (see note 30).

Appointment of new CEO

In November 2018, Enea announced that Anders Lidbeck would be resigning as CEO, and assuming AGM approval in 2019, will become Chairman. On 8 January, Enea announced the appointment of Jan Häglund as Enea's new CEO. He will take up his position at Enea's AGM on 6 May 2019.

Sustainability Report

Enea has prepared a Sustainability Report that has been audited by the company's auditors. The Sustainability Report is on pages 14-15 of this Annual Report.

Dividend Policy

Enea's aim is to build a larger and stronger company, delivering increasing value for customers, employees and shareholders. Acquisitions that strengthen the company's market position and long-term earnings capacity, as well as continued investments in the product portfolio are important elements of this endeavor. In order to enable and be well-prepared for this type of acquisition, Enea needs a strong but also flexible capital structure. This may mean that the company could be in net debt from time to time. Therefore, the Board needs to take into account the company's long-term investment needs and financial position when considering dividends. Enea's long-term dividend policy is that at least 30 percent of profit after tax will be transferred to shareholders. However, consideration should be given to the company's financial position, cash flow, acquisition opportunities and future prospects." Given the Board's view of potential acquisitions and prospects over the coming years, no dividend has been proposed for 2018.

PROPOSED APPROPRIATION OF PROFITS

The following funds are at the disposal of the parent company, SEK: 2018

Share premium reserve	298,159,046
Retained profits	233,532,695
Profit for the year	–300,040
Total	**531,391,702**

The Board of Directors proposes that these funds are appropriated so that SEK 531,391,702 is carried forward.

JULY
- Björn Westberg appointed Enea's new CFO.
- Second-quarter Interim Report for 2018 published.

AUGUST
- Enea celebrates 50th anniversary.

SEPTEMBER
- Enea's Stratum, 5G Cloud Data Manager Nominated as the most innovative NFV solution at the TechXLR Awards.
- Enea and Advantech partner to create a more efficient NFVI Virtualization platform.

OCTOBER
- Third-quarter Interim Report for 2018 published.
- Enea NFV Access recognized as the best NFVI software platform at the 2018 Network Transformation Awards.
- The Intel Network Builders Winners Circle upgrades Enea to a Solution Plus partner.
- Collaboration between Enea, Advantech and Fortinet on a simplified uCPE solution for SD-WAN .

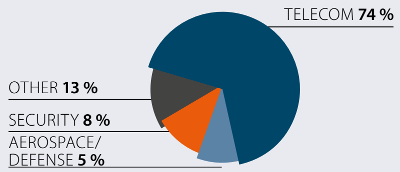
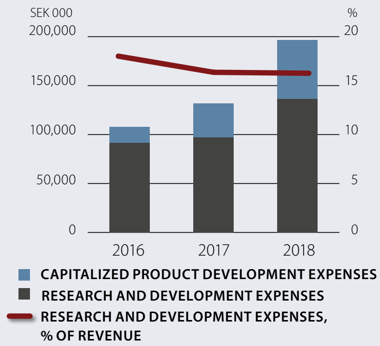
NOVEMBER
- Enea presents "real-time OS and embedded Linux" at "Embedded Technology" in Japan.

DECEMBER
- Enea makes a bid to acquire a global business unit from Atos France.
- Enea extends license on Enea OSE, worth USD 1.5 million.

Risks and risk management 2018

Enea is exposed to a number of risks that could affect the group's earnings. Enea identifies and manages the company's risks on a continuous basis. The risks deemed most significant are classified as operational, market and financial risks.

Business-related risks	Comment	Exposure
Customer structure Enea is dependent on a small number of Key Accounts like Ericsson and Nokia, and major vendors of telecom equipment.	Enea is dependent on the long-term investment and product development plans of its major customers, because the development of new product generations may involve major decisions that impact which Enea's products and services that will be used.	The total revenues from Ericsson and Nokia are just over 25 percent of the company's total, which is significantly lower than a few years ago. The risk of a sharp negative variation is limited through long-term contracts, and the difficulties these customers face in altering the scope of usage of Enea's products and services at short notice.
Contract structure A high share of revenues from software are of repeat nature in the form of long-term royalty and Maintenance contracts. Revenue from services is usually not repeat.	Enea is unable to influence the progress of future royalty streams itself. The progress of customers' production volumes is largely decisive to the scale of royalty revenues. However, costs related to simultaneous revenue streams are limited.	Revenue from Worldwide Software Sales and Key Accounts represent most of yearly software revenues.
Skills management Enea's success is very largely related to its ability to hire, develop, motivate and retain qualified people.	There is intense competition over qualified staff in the IT sector. However, Enea's combination of a strong product offering and services does give the company an advantage because it offers more career opportunities. The launch of Enea's Linux product has also expanded the company's technological breadth, which is a factor that may be significant to hiring and retaining engineers.	Enea's staff turnover in 2018 was approx. 20 percent.
Product liability, intellectual property and legal disputes Enea's products are key components of customers' products, and faults could result in customer relationships deteriorating and damages claims. Enea's intellectual property is at risk of infringement. There is also a risk that Enea's products infringe on other parties' intellectual property.	Enea is insured against product-liability and its opinion is that the company has sufficient protection for this direct risk to be considered limited. Enea also have insurance cover for the company's products were to infringe on other parties' patents or copyright. Enea retains legal counsel to protect its intellectual property and reduce the risk of intellectual property infringements.	In terms of legal disputes, court proceedings or arbitration, Enea AB or its subsidiaries are currently involved in a small number of small-scale disputes. Enea's opinion is that none of these disputes could have any material negative impact on its financial position. Differences of opinion on the application of contracts could result in disputes.

Market-related risks	Comment	Exposure
Macroeconomic trends Enea is dependent on the growth and financial progress of its Key Accounts. Most of these revenues are sourced from customers in the telecom sector, which implies that the cyclical risks are associated with the general business cycle, but also with specific progress of the telecom sector.	A general economic deterioration would mainly have consequences for customers' willingness to invest, and the resulting downscaling of purchasing of Enea's products and services. A weaker economy could also impact customers' product sales, which in turn, would affect Enea's royalty revenues. Structural changes that affect the application of embedded systems in different contexts are more significant than variations in the business cycle.	
Products and technology Enea's competitiveness and market positioning is largely dependent on the company's ability to manufacture innovative products, often in close partnership with customers and hardware producers. .	Close product development partnerships with major customers are highly significant. The more widespread usage of open source involves a risk that customers select solutions that generate lower revenues for Enea instead of the company's products that are protected by copyright. Enea collaborates with a number of hardware manufacturers, enabling the adaptation of its product plans to future hardware solutions, and to pre-integrate its products into hardware vendors' solutions.	**PRODUCT DEVELOPMENT EXPENDITURE** 
Competitors The market for software for embedded systems is fragmented, with a handful of players of Enea's size or larger. Like Enea, all these competitors operate globally, while niche enterprises may be competitors in adjacent segments.	Enea has strong positioning in the telecom industry, and has positioned itself as a market leader in the sector. One form of competition consists of software solutions customers develop themselves. However, this is reducing as hardware environments and end-products become more complex. Developers outside commercial environments are also competitors of Enea's open source products.	Enea is one of the world's leading players in real-time operating systems and video.

Financial risker	Comment	Exposure
Market risks ***Currency risk*** Currency risk means the risk that the value of financial instruments varies due to fluctuations in rates of exchange.	Enea operates in an international environment with most of its sales in SEK, EUR and USD. Largely, currency exposure is limited by operations being conducted in subsidiaries whose revenues and expenses are denominated in local currency. A group structure with multiple currencies minimizes foreign exchange transactions and increases flexibility in terms of the timing of exchange transactions. According to the Finance Policy, major known foreign currency in and outflows are hedged through currency forwards. Foreign subsidiaries are translated to Swedish kronor using the current method, which means that statements of comprehensive income are translated at an average rate of exchange for the period, and balance sheets are translated at closing day rates. Translation exposure is not hedged.	A total of EUR 11 (19) million was currency hedged in 2018. There were two outstanding derivative instruments with a total value of EUR 4 million at an exchange rate of 9.75 at year-end 2018. If the Swedish krona had appreciated/depreciated by 5 percent on average in relation to the EUR with all other variables constant, year-2018 revenues would have been SEK 17 million lower/higher. The corresponding relationship against the USD is a revenue impact of SEK 19 million.
Price risk Price risk relates to value changes that can arise from investments in financial instruments held by the group and classified as financial instruments held for sale (note 12).	The investment of surplus liquidity is regulated by Enea's Finance Policy. Investment is only permitted in certificates of deposit, bonds or unit trusts that invest in fixed-income securities or corporate bonds with minimum ratings of BB- from Standard & Poor or equivalent. Investments in unrated companies require quantitative credit ratings at least compatible with corresponding companies with official ratings.	Enea's price risk is limited because its financial instruments consist of corporate bonds with high credit ratings. Enea has no equity holdings.
Liquidity risk Liquidity risk means the risk of not being able to satisfy payment commitments as a result of insufficient liquidity or difficulties in arranging external borrowings.	Operational group companies prepare monthly cash flow forecasts that are consolidated centrally. Reporting and updating the group's liquidity is weekly. Enea's cash pool of cash equivalents, mainly in the Swedish entities, and financial investments, are administered by the parent company. Surplus liquidity is invested in fixed-income assets with terms of less than one year, and on occasion, up to a maximum of two years, with reputable financial institutions. These investments can be terminated during their term. These investments have limited risk level pursuant to the Finance Policy approved by Enea's Board of Directors.	Enea's liquidity risk is moderate. Cash and cash equivalents and financial investments were SEK 74.7 (414.3) million as of 31 December 2018. The SEK 82 million external bank loan was amortized at a rate of SEK 34 million per year with a remaining bullet of SEK 48 million that is re-negotiated at the end of its term. This loan is unsecured. The SEK 500 million bond loan matures in March 2021.
Asset management ***Risk management*** The group's goal in terms of asset management is to maintain a stable financial position that safeguards the group's ability to continue operations and generate returns to shareholders, to benefit other stakeholders and engender trust in what are often close and long-term customer relationships.	To maintain or alter its capital structure, the group can pay dividends or repay capital to shareholders, issue new shares or sell assets to reduce its liabilities.	At year-end, the group had external finance in the form of bank borrowings of SEK 82 million, a SEK 500 million bond loan and a utilized overdraft facility of SEK 60 million. These loan agreements contain covenants on the group's equity ratio, net debt/EBITDA and debt service ratio. These covenants are satisfied as of 31 December 2018.
Dividends		Enea paid no dividends to shareholders in 2018.
Interest risk Interest risk means the risk of the value of a financial instrument varying due to fluctuations in market interest rates.	The group has an external bank loan of SEK 82 million, a utilized overdraft facility of SEK 60 million and a bond loan of SEK 500 million. The interest risk in the group's cash and cash equivalents and loans relates mainly to progress on the Swedish bond market.	Enea's interest risk is moderate. A 1 percent increase/decrease in interest rates related to the interest rate on cash and cash equivalents would result in an increase/decrease of financial net of approx. SEK 1 million. A 1 percent increase/decrease in the interest on debt would impact financial net by approx. SEK 6 million.
Credit risk Credit risk means that a party in a transaction with a financial instrument is unable to fulfil its obligations. The main credit risk is that Enea does not receive payment for its accounts receivable.	Most of the group's customers are large, well established corporations with good solvency, diversified over several geographical markets. To limit risks, the company's credit policy states guidelines and provisions for credit checking new customers, payment terms and procedures and processes for managing unpaid receivables.	In 2018, SEK 2.6 (1.0) million was reserved for doubtful debt. Change in doubtful debt in 2018: Opening balance, 1 Jan. 2018: 1.0 Repayment of doubtful debt: –0.7 Write-off of doubtful debt: – Reserve for doubtful debt, 2018: 2.6 Closing balance, 31 Dec. 2018: 2.9

Corporate Governance Report 2018

Enea AB is a Swedish public limited company listed on Nasdaq Stockholm, Sweden. The Enea group's corporate governance is based on Swedish legislation and the rules and recommendations issued by relevant organizations, including the Swedish Corporate Governance Board, Nasdaq Stockholm, the Swedish Securities Council and others. 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. The company's Auditor has completed a statutory review of this report.

Contents

Swedish Code of Corporate Governance

The following description of the Corporate Governance Report has been prepared 18 in accordance with the Swedish Code of Corporate Governance "the Code". During the financial year, Enea complied with the Code.

1 Shareholders

Enea's ordinary shares are listed on Nasdaq Stockholm's Mid Cap list. According to the share register maintained by Euroclear Sweden, Enea had 19,650,231 shares as of 31 December 2018. On the same date, Enea AB's share capital amounted to 22,209,907. Enea holds 314,760 treasury shares, corresponding to 1.6 percent of total shares. On 31 December 2018, the largest shareholders were Per Lindberg with 26.0 percent and Försäkringsbolaget Avanza Pension, with 12.5 percent of the shares.

Annual General Meeting

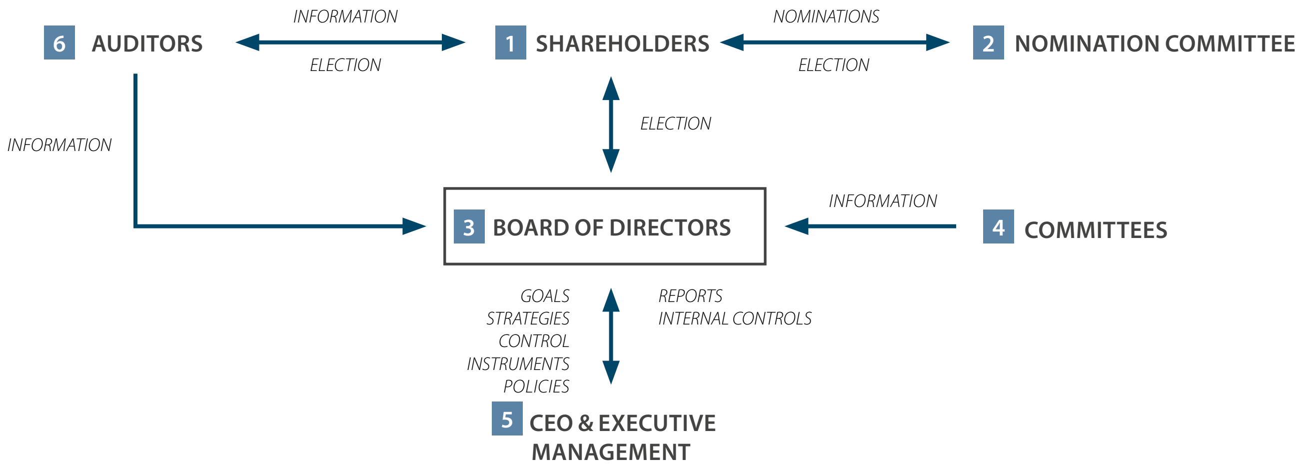
The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's chief decision-making body. All shareholders are entitled to participate in the Annual General Meeting, either in person by proxy through power of attorney. All shareholders are entitled to request that a matter be addressed by the meeting. Enea AB's Annual General Meeting was held on 8 May 2018 in Kista, Sweden. The Annual General Meeting's responsibilities include adopting the Articles of Association, appointing the Board of Directors and Chairman, appointing the company's Auditors, adopting the Income Statement and Balance Sheet, adopting a resolution on the appropriation of earnings, discharging the Board of Directors and the CEO from liability, resolutions on the Nomination Committee deciding the remuneration principles for the CEO and other senior executives, etc. A two-thirds majority is required to amend the Articles of Association.

