



# A CATALYST FOR THE CONNECTED SOCIETY



**ENEA**

ANNUAL REPORT 2015

# Enea in brief

You have probably already used Enea's technology today without even realising it. Every day, more than three billion people rely on Enea's software to connect a call or use their mobilephone to get online.

<b>HEAD OFFICE</b> KISTA SWEDEN	<b>REVENUE</b> <b>481</b> SEK MILLION
<b>OPERATING MARGIN</b> <b>22.9</b> PERCENT	<b>NUMBER OF EMPLOYEES</b> <b>403</b>
<b>R&amp;D OPEX INVESTMENT</b> <b>19</b> PERCENT	<b>LISTED ON NASDAQ STOCKHOLM</b>

## VISION

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

### Enea's offering

#### Software for embedded applications in general and communication solutions in particular

- Real-time operating systems
- Linux operating system (open source code)
- Middleware (software that interconnects operating systems with applications)
- Tools, protocols etc.

#### Maintenance, support and services

- Related to proprietary product portfolio
- For integrated solutions, including third-party solutions

#### Training

- Relating to proprietary products
- Relating to Linux in general
- Customer-specific

#### Services

- In-house projects
- On-site projects
- Bridged Services
- Packaged Services

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# Products and services for companies 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 portfolios, 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, and the features required. Real-time operating systems are used when the priority is very high performance and predictability. Apart from operating systems, Enea offers development tools, databases, middleware, 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.

## Real-time operating systems

Enea OSE and Enea OSEck are Enea's market-leading real-time operating systems in telecom. Enea has been a leading provider of real-time systems for three decades and has world-leading competence in this area. Performance and predictability are key factors for real-time time operating systems, which give these systems a strong position in embedded and hardware-related solutions.

## Linux

Enea Linux is an operating system based on open source code that is available including services and support. Enea also offers technology that enables real-time characteristics in Linux-based solutions that improve performance in network infrastructures.

## Middleware

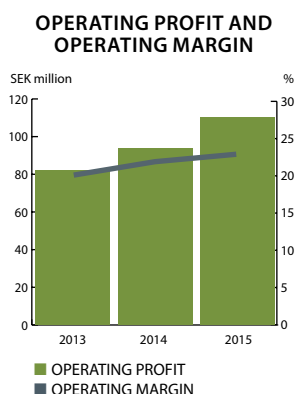
Enea Element, Enea Polyhedra and Enea Netbricks are examples of Enea's middleware offering. Middleware is software that interconnects operating systems with applications. It runs in the background, and includes functions that ensure that a system is reliable, predictable and scalable.

## Services

By combining competence, high quality and innovation, Enea's services deliver 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.

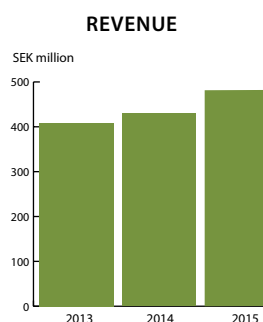
## Operating profit

**SEK 110.0 million**



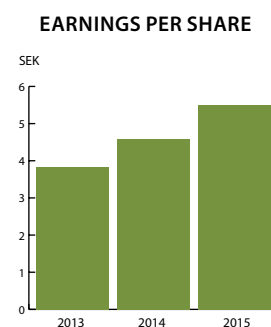
## Operating margin

**22.9 percent**



## Earnings per share

**5.49 SEK**



KEY DATA	2015	2014	2013
Net sales, SEK million	481.5	429.3	408.5
Revenue growth, %	12	5	13
Revenue growth, currency adjusted, %	5	3	11
Operating profit, SEK million	110.0	93.8	82.1
Operating margin, %	22.9	21.9	20.1
Net profit before tax, SEK million	112.5	95.3	83.8
Net profit after tax, SEK million	88.0	74.5	63.2
Earnings per share, SEK	5.49	4.58	3.83
Cash flow (operating activities), SEK million	104.6	116.2	76.6
Cash, cash equivalents, and financial investments, SEK million	203.5	215.3	163.6

# Standing centre stage and in a strong financial position

I would like to begin by thanking Enea AB's shareholders for the trust they have shown the company. You are investing in a strong company where I have the privilege to be the CEO. Every day, three billion people around the world depend on our software. Our flagship product—the Enea OSE operating system—enables people to connect to social media or work whether they are on the subway, in their car, on a train, at a café or out and about in the city. Enea is an integral part of the connected society that is proliferating rapidly across the world.

The expansive reach of our operating system is due to its unique and unparalleled features, but also to the success our customers have had, embedding our operating system in their products.

Here, I am mainly thinking of the successes leaders like Ericsson and Nokia have enjoyed in the past, and continue to today. Together, these two providers have delivered more than half of the mobile communication infrastructure in today's connected society. Accordingly, I would also like to extend my thanks to Ericsson and Nokia, as well as our other customers for the confidence they have shown in Enea and our products.

It is important to bear in mind that a number of highly expert engineers are behind our products. However, true success takes more than this. For our products to reach out into the world, we also need competent administrators and driven sales and marketing staff. We have this, and I would like to thank all employees for investing the best years of their lives in Enea.

2015 was the best year in Enea's history. Never before have our earnings been so high. Never before have we achieved such strong profit margins and never before have we generated earnings per share on the scale of 2015. In addition, revenue increased year over year, and we made great progress across all major operational segments and geographical markets.

*“One of Enea's key investments is in ensuring that the company is always playing an active role in upcoming changes to how the communication systems of the future are structured.”*

Going into 2016, our ambition is to continue this progress, with the qualification that we no longer regard continued margin expansion as the best road ahead. Our aim now is to keep this margin stable at above 20 percent. But we are aiming to continue to increase profit in absolute terms and generate higher earnings per share compared to 2015. We are also continuing substantial investments in developing our product portfolio and pursuing initiatives aimed at strengthening our sales and marketing organization. We are also actively continuing to seek out new acquisitions. 2016 began with the acquisition of a smaller US company that develops a product known as ElementCenter, which manages and monitors communication systems and is an excellent complement to our existing product Enea Element. Enea Element is designed as an embedded component of the hardware or functionality of a communication system. The acquisition provides us with a far more complete solution that can

now also address new types of customer and application.

One of Enea's key investments is in ensuring that the company is always playing an active role in upcoming changes to how the communication systems of the future are structured. Increasingly, these will be based on open solutions, where hardware and software are not necessarily delivered by a single operator. Instead, software functionality is becoming more likely to operate in universal, standard hardware, as is the case today in regular IT environments. Enea is aiming to secure good positioning in the development of NFV (Network Function Virtualization), and we are investing heavily in this area. During the year we resolutely pursued the required competences and solutions to achieve this—the result was our launch of the COSNOS software platform for NFV. We also introduced the first ARM-based, public lab infrastructure for NFV solutions and presented sample solutions alongside a number of hardware operators. We have been working



to build alliances and partnerships, and to raise sector awareness of Enea in general, and in the ARM ecosystem specifically.

One year ago, I announced that we had committed to OPNFV (Open Platform Network Function Virtualization), a global collaborative project aimed at developing a standard, open platform for virtualized network functions. Since then, we have made major advances in this area, which has impacted our customers and their clients around the world, generating positive long-term potential for creating new markets. We have been visible at trade fairs and congresses and launched a raft of new solutions. Being centre stage and getting a positive response is both motivating and uplifting for all of Enea's stakeholders. I am confident

about Enea's future, both from my perspective as CEO and as a shareholder.

To conclude, I would like to extend my thanks once more to all shareholders, customers and staff for your trust. It means a great deal to me.

March 2016

**Anders Lidbeck**  
*President and CEO*

# Strategy with our vision in focus

Enea has a vision of delivering software and expertise that help our customers develop amazing solutions for the connected society. Because the connected society represents a range of different focus areas and applications, Enea's vision can also be applied broadly to these diverse areas.

## Business concept and strategy

Enea has always worked on software and services focusing on embedded applications in general, and network applications in particular. Enea's business concept is to deliver the software platforms and expert services needed in network solutions in today's and tomorrow's connected society.

Enea has been a leading vendor of real-time operating systems for three decades, and has accumulated world-leading competence in the real-time segment, with Enea OSE as the flagship product. Within mobile infrastructure, where most of Enea's customer base is active, real-time features are often critical. Performance and predictability are often key factors that confer real-time operating systems with strong status in embedded and hardware-related solutions. Continuously enhancing these features is vital for maintaining competitiveness in this portion of Enea's product offering. The main objective for this part of the portfolio remains improving performance.

Over time, more elements have been added to the product portfolio, and products and solutions based on open source code have become an increasingly important part of the total offering. Enea has had a proprietary offering relating to the Linux operating system known as Enea Linux for a number of years.

In 2015, we completed the first version of Carrier Grade (quality standard for Linux), aimed at our traditional market—infrastructure for networking and telecom. We also closed our largest Linux deal to date in the year.

Apart from these operating system solutions, we introduced the Carrier-Grade Open Source Network Operating System concept in the year, or COSNOS for short. This is a platform for the virtualised network

code and functionality of tomorrow, and is based on an open source project known as OPNFV (Open Platform for NFV). Alongside ARM<sup>1)</sup>, we have also run a number of projects relating to COSNOS and OPNFV over the past year, as well as conducting public demos jointly with a number of hardware operators in the ARM ecosystem.

The message relating to COSNOS is further strengthened by the middleware solutions we already had in our portfolio, where Enea Element has a natural place as an application platform for virtualised network functionality. Our strategy is to combine solutions and platforms based on open source code with proprietary unique software, which strengthens our overall offering.

## Expertise and services

Given the complex challenges facing Enea's customers, just selling a combination of complete products and solutions from our existing portfolio is often not enough. We often need to adapt them to each customer's unique circumstances. Enea's offering is not confined to its proprietary product portfolio, but is backed by an equally strong services offering. Enea's experience as a leading vendor of software for communication solutions means we can move into other adjacent sectors like medical technology, the automotive, aero and defence industries, where we already manage a number of services-only projects for leading players.

Most of our service revenues is sourced from large-scale global projects. Having the right expertise to undertake this type of project effectively is critical. To deliver optimal quality at a competitive price, we staff projects with consultants from different countries, usually putting key team members close to the customer.



## Customers and market

Enea currently has strong status with a number of key customers. One prerequisite for success on these projects is that we know the customer well, and participate in forward-looking discussions at an early stage. This type of project requires customer-specific solutions, and an organisation that can manage customer-specific product development, and the related support, effectively.

Enea works to deepen and expand its collaborations with all key customers. We also continuously strive to create new customer relations. We initiate new customer dialogues from many of the market activities we execute worldwide, from partnerships or through references from existing customers. Usually, new customers start as users of our service portfolio, or use our products in an early phase of their development cycle, long before they know whether the end-product they are developing will be successful.

Most of Enea's key customers are active in the telecom segment, while many of its smaller customers operate in other sectors. We are noting how communication-intensive

<sup>1)</sup> ARM Holdings develops computing architecture and licenses it to other companies.



solutions and embedded systems are spreading into a raft of new products and solutions. Enea's strength is communication-intensive solutions, which are now used far beyond the telecom segment. With most customers, hardware and software go hand in hand, and often, modifications of operating systems and other software are necessary to fully exploit the underlying hardware. Accordingly, Enea will continue to develop and deepen its relationships with hardware vendors so it can offer well-integrated products and solutions.