Resolutions of the AGM 2018:

- adopting the company's and the group's Income Statement and Balance Sheet,
- discharging the Board of Directors and the CEO from liability, remuneration to the Board of Directors and the Auditors,
- guidelines for remuneration to senior executives,
- Board authorization to pass resolutions on acquisitions and transfers of treasury shares in accordance with the Board's proposal, Appendix 6,
- that no dividend would be paid,
- Board authorization to reach resolutions on new share issues to finance continued company growth and expansion, Appendix 8,
- adopting the Board's proposal in Appendix 10 regarding i) adoption of the long-term share-based incentive program 2018 and ii) transfer of repurchased shares to members of the incentive program,
- Anders Skarin was re-elected Chairman of the Board. Kjell Duveblad, Mats Lindoff, Torbjörn Nilsson, Åsa Sundberg and Gunilla Fransson were re-elected as Board members. Öhrlings PricewaterhouseCoopers were re-elected as Auditor.

The complete minutes from the Annual General Meeting, together with the Meeting's supporting decision-making data, are on the company's website (www.enea.com), under Investors.

OVERVIEW OF CORPORATE GOVERNANCE



2 Nomination Committee

The Annual General Meeting appoints Nomination Committee members or states how they are to be appointed. Enea's Nomination Committee will be appointed from two major shareholders and the Chairman of the Board. The Chairman of the Board is tasked with notifying the four largest shareholders in terms of votes at the end of September, requesting them to appoint one member each to the Nomination Committee. If more than two of these shareholders do not wish to appoint a member, the next shareholder in order of size is given the opportunity to appoint a representative. The names of the Nomination Committee's representatives are published in the company's Third-quarter Interim Report. The mandate period for the Nomination Committee runs until a new Nomination Committee has become effective. A shareholder representative should be appointed Chairman of the Nomination Committee.

In accordance with the above, the Chairman of the Board contacted the four largest shareholders, in terms of votes, at the end of September 2018, to request that they appoint one member each to the Nomination Committee. If any significant changes of control and occur after the appointment of the Nomination Committee, the composition of the Nomination Committee will be amended in accordance with the above principles. The Nomination Committee will consult on, and submit proposals to the Annual General Meeting for:

- the Chairman of the forthcoming Annual General Meeting,
- the election of the Chairman and other Board members,
- Board remuneration divided between the Chairman and other Board members, as well as guidelines for potential remuneration for committee work,
- the election and fees for Auditors and Deputy Auditors (where applicable),
- resolution on guidelines for the composition of the Nomination Committee.

The members of the Nomination Committee for the Annual General Meeting 2019, are Per Lindberg, Karl G. Høgtun (DNB Asset Management AS), Annika Andersson (Swedbank Robur Fonder) and Anders Skarin (Chairman of the Board of Enea AB). The Nomination Committee appointed Per Lindberg as its Chairman.

The Nomination Committee's complete proposals for the AGM 2019, including its reasoning, are published in the notice convening the AGM 2019, which is available at www.enea.com.

3 Board of Directors

According to the Articles of Association, Enea's Board of Directors shall consist of five to seven members with a maximum of seven deputies elected by the AGM. Enea's Board is composed in compliance with article 4.1 in the Swedish Code of Corporate Governance and with the company's diversity policy. Enea's diversity policy states that the Board should reflect the breadth, versatility, competence, experience and background required to contribute to Enea's future progress, and considering the requirement to achieve an even gender division. The Board members represent this, both in terms of their familiarity with, and long-term experience of, sectors where the company operates. The Board satisfies the requirements of Board members' independence in relation to the company and management, and in relation to the company's major shareholders. Consideration has also been given to Board members' ability to allocate the time required for their assignments in the company, which has been confirmed.

In 2018, Enea's Board of Directors had six members elected by the AGM. The CEO and CFO participate at every Board meeting and reports on the company's business situation, prospects, financial position and events of material significance. Other company executives also participate in Board meetings and present reports when necessary. The CEO does not participate in the parts of Board meetings that deal with the relationship between the CEO and the company, and the work of the CEO and other senior executives is evaluated at least yearly. The Board members' shareholdings are provided in the presentation of the Board of Directors, see page 22.

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 group management and in respect of major shareholders. For information on Board members and the CEO, see above and pages 22-23.

BOARD OF DIRECTORS 2018







Name	Anders Skarin	Kjell Duveblad	Mats Lindoff	Torbjörn Nilsson	Åsa Sundberg	Gunilla Fransson	Johan Carlsson
Born in	1948	1954	1961	1953	1959	1960	1989
Elected	2005	2008	2010	2012	2015	2016	2017
Board position	Chairman	Board member	Board member	Board member	Board member	Board member	Employee representative, SI
Education	B.Sc. (Econ. and IT)	MBA, Stockholm School of Economics	M.Sc. (Eng.) EE	M.Sc. (Eng.) and MBA	M.Sc. (Eng.)	M.Sc. (Eng.) chemical engineering, licentiate nuclear chemistry, Royal Institute of Technology, Stockholm	Senior high school graduate, mechatronic engineering
Previous positions	President of Programator (listed) and Nordic Manager of Cap Gemini, directorships and management consulting.	Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics.	Chief Technology Officer, Sony-Ericsson, President of C-Technologies AB.	Chairman/Director of listed and unlisted technology companies, COO of the Ericsson group.	Partner of Nordic venture capital firm focusing on early-stage technology enterprises. CEO of mobile operator Net1.	Business Area Manager, Security and Defence Solutions at Saab AB. Prior to that, various executive positions with Ericsson.	
Other directorships	Chairman of Multisoft Consulting, PCG Solutions and Director of Acando.	Board member of a number of unlisted companies.	Board member Precise Biometrics AB, IMINT AB and a number of unlisted companies.	Director of unlisted companies.		Board member of Trelleborg AB, Nederman AB, Eltel AB and several unlisted companies. Chairman of NetInsight AB.	
Personal and related party shareholdings 2018 (2017)	15,000 (15,000)	10,000 (10,000)	990 (990)	0 (0)	0 (0)	1000 (0)	0 (0)
Main occupation	Management consulting and directorships	Management consulting and directorships	Strategy consultant	Strategy consultant and company director	President & CEO of Teracom Group AB	Management consultant and directorships	Software Engineer/ Field Application Engineer, Enea
Attendance at Board meetings	11/11	11/11	10/11	11/11	9/11	11/11	11/11
Committee positions	Chairman of Remuneration Committee	Chairman of Audit Committee	Not a committee member	Audit Committee	Audit Committee	Remuneration Committee	Not a committee member
Attendance at Committee meetings	5/5	5/5		5/5	5/5	5/5	

Åsa Sundberg Left the Board of Directors in February 2019

The work of the Board of Directors

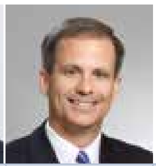
The Board of Directors' Rules of Procedure are determined annually at the Board meeting following election immediately in conjunction with the AGM and are revised when required. In addition to the aforementioned duties, the Rules of Procedure also includes the Board's responsibilities, segregation of duties, setting the Board's agenda, instructions to the CEO, and management of the Board meeting schedule, notices convening meetings, agenda and minutes.

In addition to the Board meeting following election, the Board of Directors should hold a minimum of five meetings annually. Prior to each Board meeting, documentation relating to the meeting is distributed to the Directors, either in digital format or by mail if required.

The Board manages the company's affairs in the interests of the company and all shareholders. The Board's duties include adopting business objectives and strategy, appointing, evaluating and, where necessary, dismissing the CEO, ensuring that effective systems are in place for monitoring and reviewing the company's operations, ensuring that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations, ensuring that the requisite ethical guidelines are adopted regarding the company's conduct, evaluating strategic and complementary acquisitions continuously and ensuring that the company's corporate communication features transparency and that it is accurate, relevant and reliable.

In 2018, the Board of Directors addressed matters including the Enea group's strategy and business operations, the CEO's progress report, the Remuneration Committee's Rules of Procedure, remuneration of senior executives, continuously monitored operations&& and forecasts, interim reports, budgets and the business plan for 2019. The work of the Board of Directors was appraised at year-end. In 2018, the Board of Directors held ten meetings as well as one meeting following election. In addition to regular Board work, some Board members are also members

EXECUTIVE MANAGEMENT TEAM 2018

								
Name	**Anders Lidbeck**	**Björn Westberg**	**Adrian Leufvén**	**Bogdan Putinica**	**Daniel Forsgren**	**Erik Larsson**	**John Giere**	**Jean-Philippe Lion**
Born in	1962	1962	1972	1977	1973	1960	1963	1966
Employee since	2011	2018	1998	2007	2006	Qosmos 2008, Enea 2016	Openwave Mobility 2012, Enea 2018	Qosmos 2007, Enea 2017
Member of Manage-ment since	2011	2018	2008	2011	2014	2016	2018	2018
Position	President & CEO	CFO	Senior Vice President, OS Business Unit	Senior Vice President ,Global Services	Senior Vice President, Product Strategy	Senior Vice President, Marketing & Communication	CEO ,Openwave Mobility	Senior Vice President, DPI Business Unit
Education	M.Sc. in Business Administration and Economics, University of Lund.	M.Sc. (Eng.) Industrial engine-ering & manage-ment, Linköping University.	M.Sc. (Eng.) mechatronic engineering, Royal Institute of Technology, Stockholm	International Finance and Banking, Academy of Economic Studies, Bucharest, Romania	M.Sc. (Eng.) in Applied Physics and Electrical Engineering, Linköping Institute of Technology.	M. Sc. Engineering Physics, Royal Institute of Technology, Stockholm. MBA, IU Kelley School of Business, USA	MBA University of Maryland BSBA Georgetown University	M.Sc. Telecommunication Engineering, Telecom ParisTech, (France) and MBA, INSEAD (France)
Previous positions	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 and Marketing for ICL Industry systems Europe.	CFO of Bonesupport AB, CFO & COO of Recipharm AB and CFO of Jeeves.	SVP Operations & Quality at Enea, SVP Software Sales at Enea, SVP Global Delivery at Enea, VP Strategic Outsourcing at Enea, VP Support at Enea, VP Marketing at Enea, Director of Asian Sales at Enea.	CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and President of IP Devel.	SVP Product Management at Enea, Principal Engineer at Enea's CTO office, System Architect at Enea. Software Engineer at Virtutech.	VP of Marketing at Netcentrex (now part of Mavenir), VP of Marketing at Integra (now Level 3), Marketing Director at Nortel, consultant at Business Sweden.	Alcatel-Lucent, Lucent Technologies, Ericsson.	VP Sales Engineer & Apac at Qosmos, Local Loop BU General Manager and Business Development Director of SFR, Senior Associate at Booz Allen & Hamilton.
Personal and related party sharehol-dings 2018 (2017)	14,000 (through endowment insurance) (14,000)	0 (0)	30,000 (20,000)	872 (5,372)	12,395 (12,395)	0 (0)	0 (0)	0 (0)

Thibaut Bechetoille served in Enea's management as SVP of the NFV BU until November 2018.
Håkan Rippe served in Enea's management as Interim CFO from March to December.
Anders Stensson was a member of Enea's management team as CFO until April 2018.

of the company's Audit Committee and Remuneration Committee. Attendance statistics for Board meetings in 2018 are in the table on page 24.

The Board received remuneration of SEK 1,785,000 to be divided as follows: SEK 480,000 to the Chairman of the Board and SEK 225,000 each to other Board members appointed by the Annual General Meeting, as well as SEK 180,000 related to committee work and to be divided as follows: SEK 60,000 to the Chairman of the Audit Committee, SEK 30,000 each to two committee members, SEK 40,000 to the Chairman of the Remuneration committee and SEK 20,000 to one committee member.

4 Audit Committee

The Audit Committee consisted of Kjell Duveblad (Chairman), Torbjörn Nilsson and Åsa Sundberg. Enea's Chief Financial Officer and the company's Auditor are co-opted to the meetings, which are normally held once quarterly. Minutes are kept at Audit Committee meetings and presented to the Board of Directors. The Audit Committee is responsible for the preparation of the Board of Directors' quality assurance of the company's financial reporting, keeping informed of the focus and scope of the audit, discussing coordinating between external Auditors and the company's internal control functions, evaluating the company's risk exposure, adopting guidelines for services other than those provided by the company Auditor, evaluating the audit and informing the company's Nomination Committee of the evaluation, as well as assisting the Nomination Committee with its proposals for Auditors and remuneration.

In 2018, the Audit Committee held four meetings in connection with the quarterly financial statements, and while meeting rela-ted to the implementation of GDPR. The main topics addressed included presentations 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 findings to the Board of Directors annually in connection with the annual financial statement. In addition, the Board of Directors meets the company Auditor at least yearly—without the presence of group management—to learn about the audit's focus and scope, and to discuss the coordination between external Auditors and the internal control and evaluation of the company's risk exposure.

4 Remuneration Committee

The overall responsibilities of the Board of Directors cannot be delegated, although the Board of Directors has established a Remuneration Committee tasked with consulting on issues relating to salaries, other remuneration and other employment terms for the CEO and other members of group management.

In 2018, the Committee comprised Board members Anders Skarin (Chairman) and Gunilla Fransson. The Remuneration Committee is convened as required and reports to the Board of Directors. The Remuneration Committee held five meetings where minutes were taken in 2018.

Appraisal of the work of the Board of Directors

Anders Skarin, Chairman of the Board of Directors, is responsible for preparing a review of the Board of Directors' work which he presents to the Nomination Committee. The review is completed in two parts, a written review where individual Board members complete a relatively extensive survey. The results are compiled and the anonymous data discussed at a Board meeting. The second part takes the form of an oral review where the Nomination Committee, excluding the Chairman of the Board, interviews two Board members each. The Nomination Committee is then presented with three written reports to use as a basis for appraising the Board of Directors.

5 The CEO and group management

Anders Lidbeck has been Enea's CEO since 2011. The CEO's other significant assignments and previous experience are detailed in the presentation of senior executives on page 23. Anders Lidbeck has no significant shareholdings in companies that Enea has a business relationship with.

In 2018, Enea's group management consisted of Enea's CEO, CFO and six division and line managers representing the organization's functions and business areas. For more information about the group management, see page 23. Group management meets monthly to present progress reports on business conditions for each function and business area, and to discuss other current, relevant issues. In addition to these meetings, group management also meets several times a year to discuss strategy and planning, which is then reported to the Board of Directors in September and December. The CEO and CFO produce a business plan for the coming year that is then presented at a Board meeting in December.

6 Auditors

The AGM 2018 re-elected public accounting firm Öhrlings PricewaterhouseCoopers AB, with Authorized Public Accountant Niklas Renström as Auditor in Charge until the end of the next AGM in 2019. Each year, the company's Auditor presents a report to the Board of Directors based on observations made during the review and assessment of the company's internal controls. The guidelines for the Board of Directors' work are based on the Rules of Procedure that regulate the division of responsibilities within the Board of Directors and between the Board of Directors and management.

In 2018, Enea's Auditors conducted a review of the Annual Financial Statements, whereupon the Auditors presented their Auditors' Report in the company's Annual Report 2018. A review was also conducted in connection with the third quarter Interim Report and the company's Auditors presented their Audit Review in the Interim Report 1 January–30 September 2018. The review of the Third-quarter Interim Report focuses on the company's internal controls.

Remuneration of senior executives

Remuneration is paid to the Chairman and Board members in accordance with the resolution of the Annual General Meeting. Employee representatives do not receive Directors' fees.

Principles

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 is determined annually on the basis of individual conditions. Variable salary is subject to a pre-determined ceiling. With the exception of the CEO and certain other senior executives, variable salary may not exceed basic salary. Variable salary is based on individual performance in relation to annually set goals, mainly relating to the company's sales and operating profit, as well as specific goals for

ATTENDANCE AT BOARD MEETINGS

Member	1	2	3	4	5	6	7	8	9	10	11
Anders Skarin (Chairman)	x	x	x	x	x	x	x	x	x	x	x
Kjell Duveblad	x	x	x	x	x	x	x	x	x	x	x
Mats Lindoff	x	x	x	x	x	–	x	x	x	x	x
Torbjörn Nilsson	x	x	x	x	x	x	x	x	x	x	x
Åsa Sundberg	x	x	x	x	x	x	x	x	x	–	–
Gunilla Fransson	x	x	x	x	x	x	x	x	x	x	x
Johan Carlsson	x	x	x	x	x	x	x	x	x	x	x

individual executives. If the goals are met, 50 percent of maximum variable salary is payable, potentially rising to 100 percent if the goals are exceeded.

Senior executives are invited to participate in share-based incentive programs authorized by shareholders' meetings and, accordingly, remuneration may also be share-based provided that the goals and other terms of the share-based incentive program are met.

The model for variable salary and determining actual variable salary for senior executives is decided by the Board pursuant to a proposal from the Remuneration Committee.

Remuneration to the CEO is decided by the Board of Directors based on a proposal from the Remuneration Committee.

Pensions

The pension terms for the CEO are decided by the Board of Directors following a proposal from the Remuneration Committee and are 35 percent of basic and variable salary. Other senior executives in Sweden are subject to pension agreements within the framework of the ITP plan (Supplementary Pensions for Salaried Employees) with pensionable age of 65 and pension provisions are related to employee salaries. Pension contributions are paid progressively.

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 nine months to the company. In addition, severance pay corresponding to 12 months' basic salary is payable should employment be 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, a notice period of three to twelve months applies. The Board of Directors reserves the right to depart from the proposed guidelines in and individual cases if there are specific circumstances applying.

Internal controls and risk management

The Board is responsible for internal control 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 of Directors' responsibilities and work otherwise. The purpose is for operations to be pursued in an expedient and efficient manner, and that external reporting complies with legislation and internal regulations that govern the company. For this work to be successful, the Board works in a structured manner where work is delegated to group management, the Audit Committee and other staff. Enea described the methods for delegating and monitoring this work in the company's internal policies, such as the Finance Policy and Authorization Policy.

Internal controls over financial reporting

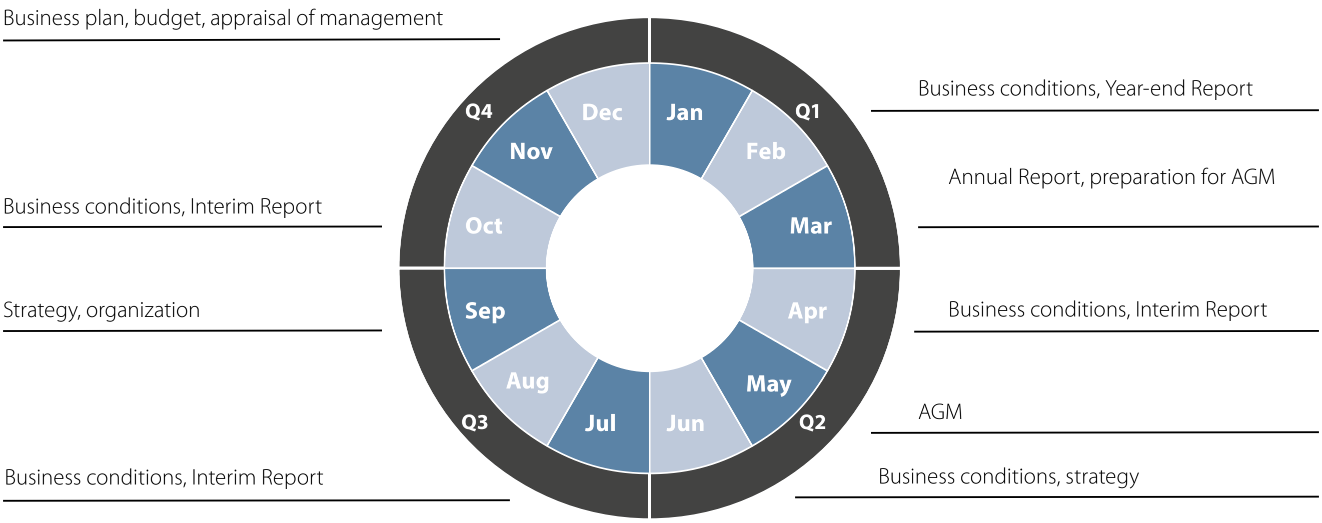
Control environment

Enea's control environment forms the basis of the company's internal control over financial reporting, and clear communication of decision paths, authorization and responsibilities throughout the organization is a key component of Enea's control environment.

Enea's objective is to fulfil the requirements for ongoing work pertaining to internal control and risk management as part of Enea's compliance with the Swedish Code of Corporate Governance. At Enea, internal control over financial reporting is an integral part of corporate governance. It includes procedures and methods to secure the group's assets and the accuracy of financial reporting, and this aims to protect shareholders' investments in the company

The Board monitors the quality of the financial reporting in a number of ways. The Board approves the rules of procedure each year, which include regulating the duties of the Chairman and CEO.

THE WORK OF THE BOARD OF DIRECTORS IN 2018



According to these instructions, the CEO is responsible for the control environment and for reviewing and ensuring the quality of financial reporting, and for ensuring that the Board of Directors receives the reports required to evaluate the group's financial position on a continuous basis. The instructions to the CEO include matters on which the CEO requires authorization or approval from the Board of Directors.

At the statutory Board meeting following the Annual General Meeting, Enea's Board of Directors adopts the Rules of Procedure for the Board of Directors, the Audit Committee and the Remuneration Committee. In addition, the instruction to the CEO, approvals list, Finance Policy and instruction for trading in the company's shares are approved.

Enea's CEO and group management bear operational responsibility for internal control. Based on the Board of Directors' guidelines alongside legislation and regulations governing financial reporting, such as the Swedish Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance, group management has established the segregation of roles and duties for staff working on financial reporting in the group. The group is divided into units, with each unit manager responsible for meeting objectives and budgets, as well as compliance with governance issues relating to the unit. Enea's organizational structure is presented on the group's intranet so that roles and responsibilities are made clear to everyone working on financial information.

Enea has issued instructions, such as approvals and authorization policies for group staff indicating the relevant authorization of various employees to take specific actions.

Enea also presents a number of policies on the intranet, which govern work at Enea and create a basis for internal control, including a Finance Policy, Authorization Policy, IT Policy, Sustainability Policy, Communications Policy and insider policy according to the EU's Market Abuse Regulation.

The group also has an accounting and reporting manual with instructions on the group's accounting policies, reporting instructions and a schedule that ensure that consistent and accurate accounting information is provided in a timely manner. These guidelines are followed up and up-dated regularly and presented to employees who work directly or indirectly on financial reporting.

In order to improve internal controls, all important documents such as policies, regulatory documents etc., are available on Enea's intranet and uploaded to Enea's document management system. This gives all staff access to relevant documents and policies.

Documents are also classified according to authorization levels depending on the relevant staff member's role in the organization. The Board of Directors is presented with monthly progress reports. The reports are analyzed and evaluated by the Board of Directors and in the event that further measures are required, these are discussed at the next Board meeting or, alternatively, in urgent cases the Chairman convenes a Board meeting to address the issue.

Internal Controls are followed up through various channels, including through the ongoing activities of Enea's finance and quality, operations, Enea's Legal Counsel, the delivery operations, internal quality meetings and at the Audit Committee's quarterly meetings. Each operational function proceeds from different goals and regulatory documents in order to assure the quality of the company's processes and decisions.

Risk assessment

The objective of Enea's risk assessment is to secure the group's earnings progress and financial position. Enea AB's Board of Directors approves Enea's risk management policies and guidelines, and the CEO and group management have operational responsibility. Regular risk assessments are conducted within the scope of Enea's monthly financial follow-ups by unit managers, group management and the controller, and measures are implemented as required. The preceding review describes how Enea's organization is structured to manage, review and evaluate the internal control. Furthermore, internal controls also include the company's planning and budget process, where the risks of operations are reviewed annually. The Audit Committee and the Board of Directors are responsible for analyzing and assessing these risks.

Control activities

Enea's control structure is designed to manage the risks the Board judges to be significant for the internal control of financial reporting.

The control structure is based on the company's clear segregation of organizational responsibilities which enables the effective division of responsibilities and ensures that control activities discover and prevent the risk of misstatements in the financial reporting in a timely manner.

Examples of control activities include the control and continuous monitoring of the company's financial reporting, financial and legal policies, quarterly updates of the company's forecasts, the continuous monitoring and review of specific areas, auditing the Board of Directors' quarterly reviews of business conditions in terms of planning and budget, financial progress of individual business units and products, major transactions, cash flow, Balance Sheet and prospects.

Enea's business segments are monitored monthly by the relevant manager and controller, results are compared to previous figures and budgets. Enea's group management met every second week in 2018 to monitor operations and business progress, the financial performance against budget and preceding periods, to establish forward-looking sales and earnings forecasts, as well as deter-mining necessary measures for ensuring good internal control. The CEO presents an aggregated monthly report to the Board of Directors. When necessary, more detailed follow-ups are conducted, for example, in the form of reviews of subsidiaries by controllers.

Enea's product operations are ISO-certified since 2006. Certification (ISO 9001:2008) encompasses management, marketing, sales, development and support of software products. Re-certification takes place every three years and interim audits are conducted in intervening years.

Information and communication

Regulatory documents in the form of policies, guidelines, manuals etc. relating to financial reporting are communicated on Enea's intranet and document management system. Each division amends the regulatory documents the division assumes responsibility for. Most communication takes place in digital form, and divisional managers hold meetings to communicate information, follow-up and evaluation when required. For more information about the Board of Directors' and group management's communication, see pages 22 and 24.

Enea's policies provide guidelines for handling communication of information with internal and external parties. Internal and external corporate communication policies have been prepared to ensure compliance with disclosure requirements.

Follow-up

Enea's finance division uses an integrated finance and accounting system and group-wide reporting instructions. The company's marketing and sales division manages customers and potential customers in Enea's business system and ensures that relevant sales staff receive the information required.

The company continuously updates the Board of Directors and Audit Committee on compliance with the company's Code of Conduct and continuously provides information on export legislation that affects Enea and updates on compliance with such legislation.

Given the scope and nature of operations, combined with existing reporting to the Board of Directors and Audit Committee, the Board does not consider the establishment of a dedicated internal audit function to be financially justifiable. The internal control described above is deemed sufficient to assure the quality of financial reporting.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK 000 (1 January–31 December)	Note	2018	2017
Revenue	2,18	830,329	588,371
Reversed additional purchase price		11,662	–
Total revenue		**841,991**	**588,371**
Operating expenses			
Cost of sold products and services		–222,627	–166,346
Gross profit		**619,364**	**422,025**
Sales and marketing expenses		–182,697	–125,583
Product development expenses		–136,272	–97,070
Administrative expenses		–111,539	–96,586
Operating profit *	3,4,5,6,7,10,11,22	**188,855**	**102,786**
Financial income		24,866	17,005
Financial expenses		–52,574	–22,187
Financial net	**8**	**–27,708**	**–5,182**
Profit before tax		**161,147**	**97,604**
Tax	9	–19,497	–15,111
Profit after tax		**141,650**	**82,493**
Other comprehensive income re-classifiable to profit or loss			
Exchange rate differences		84,095	5,524
Cash flow hedges, profit before tax		–391	–68
Cash flow hedges, tax effect		86	15
Other comprehensive income not re-classifiable to profit or loss			
Pension obligations		185	739
Total comprehensive income for the year, net of tax		**225,625**	**88,702**
Net profit attributable to shareholders of the parent		**141,650**	**82,493**
Comprehensive income for the period attributable to shareholders of the parent		**225,625**	**88,702**
*** Non-recurring items included in operating profit**			
Operating profit, including non-recurring items		188,855	102,786
Reversed additional purchase price		–11,662	–
Restructuring costs		5,302	4,982
Transaction costs for major acquisitions		9,633	–
Costs for legal consulting		406	26,717
Operating profit, excluding non-recurring items		**192,534**	**134,485**
Earnings per share, SEK	17	7.33	4.69

The company has no potentially dilutive instruments outstanding.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000 (31 December)	Note	2018	2017*
Assets			
Intangible assets	10	1,381,382	522,221
Equipment, tools, fixtures and fittings	11	16,194	9,592
Financial assets measured at fair value through profit or loss	12	–	62,061
Deferred tax assets*	9	17,485	21,368
Other long-term receivables		3,134	2,694
Total fixed assets		**1,418,195**	**617,936**
Accounts receivable	13	174,671	142,949
Tax receivables		41,100	27,730
Prepaid expenses and accrued income	14	101,570	18,246
Other receivables		109,484	14,689
Financial assets measured at fair value through profit or loss	12	–	40,208
Cash and cash equivalents	20	74,673	312,028
Total current assets		**501,498**	**555,850**
Total assets		**1,919,693**	**1,173,786**
Equity	16, 27		
Share capital		22,210	22,210
Other paid-up capital		727,939	727,939
Reserves		73,275	–10,515
Retained profits including profit for the year*		162,411	14,533
Total equity		**985,835**	**754,167**
Provisions			
Other provisions		10,870	2,575
Total provisions		**10,870**	**2,575**
Long-term liabilities			
Deferred tax liabilities	9	68,417	41,779
Long-term liabilities, interest-bearing	25	539,822	82,000
Long-term liabilities, non-interest-bearing	25,26	–	110,434
Obligation for employee benefits	26	7,501	6,983
Total long-term liabilities		**615,740**	**241,196**
Current liabilities			
Current liabilities, interest-bearing	25	93,342	34,000
Accounts payable		21,441	11,098
Tax liabilities		1,098	971
Other liabilities	25	16,080	19,784
Derivative instruments	15	1,937	840
Accrued expenses and deferred income*	18	173,350	109,155
Total current liabilities		**307,248**	**175,848**
Total equity and liabilities		**1,919,693**	**1,173,786**