### Employees

Enea works continuously to enhance its status as an attractive employer and create a stimulating and rewarding workplace. Innovative and knowledgeable employees are the drivers behind the company and its solutions. We aim to continue to attract and stimulate individuals with an exceptional attitude and expertise.

### FINANCIAL TARGETS Long-term ambition

The ambition over a period of three years, commencing in 2016, is to continue to develop a global software company with higher revenue, continued high profitability and good cash flows. The company will be focusing on organic growth, but both strategic and complementary acquisitions will be evaluated regularly.

Growth will vary over the years and between the quarters, depending on how individual deals take place and the development of royalty flows, which depend on customers' sales volumes. The operating margin will vary in line with growth over the various quarters of the period. Enea's objective over this period is to maintain an operating margin in excess of 20 percent.

### Target compliance 2015

Enea communicated the goal of a long-term profitability target of 20 percent in the year. We assessed that earnings per share would improve for the full year 2015.

Enea's revenue increased in 2015, generating a full-year operating margin of 22.9 percent. Enea also achieved its goal of improving earnings per share in the year.

### Outlook for 2016

For the full year 2016, Enea's goal is to continue to return revenue growth. Earnings per share are expected to improve compared to 2015.

# 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 revenues increase or decrease, this has a major effect on earnings. In 2015, Enea's revenues increased compared with last year.

Enea achieved its long-term target of a 20 percent operating margin, thanks to good cost control and strategy focusing on our vision.

## Development licenses, including support and maintenance

When a customer develops a product, it purchases a developer license from Enea. Development 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 recognised during the license term, and revenue from perpetual licenses is recognised on delivery. Support and maintenance are included in the term-based developer license concept.

## Production licenses (royalties)

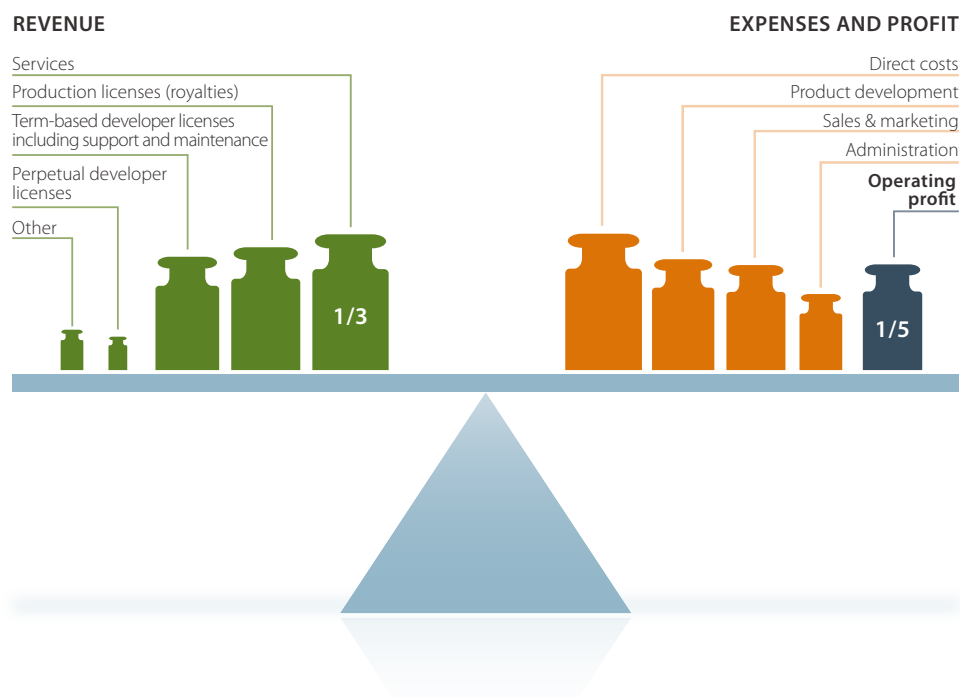
To enable delivery of a finished product embedding Enea's technology, the customer signs a production license. This may be term-based or perpetual, and often consists of royalties, that is to say revenue per sold unit. Some large customers report production volumes quarterly in retrospect, which means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





# Virtualization and open source in a growing communications domain

The market for communications-intensive products is in constant transformation, largely the result of the exponential growth of data volumes consumed by networks. Today's networks will be operational for many years yet, but their expansion is based on new principles.

The networks of tomorrow will be characterised by virtualization and the decoupling of software and hardware. Open solutions based on open source will become increasingly significant, while accessible and standardized components will enable new operators to create new solutions more easily, which will ultimately alter the entire distribution chain.

Enea is navigating this changing world with its unique offering and value. Constructive alliances and vital sector partnerships enable Enea to help its customers develop amazing network functionality for the connected society.

Enea is focusing on supplying products and services for communication, that are applicable in virtually all verticals ranging from home electronics, through the automotive industry to the historically strong telecom sector.

Revenue is largely derived from royalties for telecom operating systems and networks. In segments where the product offering is based on licensing and royalties as well as product-related services, Enea's service offering is based on a broad range of R&D-intensive development services through all phases of product or systems development.

Increasingly, successful reference cases are being sourced from projects that use open source, with the Bridged Services concept proving especially successful. Bridged Services provide project and software management in close proximity to customers, through an expert delivery organisation based in Bucharest, Romania.

## Virtualization trend decoupling hardware and software

The telecom sector has experienced explosive data consumption for some time now, which places substantial demand on network capacity. This also drives a number of activities aimed at virtualizing network



applications and functions, which intensifies the decoupling between software and hardware.

These activities are necessary to utilise existing infrastructure more effectively, but also to expand infrastructure rapidly, through more cost-efficient alternatives. Virtualization brings a number of financial advantages, including modelling that previously required expensive specialist hardware now possible using more economical cloud-based standard servers. Virtualization implies that operations, maintenance and software updates can be streamlined.

## Sector collaborations and open source

Open source is a prerequisite for sector collaborations. Each month, more new forums and sector collaborations aimed at harmonising and standardizing critical functionality are being created.

Companies that have been long-time competitors are now collaborating across boundaries as partners in segments that are strategic to them. Everyone has been affected by the understanding that collaboration creates new business opportunities because the rate of functionality growth dramatically

expands when more enterprises are working towards the same goal. Stability and a long-term approach, as well as standardization alleviating the lock-in to proprietary solutions, is reassuring for buyers and sellers alike.

Linux is the perfect example of a project based on open source. Linux is now in its third decade and has attained genuine maturity and stability. The source code for the operating system is in the public domain and its licensing terms define how the operating system may be used. Anyone can contribute improvements and new functionality and a maintainer responsible for integration decides what is included in the code base. This meritocratic culture quickly filters out operators and functionality that does not maintain a high technical standard.

Although open source is free for anyone to download and use, there is a significant degree of complexity involved. Enea has considerable potential to capitalise on open source through a range of service packs aimed at companies that do not have the right expertise and where possessing this expertise is not mission critical, or where for various reasons more development capacity is required to get the desired results.

Enea intends to broaden its portfolio to include more offerings in open source and secure leadership in relevant multinational sector collaboration projects. This means that Enea not only actively pursues Linux development as a member of the Linux Foundation and under the Yocto project, but also in a number of other projects where Enea's competences come to the fore and are aligned with the company's strategic focus.

Alongside ARM and Nokia, Enea recently also launched an entirely new project at the end of 2015, providing the ecosystem with an open TCP/IP stack customized for communication purposes, where Enea capitalizes on integration and optimization services.

#### Focus on ARM

Partly as a result of the consolidation of processor architecture, ARM is currently benefitting from strong positioning in a network context. ARM designs and sells microprocessor architecture with low power consumption and high performance, which also as a smaller silicon footprint, which all contributes to its success, especially in mobile electronics, but also in embedded systems in standard hardware.

The industry is searching for clear alternatives to Intel, and ARM is moving quickly and effectively. As an independent software provider, Enea continues to see considerable potential in ARM and is focusing sharply on supporting ARM architecture.

However, Enea's commitment actually goes further. Enea has been focusing seriously on sector collaborations for some time, and continuously invests in ARM's initiatives Linaro and OPNFV. Enea is playing an active role in these collaborative constellations, and the company is a member of the steering groups that are defining development. Enea also contributes full-time coding resources.

#### OPNFV

OPNFV (Open Platform for Network Function Virtualisation), is a project initiated by Linux Foundation designed to accelerate the development of virtual network functionality, i.e. efficiently decoupling software from the hardware infrastructure. The OPNFV project has delivered the first open source platform that contributes to superior performance, reduced power consumption, greater availability and facilitate maintenance and control of communication networks.



The second version is scheduled for launch in the second quarter of 2016.

Membership of the OPNFV is strategic for Enea because it offers the potential to define the topology of future networks collectively with other market leaders in the communication industry.

All software used on the OPNFV project is open source. This creates a chance for Enea to commercialise a software platform consisting of Enea Linux, software components from the OPNFV project, and a number of other Enea components.

### Managing and orchestrating virtualized network functionality

In the wake of virtualization, there is a need to manage all units, services and applications of a network, which must be controlled, monitored and configured. To achieve this, they need to have been modelled according to standard programming languages (typically YANG) and protocols (such as NETCONF and SNMP).

Another aspect of a well-functioning network or cloud service is that all services and units are orchestrated optimally. In practice, orchestration means that the complex workflows and processes that need to be executed between different network domains are automated efficiently and in a predictable manner, and that any exceptions are managed with minimum operational impact. Orchestration is fundamental to ensuring scalability in demand and that the right service is delivered at the right time to the right place.

Enea has long-term experience of managing everything from standalone devices to large distributed clusters and systems, and has a mature and tried-and-tested solution. In the beginning of 2016, Enea also acquired a complementary solution that creates new potential for network management and components of the orchestration process.



In addition to the required standardisation, Enea's solution includes far-reaching protocol and functionality support, which overall, helps cut costs while maintaining flexibility and scalability.

### The COSNOS network operating system

On the basis of Enea's expertise and current market trends, Enea's express operational focus is on network operating systems, or COSNOS (Carrier-Grade Open Source Networking Operating System). COSNOS basically contains open components from various industry collaborations (OPNFV, ODP, OpenFastPath), but when required, components from Enea's product areas Linux, RTOS and Middleware find a natural place in the system.

Such an operating system for the networks of the future is a necessity for anyone building communication systems. If Enea's

COSNOS offering was largely conceptual in 2015, it reached commercial levels towards the end of the year.

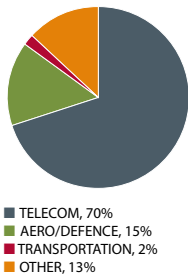
This platform facilitates rapid development, low operating expenses, high availability and optimises performance in network applications. It is platform independent and confers the user with excellent flexibility and porting potential between different hardware architectures.

As an independent Swedish software provider, Enea is a driving force in creating the right conditions for optimising resource utilization and maximising system performance. Enea is in daily contact with all relevant operators, customers and partners and seeks to develop solutions proactively so it can maintain its position as one of the market's most competent and experienced operators.