* Year-2017 Balance Sheet restated pursuant to IFRS 15, see relevant note.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Reserves			
SEK 000 (1 January–31 December)	**Share capital**	**Other paid-up capital**	**Cash flow hedges**	**Translation reserve**	**Retained profits including profit for the year**	**Total equity**
Opening equity, 1 Jan. 2017	**18,356**	**433,382**	**–368**	**–15,619**	**–12,806**	**422,945**
Restatement of opening balance for changed accounting policy, IFRS 15					–5,408	–5,408
Comprehensive income						
Profit for the year					82,493	82,493
Other comprehensive income						
Cash flow hedges, profit before tax			–68			–68
Cash flow hedges, tax effect			15			15
Translation difference				5,525		5,525
Pension obligations					739	739
Total other comprehensive income			**–53**	**5,525**	**739**	**6,211**
Total comprehensive income			**–53**	**5,525**	**83,232**	**88,704**
Transactions with equity holders						
Dividend	–10,096				–25,003	–35,099
New share issue*	3,854	294,557				298,411
Bonus issue	10,096				–10,096	–
Share savings plan					5,856	5,856
Repurchase of treasury shares					–21,242	–21,242
Total transactions with equity holders	**3,854**	**294,557**	**–**	**–**	**–50,485**	**247,926**
Closing equity, 31 Dec. 2017	**22,210**	**727,939**	**–421**	**–10,094**	**14,533**	**754,167**
Opening equity, 1 Jan. 2018	**22,210**	**727,939**	**–421**	**–10,094**	**14,533**	**754,167**
Comprehensive income						
Profit for the year					141,650	141,650
Other comprehensive income						
Cash flow hedges, profit before tax			–391			–391
Cash flow hedges, tax effect			86			86
Translation difference				84,095		84,095
Pension obligations					185	185
Total other comprehensive income			**–305**	**84,095**	**185**	**83,975**
Total comprehensive income			**–305**	**84,095**	**141,835**	**225,625**
Transactions with equity holders						
Share savings plan					6,043	6,043
Total transactions with equity holders	**–**	**–**			**6,043**	**6,043**
Closing equity, 31 Dec. 2018	**22,210**	**727,939**	**–726**	**74,001**	**162,411**	**985,835**

*** New share issue**	
New share issue, cash	303,494
Transaction expenses, new share issue	–6,516
Tax on transaction expenses recognized directly in equity	1,433
New share issue, net	**298,411**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000 (1 January–31 December)	Note 20	2018	2017
Operating activities			
Profit before tax		161,147	97,604
Adjustment for non-cash items		54,506	24,436
		215,653	122,040
Tax paid		–17,639	–26,126
Cash flow from operating activities before change in working capital		**198,014**	**95,914**
Cash flow from change in working capital			
Change in operating receivables		–24,583	30,439
Change in operating liabilities		–4,789	–9,748
Cash flow from change in working capital		**–29,372**	**20,691**
Cash flow from operating activities		**168,642**	**116,605**
Investing activities			
Purchase of intangible assets	10	–64,748	–37,304
Purchase of property, plant and equipment	11	–7,046	–4,176
Purchase/sale of financial assets		102,273	–98,244
Acquisition of operation, less acquired cash and cash equivalents*		–954,399	–96,298
Cash flow from investing activities		**–923,920**	**–236,022**
Financing activities **			
Borrowings		548,690	–
Amortization of loans		–34,510	–34,000
New share issue		–	296,978
Redemption program		–	–35,099
Repurchase of treasury shares		–	–21,242
Cash flow from financing activities		**514,180**	**206,637**
Cash flow for the year		**–241,098**	**87,220**
Cash and cash equivalents at beginning of year		312,028	223,486
Exchange rate difference in cash and cash equivalents		3,743	1,322
Cash and cash equivalents at end of year		**74,673**	**312,028**

* Payment for acquisition of operation consisted of consideration for Qosmos SA, Openwave Mobility and the net assets acquisition from Atos Convergence Creators.

** Financing activities do not include any translation affects impacting cash flow.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000 (1 January–31 December)	Note	2018	2017
Net sales		**53,113**	**58,074**
Operating expenses			
Administrative expenses		–53,113	–58,074
Operating profit	3,4,5,6,7,10,11,22	–	–
Profit (loss) from participations in group companies		–	35,400
Interest income and similar profit (loss) items		27,962	3,935
Interest expenses and similar profit (loss) items		–29,094	–2,819
Financial net	8	**–1,132**	**36,516**
Profit (loss) after financial net		**–1,132**	**36,516**
Appropriations		1,216	3,667
Profit before tax		**84**	**40,183**
Tax	9	–384	–1,434
Profit for the year		**–300**	**38,749**

PARENT COMPANY BALANCE SHEET

SEK 000 (31 December)	Note	2018	2017
Assets			
Intangible assets	10	870	377
Equipment, tools, fixtures and fittings	11	1,966	1,389
Participations in group companies	19	172,034	172,034
Financial assets measured at fair value through profit or loss	12	-	62,061
Total fixed assets		**174,870**	**235,861**
Receivables from group companies	21	1,021,527	152,472
Tax receivables		1,202	1,202
Prepaid expenses and accrued income	14	5,481	5,882
Other receivables		75	3,424
Financial assets measured at fair value through profit or loss	12	-	40,208
Cash and cash equivalents	20	17,712	246,728
Total current assets		**1,045,997**	**449,916**
Total assets		**1,220,867**	**685,777**
Equity	16		
Restricted equity			
Share capital		22,210	22,210
Non-restricted equity			
Share premium reserve		298,159	298,159
Accumulated profit or loss		233,533	188,741
Profit for the year		-300	38,749
Total equity		**553,602**	**547,859**
Provisions			
Untaxed reserves		4,529	5,746
Total provisions		**4,529**	**5,746**
Long-term liabilities			
Long-term liabilities, interest-bearing	25	539,822	82,000
Total long-term liabilities		**539,822**	**82,000**
Current liabilities			
Current liabilities, interest-bearing	25	94,013	34,000
Accounts payable		5,411	2,896
Tax liability		384	-
Liabilities to group companies	21	3,247	3,248
Other liabilities		2,158	692
Accrued expenses and deferred income	18	17,701	9,336
Total current liabilities		**122,914**	**50,172**
Total equity and liabilities		**1,220,867**	**685,777**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity			
SEK 000 (1 January–31 December)	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Accumulated profit or loss**	**Profit for the year**	**Total equity**
Opening equity, 1 Jan. 2017	**18,356**	**–**	**3,602**	**239,226**		**261,184**
Redemption program	–10,096			–25,003		–35,099
New share issue*	3,854		294,557			298,411
Bonus issue	10,096			–10,096		–
Share savings plan				5,856		5,856
Repurchase of treasury shares				–21,242		–21,242
Profit for the year					38,749	38,749
Closing equity, 31 Dec. 2017	**22,210**	**–**	**298,159**	**188,741**	**38,749**	**547,859**
Opening equity, 1 Jan. 2018	**22,210**	**–**	**298,159**	**227,490**		**547,859**
Share savings plan				6,043		6,043
Profit for the year					–300	–300
Closing equity, 31 Dec. 2018	**22,210**	**–**	**298,159**	**233,533**	**–300**	**553,602**

*** New share issue**

New share issue, cash	303,494
Transaction expenses, new share issue	-6,516
Tax on transaction expenses recognized directly in equity	1,433
New share issue, net	**298,411**

PARENT COMPANY CASH FLOW STATEMENT

SEK 000 (1 January-31 December)	Note 20	2018	2017
Operating activities			
Profit before tax		84	40,183
Adjustment for non-cash items		8,842	2,926
		8,926	43,109
Tax paid		–	–684
Cash flow from operating activities before change in working capital		**8,926**	**42,425**
Cash flow from change in working capital			
Change in operating receivables		–865,305	60,052
Change in operating liabilities		12,345	–9,871
Cash flow from change in working capital		**–852,960**	**50,181**
Cash flow from operating activities		**–844,034**	**92,606**
Investing activities			
Purchase of intangible assets	11	–779	–
Purchase of property, plant and equipment	11	–1,161	–410
Purchase/sale of financial assets		102,268	–102,061
Cash flow from investing activities		**100,328**	**–102,471**
Financing activities			
Borrowings		548,690	–
Amortization of loans		–34,000	–34,000
New share issue		–	296,978
Redemption program		–	–35,099
Group contributions paid/received		–	892
Repurchase of treasury shares		–	–21,242
Cash flow from financing activities		**514,690**	**207,529**
Cash flow for the year		**–229,016**	**197,664**
Cash and cash equivalents at beginning of year		246,728	49,064
Cash and cash equivalents at end of year		**17,712**	**246,728**

NOTE 1—Accounting policies

Amounts in SEK 000 unless otherwise stated.

Compliance 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 interpretation pronouncements 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 executive management 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 24.

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 following standards have been applied by the group for the first time for the financial year beginning 1 January 2018:

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

New standards, amendments and interpretations of existing standards that have not been applied prospectively by the group

A number of new standards and amendments to existing standards and interpretations come into effect for financial years beginning after 1 January 2018 and have not been applied prospectively by the group. The following is a description of new and amended standards that are regarded as relevant to, and could impact the group's future financial statements:

IFRS 16 Leases

The standard replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease and related regulations. The new standard implies that lessees must recognize all arrangements that satisfy the Standard's definition of a leasing arrangement (with the exception of arrangements of a maximum duration of 12 months and individual arrangements of low value) as an asset and liability in the Balance Sheet, with recognition of amortization and interest expenses in the Income Statement. Accordingly, as stated above, expenses are reclassified from rental charges. Where they satisfy the Standard's definition, arrangements that are currently designated as operating leases will be capitalized in the Balance Sheet. IFRS 16 becomes effective on 1 January 2019, and is being applied prospectively. Enea has reviewed all operating lease arrangements, and computed a right-of-lease asset and lease liability for each arrangement, based on their terms and conditions. This change means that total assets and operating profit will increase, which will impact various key indicators. The transition effect on the year-2018 Balance Sheet to the new standard will mean assets increasing by SEK 44 million, liabilities increasing by SEK 45 million, and equity decreasing by SEK 1 million. The transition effect on the Consolidated Balance Sheet is quantified in the following summary:

SEK million	Assets	Equity	Liabilities
Amount in accordance with current accounting policies, 1 Jan. 2019	1,920	986	934
Restatement resulting from IFRS 16	44	–1	45
Amount according to new accounting policy, 1 Jan. 2019	1,964	985	979

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 1 January 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 companies that Enea AB exercises a controlling influence over. Controlling influence entails a direct or indirect right to determine a company's financial and operational strategies with the purpose of generating economic benefits. When assessing whether controlling influence exists, shares conferring entitlement to vote that can be exercised or converted without delay are taken into account. The financial statements of subsidiaries are included in the consolidated accounts effective the date the controlling influence transfers to the group until the time 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

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 1 January 2004 onwards. Accumulated translation differences prior to 1 January 2004 are allocated between other equity categories and are not disclosed separately.

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 1 January 2004 onwards. Accumulated translation differences prior to 1 January 2004 are allocated between other equity categories and are not disclosed separately.

Revenue

The group generates revenue from sales of software and services, and applied IFRS 15 Revenue from Contracts with Customers effective 1 January 2018. Pursuant to the transition provisions of IFRS 15, the group has applied the new regulations retroactively, restating its comparative figures for 2017. The group has applied the following practical expedients:

- For terminated contracts, the entity does not need to restate that contracts begin and end within the same annual reporting period, or end prior to the earliest period reported.
- For contracts amended prior to the earliest period reported, the entity does not need to retroactively restate the contract for these contract amendments.
- For reporting periods accounted prior to the date of initial application (DOIA), the entity does not need to submit disclosures regarding the amount of the transaction price allocated to remaining performance obligations, and an explanation of when the entity anticipates recognizing these amounts as revenues.

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,
- The license fee must be a fixed amount or calculated using a reliable method, and no withdrawal options are available, or the credit period is less than 12 months,
- 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. In turn, royalties may consist either of fixed or variable compensation. Royalty revenues are recognized in accordance with the economic substance of the relevant agreement when full delivery has occurred, and all performance obligations are satisfied. Revenues from customers with sales-based royalties are always recognized quarterly in arrears.

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 provisions are posted continuously.

Operating expenses and financial income and expenses

Cost of operating leases

The cost of operating lease arrangements is recognized on a straight-line basis in profit or loss over the lease term. Benefits accrued on signing an agreement are recognized as a part of the total lease expense in profit or loss.

Financial income and expenses

Financial income and expenses may consist of interest income on bank deposits and receivables and interest-bearing securities, interest expenses on loans, dividend income, exchange rate differences, unrealized and realized gains on financial investments and derivative instruments used in the financial operations.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the interest rate which means that the present value of all future deposits and payments during the fixed interest period will be equal to the carrying amount of the receivable or liability. Interest income includes accrued amounts of transaction costs and any discounts, premiums and other differences between the original value of the receivable and the amount received at maturity. The Group does not capitalize interest on the acquisition value of assets as the Group's development projects do not have a time to maturity exceeding 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 an impairment reserve.

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 assets 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 BY CATEGORY

	Loan receivables and accounts receivable	Financial assets measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Financial assets held for sale	Total
31 December 2018					
Assets in the Balance Sheet					
Financial assets measured at fair value through profit or loss	–	–	–	–	–
Accounts receivable and other receivables excluding interim receivables	335,815	–	–	–	335,815
Cash and cash equivalents	74,673	–	–	–	74,673
	410,488	**–**	**–**	**–**	**410,488**
31 December 2017					
Assets in the Balance Sheet					
Financial assets held for sale	–	–	–	102,269	102,269
Accounts receivable and other receivables excluding interim receivables	165,106	–	–	–	165,106
Cash and cash equivalents	312,028	–	–	–	312,028
	477,134	**–**	**–**	**102,269**	**579,403**

	Financial assets measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Liabilities measured at amortized cost	Total
31 December 2018				
Liabilities in the Balance Sheet				
Liabilities to credit institutions	–	–	633,164	633,164
Purchase consideration posted to liabilities, long term	–	–	–	–
Purchase consideration posted to liabilities, short term	1,346	–	–	1,346
Derivative instruments	–	1,937	–	1,937
Accounts payable and other liabilities excluding financial liabilities	–	–	36,175	36,175
	1,346	**1,937**	**669,339**	**672,622**
31 December 2017				
Liabilities in the Balance Sheet				
Liabilities to credit institutions	–	–	116,000	116,000
Purchase consideration posted to liabilities, long term	110,434	–	–	110,434
Purchase consideration posted to liabilities, short term	3,704	–	–	3,704
Derivative instruments	–	840	–	840
Accounts payable and other liabilities excluding financial liabilities	–	–	27,179	27,179
	114,138	**840**	**143,179**	**258,157**

ALLOCATION BY LEVEL IN FAIR VALUE MEASUREMENT AS OF 31 DECEMBER 2018

SEK 000	Level 1	Level 2	Level 3	Total
Derivative instruments used for hedging purposes				
Liability, currency derivatives	–	1,937	–	1,937
Financial liabilities measured at fair value through profit and loss				
Liability, contingent consideration, short term	–	–	1,346	1,346
Total 2018	**–**	**1,937**	**1,346**	**3,283**

The contingent consideration is based on estimated sales of licenses and services relating to Centered Logic.