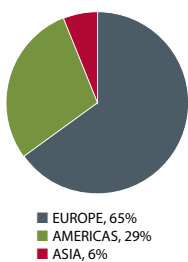


# A global operation with world-class products

REVENUE BY CUSTOMER SEGMENT, %



REVENUE BY REGION, %



## Geographical development

Enea has a total of nine offices in Europe, the Americas and Asia.

### Europe

The European operation includes customers like Ericsson, Nokia and Alcatel-Lucent. Sales are through offices in Sweden, Germany and Romania. Revenue from Europe increased year over year. Romania doubled revenue compared to 2014.

### Americas

The American operation includes major customers such as Motorola, Fujitsu, Boeing, Honeywell and Hospira. Two offices manage software sales and delivery, and services. Total sales in the Americas increased in the year.

### Asia

The Asian operation comprises customers such as Fujitsu and Yamaha. Enea has offices in China and Japan. In Asia, revenue increased compared with last year.

## Customers

Most customers are in the telecom industry. These customers account for 70 percent of sales, while the aero/defence industry represents 15 percent. Customers active in transportation represent 2 percent, and other provides 13 percent of net sales. Two individual customers, Ericsson and Nokia, represent half of Enea's revenue.

## Competitors

Enea's traditional competitors have operating systems as a central component of their offering, and Cavium Networks (formerly MontaVista), Wind River, Mentor Graphics and Timesys remain software providers with similar offerings to Enea. Enea's middleware and framework for network function management competes with Cisco (formerly Tail-f). The wave of open source also brings a new kind of competition, namely customers themselves, who sometimes decide to implement their own proprietary software. Overall, Enea's software platforms and related services create a unique offering that only a limited number of sector operators can compete with.

## SIGNIFICANT DEALS IN 2015

### First quarter

- Enea signed an agreement with a new automotive electronics customer in Japan. The contract covers Enea Linux for a term of one year with an option to renew the contract.
- In the first quarter, Enea signed an agreement with a new customer in China on Enea Element and Enea LINX. The agreement has a three-year term.
- Enea's US software operations signed their first Linux deal. Most of the US operation's contracts were extended in the first quarter.

### Second quarter

- In Europe, Enea renewed a two-year framework agreement with a leading customer in mobile broadband worth SEK 140 million. The agreement covers a major part of Enea's product portfolio and includes development and production rights for OSE and OSEck.
- In the second quarter, Enea signed an agreement relating to OSE and Linux for the development of LTE base stations with an entirely new customer in China, a leading Chinese provider of PMR (Professional Mobile Radio). Enea will be providing Enea OSE, Enea Linux as well as integration and support for the development of a PMR base station with LTE support.

- Enea's US service operations signed a new agreement relating to development services. The customer is a global leader in the aerospace/defence industry.

### Third quarter

- In Romania, Enea signed a three-year consulting contract worth SEK 28.5 million with a leading telecom provider. The customer is a global telecom operator that selected Enea as a result of the company's ability to deliver the best service offering for automated and manual testing solutions.
- In the quarter, Enea signed a four-year contract worth SEK 6 million with a Russian development company. During the contract term, Enea will be delivering Enea OSE RTOS for a spacecraft in a European space exploration program.

### Fourth quarter

- In Americas, Enea renewed a three-year OSE contract worth SEK 12.6 million. The renewed contract also includes OSENet. Enea signed a five-year agreement with a communications company on open source worth SEK 10 million.
- Enea also signed a strategically significant agreement in Americas that is set to enable Enea's long-term vision.



## PRODUCT AND SERVICE OFFERING

OSE and Linux operating systems are the core of Enea's product offering. Enea also provides a range of complementary products that are usually combined into a custom solution and backed by services.

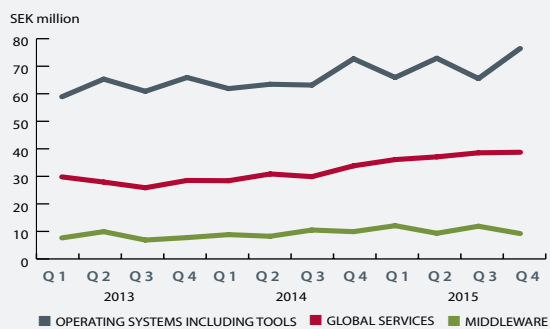
- Enea OSE—a real-time operating system for embedded systems. The operating system is the software that is closest to the hardware and is the link between hardware and software.
- Enea OSEck—a real-time operating system optimised specifically for digital signal processors, the hardware component that deal with communication.
- Enea Linux—an open-source operating system. Enea Linux is a distribution designed specifically for telecom purposes, based on Yocto packages. Enea offers expertise and technology that is specifically focused on next-generation communications solutions.
- Enea Netbricks—a communications protocol for telecom.
- Enea Optima—a development environment for developing software that runs on Enea's operating systems.
- Enea Polyhedra—a database developed specifically for embedded systems.
- Enea Element—middleware, meaning software that interconnects operating systems with applications. Middleware runs in the background, and has functions including ensuring that a system is reliable, predictable and scalable.
- Enea Element Center—is a model-driven development platform that provides a number of management functions for configuration, monitoring and control of physical and virtual network functionality through a customisable web-based user interface.

- Enea LINX—software to handle the communication between various kernels on the hardware chip. These kernels can also run different operating systems.
- Services—Enea has capacity for complex projects of various size and geographical distribution, including design and development, project management, training and quality assurance.

## PRODUCT REVENUES IN 2015

Operating systems including tools make up a product group with the largest share of Enea's sales: 59 percent of revenue. Sales in the year increased compared to last year. Middleware represented 8 percent of Enea's total sales, compared to last year. Global service sales increased in the year, making up 31 percent of sales. Other sales represented 2 percent.

REVENUE BY PRODUCT GROUP



# World-class employees

Enea has some 400 employees based in seven countries. Just over half of group staff are stationed in Romania. In order of headcount, this is followed by Sweden and the US. Enea's smallest offices are in China, Japan, Germany and the UK. The absolute majority of employees are graduates, most of them engineers. 26 percent of group staff are women.

## Diversity

We encourage progress towards greater diversity. Employees that dare to think in new and different ways have made the company what it is today. Differing backgrounds and experience are something positive that we wish to promote. Enea's equal opportunities policy prohibits discrimination against employees in terms of employment or duties based on gender, religion, age, disability, sexual orientation, nationality, political opinion, or social and ethnic origin.

## Participation

Each unit of Enea is responsible for continuously communicating information to employees about its activities as well as other activities within the group. Global information meetings are held via web conferencing, and local meetings are held at each office. Enea's management aims to hold monthly informative meetings, where one of the most important items on the agenda is questions and feedback to management. Enea's intranet is a tool that most employees use daily. In addition to information and news, the intranet contains interviews and articles that aim to raise awareness and promote an inclusive workplace culture. One of the aims of the intranet is to generate

different divisions that publish proprietary information and create an information flow that appeals to all employees.

## Ethics and responsibility

Enea's Code of Conduct summarises the group's ethical guidelines. The Code of Conduct includes guidelines for compliance with laws and ordinances, rights of the individual and rules for anti-corruption and ethical business practice. The aim of the Code of Conduct is to emphasise the fundamental principles by which Enea operates and manages relationships with its employees, business partners and other stakeholders. Enea supports the UN's Global Compact initiative.

## Corporate social responsibility

Enea contributes directly and indirectly to the communities where it operates. Millions of people use Enea's products in communication. Increased communication alleviates the need for unnecessary travel, and provides greater security. Enea also seeks to improve conditions by contributing to various community projects, especially in Romania, where the company has its largest office.

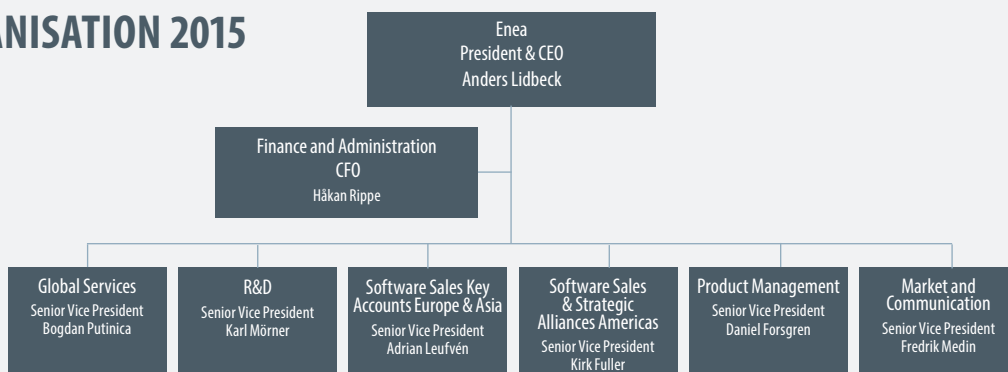
Enea's responsibility to stakeholders is to generate profitable growth. The long-term

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 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.

## Environment

Our business concept is about delivering the software platforms and expert services that are necessary in network solutions in today's and tomorrow's connected society. Many of Enea's customers develop products that reduce the environmental impact. Telecom provides a number of examples where applications improve communication and reduce the need for physical meetings. Enea also helps customers to build products that consume less power and utilise resources more efficiently.

## ORGANISATION 2015





Creating innovative solutions that promote sustainable development is a key component of Enea's future product plans. Although Enea does not conduct activities that are subject to permit or notification requirements under the Swedish Environmental Code, environmental practice is an integral part of our daily business. Our Environmental Policy stipulates that we will:

- comply with all applicable environmental legislation and other environmental standards that apply in markets in which 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,
- endeavour to continuously review our working practices and find alternatives to reduce our environmental impact.

**Efficient distribution**

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

**Minimising travel**

Enea is a global corporation active in several countries worldwide. To minimise 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.

Sustainable development means looking at our operation from a global perspective and rethinking ingrained beliefs and practices. It means taking care of employees and releasing their appetite for innovation, to create products and services that promote sustainable development, and to identify better everyday solutions.

**VALUES**

**We view values as a basic platform for our everyday actions. Our values unite us, creating a sense of commitment and community. At Enea, we want our values to be visible in everything we do.**

**We focus on our customer success**

To be successful, our decisions must lead to the success of our customers. We focus our resources on leading customers to deliver world class solutions.

**We provide trusted leadership**

We strive to be global leaders in everything we do. Leadership is about taking full responsibility and delivering on your promises.

**We innovate for business reasons**

Creativity is adding value when it solves real customer challenges and creates new business opportunities.

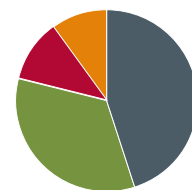
**We are team players**

A team player puts company objectives first. A strong team player delivers his/her share and always strive to contribute to the overall result.

**We bring passion and fun**

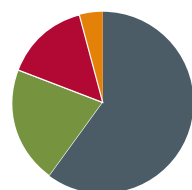
No great achievements have been accomplished without passion. The best way to achieve passion is to have fun.