The carrying amounts of all liabilities are judged to correspond to fair value.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The subcomponents included in financial assets measured at fair value through profit or loss are listed corporate bonds and a corporate bond fund. On transition to IFRS 9, this item was reclassified from financial assets held for sale to financial assets measured at fair value through profit or loss.

Financial assets	2018	2017
Corporate bonds	–	62,061
Corporate bond fund	–	40,208
Total	**–**	**102,269**

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 the time of acquisition.

Cash and cash equivalents	2018	2017
Cash and bank balances	74,673	231,195
Investments in securities, etc.	–	80,833
Total	**74,673**	**312,028**

ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are unsecured are 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	2018	2017
Accounts payable	21,441	11,098
Other liabilities	14,734	16,081
Total	**36,175**	**27,179**

BORROWING

	2018		
Loans without pledged collateral	**Short-term**	**Long-term**	**Total**
Overdraft facility	60,013		60,013
Bond loans		491,822	491,822
Bank loans	33,329	48,000	81,329
Total	**93,342**	**539,822**	**633,164**

	2017		
Loans without pledged collateral	**Short-term**	**Long-term**	**Total**
Overdraft facility	-	-	-
Bond loans	-	-	-
Bank loans	34,000	82,000	116,000
Total	**34,000**	**82,000**	**116,000**

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 annually.

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 financial 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 three and five years. Acquired product rights are amortized over 5-10 years, while acquired contractual customer relations are amortized over seven 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.

Leased assets

IAS 17 is applied in respect of leased assets. In the consolidated accounts, leases are classified either as finance or operating leases. With no significant exceptions, all leases are operating and relate mainly to cars and rent for premises. For operating leases, the lease fee is expensed over the duration of the lease based on useful life, which can differ from the actual payment made to cover lease payments during the year. The cost of leasing is recognized on a straight-line basis over the useful life.

Depreciation policies

Depreciation is conducted 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 and installations is five years. The useful life and residual value of assets are tested annually.

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 annually.

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 amounts

The recoverable amount is the greater of the fair value less selling expenses and value in use. When calculating the 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 significantly independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment of goodwill is not reversed. Impairment losses on other assets are reversed if a change occurs in the assumptions that formed the basis for the measurement of the recoverable amount. A reversal is only conducted to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognized, less the depreciation that would then have been applied, if no impairment loss had been recognized.

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, are classified and recognized as defined-contribution plans, which means that the group's profit (loss) is charged with pension expenses in pace with the vesting of benefits.

Salaried employees in Sweden are covered by the ITP plan, which is recognized as a defined-contribution pension plan. Commitments for retirement pensions and survivors' pensions for salaried employees in Sweden are assured 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 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 accounting assumptions, which do not comply with IAS 19. Salaried employees in Qosmos France are covered by a defined-benefit pension plan. The group's net obligation for defined-benefit plans is calculated by estimating future remuneration earned 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 (loss)es 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 the Income Statement.

Severance pay
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 group management, 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 one outstanding incentive program 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 an allotment 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 22.

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 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 expected benefits that the group is expecting to obtain from a contract are lower than the unavoidable costs for fulfilling the terms of the 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 financial policy established by the Board, which forms 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 parents 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-approved IFRS and statements insofar as this is possible within the framework of the Swedish Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation indicates the exceptions 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 described 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 in accordance with how financial information is presented internally 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.

Revenue by business unit	2018	2017
Key Accounts	226,331	249,644
World Wide Software Sales	458,784	206,353
Global Services	145,214	132,374
	830,329	**588,371**

Revenue by market segment	2018	2017
Telecom/OEMs	359,446	363,080
Telecom/operators	259,532	29,532
Security	66,234	64,673
Aerospace/defense	41,123	54,173
Other	103,994	76,913
	830,329	**588,371**

Revenue by product group	2018	2017
Operating Systems Solutions	258,714	269,381
Network Solutions	417,156	179,498
Services	145,212	132,373
Other	9,247	7,119
	830,329	**588,371**

Revenue by geographical market	2018	2017
Sweden	174,255	168,773
Americas	302,997	165,363
EMEA excluding Sweden	262,068	204,622
Asia	91,009	49,613
	830,329	**588,371**

Fixed assets by geographical market	2018	2017
Sweden	107,977	101,047
Americas	867,732	37,374
France	382,971	361,742
Rest of Europe and Asia	38,896	31,650
	1,397,576	**531,813**

Enea has a few major customers that account for a material portion 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 16 (25) percent and 11 (17) percent respectively of the company's sales.

NOTE 3—Exchange gains and losses

	2018	2017
GROUP		
Exchange gains on operating receivables/liabilities	5,274	3,618
Exchange losses on operating receivables/liabilities	–4,025	–5,630

	2018	2017
PARENT COMPANY		
Exchange gains on operating receivables/liabilities	–	–
Exchange losses on operating receivables/liabilities	–	–

NOTE 4—Employees and other senior executives

	2018		2017	
Average number of employees	**Total**	**Of which men, %**	**Total**	**Of which men, %**
Parent company	10	48	12	48
Subsidiaries	553	76	455	74
Group total	**563**	**76**	**467**	**74**
Of which:				
Sweden	61	76	70	77
US	76	78	56	80
Romania	265	68	256	66
China	5	79	5	80
Japan	4	100	5	100
France	63	85	67	90
Germany	2	50	2	50
UK	46	91	4	100
Singapore	2	100	2	96
Spain	5	83	–	–
Canada	2	79	–	–
India	31	86	–	–
Group total	**563**	**76**	**467**	**74**

Gender division, group management				
Board of Directors	7	71	7	71
Other senior executives	9	100	9	100

Salary, other benefits and social security expenses	**2018**	**2017**
GROUP		
Salary and benefits*	358,005	216,956
Share-based payment *	8,715	7,951
* of which to the Board, CEO and other senior executives[1]	39,941	37,239
Pension expenses [2]	18,182	15,999
of which defined-benefit pension plans	287	665
of which defined-contribution pension plans	17,895	15,334
Other social security expenses	61,496	65,298
Total	**446,398**	**306,204**

Salary, other benefits and social security expenses	2018	2017
PARENT COMPANY		
Salary and benefits *	14,710	12,437
Share-based payment *	776	2,233
* of which to the Board, CEO and other senior executives [3]	11,483	9,593
Pension expenses [4]	5,079	4,739
of which defined contribution pension plans	5,079	4,739
Other social security expenses	5,250	4,238
Total	**25,815**	**23,647**

[1] *Of the group's salary and benefits, SEK 4,661,000 (2,618,000) is variable remuneration for the group comprising the Board and CEO (including the CEO and Boards of subsidiaries).*
[2] *Of the group's pension expenses, SEK 3,614,000 (2,492,000) is for the group comprising the Board and CEO.*
[3] *Of the parent company's salary and benefits, SEK 4,000,000 (1,693,000) is variable remuneration for the group comprising the Board and CEO.*
[4] *Of the parent company's pension expenses, SEK 3,559,000 (2,492,000) is for the group comprising the Board and CEO.*

In accordance with the resolution of the Annual General Meeting, Board members appointed by the AGM who are not employed by the company received the following remuneration in 2018

	Directors' fees	Audit Committee fees	Remuneration Committee fees	Total
Anders Skarin (Chairman)	480	–	40	520
Kjell Duveblad	225	60	–	285
Åsa Sundberg	225	30	–	255
Gunilla Fransson	225	–	20	245
Mats Lindoff	225	–	–	225
Torbjörn Nilsson	225	30	–	255
Total 2018	**1,605**	**120**	**60**	**1,785**

In accordance with the resolution by the Annual General Meeting, Board members appointed by the AGM who are not employed by the company received the following remuneration in 2017

	Directors' fees	Audit Committee fees	Remuneration Committee fees	Total
Anders Skarin (Chairman)	470	–	40	510
Kjell Duveblad	220	60	–	280
Åsa Sundberg	220	30	–	250
Gunilla Fransson	220	–	20	240
Mats Lindoff	220	–	–	220
Torbjörn Nilsson	220	30	–	250
Total 2017	**1,570**	**120**	**60**	**1,750**

Summary of remuneration and other benefits in 2018

	Fixed salary	Variable remuneration	Other benefits	Share-based payment	Total	Pension expense
CEO Anders Lidbeck	3,519	4,000	–	1,051	8,570	3,559
Other senior executives (11)*	15,664	6,240	1,333	3,104	26,341	1,164
Total 2018	**19,183**	**10,240**	**1,333**	**4,155**	**34,911**	**4,723**

Summary of remuneration and other benefits in 2017

	Fixed salary	Variable remuneration	Other benefits	Share-based payment	Total	Pension expense
CEO Anders Lidbeck	3,347	1,693	–	1,335	6,375	2,492
Other senior executives (11)*	13,704	5,536	1,024	3,755	24,019	2,803
Total 2017	**17,051**	**7,229**	**1,024**	**5,090**	**30,394**	**5,295**

* The number of senior executives varied in the year.

Remuneration of senior executives

Principles

The Chairman of the Board and Board members receive remuneration in accordance with the Annual General Meeting resolution. Employee representatives do not receive Directors' fees. Remuneration to the CEO is decided by the Chairman of the Board and Board members appointed by the Annual General Meeting following a proposal by the Remuneration Committee. The guidelines for remuneration to senior executives are adopted by the Annual General Meeting. For group management, salaries and other employment terms are on market terms. Apart from basic annual salary, group management also receives variable remuneration. The variable remuneration is based on earnings performance compared with predetermined targets and is capped at amounts fixed annually on an individual basis.

Remuneration to certain senior executives within the Enea group can also take the form of share-based payment. For more information, see Note 22.

Pension agreements

The pension agreement with the Chief Executive Officer is decided by the Board of Directors, after receiving a proposal from the Remuneration Committee, and consists of 35 percent of fixed salary and variable remuneration. Other senior executives in Sweden have Alternativ ITP' ('alternative supplementary pensions for salaried employees'), within the framework of the ITP scheme. This is a defined contribution plan, based on the company's adopted contribution staircase. Pension contributions are made progressively.

Severance pay

On termination of the CEO, the company will observe a notice period of six months, and the CEO will observe a notice period of nine months to the company. In addition, severance pay will be paid corresponding to 12 months' fixed salary if employment is terminated by the company. Should the ownership structure change in such a manner that results in a new majority shareholder in the company, the CEO is entitled to severance pay of six months' salary. All dismissal and severance pay are deducted from any other earned income. For other senior executives, a period of notice of three to 12 months applies.

NOTE 5—Fees and reimbursement to Auditors

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 1.1 (0.9) million relates to PwC Sweden, and of other assignments, SEK 0.1 (0.5) million relates to PwC Sweden.

	2018	2017
GROUP		
PricewaterhouseCoopers		
Auditing	1,124	890
Other statutory assignments	–	100
Tax consultancy	–	202
Other	52	523
Ernst & Young		
Auditing	584	511
Other statutory assignments	–	–
Tax consultancy	–	–
Other	–	–
	1,760	**2,226**

	2018	2017
PARENT COMPANY		
PricewaterhouseCoopers		
Auditing	1,004	674
Other statutory assignments	–	100
Tax consultancy	–	–
Other	52	148
	1,056	**922**

NOTE 6—Operating costs divided by type

	2018	2017
Consumables and subcontracting consultants	18,786	14,311
Other external costs	117,694	102,798
Personnel costs	476,191	345,590
Depreciation/amortization and impairment losses	40,465	22,886
	653,136	**485,585**

Depreciation/amortization and impairment losses for the year are allocated between cost of sold products and services totaling SEK 34.0 (19.0) million, sales and marketing expenses totaling SEK 0.5 (1.1) million, product development costs totaling SEK 0.6 (1.5) million and administrative costs totaling SEK 5.4 (1.2) million.

NOTE 7—Lease payments for operating leases

Operating leasing are mainly rent for premises.

	2018	2017
GROUP		
Lease payments, current year	20,401	15,757
Contractual future minimum lease payments within 1 year	19,641	16,416
Contractual future minimum lease payments within 2–5 years	35,385	32,656

The group has no contractual future lease payments with a term that exceeds five years.

	2018	2017
PARENT COMPANY		
Lease payments, current year	4,676	3,861
Contractual future minimum lease payments within 1 year	4,302	4,008
Contractual future minimum lease payments within 2–5 years	12,537	15,693

The parent company has no contractual future lease payments with a term that exceeds five years.