**EMPLOYEES BY FUNCTION, %**

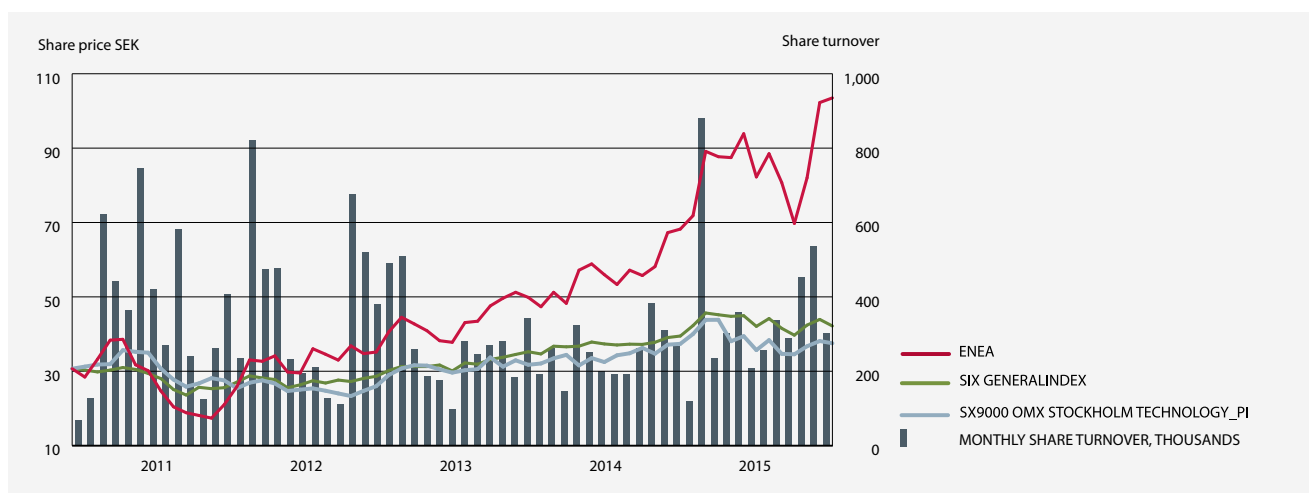


- GLOBAL SERVICES, 45%
- PRODUCT DEVELOPMENT, 34%
- SALES AND MARKETING, 11%
- FINANCE AND ADMINISTRATION 10%

**EMPLOYEES BY COUNTRY, %**



- ROMANIA, 60%
- SWEDEN, 21%
- US, 15%
- OTHER, 4%



# Shareholder information

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

## Share price 2015

The share price fluctuated between a low of SEK 69.00 on 24 August and a high of SEK 105.50 on 7 December. The closing price at year-end was SEK 103.50. Enea's share price rose by 47 percent in the year, which can be set against the broad SIX Generalindex, which increased by 6.83 percent and the IT index, which increased by 72.2 percent.

## Trading volume

A total of over 4,000,000 shares turned over with a total value of SEK 166,236,729 in the year. An average of 11,536 shares were traded per trading day in the year.

## Ownership structure

The company had 7,906 shareholders as of 31 December 2015. The ten largest shareholders' holdings were 64.2 (64.3) percent of the equity and votes. The ten largest shareholders mainly consist of SIX SIS AGA and Försäkringsbolaget Avanza Pension. Foreign ownership amounts to 43.0 (44.2) percent. Source: Euroclear

## Number of shares

The number of shares was 16,462,577 as of 31 December 2015. Each share has a nominal value of SEK 1.11. Shareholders are entitled to the share transfers approved by the AGM. 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 shareholders' meetings due to stipulations in the Articles of Association.

## Long-term dividend policy

Enea's long-term dividend policy implies at least 30 percent of profits before non-recurring items and after standard rate tax should be paid as dividends to shareholders.

## 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 is a significant portion of operating activities, the retention of a secure financial position is important. Accordingly, at each occasion, the Board of Directors will consider the company's long-term funding requirements.

## Proposed dividend

According to the company's dividend policy, at least 30 percent of profit after tax should be transferred to shareholders. Considering Enea's strong financial position, the Board of Directors is proposing that the AGM resolves to transfer a dividend corresponding to SEK 4.20 (3.60) per share to shareholders. This corresponds to a transfer of SEK 69.1 (60.3) million. The Board proposes that the transfer to shareholders is executed through an automatic redemption procedure.

## Authorization

The AGM 2015 resolved to authorise 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 shares of 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 authorisation may be utilised on one or more occasions

and by no later than the AGM 2016. 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 Programmes.

As of 31 December 2015, Enea AB held 544,911 Treasury shares, or 3.3 percent of all shares. In 2015, Enea AB repurchased 479,352 treasury shares for a value of SEK 42.3 million.

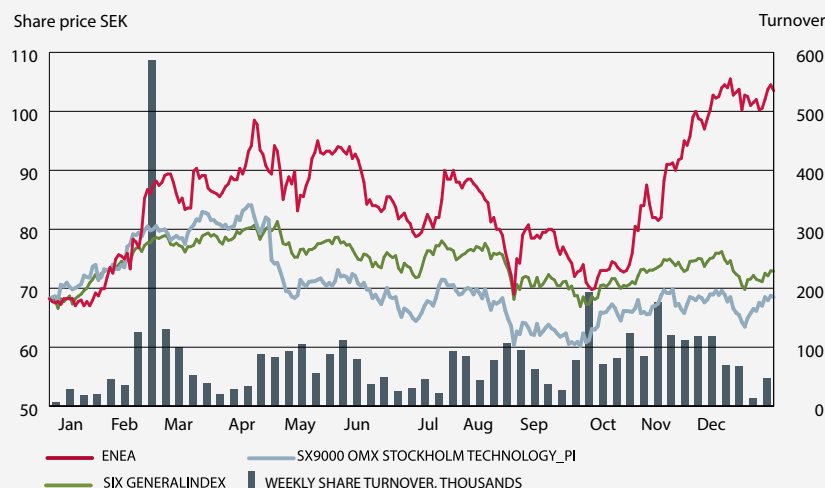
The AGM 2015 authorised the Board of Directors to decide on the new issue of shares on one or more occasions in the period until the AGM 2016, waiving shareholders' preferential rights, and including stipulations on issue in kind or other terms stated in chap. 13 § 5. 1 point 6 of the Swedish Companies Act, and that the Board may otherwise determine the terms and conditions of the share issue. However, the issue price shall be set on market terms, and may involve a maximum of 10 percent of the number of outstanding shares. This authorization was not utilised in 2015.

## Investor relations

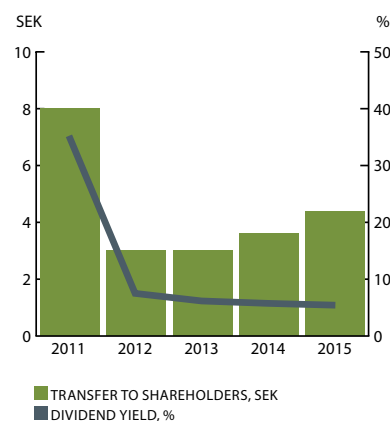
Enea's IR work features open, relevant and accurate information to shareholders, investors and analysts to increase knowledge of the group's operations and share. Enea provides information in the form of Interim Reports, Annual Reports, relevant press releases and provides in-depth information on the company via its IR pages on the Internet. Shareholders and other stakeholders can subscribe to press releases and financial reports via e-mail.



## THE SHARE 2015



## TRANSFER TO SHAREHOLDERS PER SHARE, DIVIDEND YIELD

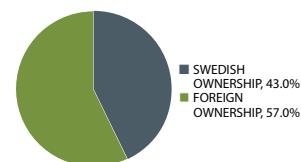


## DIVISION BY SIZE

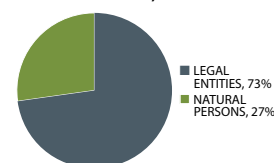
31 DECEMBER 2015

Holding	No. of shareholders	No. of shares	% of votes and capital
1 – 500	6,618	802,900	4.88
501 – 1,000	592	480,676	2.92
1,001 – 5,000	542	1,196,149	7.27
5,001 – 10,000	65	476,733	2.90
10,001 – 15,000	26	319,574	1.94
15,001 – 20,000	16	284,711	1.73
20,001 –	47	12,901,834	78.37
<b>Total</b>	<b>7,906</b>	<b>16,462,577</b>	<b>100.00</b>

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



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



## TEN LARGEST SHAREHOLDERS, BY OWNERSHIP GROUP

31 DECEMBER 2015

Shareholder	No. of shares	% of votes and capital
SIX SIS AG, W8IMY	4,207,811	25.6
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,380,741	14.5
DnB Nor	1,170,736	7.1
Per Lindberg	921,185	5.6
BANQUE CARNEGIE LUXEMBOURG S.A, (FUNDS)	553,535	3.4
Swedbank Robur fonder	450,000	2.7
CACEIS BANK LUXEMBOURG, CAIS BANK, W8IMY	219,611	1.3
SKANDIA, FÖRSÄKRINGS	204,371	1.2
HOLMEN SPESIALFOND	170,000	1.0
SCANDIA NORDEN	167,366	1.0
<b>Total, ten largest shareholders</b>	<b>10,445,356</b>	<b>63.4</b>
Enea AB (PUBL)	544,911	3.3
Other shareholders	5,472,310	33.3
	<b>16,462,577</b>	<b>100.0</b>

## OWNERSHIP BY GEOGRAPHICAL REGION

Region	Shareholders, %	% of votes and capital
Domiciled in Sweden	96.70	56.97
Rest of Nordics	0.80	8.50
Rest of Europe (excl. Sweden and Nordics)	1.66	33.17
US	0.56	1.31
Rest of world	0.29	0.05
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

SHARE-RELATED KEY FIGURES<sup>1)</sup>

SEK	2015	2014	2013	2012	2011
Net asset value per share	25.06	24.81	22.65	22.14	24.31
Earnings per share	5.49	4.58	3.83	6.85	-0.37
Earnings per share after full dilution	5.49	4.58	3.83	6.85	-0.37
Cash flow from operating activities per share	6.53	7.19	4.65	4.83	4.51
Dividend per share <sup>2)</sup>	4.20	3.60	3.00	3.00	8.00

<sup>1)</sup> Including businesses sold in 2011<sup>2)</sup> The Board's proposal to the Annual General Meeting 2016

# 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 annual report for the financial year 1 January–31 December 2015, for the Parent Company and the Group.

Enea is a global vendor of software platforms and expert services and our vision is to help our customers develop amazing network functionality for the connected society. We are determined to be a key player in the ecosystem for open source and develop optimal software solutions alongside leading partners. Every day, three billion people rely on Enea's technologies in a number of applications in several verticals—ranging from the telecom and automotive industries to med tech and aerospace. Enea is a world leader in producing software platforms for communication-driven products subject to extreme availability and performance standards. Enea's expertise in operating systems, open source and middleware helps companies shorten development lifecycles and reduce expenses, simultaneous with increasing reliability.

## Revenue

In 2015, Enea's revenue increased by 12 (5) percent to SEK 481.5 (429.3) million. Currency adjusted, revenue increased by 5 percent for the full year. Sales of term-based development licenses including support and maintenance increased compared with last

year, and revenues from perpetual licenses also increased. Production licenses, which are largely dependent on customer sales volumes, increased somewhat year over year. Service sales increased compared to 2014 and produced the greatest revenue increase in 2015.

From the first quarter 2015 onwards, revenue is divided by business unit in order to clarify Enea's revenue distribution. As previously reported, Enea has been working for some time towards increasing the proportion of repeat revenue in these software operations. As a result, non-term based (perpetual) development licenses have reduced and now comprise an insignificant share of sales and in future will be reported alongside term-based development licenses including support and maintenance in the new category Development licenses including support and maintenance.

## Profit/loss

Enea's operating profit was SEK 110.0 (93.8) million, corresponding to an operating margin of 22.9 (21.9) percent. The currency effects on the Group's profit is marginal. Gross margin for the full year was 69.6 (71.8) percent.

Financial net for the full year was SEK 2.5 (1.5) million. Profit after tax was SEK 88.0 (74.5) million for the full year. Earnings per share increased to SEK 5.49 (4.58) for the full year. Without adjusting for holdings of treasury shares, earnings per share were SEK 5.34 for the full year.

## Cash flow and financial position

Cash flow from operating activities was SEK 104.6 (116.2) million for the full year. Total cash flow was SEK -48.3 (13.1) million. Shares worth SEK 2.2 million were repurchased in the year. On 9 June 2015, SEK 3.60 (3.00) was disbursed through an automatic redemption program corresponding to a transfer amounting to SEK 57.8 (49.1) million to shareholders.

Cash and cash equivalents and financial investments were SEK 203.5 (215.3) million at year-end. Additionally, the Group has an unused credit line of SEK 15 million. Enea still has a strong financial position, with an equity ratio of 74.1 (79.4) percent.

## SIGNIFICANT EVENTS IN 2015

- Annual Statement for 2014 published.
- Enea presented a software platform for AMD's ARMv8-based 64-bit R-Series processor, consisting of operating system Enea Linux and middleware Enea Element.

FEBRUARY

- Interim Report for Q1 2015 published.
- In Europe, Enea renewed a two-year framework agreement with a leading customer in mobile broadband worth SEK 140 million. The agreement covers a major part of Enea's product portfolio and includes development and production rights for OSE and OSEck.

APRIL

- The world's first ARM-based reference platform for OPNFV was demonstrated at NFV World Congress. At the congress, Enea and ARM presented an ARM-based reference implementation of the platform developed within the framework of the OPNFV project.

MAY

- Enea's strategic focus is to be a leading provider of commercial software for the next generation network nodes and functions, termed COSNOS. OPNFV is a given component in these solutions, especially as Enea prioritises industrial collaborations aimed at increased harmonisation of network standards.

MAY

- Enea's Annual General Meeting was held on Thursday 7 May in Kista, Sweden.
- Enea's US service operations signed a new agreement relating to development services. The customer is a global leader in the aerospace/defence industry.

MAY

### Investments, depreciation and amortization

The Group's investments for the full year were SEK 15.5 (15.0) million. The depreciation of investments was SEK 18.7 (18.6) million. SEK 12.8 (12.3) million of product development expenses were capitalised in the year. The amortisation of capitalised product development expenses was SEK 14.7 (14.5) million in the year.

### Parent company

The parent company's operating activities are primarily focused on group-wide administration of management, accounting and finance, administration and IT.

Parent company net sales in the year were SEK 52.9 (51.6) million, and profit before appropriations and tax was SEK 132.5 (2.2) million. The financial net of the parent company was SEK 132.5 (2.2) million, and cash and cash equivalents and financial investments were SEK 168.8 (184.1) million at year-end. Parent company investments were SEK 0.2 (1.4) million. There were 12 (13) employees of the parent company at year-end. The parent company does not conduct any operations, and primarily, its risks relate to the operations of subsidiaries.

### Events after the end of the reporting period

#### Enea acquires Centered Logic

On 8 January 2016, Enea announced that it had acquired the assets of Centered Logic, a US company active in network management and orchestration. Enea acquired the assets and liabilities of Centered Logic, and revenue from the acquired company's maintenance and service agreements will be transferred to Enea from 1 January 2016. The purchase consideration consists of an upfront payment of some USD 1.3 million and an earn-out component capped at approximately USD

2.2 million. The preliminary acquisition analysis concludes that goodwill and intangible assets amount to some USD 3.5 million based on the maximum outcome for the variable purchase consideration.

The acquisition of the assets and liabilities of Centered Logic is expected to make a marginal contribution to Enea's net sales and earnings per share in 2016. For more information, see Note 25 on page 55 .

### Transfer to shareholders

The Board of Directors is proposing a transfer to shareholders in the form of an automatic redemption program combined with a 2:1 share split to the Annual General Meeting. This program involves each share being divided into one ordinary share and one redemption share. There will be no transfer of shares the company has re-purchased. The proposal is for redemption of the redemption shares for SEK 4.20 per share, corresponding to a maximum transfer of SEK 69,142,823 including treasury shares as of 10 March 2016 to the company's shareholders. Excluding treasury shares, the redemption amount is SEK 66,854,197 as of 10 March, 2016. After implementation of the proposed appropriation of profits and redemption programme, non-restricted and total equity of parent company Enea AB will be SEK 172,023,000 and SEK 190,379,000 respectively.

The Board of Directors' statement regarding the proposed redemption programme, pursuant to chap. 18 § 4 of the Swedish Companies Act. The proposed dividend to shareholders reduces the parent company's equity ratio from 70.4 percent to 63.8 percent, and the group's equity ratio from 74.1 percent to 70.4 percent. Against the background of the company's and the group's operating activities continuing to be conducted profitably, the equity ratio and liquidity are satisfactory.

The Board of Directors' opinion is that the proposed value transfer does not prevent the company, or other member companies of the group, from fulfilling their obligations in the short and long term, nor from completing the necessary investments. Accordingly, the proposed value transfer can be considered justifiable in terms of what is stated in chap. 17 § 3. 2-3 of the Swedish Companies Act. The Board of Directors proposes that the Annual General Meeting authorises the Board to set a record date for the share split and redemption procedure, and the period for trading in redemption shares.

Regarding the company's results of operation and financial position otherwise, the reader is referred to the following Income Statements and Balance Sheets, as well as Cash Flow Statements and associated Notes. These financial statements were approved for issue by the parent company's Board of Directors on 30 March 2016.

### Proposed appropriation of profits

The following funds are at the disposal of the parent company, SEK: 2015

Share premium reserve	3,353,949
Retained earnings	104,699,875
Profit (loss) for the year	130,823,306
Total	238,877,130

The Board of Directors proposes that these funds are appropriated so that SEK 238,877,130 is carried forward.

#### AMD

Advanced Micro Devices, Inc. is a US-based company that manufactures computer processors and associated technology for the business and consumer markets.

#### ARM

ARM Holdings develops computing architecture and licenses it to other companies.



### Risks and risk management

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.

Operational risk	Comments	Exposure
<b>Customer structure</b> Enea is dependent on a few major customers such as Ericsson and Nokia, all of which are significant suppliers of telecom equipment.	Enea is dependent on its major customers' long-term plans for investment and product development, since the development of new generations of products can involve major decisions that affect how Enea's products and services are used.	Total revenue from Ericsson and Nokia are half of the company's revenue. The risk of rapid negative fluctuations is limited due to long-term agreements and difficulties for customers to change the degree to which they use Enea's products and services at short notice.
<b>Contract structure</b> A high proportion of software revenue is of repetitive nature and derived from long-term royalty and maintenance agreements. Revenue from services is not normally repeatable.	Enea cannot influence the progress of its future royalty streams. Enea's royalty streams are largely dependent on customer production volumes. However, expenses related to simultaneous revenue streams are limited.	Repeat revenue streams represent the majority of annual software revenue.
<b>Competence supply</b> Enea's success is very closely linked to the company's ability to employ, stimulate, motivate and retain highly-qualified personnel.	Competition for highly-qualified personnel in the IT industry is intense. However, Enea's combination of products and services represents a competitive advantage, as the company is able to offer more career opportunities. The launch of Enea's Linux product also increases the company's technical range, a factor that could be significant for recruiting and retaining engineers.	Enea's staff turnover is considered comparable to the industry average.
<b>Product liability, intellectual property rights and legal disputes</b> Enea's products are critical components of its customers' products, and faulty products could compromise customer relationships and generate claims for damages. Enea's intellectual property is at risk of infringements. There is also a risk that Enea's products infringe on external parties' intellectual property.	Enea is insured against product liability and judges that the company's insurance cover adequately limits its direct risk exposure. Enea is also covered by insurance in the event that its products infringe on external parties' patents or copyright. Enea continuously obtains legal advice in order to protect its intellectual property rights and reduce the risk of infringement of its intellectual property rights.	With regard to litigation, court proceedings or arbitration, Enea AB or its subsidiaries are currently involved in a small number of minor disputes and one bigger dispute. None of these disputes are expected to have any material adverse effect on the company's financial position. Enea continuously reviews the application of its contract terms with its customers and suppliers. Disagreements relating to how contracts are to be interpreted could lead to disputes.

Market-related risks	Comments	Exposure																
<b>Macroeconomic trends</b> Enea is dependent on the growth and financial progress of its largest customers. Most revenue is derived from customers in the telecom industry, which means that economic risks are linked to the business cycle in general, but also to specific progress in the telecom industry.	A generally slower business cycle mainly impacts customers' current investment appetite, followed by declining purchases of Enea's products and services. An economic downturn may also impact customer product sales, which, in turn, affects Enea's royalty streams. Structural changes that impact the application of embedded systems in various contexts are more significant than cyclical fluctuations.	<table border="1"> <caption>Revenue Distribution by Industry</caption> <thead> <tr> <th>Industry</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>TELECOM</td> <td>70%</td> </tr> <tr> <td>AERO/DEFENCE</td> <td>15%</td> </tr> <tr> <td>TRANSPORTATION</td> <td>2%</td> </tr> <tr> <td>OTHER</td> <td>13%</td> </tr> </tbody> </table>	Industry	Percentage	TELECOM	70%	AERO/DEFENCE	15%	TRANSPORTATION	2%	OTHER	13%						
Industry	Percentage																	
TELECOM	70%																	
AERO/DEFENCE	15%																	
TRANSPORTATION	2%																	
OTHER	13%																	
<b>Products and technology</b> Enea's competitiveness and market position are largely dependent on the company's ability to produce innovative products, often in close collaboration with customers and hardware suppliers.	Close collaboration with the company's largest customers on product development is critical. The growth in software based on open source entails a risk that customers choose solutions that generate less revenue for Enea, rather than the company's copyrighted products. Enea collaborates with a number of hardware vendors in order to adapt its product plans to future hardware solutions, and to pre-integrate its products in hardware vendors' solutions.	<b>PRODUCT DEVELOPMENT COSTS</b> <table border="1"> <caption>Product Development Costs (TSEK)</caption> <thead> <tr> <th>Year</th> <th>Capitalized Product Development Expenditure (TSEK)</th> <th>Research and Development Costs (TSEK)</th> <th>Research and Development Costs (% of Revenue)</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>~100</td> <td>~90</td> <td>~35%</td> </tr> <tr> <td>2014</td> <td>~100</td> <td>~85</td> <td>~30%</td> </tr> <tr> <td>2015</td> <td>~100</td> <td>~80</td> <td>~25%</td> </tr> </tbody> </table>	Year	Capitalized Product Development Expenditure (TSEK)	Research and Development Costs (TSEK)	Research and Development Costs (% of Revenue)	2013	~100	~90	~35%	2014	~100	~85	~30%	2015	~100	~80	~25%
Year	Capitalized Product Development Expenditure (TSEK)	Research and Development Costs (TSEK)	Research and Development Costs (% of Revenue)															
2013	~100	~90	~35%															
2014	~100	~85	~30%															
2015	~100	~80	~25%															
<b>Competitors</b> The embedded software market is fragmented with a handful of players of Enea's size or larger. Like Enea, all competitors are active globally, while niche companies may be competitors in specific areas.	Enea has a strong position in the telecom industry and has positioned itself as a market leader in the sector. Customers' proprietary software solutions represent one aspect of the competition. However, these are in decline as hardware environments and end products become increasingly complex. Enea's open source products are also subject to competition from non-commercial developers.	Enea is a global leader in real-time operating systems.																