NOTE 8—Financial net

	2018	2017
GROUP		
Profit (loss) on liquidation of subsidiary	236	–
Interest income	337	999
Other financial income	–	373
Exchange gains	24,293	15,633
Financial income	**24,866**	**17,005**
Interest expenses	–23,504	–1,847
Other financial expenses	–3,947	–
Exchange losses	–25,123	–20,340
Financial expenses	**–52,574**	**–22,187**
Financial net	**–27,708**	**–5,182**

	2018	2017
PARENT COMPANY		
Dividend, shares and participations in subsidiaries	–	35,400
Profit (loss) from participations in group companies	**–**	**35,400**
Interest income, other	210	383
Interest income, group companies	26,346	1,922
Other financial income	–	373
Exchange gains	1,406	1,257
Interest income and similar profit (loss) items	**27,962**	**3,935**
Interest income, other	–23,221	–1,732
Interest income, group companies	–	–8
Other financial income	–3,145	
Exchange gains	–2,728	–1,079
Interest income and similar profit (loss) items	**–29,094**	**–2,819**
Financial net	**–1,132**	**36,516**

NOTE 9—Tax

	2018	2017
GROUP		
Current tax expense		
Tax expense for the period	–11,731	–4,556
	–11,731	**–4,556**
Deferred tax		
– tax expense in loss carry-forwards utilized in the year	–5,559	–3,892
– tax expense/income pertaining to temporary differences	–2,975	–6,424
– change in deferred tax due to changed tax rate	768	–239
	–7,766	**–10,555**
Total tax expense recognized, group	**–19,497**	**–15,111**

Reconciliation of effective tax	2018	2017
GROUP		
Profit before tax	161,147	97,604
Standard rate tax, 22.0%	–35,452	–21,473
Tax effect of		
– other tax rates in foreign subsidiaries	–1,803	–1,379
– utilization of previously capitalized loss carry-forwards	–123	–106
– utilization of previously non-capitalized loss carry-forwards	9,790	55
– non-deductible costs	–3,011	–431
– non-taxable revenues	3,517	494
– changed future tax rate	791	–265
– research and development	11,647	9,006
Other taxes	–4,315	–1,452
Adjustment of tax for previous years	–538	440
Total tax expense recognized, group	**–19,497**	**–15,111**
	12%	**15%**

	2018	2017
PARENT COMPANY		
Current tax		
Tax for the period	–384	–1,434
	–384	**–1,434**

Reconciliation of effective tax	2018	2019
PARENT COMPANY		
Profit before tax	84	40,183
Tax, 22.0%	–18	–8,840
Tax effect of		
- non-deductible costs	–361	–375
- non-taxable revenues	–	7,788
Other taxes	–5	–7
Total tax recognized, parent company	**–384**	**–1,434**
	458%	**4%**

Deferred tax assets and liabilities	2018	2017
GROUP		
The following components are included in deferred tax assets and tax liabilities		
Deferred tax assets:		
– loss carry-forwards	10,532	15,513
– other temporary differences	6,953	5,855
Total deferred tax assets	**17,485**	**21,368**
Deferred tax liabilities:		
– temporary differences	68,417	41,779
Total deferred tax liabilities	**68,417**	**41,779**

Change in deferred tax 2018	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange rate differences	Acquisitions of subsidiaries	Closing balance
GROUP						
Deferred tax assets						
Loss carry-forwards	15,513	–5,559	–	578	–	10,532
Other temporary differences	5,855	681	86	331	–	6,953
Total deferred tax assets	**21,368**	**-4,878**	**86**	**909**	**0**	**17,485**
Deferred tax liabilities						
Appropriations	28,992	–1,575	–	–	–	27,417
Intangible assets	7,811	–3,384	–	261	23,199	27,887
Other temporary differences	4,976	7,847	–	290	–	13,113
Total deferred tax liabilities	**41,779**	**2,888**	**0**	**551**	**23,199**	**68,417**

Change in deferred tax **2017**	Opening balance	Recognized in profit or loss	Recognized in other comprehensi-ve income	Exchange rate differences	Changed accounting policy, IFRS 15	Closing balance
GROUP						
Deferred tax assets						
Loss carry-forwards	18,931	-3,892	–	474	–	15,513
Other temporary differences	4,600	-354	15	-28	1,622	5,855
Total deferred tax assets	**23,531**	**-4,246**	**15**	**446**	**1,622**	**21,368**
Deferred tax liabilities						
Appropriations	25,680	3,312	–	–	–	28,992
Intangible assets	8,563	–983	–	231	–	7,811
Other temporary differences	717	4,171	–	88	–	4,976
Total deferred tax liabilities	**34,960**	**6,500**	**0**	**319**	**0**	**41,779**

Deferred tax assets for loss carry-forwards pertain to subsidiaries in Germany and France. 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 101.5 (0.3) million and relate to the US and UK.

NOTE 10—Intangible assets

2018	Goodwill	Capitalized development expenditure	Product rights	Customer contracts	Brands	Other intangible assets	Total
GROUP							
Accumulated cost							
Opening balance, 1 Jan. 2018	424,246	237,442	22,897	10,604	9,446	12,947	717,582
Purchased in the year	654,674	60,254	27,774	54,499	11,315	779	809,295
Sales/retirements in the year	–	–	–	–	–	–1,651	–1,651
Translation difference for the year	72,261	1,631	3,282	5,052	1,365	241	83,832
Closing balance, 31 Dec. 2018	**1,151,182**	**299,326**	**53,953**	**70,155**	**22,126**	**12,316**	**1,609,058**
Accumulated amortization and impairment losses							
Opening balance 1 Jan. 2018	–	–178,587	–2,868	–1,946	–	–11,960	–195,361
Sales/retirements in the year	–	–	–	–	–	1,733	1,733
Amortization and impairment for the year	–	–19,717	–5,555	–7,450	–	–563	–33,285
Translation difference for the year	–	–85	–203	–261	–	–215	–764
Closing balance, 31 Dec. 2018	**–**	**–198,389**	**–8,626**	**–9,657**	**–**	**–11,004**	**–227,676**
Carrying amount, 31 Dec. 2018	**1,151,182**	**100,937**	**45,327**	**60,498**	**22,126**	**1,312**	**1,381,382**

2017	Goodwill	Capitalized development expenditure	Product rights	Customer contracts	Brands	Other intangible assets	Total
GROUP							
Accumulated cost							
Opening balance, 1 Jan. 2017	419,230	202,563	22,278	10,311	9,175	12,700	676,257
Purchased in the year	–	34,467	–	–	–	125	34,592
Translation difference for the year	5,016	412	619	293	271	122	6,733
Closing balance, 31 Dec. 2017	**424,246**	**237,442**	**22,897**	**10,604**	**9,446**	**12,947**	**717,582**
Accumulated amortization and impairment							
Opening balance, 1 Jan. 2017	–	–164,894	–439	–514	–	–11,186	–177,033
Amortization and impairment for the year	–	–13,661	–2,377	–1,397	–	–672	–18,107
Translation difference for the year	–	–32	–52	–35	–	–102	–221
Closing balance, 31 Dec. 2017	**–**	**–178,587**	**–2,868**	**–1,946**	**–**	**–11,960**	**–195,361**
Carrying amount, 31 Dec. 2017	**424,246**	**58,855**	**20,029**	**8,658**	**9,446**	**987**	**522,221**

PARENT COMPANY	2018	2017
ACCUMULATED COST		
Opening balance, 1 Jan.	7,356	7,356
Purchased in the year	779	–
Closing balance, 31 Dec.	**8,135**	**7,356**
Opening balance 1 Jan.	–6,979	–6,760
Amortization for the year	–286	–219
Closing balance, 31 Dec.	**–7,265**	**–6,979**
Carrying amount, 31 Dec.	**870**	**377**

Capitalized development expenditure within Enea relates 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 years for customer contracts and 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 2018..

Impairment testing of goodwill

Goodwill as of 31 December 2018 amounted to a book value of SEK 1,151.2 (424.2) million. Assets with indefinite useful lives are tested annually 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, Enea group excluding Qosmos and Openwave Mobility, and Qosmos and the Openwave Mobility groups. 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 2 (2) percent growth rate. Forecast cash flows are based on annual earnings growth for the group excluding Qosmos of 4 (4) percent, for Qosmos an average of 5 (5.5) percent, and for Openwave Mobility, an average of 8 percent based on estimated growth of existing customers and underlying markets. The cost trend for the group excluding Qosmos is forecast at 5 (5) percent, 3 (3) percent for Qosmos, and 3 percent for Openwave. 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 analyses have been conducted that consider the discount rate (risk) and long-term growth rate, implying a general reduction in the growth rate after five years by two percentage points and a general increase in the weighted cost of capital by three percentage points. 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:

	Assumption Enea		Assumption Qosmos		Assumption Openwave	
Variable	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenue growth	4%	(4%)	5%	(5.5%)	8%	N/A
Cost trend	4%	(5%)	3%	(3%)	3%	N/A
Discount rate	9%	(9%)	9%	(9%)	9%	N/A
Long-term stable growth	2%	(2%)	2%	(2%)	2%	N/A

NOTE 11—Equipment, tools, fixtures and fittings

	Group		Parent company	
	2018	**2017**	**2018**	**2017**
Accumulated cost				
At beginning of year	58,245	78,184	10,981	15,547
Purchased in the year	7,046	4,176	1,161	410
Purchased in the year via acquisition of operation	44,728	–	–	–
Sales/retirements	–2,612	–23,445	–341	–4,976
Translation differences for the year	942	–670	–	–
	108,350	**58,245**	**11,801**	**10,981**
Accumulated depreciation and impairment				
At beginning of year	–48,653	–67,295	–9,592	–13,842
Sales/retirements	2,375	22,808	341	4,976
Depreciation and impairment losses for the year	–7,190	–4,778	–584	–726
Depreciation via acquisition of operations for the year	–38,024	–	–	–
Translation differences for the year	–664	612	–	–
	–92,156	**–48,653**	**–9,835**	**–9,592**
Carrying amount at end of year	**16,194**	**9,592**	**1,966**	**1,389**

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

NOTE 12—Financial assets measured at fair value through profit or loss

Financial assets	**2018**	**2017**
GROUP		
Corporate bonds	–	62,061
Corporate bond fund	–	40,208
Total	**–**	**102,269**

Financial assets	**2018**	**2017**
PARENT COMPANY		
Corporate bonds	–	62,061
Corporate bond fund	–	40,208
Total	**–**	**102,269**

All financial assets measured at fair value through profit or loss are expressed in SEK.
None of these financial assets are due for payment or subject to impairment.

NOTE 13—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 2.9 (1.0) million. The reserve 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	2018	2017
GROUP		
Not overdue	143,953	119,846
Overdue 1–60 days	23,801	8,728
Overdue 1–60 days	629	6,668
Overdue 90 days	6,288	7,707
Total	**174,671**	**142,949**

Change in doubtful debt	2018	2017
GROUP		
Opening balance	1,038	300
Repayment	–765	–
Written off	–	–300
Reserve for the year	2,617	1,038
Total	**2,890**	**1,038**

NOTE 14—Prepaid expenses, contract assets and accrued income

	2018	2017
GROUP		
Prepaid insurance	573	330
Prepaid rents	2,399	2,780
Accrued income	77,726	6,445
Other prepaid expenses	20,872	8,691
	101,570	**18,246**

	2018	2017
PARENT COMPANY		
Prepaid insurance	501	307
Prepaid rents	1,037	950
Accrued income	–	698
Other prepaid expenses	3,943	3,927
	5,481	**5,882**

Contract assets

The group is reporting the following revenue-related contract assets	2018	2017	2016
Contract assets relating to fulfilled performance obligations, where entitlement to payment is conditional on factors other than time	30,474	2,890	3,262

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

Material changes to contract assets

In 2018, contract assets increased due to the acquisition of Openwave Mobility.

NOTE 15—Derivative instruments

	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Long-term				
Currency forwards—cash flow hedges	–	–	–	–
Short-term				
Currency forwards—cash flow hedges	–	1 937	–	840

NOTE 16—Equity

Group

Share capital

As of 31 December 2018, the registered share capital comprised 19,650,231 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 0 (0) treasury shares and sold 0 (0) treasury shares.

Other paid-up capital

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

Number of shares

	2018	2017
Opening no. of shares	19,650,231	16,240,231
New share issue	–	3,410,000
Cancelled shares	–	–
Closing no. of shares	**19,650,231**	**19,650,231**

Reserves

Hedging reserve	2018	2017
Opening hedging reserve	–421	–367
Cash flow hedges:		
- fair value gain (loss) in the year	–1,096	208
- tax on fair value gain (loss)	241	–46
- transfers to profit or loss	705	–277
- tax on transfers to profit or loss	–155	61
Closing hedging reserve	**–726**	**–421**

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.

	2018	2017
Opening translation reserve	–10,094	–15,619
Translation differences for the year	84,095	5,525
Closing translation reserve	**74,001**	**–10,094**

Retained earnings including profit (loss) 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 31 December 2018 was 314,760. The shares are held as treasury shares and were fully paid up on 31 December 2018.

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 17—Earnings per share

	2018	2017
Earnings per share before dilution		
Profit for the year after tax	141,650	82,493
Average number of shares, 000	19,335	17,601
Earnings per share before dilution, SEK	7,33	4,69
Earnings per share after dilution		
Profit for the year after tax	141,650	82,493
Average number of shares, 000	19,335	17,601
Earnings per share after dilution, SEK	7,33	4,69

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

NOTE 18—Accrued expenses, contracts liabilities, deferred income and performance obligations

	2018	2017
GROUP		
Deferred support income*	41,609	26,814
Accrued personnel expenses	71,514	31,600
Other deferred income*	34,516	20,103
Other	25,711	30,638
	173,350	**109,155**

	2018	2017
PARENT COMPANY		
Accrued personnel expenses	14,039	7,444
Other	3,662	1,892
	17,701	**9,336**

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	**2018**	**2017**	**2016**
Contract liabilities relating to unfulfilled performance obligations	76,125	46,917	53,242

Opening contract liabilities recognized as revenue in the year	**2018**	**2017**
GROUP	44,340	46,955

Material changes to contract liabilities :
The group's contract liabilities increased in 2018 due to the acquisition of Openwave Mobility

Performance obligations

Revenue from performance obligations satisfied in previous periods	**2018**	**2017**
GROUP	52,988	46,712

Unfulfilled long-term performance obligations*	**2018**
GROUP	153,197

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

Management expects that 65 percent of the transaction price that has been allocated to unfulfilled agreements as of 31 December 2018 will be recognized as revenue in the following financial year (SEK 99,658,000). The remaining 35 percent will be recognized in the years 2020-2023.

Pursuant to the transitional provisions of IFRS 15, no disclosures have been made on the transaction price allocated to (partly) unfulfilled performance obligations as of 31 December 2017.

NOTE 19—Parent company holdings in group companies

Parent company holdings in group companies	**Country**	**Participating interest, %**
Enea Software AB	Sweden	100
Enea Zealcore 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

	2018	**2017**
Accumulated cost		
At beginning of year	330,630	330,630
Closing balance 31 December	330,630	330,630
Accumulated impairment losses		
At beginning of year	–158,596	–158,596
Closing balance 31 December	–158,596	–158,596
Carrying amount at end of year	**172 034**	**172 034**

			Carrying amount	
Specification of the parent company's holdings in subsidiaries	**No. of participations**	**Participating interest, %**	**2018**	**2017**
Subsidiary/Corp. ID. no./Reg. office				
Enea Software AB, 556183–3012, Kista	5,900	100	172,034	172,034
			172,034	**172,034**

NOTE 20—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	**2018**	**2017**	**2018**	**2017**
Cash and cash equivalents	74,673	231,195	17,712	165,895
Investments in securities, etc.	–	80,833	–	80,833
Total	**74,673**	**312,028**	**17,712**	**246,728**

	Group		Parent company	
Information on interest	**2018**	**2017**	**2018**	**2017**
Interest received in the period amounted to	236	1,372	26,287	2,678
Interest paid in the period amounted to	–27,176	–1,847	–26,366	–1,740

	Group		Parent,company	
Adjustment for items not included in cash flow	**2018**	**2017**	**2018**	**2017**
Depreciation/amortization and impairment losses	40,475	22,884	870	945
Gain (loss) on retirement of non-current assets	111	649	–	–
Share savings program	6,043	5,856	6,043	5,856
Appropriations	–	–	–1,216	–3,667
Actuarial changes in pension liability	185	723	–	–
Provisions	4,033	–4,681	–	–
Transaction costs, loans	3,145		3,145	
Value change on financial assets	–	–208	–	–208
Exchange rates differences, net	514	–787	–	–
Total	**54,506**	**24,436**	**8,842**	**2,926**

NOTE 21—Related parties

Summary of transactions with related parties

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 31 Dec.**	**Receivable from related party as of 31 Dec.**
Subsidiaries	2018	53,113	–	3,247	1,021,527
Subsidiaries	2017	58,074	–	3,248	152,472

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 22, Pensions, share-based payment, benefits to senior executives.