Financial risks	Comments	Exposure								
<p><b>Market risk</b> <b>Currency risk</b> Currency risk means the risk that the value of a financial instrument fluctuates due to changes in exchange rates.</p>	<p>Enea operates in an international environment and conducts most of its sales in SEK, EUR and USD. Currency exposure is largely minimised by conducting business activities in subsidiaries with revenue and expenses denominated in local currency. A group account structure that uses multiple currencies minimises exchange rate fluctuations and increases flexibility regarding the timing of foreign exchange transaction. Major expected foreign currency deposits and payments are hedged through currency forwards, in line with Enea's financial policy.</p> <p>Foreign subsidiaries are translated into SEK using the current rate method, which means that the Statement of Comprehensive Income is translated at the average exchange rate for the period, while the Balance Sheet is translated at the closing-day rate. Translation exposure is not hedged.</p>	<p>In 2015, a total of EUR 18 (8) million was hedged. At the end of 2015, the value of six derivatives outstanding totalled EUR 11 million, at a rate of 9.3 at year-end 2015.</p> <p>Average appreciation/depreciation of the SEK of 5 percent against the EUR would have implied a decrease/increase of SEK 5 million in revenue in 2015, all things being equal. The corresponding effect on revenue against the USD would total SEK 8 million.</p>								
<p><b>Price risk</b> Price risk relates to value changes arising from investments in financial instruments held by the group and that are classified as financial instruments held for sale (Note 12)</p>	<p>Investments of surplus liquidity are regulated by Enea's Finance Policy. Investments may only be made in Certificates of Deposit or bonds with a minimum rating of BB according to Standard &amp; Poor, or equivalent shadow rating by SHB, Nordea, SEB or DnB NOR.</p>	<p>Enea's price risk is limited as financial instruments consist of corporate bonds with a high credit rating. Enea has no equity holdings.</p>								
<p><b>Liquidity risk</b> Liquidity risk is the risk that Enea is unable to obtain financing, or only access financing at a significantly increased cost.</p>	<p>Enea's cash pool, with cash and cash equivalents mainly in its Swedish companies and financial investments, is managed by the parent company. The group's liquidity is reported and monitored weekly on an ongoing basis. Surplus liquidity is invested in interest-bearing assets with a term of less than one year, and a specified proportion for a period up to a maximum of two years with reputable financial institutions. It is possible to terminate investments during the term. The risk associated with the investments is limited in accordance with the group's Finance Policy which has been authorised by Enea's Board of Directors</p>	<p>Enea's liquidity risk is limited. Cash and cash equivalents and financial investments totalled SEK 203.5 (215.3) million as of 31 December. The group has no interest-bearing liabilities.</p>								
<p><b>Asset management</b> <b>Risk management</b> The objective of the group's asset management is to ensure a stable financial position that secures the group's ability to continue operating and generate returns for its shareholders, benefit other stakeholders and inspire confidence in the company's frequently close and long-term customer relationships.</p> <p><b>Dividends</b></p>	<p>To maintain or adjust its capital structure, the group may pay dividends, or repay capital to shareholders, or issue new shares, or sell assets to reduce liabilities.</p>	<p>At the end of the year, the group had no external financing.</p> <p>Transfer to shareholders (by automatic redemption) amounted to SEK 3.60 per share in 2015.</p>								
<p><b>Interest rate risk</b> Interest rate risk means the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.</p>	<p>The group has credit facilities totalling SEK 15 million, of which SEK 15 million was unutilised as of 31 December 2015.</p> <p>Interest rate risk in the group's cash and cash equivalents is primarily due to progress on the Swedish bond market.</p>	<p>Since the group has no interest-bearing liabilities, Enea's interest rate risk is low.</p> <p>An increase/decrease of 1 percent in interest rates on cash and cash equivalents and invested surplus liquidity would generate an increase/decrease of some SEK 2 million in the financial net.</p>								
<p><b>Credit risk</b> Credit risk refers to the risk that the counterparty in a transaction involving a financial instrument is unable to meet its obligations. The primary credit risk is that Enea fails to receive payment for its accounts receivable.</p>	<p>The group's customers are predominantly large, well-established companies with high solvency ratios, spread across several geographical markets. To limit risks, the company's credit policy contains guidelines and regulations for assessing the credit risk of new customers, payment terms and procedures and processes for handling outstanding claims.</p>	<p>Provisions of SEK 0.3 (4.5) million were made for doubtful debt in 2015. Change in doubtful debt in 2015:</p> <table border="1"> <tbody> <tr> <td>Opening balance 1 January, 2015</td> <td>4.5</td> </tr> <tr> <td>Repayment of doubtful debt</td> <td>-4.5</td> </tr> <tr> <td>Provision for doubtful debt 2015</td> <td>0.3</td> </tr> <tr> <td>Closing balance 31 December, 2015</td> <td>0.3</td> </tr> </tbody> </table>	Opening balance 1 January, 2015	4.5	Repayment of doubtful debt	-4.5	Provision for doubtful debt 2015	0.3	Closing balance 31 December, 2015	0.3
Opening balance 1 January, 2015	4.5									
Repayment of doubtful debt	-4.5									
Provision for doubtful debt 2015	0.3									
Closing balance 31 December, 2015	0.3									

# Corporate Governance Report 2015

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 organisations, 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.

## Swedish Code of Corporate Governance

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

## Shareholders

Enea's ordinary shares are listed on Nasdaq Stockholm's Small Cap list. According to the share register maintained by Euroclear Sweden, Enea had 16,462,577 shares as of 31 December 2015. On the same date, Enea AB's share capital amounted to SEK 18,355,714, divided between 16,462,577 ordinary shares, each carrying the same voting rights and participation in the company's earnings and capital. Enea owns 544,911 treasury shares, corresponding to 3.3 percent of total shares. On 31 December 2015, the largest shareholders were SIX SIS AG, with 25.6 percent and Försäkringsbolaget Avanza Pension, with 14.5 percent of the shares.

## Sustainability governance

Enea's sustainability governance is based on the company's Code of Conduct and ethical guidelines. Enea supports the UN's Global Compact initiative. Sustainability issues are a part of Enea's daily operations and permeate the company. Enea's vision demonstrates the company's focus on achieving a sustainable society. For more information see page 12.

The responsibility for overall goals, strategy and follow-up lies with Enea's CEO and group management. In order to ensure Enea's sustainability work, the Board of Directors follows up sustainability matters at quarterly Board meetings.

## Annual General Meeting

The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's highest decision-making body. All shareholders are entitled to participate in the

Annual General Meeting, either in person or through a representative given 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 7 May 2015 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.

## The Annual General Meeting 2015 adopted the following resolutions

- 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,
- introducing an automatic redemption programme involving a share split, the redemption of shares and a bonus issue. The redemption programme involved a transfer of SEK 3.60 per share to shareholders,
- a reduction in share capital and a bonus issue,
- a reduction of the statutory reserve,
- Board authorisation to pass resolutions on acquisitions and transfers of treasury shares corresponding to a maximum of 10 percent of the company's shares,
- Board authorisation to reach resolutions on new share issues relating to share or business acquisitions corresponding to a maximum increase of 10 percent of share capital,

- re-election of Board members, Mats Lindoff, Anders Skarin, Kjell Duveblad, Torbjörn Nilsson and Robert Andersson. Åsa Sundberg was elected as Board member. Anders Skarin was elected Chairman of the Board.

The complete minutes from the Annual General Meeting, together with the Meeting's supporting decision-making data, can be found on the company's website ([www.enea.se](http://www.enea.se)), under Investor Relations/corporate governance.

## 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 assigned the task of 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 shall be given the opportunity to appoint a representative. The names of the Nomination Committee's representatives shall be 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 2015 to request that they appoint one member each to the Nomination Committee. Three of these appointed a representative, and one declined. If any significant changes take place to the

ownership structure following 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 prepare 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.

Prior to the 2016 Annual General Meeting, the Nomination Committee consists of Per Lindberg, Sverre Bergland (DnB Nor), Annika Andersson (Swedbank Robur Fonder) as well as Anders Skarin (Chairman of the Board of Enea AB). The Nomination Committee appointed Per Lindberg as its Chairman.

The Nomination Committee's full proposal to the AGM 2016, including its motivations, is published in the notice convening the AGM 2016, which is available at [www.enea.se](http://www.enea.se).

### The 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 of Directors is composed to take into consideration competences, experience and resources of existing Board members as well as their knowledge of and long-term participation in the sectors where the

company is active. This means that Board members shall not be elected on the basis of gender, ethnicity or religious convictions, although there is a desire to achieve more balanced gender distribution in accordance with the Code.

In 2015, Enea's Board of Directors had seven members elected by the AGM. The CEO and CFO participate at every Board meeting and reports on the company's business situation, future 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.

Ahead of the AGM 2015, Åsa Landén Ericsson, Board member since 2003, declined re-election. Åsa Sundberg was elected as a new Board member in accordance with the Nomination Committee's proposal. Åsa Sundberg has more than 30 years' experience in the telecom and IT industries from operators such as Telia, Provider Venture Partners and Teracom Boxer, which means that Åsa contributes valuable expertise to the Board of Directors.

### Board of Directors' independence

According to the Swedish Code of Corporate Governance, a majority of Board members elected by the AGM shall be independent of the company and management. A minimum of two of these shall 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 pages 22–23.

### Board work

The Board of Directors' Rules of Procedure are determined annually at the Board meeting following election immediately in conjunction with the AGM and is amended when required. In addition to the aforementioned tasks, the Rules of Procedure also includes the Board's responsibilities, distribution of work, 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 shall hold a minimum of five meetings annually. Ahead of 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 tasks 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 2015, the Board of Directors addressed matters such as 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 2016,

## ATTENDANCE AT BOARD MEETINGS

Board member	1	2	3	4 <sup>1</sup>	5	6	7	8	9
Anders Skarin (Chairman)	X	X	X	X	X	X	X	X	X
Robert Andersson	X	X	X	X	X	X	X	X	X
Kjell Duveblad	X	X	X	X	X	X	X	X	X
Åsa Sundberg <sup>2</sup>	–	–	–	–	X	–	X	X	X
Mats Lindoff	X	X	X	X	X	X	X	X	X
Torbjörn Nilsson	X	X	X	X	X	X	X	X	X
Eva Swedberg	X	X	X	–	X	X	X	X	X

1) Meeting no. 4 was the first meeting following election

2) Elected in May.

as well as a repurchase of treasury shares. The work of the Board of Directors was appraised at year-end. In 2015, the Board of Directors held eight meetings, as well as one meeting following election. In addition to regular Board work, some Board members are also members of the company's Audit Committee and Remuneration Committee. Attendance statistics for Board meetings in 2015 are shown in the following table.

The Board received remuneration of SEK 1,600,000, to be divided as follows: SEK 420,000 to the Chairman of the Board and SEK 200,000 each to other Board members appointed by the Annual General Meeting, as well as SEK 180,000 to be divided among Board members according to their efforts and participation in committee work. Details of Board members' remuneration are stated in Note 4.

### Audit Committee

The Audit Committee consisted of Åsa Landén Ericsson (Chairman), Torbjörn Nilsson and Robert Andersson. Åsa Landén Ericsson

resigned as Board Member in Enea after the AGM 2015 and Kjell Duveblad replaced Åsa Landén Ericsson as Chairman of the Audit Committee from May 2015. Åsa Sundberg replaced Robert Andersson in the Audit Committee after the AGM 2015 and was a member of the Remuneration Committee from the same date.

Enea's CFO 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 2015, the Audit Committee held four meetings, all in connection with the quarterly financial statements. Board members' attendance statistics at Audit Committee meetings in 2015 are indicated below. 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 reviews.

The group's Auditor reports his 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.




## THE BOARD OF DIRECTORS 2015



Name	Anders Skarin	Robert W. Andersson	Kjell Duveblad	Åsa Sundberg	Mats Lindoff	Torbjörn Nilsson	Eva Swedberg
Born	1948	1960	1954	1959	1961	1953	1968
Appointed	2005	2012	2008	2015	2010	2012	2012
Board position	Chairman since September 2011	Board member	Board member	Board member	Board member	Board member	Employee representative SI
Education	B.Sc. (Econ. And IT)	M.Sc. (Econ.) (Finland) and MBA (US)	B.Sc. in Business Administration, Stockholm School of Economics	M.Sc. (Eng.)	M.Sc. (Eng.) EE	M.Sc. (Eng.) and B.Sc. Business Administration	M.Sc. Engineering
Previous position	President of Programator (listed) and Nordic Manager of Cap Gemini, Board work and management consulting.	Nokia group 1985–2012, including EVP Customer and Market Operations, SVP Corporate Alliances and Business Development. President and CEO of Sonera (TeliaSonera).	Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics.	President and CEO of mobile operator Net1, partner in a Nordic venture capital operation focusing on tech investments	Chief Technology Officer Sony-Ericsson, President of C-Technologies AB.	Chairman and Board member of listed and unlisted technology companies, Deputy CEO of the Ericsson group.	Test Manager of CM at Enea, Consultant, AGA Process Controller, Energo developer control systems.
Directorships	Chairman of PocketMobile Communications AB, Infobric, Multisoft Consulting and JVAB, as well as a Board member of Acando AB.	Board member of the Swedish School of Economics Trust,	Chairman of Enaco and directorships in a number of unlisted companies.	Board member of DGC ONE AB	Board member of Precise Biometrics AB and directorships in a number of unlisted companies.	Board member of Transmode AB, Flexenclosure AB, Clavister Holdingbolag AB and directorships in a number of unlisted companies.	–
Own and related parties' shareholdings	15,000 (15,000)	0 (0)	10,000 (10,000)	0 (0)	990 (990)	0 (0)	3 412 (2 250)
Primary employment	Management consulting and directorships	EVP, Head of Region Europe, Telia Sonera	Management consultant and directorships	President and CEO of Teracom Boxer Group AB	Strategic consultant	Strategic consultant and directorships	Team Manager, OSE
Attendance, Board meetings	9/9	9/9	9/9	4/9	9/9	9/9	8/9
Committee positions	Chairman of Remuneration Committee	Audit Committee (Jan-May), Remuneration Committee (May-Dec)	Remuneration Committee (Jan-May) Chairman of Audit Committee (May-Dec)	Audit Committee	Non-member	Audit Committee	Non-member
Attendance, Committee meetings	3/3	Audit Committee 1/4 Remuneration Committee 0/3	Audit Committee 3/4 Remuneration Committee 3/3	3/4	–	4/4	–



## MANAGEMENT 2015

								
<b>Name</b>	Anders Lidbeck	Håkan Rippe	Karl Mörner	Adrian Leufvén	Bogdan Putinica	Daniel Forsgren	Kirk Fuller	Fredrik Medin
<b>Born</b>	1962	1968	1975	1972	1977	1973	1958	1970
<b>Employed since</b>	2011	2009	1998	1998	2007	2006	2014	2015
<b>Member of management since</b>	2011	2009	2011	2008	2011	2014	2014	2015
<b>Position</b>	President and CEO	CFO	Senior Vice President R&D	Senior Vice President Software Sales Key Accounts Europe & Asia	Senior Vice President Global Services	Senior Vice President Product Management	Senior Vice President, Sales and Strategic Alliances	Senior Vice President, Marketing & Communication
<b>Education</b>	M.Sc. in Business Administration and Economics, University of Lund	M.Sc. in Industrial Engineering and Management, Chalmers University of Technology, Gothenburg	Software Engineering, University of Skövde	M.Sc. Mechatronics, Royal Institute of Technology, Stockholm	International Finance and Banking, Academy of Economic Studies, Bucharest, Romania	Industrial Engineering and Management, M.Sc. in Applied Physics and Electrical Engineering, Linköping Institute of Technology	M.Sc. in Computer Science, Central Michigan University, B.Sc. in Business Administration, Aquinas	B. Sc., Human Resource Development alongside further management and business studies at Stockholm University. Marketing & Sales Executive Program at IHM Business School, Stockholm
<b>Previous positions</b>	President and CEO of Telelogic, sales and marketing positions at Nokia, ICL and Telia Megacom, including as President of ICL Direct in Benelux and Vice President of Sales and Marketing for ICL Industry systems Europe.	Head of Business Development at Enea, Senior Vice President Nordic Consulting at Enea, Business Development Executive at IBM Rational Software and Executive Vice President Corporate Development at Telelogic.	Director of Product Management at Enea, Director of System Management at Enea, System Architect at Enea and Team Leader at Enea.	Development Manager at Enea, VP Strategic Outsourcing at Enea, VP Support at Enea, VP Marketing at Enea, Director Asian Sales at Enea.	CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and President of IP Devel.	Principle Engineer at Enea's CTO office, System Architect, System Responsible, Software Engineer at Enea. Software Engineer at Virtutech.	VP, Worldwide Field Operations and Sales-Simics, Wind River Systems (an Intel Subsidiary); SVP, WW Field Operations, Virtutech, Inc.	Senior Marketing Manager Amadeus, Marketing Director IAR Systems, Product Marketing Manager Ericsson Enterprises, Marketing Manager of Ericsson Global Services, Product Manager at Ericsson GSM.
<b>Own and related parties' shareholdings 2015 (2014)</b>	55,682 (through endowment insurance) (50,000)	24,644 (of which 14,644 through endowment insurance) (45,000)	1,546 (500)	21,000 (17,000)	10,822 (3,500)	12,395 (11,000)	0 (0)	0 (0)

### 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 2015, the Committee comprised Board members Anders Skarin (Chairman) and Kjell Duveblad. Kjell Duveblad was replaced by Robert Andersson after the AGM 2015. The Remuneration Committee is convened as required and reports to the Board of Directors. The Remuneration Committee held three meetings where minutes were taken in 2015.

### Review of the Board of Directors' work

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, interviews two Board members each. Accordingly, the Nomination Committee receives three written reports to use as the basis for their review of the Board of Directors' work.

### Auditors

The AGM 2015 re-elected Audit firm Öhrlings PricewaterhouseCoopers AB, with Authorized Public Accountant Niklas Renström as Auditor in Charge until the end of the next AGM in 2016.

Every 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 control. 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 2015, Enea's Auditors conducted a review of the Annual Financial Statements, whereupon the Auditors presented their Auditors' Report in the company's Annual Report 2015. 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 2015. The review of the third quarter Interim Report focuses on the company's internal control.

### Group management

Since 2015, Enea's group management has consisted of Enea's CEO, CFO and seven division and line managers representing the organisation's functions. For more

information about group management, see page 23. Group management meets fortnightly to present progress reports on business conditions for each function and discuss other ongoing and 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.

## CEO

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 page 23. Anders Lidbeck has no significant shareholdings in companies that Enea has a business relationship with.

## Remuneration to senior executives Principles

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.

Guidelines for remuneration to senior executives are determined by the Annual General Meeting. Senior executives are defined as group management. Market terms are applied to salary and other employment terms relating to the group management. In addition to basic annual salary, group management also receives variable remuneration. Variable remuneration is based on profit performance against set targets and is subject to a ceiling in absolute amounts determined annually on an individual basis. Remuneration to some senior executives in the Enea group can also be payable in the form of share-based payment. Remuneration to the CEO is decided by the Board of Directors on the basis of a proposal from the Remuneration Committee.

## Pensions

The pension terms of the CEO are decided by the Board of Directors following a proposal from the Remuneration Committee. 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 premiums are paid continuously.

## Severance pay

A six-month notice period applies in the event of termination of employment of the CEO initiated by either the company or the CEO. In addition, severance pay corresponding to six months' basic salary is payable should employment be terminated by the

company. Should the ownership structure change so that a new majority shareholder emerges, 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 individual cases where special conditions apply.

## Internal control 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. In order 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 control of 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, authorisation and responsibilities throughout the organisation 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. 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 in order to evaluate the group's financial position on a continuous basis. The instructions to the CEO include matters on which the CEO requires authorisation 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 division of roles and responsibilities 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 organisational 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 authorisation 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, Environmental Policy, Insider Trading Policy and Communications Policy.

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 updated regularly and presented to employees who work directly or indirectly on financial reporting. In order to strengthen internal control, 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 authorisation levels depending on the relevant staff member's role in the organisation.

The Board of Directors is presented with monthly progress reports. The reports are analysed 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 control is followed up in different ways, for example 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 carried out 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 organisation is structured to manage, review and evaluate the internal control. Furthermore, internal control also includes 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 analysing 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 division of organisational 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 future prospects.

Enea's business areas are followed up monthly by the relevant manager and controller, results are compared to previous figures and budgets. Enea's group management held scheduled fortnightly meetings in 2015 to monitor operations and business progress, the financial outcome against budget and preceding periods, to establish forward-looking sales and earnings forecasts, as well as determining 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 carried out, 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 follow-up reviews are conducted in intervening years.

### Information

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 21 and 24.