The parent company has a close relationship with its subsidiaries (see Note 19).

NOTE 22—Pensions and share-based payment

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 France, 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 2018 amounts to SEK 4,453,000 (5,891,000). The cost for 2019 is estimated to amount to an equivalent figure. Alecta's surplus can be distributed to policyholders and/or the insured.

At the end of 2018, Alecta's surplus in the form of its collective consolidation ratio amounted to 142 (154) 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 Qosmos France 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 company	
	2018	**2017**	**2018**	**2017**
Cost of defined-contribution plans	17,895	15,334	5,079	4,739
Cost of defined-benefit plans	287	665	–	–

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 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 program entails a 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 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 program entails a 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 2017	2018	2017
No. of warrants allocated	450,000	441,000
Forfeited in the period	-93,000	–
Expired in the period	–	–
Outstanding at end of period	357,000	441,000
Number of participants as at 31 Dec.	26	32

LTIP 2018	2018	2017
No. of warrants allocated	156,000	–
Forfeited in the period	–	–
Expired in the period	–	–
Outstanding at end of period	156,000	–
Number of participants as at 31 Dec.	6	–

Personnel expenses for share-based payment Group	2018	2017
Incentive programs	8,715	7,951

NOTE 23—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	2018	2017	2018	2017
EUR	10.2753	9.8497	10.2567	9.6326
USD	8.9710	8.2322	8.6921	8.5380
GBP	11.3482	11.1045	11.5928	10.9896
JPY	0.0812	0.0731	0.0787	0.0761
RON	2.2008	2.1057	2.2047	2.1093
SGD	6.5605	6.1561	6.4397	6.1807
INR	0.1282	N/A	0.1271	N/A
CAD	6.5922	N/A	6.7103	N/A

When translating foreign subsidiaries' balance sheets to Swedish kronor, the group is exposed to exchange rate fluctuations. The effect on equity in 2018 for the translation of foreign subsidiaries' accounts to Swedish kronor was SEK 84,136,000 (5,184,000). The group's exposure in equity for exchange rate fluctuations on the reporting date was as follows:

	2018		2017	
Currency	Amount	Translated to SEK at closing date rate	Amount	Translated to SEK at closing date rate
EUR	16,590	170,467	10,926	107,618
USD	3,513	31,515	2,647	21,791
GBP	15,587	176,884	393	4,364
JPY	63,945	5,192	59,759	4,367
RON	12,993	28,595	9,812	20,661
SGD	219	1,437	203	1,250
INR	19,067	2,444	N/A	N/A
CAD	200	1,318	N/A	N/A

NOTE 24—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 judgements 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 acquisitions of operations e.g. 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 31 December 2018. 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 31 December 2018. 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 25—Maturity analysis, financial liabilities and interest

FINANCIAL LIABILITIES

	Group		Parent company	
Long-term liabilities, interest bearing	**2018**	**2017**	**2018**	**2017**
Liabilities to credit institutions	548,000	82,000	548,000	82,000
Total long-term liabilities, interest bearing	**548,000**	**82,000**	**548,000**	**82,000**
Long-term liabilities, non-interest-bearing				
Purchase consideration entered as a liability	–	110,434	–	–
Total long-term liabilities, non-interest-bearing	**–**	**110,434**	**–**	**–**
Current liabilities, interest-bearing				
Liabilities to credit institutions	94,342	34,000	94,013	34,000
Total current liabilities, interest-bearing	**94,342**	**34,000**	**94,013**	**34,000**
Current liabilities, non-interest-bearing				
Purchase consideration entered as a liability	1,346	3,704	–	–
Accounts payable	21,441	11,098	5,411	2,896
Other liabilities	14,734	16,081	2,158	692
Accrued expenses, supplier-related	11,676	7,741	3,662	1,090
Total current liabilities, non-interest-bearing	**49,197**	**38,624**	**11,231**	**4,678**
Total financial liabilities	**691,539**	**265,058**	**653,244**	**120,678**

MATURITY ANALYSIS

	Group		Parent company	
Long and short-term liabilities, interest-bearing	**2018**	**2017**	**2018**	**2017**
Within 1 year of the reporting date	94,342	34,000	94,013	34,000
Later than 1 year but within 3 years of the reporting date	548,000	82,000	548,000	82,000
Later than 3 years but within 5 years of the reporting date	–	–	–	–
Interest				
Within 1 year of the reporting date	27,757	1,458	27,757	1,458
Later than 1 year but within 3 years of the reporting date	31,833	1,287	31,833	1,287
Later than 3 years but within 5 years of the reporting date	–	–	–	–
Non-interest-bearing liabilities				
Within 1 year of the reporting date	49,197	38,624	11,231	4,678
Later than 1 year but within 3 years of the reporting date	–	110,434	–	–
Later than 3 years but within 5 years of the reporting date	–	–	–	–
Total principal and interest				
Within 1 year of the reporting date	171,296	74,082	133,001	40,136
Later than 1 year but within 3 years of the reporting date	579,833	193,721	579,833	83,287
Later than 3 years but within 5 years of the reporting date	–	–	–	–

NOTE 26— Obligations relating to employee benefits, etc.

The group has defined-benefit pension plans for employees in Qosmos in France. The pension plans are based on the employees' pensionable compensation and period of service. The defined-benefit obligation amounted to SEK 7.5 (7.0) million as of 31 December 2018. Costs for defined-benefit pensions totaled SEK 287,000 (665,000), of which SEK 287,000 (665,000) was charged to Enea's profit. The costs for 2019 are estimated at approx. EUR 40,000.

2018	Defined-benefit pension plans	Purchase consideration for acquired operation entered as liability	Total
GROUP			
Accumulated cost			
Opening balance 1 Jan. 2017	6,983	110,434	117,417
Payment of debt		–110,434	–110,434
Value change/currency translation/reallocation	518		518
Closing balance 31 Dec. 2018	**7,501**	**–**	**7,501**

Defined benefit pension plans are judged to be payable after more than 5 years and other liabilities are judged to be payable in 1–3 years.

	Group	
Defined-benefit obligations	**2018**	**2017**
Present value of unfunded defined-benefit obligations, France	7,501	6,983
Liabilities unfunded obligations, France	**7,501**	**6,983**

	Group	
Actuarial assumptions, %	**2018**	**2017**
Discount rate	1.70	1.55
Future salary increases	3.75	3.50

NOTE 27—Proposed appropriation of profits

	2018
Parent company	
Share premium reserve	298,159,046
Retained earnings	233,532,695
Profit for the year	–300,040
Total	**531,391,702**

The Board of Directors proposes that these funds are appropriated so that SEK 531,391,702 is carried forward.

NOTE 28—Pledged assets

	2018	2017
GROUP		
Bank guarantee	4,700	–
Rent deposits	2,109	2,707
	6,809	**2,707**

NOTE 29— Business combinations

Purchase of Openwave Mobility

On 15 March, Enea Software AB acquired 100 percent of the capital and votes of US company Openwave Mobility Inc. and subsidiaries, with a purchase price of SEK 748,519,000. The acquisition price was adjusted by SEK 8,510,000 in the fourth quarter 2018 after definitive reconciliation of acquired working capital. Openwave Mobility has a leading position in traffic management in the fast-growing video traffic over the internet segment. The acquisition means that Enea is expanding its offering and addressable market, as well as moving upward in the value chain. The companies are consolidated from 1 March, and operations are integrated into the Network Solutions product group. Openwave Mobility reported revenue of USD 26.3 million and operating profit of USD 6.6 million for the period March-December 2018, and revenue of USD 29.5 million and operating profit of USD 5.7 million on an annualized basis for the period January-December. The acquisition was funded through cash and a bond loan of SEK 500 million. The goodwill item is not tax deductible and is expected to relate to estimated profitability, additions to the product portfolio and expected synergy effects. The financial impact of this transaction is indicated below. The acquisition analysis of fair value adjustment of product rights, current receivables and current liabilities is preliminary until twelve months after the acquisition date.

PURCHASE CONSIDERATION

Summary of purchase consideration paid:	
Cash and cash equivalents	757,029
Total purchase consideration paid	**757,029**

In the fourth quarter 2018, the value of current receivables was restated by SEK -4.1 million, current liabilities by SEK -4.3 million, and goodwill by SEK 8.3 million. The carrying amounts (fair values) of the identifiable assets and liabilities of Openwave Mobility Inc. and subsidiaries taken over as of the acquisition date:

	Fair value recognized, group
Trademark	11,315
Product rights	27,775
Customer contracts	54,499
Tangible fixed assets	6,642
Other long-term receivables	306
Current receivables	104,564
Cash and cash equivalents	9,198
Other provisions	–4,458
Deferred tax liability	–21,391
Long-term liabilities, interest-bearing	–174
Long-term liabilities, non-interest-bearing	-662
Current liabilities, non-interest-bearing	–85,259
Net identifiable assets and liabilities	102,355
Group Goodwill	654,674
Consolidated acquisition value	**757,029**

Acquisition-related expenses

Acquisition-related expenses of SEK 9,389,000 are included in administrative costs in the Consolidated Income Statement for 2018.

NOTE 30—Post balance sheet events

Acquisition of global software business

On 1 March 2019, Enea Software AB acquired a business unit from Atos Convergence Creators, which is a leader in policy management, authentication and management of subscriber information. The total purchase consideration is approximately EUR 18 million, which has been financed through cash and bank borrowings. Enea paid EUR 10 million in December 2018, while the remainder of approximately EUR 5 million will be paid in December 2019. Enea will also assume liabilities, primarily relating to deferred revenues, of some EUR 3 million. The financial effects of this transaction, apart from the purchase consideration paid of EUR 10 million, have not been reported as of 31 December 2018. Operating profit, assets and liabilities associated with the acquired operation will be recognized effective the acquisition date. The acquired operation is expected to generate revenue of some EUR 12 million in 2019.

PURCHASE CONSIDERATION (PRELIMINARY)

Summary of purchase consideration:	
Purchase consideration paid as of 31 Dec. 2018	103,136
Purchase consideration entered as liability after the reporting date	51,377
Total purchase consideration	**154,513**

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

Accrued expenses	0
Deferred income	–30,826
Goodwill	185,338
Total	**154,513**

The goodwill arising in the acquisition relates to the acquired operation's position on the market, and expected synergies from the merger. The acquired goodwill arising from the purchase of the net assets of the business is expected to be tax deductible.

Acquisition-related expenses

Acquisition-related expenses of SEK 244,000 are included in administrative costs in the Consolidated Income Statement for 2018.

Information not presented

At the time of authorization of the publication of the financial statements, the group had not yet completed reporting the Business combination. The fair value of the above acquired assets and liabilities is preliminary in anticipation of definitive measurement. Nor is it possible to provide more detailed information about each class of acquired receivable, and any contingent liabilities of the acquired operation.

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 give 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 safety factors 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 28 March 2019. 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 6 May 2019.

Stockholm, Sweden, 28 March 2019
Enea AB (556209-7146)

Anders Skarin
Chairman

Kjell Duveblad
Board member

Mats Lindoff
Board member

Torbjörn Nilsson
Board member

Gunilla Fransson
Board member

Johan Carlsson
Employee representative

Anders Lidbeck
President & CEO

Our Audit Report was presented on 2 April 2019
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Audit Report

To the Annual General Meeting of Enea AB (publ.), Corp. Reg. 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 2018 except for the corporate governance statement on pages 20-27. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 16-65.

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, 2018 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, 2018 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 on pages 20-27. 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 products and services. The customers are mainly active in the telecom sector, but also in aerospace and defense. For software operations, corresponding to some 83 percent of group sales, revenue recognition is dependent on contractual terms regarding the timing of transfer of risks and benefits to customers and their ability to meet payment commitments. Service operations provide around 17 percent of group sales, 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 comprises production licenses and 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 conducted two major acquisitions in recent years, French company Qosmos in late-2016, and recently, US company Openwave in early-2018. These acquisitions resulted in a significant increase in book values of intangible assets in the consolidated accounts. The value of these assets is tested for impairment annually or when there is an indication that impairment may become necessary. 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.

In addition to parent company Enea AB, the consolidated accounts include subsidiaries in Sweden, the US including the Openwave group, Romania and Qosmos in France. This corresponds to a significant proportion of the group's external sales and total assets. We have also completed a summary review of the third quarter.

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.

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 more information about the aforementioned accounting policies, please see page 37 and Notes 2, 14 & 18 of the Annual report for 2018.

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 by comparing prices of components in contracts to the independent selling prices of products and services.
- 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.

This review has not resulted in any material observations reported in the Audit.

Impairment testing of acquisition-related surplus values and goodwill

Acquisition-related surplus values and goodwill of SEK 1,279 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 the 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 38 and Note 10 in the Annual Report for 2018.

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.
- Compared the estimated value in use with the market capitalization as of 31 December 2018.
- 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.

This review has not resulted in any material observations reported in the Audit.

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 1–15 and 70–75. 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 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit (loss) be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. For more information about our responsibility for the audit of the administration, see the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/en/English This description is part of the Audit Report.

The Auditor's examination of the Corporate Governance Statement

The Board of Directors is responsible for ensuring that the Corporate Governance Statement on pages 20-27 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.

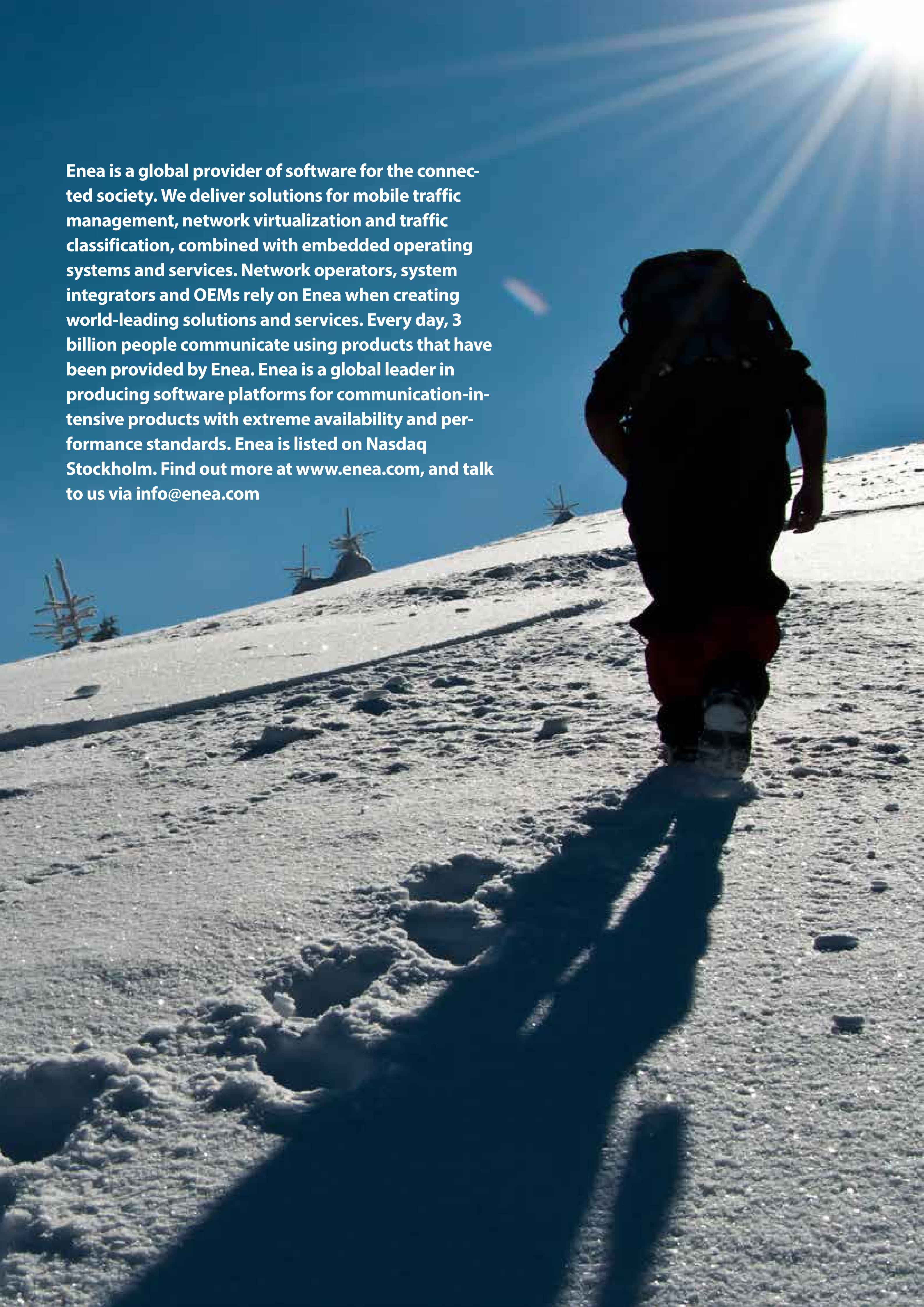
The AGM on 8 May 2018 appointed Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, Stockholm, Sweden, as Enea AB's (publ) Auditor, who have served as the company's Auditor since 15 May 2007.

Stockholm, Sweden 2 April 2019

Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant
Auditor in Charge

Enea is a global provider of software for the connected society. We deliver solutions for mobile traffic management, network virtualization and traffic classification, combined with embedded operating systems and services. Network operators, system integrators and OEMs rely on Enea when creating world-leading solutions and services. Every day, 3 billion people communicate using products that have been provided by Enea. Enea is a global leader in producing software platforms for communication-intensive products with extreme availability and performance standards. Enea is listed on Nasdaq Stockholm. Find out more at www.enea.com, and talk to us via info@enea.com



All amounts in SEK million

INCOME STATEMENT	2018	2017	2016	2015	2014
Net sales	830.3	588.4	501.3	481.5	429.3
Reversed additional purchase price	11.7	–	–	–	–
Operating expenses	–653.1	–485.6	–382.5	–371.4	–335.5
Operating profit	188.9	102.8	118.8	110.0	93.8
Financial net	–27.7	–5.2	5.2	2.5	1.5
Profit before tax	161.1	97.6	124.0	112.5	95.3
Net profit	141.7	82.5	94.6	88.0	74.5
Total	**141.7**	**82.5**	**94.6**	**88.0**	**74.5**
BALANCE SHEET					
Intangible assets	1,381.4	522.2	499.2	128.4	128.1
Other fixed assets	33.7	31.0	34.4	8.5	9.5
Other financial assets	3.1	2.7	6.5	2.0	0.5
Financial assets held for sale, non-current	–	62.1	–	70.7	14.3
Current receivables	426.8	203.6	219.4	196.2	150.6
Financial assets held for sale, current	–	40.2	–	–	20.6
Cash and cash equivalents	74.7	312.0	223.5	132.8	180.4
Total assets	**1,919.7**	**1173.8**	**983.0**	**538.6**	**504.0**
Equity	985.8	754.2	422.9	398.9	400.3
Long-term liabilities, interest-bearing	539.8	82.0	116.0	–	–
Long-term liabilities, non-interest-bearing	86.8	161.8	161.9	21.5	16.2
Current liabilities, interest-bearing	94.3	34.0	34.0	–	–
Current liabilities, non-interest-bearing	212.9	141.8	248.2	118.2	87.5
Total equity and liabilities	**1919.7**	**1173.8**	**983.0**	**538.6**	**504.0**
CASH FLOW					
From operating activities	168.6	116.6	128.1	104.6	116.2
From investing activities	30.5	–139.7	49.6	–52.8	–48.9
From investing activities - sale of operation	–	–	–	–	10.4
From investing activities - acquisition of operation	–954.4	–96.3	–139.6	–	–
From financing activities	514.2	206.6	56.2	–100.1	–64.6
Cash flow for the period	**–241.1**	**87.2**	**94.3**	**–48.3**	**13.1**
KEY DATA					
Revenue growth, %	41	17	4	12	5
Operating margin, %	22.7	17.5	23.7	22.9	21.9
Profit margin, %	19.4	16.6	24.7	23.4	22.2
Return on capital employed, %	18.2	16.3	27.8	29.7	25.7
Return on equity, %	16.3	14.0	23.0	22.0	19.3
Return on total capital, %	13.8	11.1	18.1	22.9	21.1
Interest coverage ratio, multiple	4.1	5.4	10.2	16.2	24.5
Equity ratio, %	51.4	64.3	43	74.1	79.4
Liquidity, %	163.2	316.1	156.9	278.3	401.8
Average number of employees	563	467	410	400	392
Revenue per employee, SEK million	1.45	1.26	1.22	1.20	1.10
Net asset value per share, SEK	50.99	39.00	26.61	25.06	24.81
Earnings per share, SEK	7.33	4.69	5.95	5.49	4.58
Transfer to shareholders per share, SEK [1]	–	–	2.00	4.20	3.60

The figures for2014-2016 have not been restated pursuant to IFRS 15.

[1] Transfer to shareholders proposed to the Annual General Meeting 2019.

FINANCIAL DEFINITIONS AND ALTERNATIVE KEY FIGURES

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.

EQUITY PER SHARE
Equity in relation to the total number of shares.

CASH FLOW FROM OPERATING ACTIVITIES
Cash flow from operating activities in relation to the average number of shares.

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.

DIVIDEND YIELD
The dividend as a percentage of the market price at year-end.

EARNINGS PER SHARE
Profit after tax in relation to the average number of shares.

EBITDA
Profit before financial items plus depreciation and amortization.

EQUITY RATIO
Equity including minority interests in relation to total assets.

GROSS MARGIN
Gross profit less reverse additional purchase price in relation to revenue.

INTEREST COVERAGE RATIO
Profit after financial net plus financial costs in relation to financial costs.

LIQUIDITY
Cash and cash equivalents, including current investments and receivables, in relation to current liabilities.

NET ASSET VALUE PER SHARE
Net asset value, equivalent to equity, in relation to the total number of shares outstanding.

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

NET CASH POSITION
Cash and cash equivalents and financial investments less interest-bearing liabilities and unconditional acquisition-related liabilities.

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.

OPERATING MARGIN
Operating profit in relation to net sales.

OPERATING PROFIT EXC. NON-RECURRENT ITEMS
Operating profit before financial items and tax, restated for any non-recurring items.

PROFIT MARGIN
Profit after financial items in relation to net sales.

RETURN ON CAPITAL EMPLOYED
Operating profit plus financial income in relation to average capital employed.

RETURN ON EQUITY
Profit (loss) after tax in relation to average equity.

RETURN ON TOTAL CAPITAL
Profit after financial items plus financial costs in relation to average total assets.

REVENUE GROWTH
Revenue for the period in relation to revenue in the previous period.

REVENUE PER EMPLOYEE
Revenue in relation to the average number of employees.

SHARE OF RISK-BEARING CAPITAL
Total of equity and deferred tax liabilities as a percentage of total assets.

TRANSFERS TO SHAREHOLDERS PER SHARE
Dividend for the current financial year divided by the number of shares on the reporting date.

FINANCIAL DEFINITIONS AND ALTERNATIVE KEY FIGURES *The Annual Report for 2018 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 AV REVENUE GROWTH

	Full year	
	2018	**2017**
Revenue, SEK million	830.3	588.4
Revenue growth, %	41	17
Revenue growth currency adjusted, %	38	17
SEK million		
Revenue growth based on unchanged exchange rates compared to previous year	222.7	85.5
Currency-adjusted revenue growth	19.2	1.5
Reported revenue growth	**242.0**	**87.1**
%		
Revenue growth based on unchanged exchange rates compared to previous year	38	17
Currency-adjusted revenue	3	0
Reported revenue growth	**41**	**17**

RECONCILIATION OF FINANCIAL NET

	Full year	
	2018	**2017**
Financial income, SEK million	24.9	17.0
Financial expense, SEK million	-52.6	-22.2
Reported financial net, SEK million	**-27.7**	**-5.2**

Annual General Meeting 2019

Enea's Annual General Meeting 2019 will be held at 4:30 p.m. CET on Monday, 6 May 2019 at Kista Science Tower, Färögatan 33, Kista, Sweden. Shareholders who wish to participate in the Annual General Meeting must be included in the share register maintained by Euroclear Sweden AB (name changed from VPC AB) by no later than 29 April 2019.

Participants must also register with Enea AB by no later than Monday, 29 April 2019, at 5:00 p.m. CET.

Registrations can be mailed to

Enea AB (publ), P.O. Box 1033, SE-164 21 Kista, Sweden, by tele-phone: +46 (0)8 507 14000 or via e-mail: agm@enea.com

Registrations must include name, personal or corporate identity number, shareholding, address, telephone numbers and details of any assistants.

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www.enea.com/embeddedhub

Visit Enea's hub for news and information about Enea and other industry players. Follow interesting topics on our blog, participate in a webinar or access the latest industry news.

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

LinkedIn is our primary social media channel where we provide information on Enea. We publish information about the products and technology we are working on as well as the latest deals and business events. LinkedIn is also our channel for advertising vacant positions.

www.twitter.com/EneaAB

Our Twitter account is the right medium if you want to follow what's happening at Enea. We publish press releases, information about new blog entries and other activities.

www.youtube.com/EneaSoftware

We publish videos that showcase and demo our product range on YouTube. Features of varying length are mixed with seminars and training programs.

All financial information is published on Enea's website: **www.enea.com**
Financial reports can also be ordered from Enea AB, Box 1033, SE-164 21 Kista, Sweden or by e-mail: **ir@enea.com**

Reporting dates 2019

Interim Report January–March	24 April 2019
Annual General Meeting	6 May 2019
Interim Report April–June	18 July 2019
Interim Report July–September	23 October 2019
Annual Financial Statement 2019	30 January 2020

Investor relations

Enea strives for investor relations that are transparent, relevant and provide accurate information to shareholders, investors and financial analysts to increase knowledge of the group's operations and share. Enea announces information in the form of interim reports, annual reports, press releases, and provides detailed information on the company's IR pages on the Internet. Shareholders and other stakeholders can subscribe to press releases and financial reports via e-mail.

In 2018, press releases were issued in connection with major product news, key strategic transactions and contracts of significant value. General information is uploaded to the IR pages of our website, such as shareholder lists in connection with quarterly reports. In the event of major changes, the website is updated immediately. In the three weeks prior to the publication of a financial report, Enea issues no communications with the financial markets.

Enea AB is a public limited company, corp. ID. no. 556209-7146, registered office: Kista, Sweden. This Annual Report is also available in Swedish. All values are denominated in Swedish kronor. Swedish kronor is abbreviated SEK, thousands of SEK is SEK 000 and millions of SEK is SEK million. Figures in brackets relate to 2017 unless otherwise stated. All figures pertain to continuing operations unless otherwise stated.

Data on market conditions and competition are Enea's own judgements, unless a specific source is stated. These judgements are based on the most accurate and recent factual data.
The audited annual accounts are on pages 16-65.

This Annual Report was produced by Enea in partnership with Box IR, Stockholm.
Images: Alexander Ruas, Anders Sjölund, Vani Dwivedi, Dragos Iorgulescu, Cedric Blin, Sebastien Synold and Romain Edin.

OVER **50 YEARS** OF COMMUNICATION-DRIVEN PRODUCTS

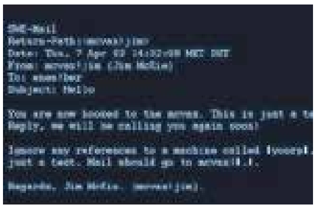
1968

Four students at the Royal Institute of Technology in Stockholm design a data storage system for air traffic control systems, marking the birth of Enea. The group creates software history in the 1960s with its real-time programming and operating system development this lays the foundation of Enea's engineering skills and outstanding expertise.

1970s

The core of Enea's evolution is the Simula project for the Swedish Defence Research Agency. In this project, Enea paves the way for the first object-oriented language. Other customers include Stansaab, ASEA, LM Ericsson and Facit. The employee headcount grows from 5 to 75.

1980s

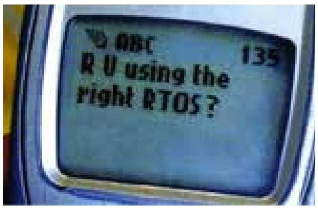


Enea OSE launched in 1985, and is now the world's most widely used operating system. Enea's biggest customer is ASEA. Enea secures a multi-year assignment developing software and hardware for police communication systems. Enea is the base node of Swedish USENET, the predecessor of the Internet. The first email in Sweden was sent on the Internet to Enea in 1983. Enea's employee headcount grows from 75 to 153.

1990s

Ericsson launches its GSM project, which embeds the Enea OSE operating system. The Ericsson group becomes Enea's biggest customer. Intensive work on Enea OSE takes the company onward and upward. Internationalization begins. Enea's employee headcount grows from 153 to 493.

2000s



Enea consolidates positioning as a world-leading vendor of solutions for communication-intensive products. Its consulting arm grows robustly, and a major acquisition in Romania expands its outsourcing capacity. It intensifies its focus on telecom, and enhances its product portfolio through intensive development and acquisitions. Enea's software offering is tailored for the telecom industry's stringent availability and reliability standards. Geographical expansion on three continents. Employee headcount approx. 650.

2010s

Enea sells its Swedish consulting operation, creating a new business focus on telecom and networks. Enea's Linux distribution emerges, and it enters intensified strategic alliances with ARM and other keynote hardware producers. Enea invests increasingly in open source partnerships (Linaro, Linux Foundation, Yocto Project and OPNFV), and acquires Centered Logic, Qosmos and Openwave Mobility. Employee headcount approx. 600.

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