Enea's policies provide guidelines for handling communication of information with internal and external parties. Policies for internal and external information 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 about 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	2015	2014
<b>Net sales</b>	2	<b>481,480</b>	<b>429,298</b>
<b>Operating expenses</b>			
Cost of sold products and services		-146,570	-120,850
<b>Gross profit</b>		<b>334,910</b>	<b>308,448</b>
Sales and marketing expenses		-84,435	-80,338
Product development expenses		-91,302	-87,895
Administrative expenses		-49,138	-46,400
<b>Operating profit</b>	3, 4, 5, 6, 7, 10, 11, 22	<b>110,035</b>	<b>93,815</b>
Financial income		9,205	5,540
Financial expenses		-6,734	-4,065
<b>Financial net</b>	8	<b>2,471</b>	<b>1,475</b>
<b>Profit before tax</b>		<b>112,506</b>	<b>95,290</b>
Tax	9	-24,547	-20,784
<b>Net profit</b>		<b>87,959</b>	<b>74,506</b>
<b>Other comprehensive income</b>			
Exchange rate difference		2,264	14,341
Cash flow hedges, profit/loss before tax		2,591	-1,144
Cash flow hedges, tax effect		-570	252
<b>Total comprehensive income for the year, net after tax</b>		<b>92,244</b>	<b>87,955</b>
<b>Profit for the period attributable to parent company shareholders</b>		<b>87,959</b>	<b>74,506</b>
<b>Comprehensive income for the period attributable to parent company shareholders</b>		<b>92,244</b>	<b>87,955</b>
Earnings per share, SEK	17	5.49	4.58
The company has no outstanding instruments that may entail a dilution effect.			

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK 000 (31 December)	Note	2015	2014
<b>Assets</b>			
Intangible assets	10	128,389	128,050
Equipment, tools, fixtures and fittings	11	6,605	7,712
Financial assets held for sale	12	70,688	14,300
Derivatives	15	1,023	–
Deferred tax assets	9	1,917	1,764
Other long-term receivables		947	468
<b>Total fixed assets</b>		<b>209,569</b>	<b>152,294</b>
Accounts receivable	13	165,407	119,766
Tax assets		–	6,280
Prepaid expenses and accrued income	14	23,786	23,801
Other receivables		6,513	791
Derivatives	15	511	–
Financial assets held for sale	12	–	20,615
Cash and cash equivalents		132,799	180,408
<b>Total current assets</b>		<b>329,016</b>	<b>351,661</b>
<b>Total assets</b>		<b>538,585</b>	<b>503,955</b>
<b>Equity</b>			
Share capital	16	18,356	18,356
Other paid-up capital		433,382	433,382
Reserves		–8,382	–12,667
Retained profits, including profit (loss) for the year		–44,458	–38,782
<b>Total equity</b>		<b>398,898</b>	<b>400,289</b>
<b>Provisions</b>			
Deferred tax liabilities	9	20,190	14,841
Other provisions		1,265	1,313
<b>Total provisions</b>		<b>21,455</b>	<b>16,154</b>
<b>Current liabilities</b>			
Accounts payable		5,669	3,357
Tax liabilities		1,140	2,047
Other liabilities		16,830	13,491
Derivative instruments	15	–	2,083
Accrued expenses and deferred income	18	94,593	66,534
<b>Total current liabilities</b>		<b>118,232</b>	<b>87,512</b>
<b>Total equity and liabilities</b>		<b>538,585</b>	<b>503,955</b>
Pledged assets		None	None
Contingent liabilities		None	None

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000 (1 January–31 December)	Share capital	Other paid-up capital	Reserves		Retained profits including profit (loss) for the year	Total equity
			Cash flow hedges	Translation reserve		
<b>Opening equity, 1 Jan. 2014</b>	<b>18,356</b>	<b>433,382</b>	<b>–</b>	<b>–26,116</b>	<b>–54,439</b>	<b>371,183</b>
<b>Comprehensive income</b>						
Profit for the year					74,506	74,506
<b>Other comprehensive income</b>						
Cash flow hedges, profit/loss before tax			–1,144			–1,144
Cash flow hedges, tax effect			252			252
Translation difference				14,341		14,341
<b>Total other comprehensive income</b>			<b>–892</b>	<b>14,341</b>		<b>13,449</b>
<b>Total comprehensive income</b>			<b>–892</b>	<b>14,341</b>	<b>74,506</b>	<b>87,955</b>
<b>Transactions with shareholders</b>						
Dividend	–9,178				–40,143	–49,321
Reduction of share capital	–339				339	–
Bonus issue	9,517				–9,517	–
Share savings plan					5,706	5,706
Repurchase of treasury shares					–15,234	–15,234
<b>Total transactions with shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–58,849</b>	<b>–58,849</b>
<b>Closing equity, 31 Dec. 2014</b>	<b>18,356</b>	<b>433,382</b>	<b>–892</b>	<b>–11,775</b>	<b>–38,782</b>	<b>400,289</b>
<b>Opening equity, 1 Jan. 2015</b>	<b>18,356</b>	<b>433,382</b>	<b>–892</b>	<b>–11,775</b>	<b>–38,782</b>	<b>400,289</b>
<b>Comprehensive income</b>						
Profit for the year					87,959	87,959
<b>Other comprehensive income</b>						
Cash flow hedges, profit/loss before tax			2,591			2,591
Cash flow hedges, tax effect			–570			–570
Translation difference				2,264		2,264
<b>Total other comprehensive income</b>			<b>2,021</b>	<b>2,264</b>		<b>4,285</b>
<b>Total comprehensive income</b>			<b>2,021</b>	<b>2,264</b>	<b>87,959</b>	<b>92,244</b>
<b>Transactions with shareholders</b>						
Dividend	–9,178				–48,610	–57,788
Reduction of share capital	–304				304	–
Bonus issue	9,482				–9,482	–
Share savings plan					6,473	6,473
Repurchase of treasury shares					–42,320	–42,320
<b>Total transactions with shareholders</b>	<b>–</b>	<b>–</b>			<b>–93,635</b>	<b>–93,635</b>
<b>Closing equity, 31 Dec. 2015</b>	<b>18,356</b>	<b>433,382</b>	<b>1,129</b>	<b>–9,511</b>	<b>–44,458</b>	<b>398,898</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK 000 (1 January–31 December)	Note 20	2015	2014
<b>Operating activities</b>			
Profit before tax		112,506	95,290
Adjustment for items not included in cash flow		24,593	23,563
		137,099	118,853
Tax paid		-13,958	-18,558
<b>Cash flow from operating activities before changes in working capital</b>		<b>123,141</b>	<b>100,295</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		-48,715	-9,476
Change in operating liabilities		30,211	25,360
<b>Cash flow from changes in working capital</b>		<b>-18,504</b>	<b>15,884</b>
<b>Cash flow from operating activities</b>		<b>104,637</b>	<b>116,179</b>
<b>Investing activities</b>			
Purchase of intangible assets	10	-12,786	-13,432
Purchase of property, plant and equipment	11	-2,750	-1,584
Purchase of financial assets		-37,296	-33,876
Divestment of operations		-	10,368
<b>Cash flow from investing activities</b>		<b>-52,832</b>	<b>-38,524</b>
<b>Financing activities</b>			
Dividend		-57,788	-49,321
Repurchase of treasury shares		-42,320	-15,234
<b>Cash flow from financing activities</b>		<b>-100,108</b>	<b>-64,555</b>
<b>Cash flow for the year</b>		<b>-48,303</b>	<b>13,100</b>
Cash and cash equivalents at beginning of year		180,408	163,591
Exchange rate differences in cash and cash equivalents		694	3,717
<b>Cash and cash equivalents at end of year</b>		<b>132,799</b>	<b>180,408</b>



## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000 (1 January–31 December)	Note	2015	2014
<b>Net sales</b>	2	<b>52,904</b>	<b>51,591</b>
<b>Operating expenses</b>			
Administrative expenses		-52,904	-51,591
<b>Operating profit</b>	3, 4, 5, 6, 7, 10, 11, 22	<b>-</b>	<b>-</b>
Interest income and similar income items		132,740	2,540
Interest expenses and similar expense items		-206	-318
<b>Financial net</b>	8	<b>132,534</b>	<b>2,222</b>
<b>Profit after financial net</b>		<b>132,534</b>	<b>2,222</b>
Appropriations		-1,067	-574
<b>Profit before tax</b>		<b>131,467</b>	<b>1,648</b>
Tax	9	-644	-397
<b>Profit for the year</b>		<b>130,823</b>	<b>1,251</b>

## PARENT COMPANY BALANCE SHEET

SEK 000 (31 December)	Note	2015	2014
<b>Assets</b>			
Intangible assets	10	816	1,035
Equipment, tools, fixtures and fittings	11	1,923	2,656
Participations in group companies	19	172,034	172,034
Financial assets held for sale	12	70,688	14,300
<b>Total fixed assets</b>		<b>245,461</b>	<b>190,025</b>
Receivables from group companies	21	12,001	11,850
Tax assets		2,721	2,721
Prepaid expenses and accrued income	14	5,050	4,898
Other receivables		1,786	–
Financial assets held for sale	12	–	20,615
Cash and bank balances		98,119	149,184
<b>Total current assets</b>		<b>119,677</b>	<b>189,268</b>
<b>Total assets</b>		<b>365,138</b>	<b>379,293</b>
<b>Equity</b>			
	16		
<b>Restricted equity</b>			
Share capital		18,356	18,356
<b>Non-restricted equity</b>			
Share premium reserve		3,354	3,050
Retained profits		104,701	197,388
Profit for the year		130,823	1,251
<b>Total equity</b>		<b>257,234</b>	<b>220,045</b>
<b>Provisions</b>			
Untaxed reserves		7,693	6,626
<b>Total provisions</b>		<b>7,693</b>	<b>6,626</b>
<b>Liabilities</b>			
Accounts payable		2,361	656
Tax liability		644	397
Liabilities to group companies	21	81,732	136,207
Other liabilities		4,357	1,561
Accrued expenses and deferred income	18	11,117	13,801
<b>Total current liabilities</b>		<b>100,211</b>	<b>152,622</b>
<b>Total equity and liabilities</b>		<b>365,138</b>	<b>379,293</b>
Pledged assets		None	None
Contingent liabilities		None	None

## PARENT COMPANY STATEMENT OF CHANGE IN EQUITY

SEK 000 (1 January–31 December)	Restricted equity		Non-restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained profits including profit (loss) for the year	Profit (loss) for the year	
<b>Opening equity, 1 Jan. 2014</b>	<b>18,356</b>	–	<b>2,711</b>	<b>256,576</b>		<b>277,643</b>
Redemption programme	–9,178			–40,143		–49,321
Reduction of share capital	–339		339			–
Bonus issue	9,517			–9,517		–
Share Savings Programme				5,706		5,706
Repurchase of treasury shares				–15,234		–15,234
Profit for the year					1,251	1,251
<b>Closing equity, 31 Dec. 2014</b>	<b>18,356</b>	–	<b>3,050</b>	<b>197,388</b>	<b>1,251</b>	<b>220,045</b>
<b>Opening equity, 1 Jan. 2015</b>	<b>18,356</b>	–	<b>3,050</b>	<b>198,639</b>		<b>220,045</b>
Redemption programme	–9,178			–48,610		–57,788
Reduction of share capital	–304		304			–
Bonus issue	9,482			–9,482		–
Share Savings Programme				6,473		6,473
Repurchase of treasury shares				–42,320		–42,320
Profit for the year					130,823	130,823
<b>Closing equity, 31 Dec. 2015</b>	<b>18,356</b>	–	<b>3,354</b>	<b>104,700</b>	<b>130,823</b>	<b>257,234</b>

## PARENT COMPANY CASH FLOW STATEMENT

SEK 000 (1 January–31 December)	Note 20	2015	2014
<b>Operating activities</b>			
Profit (loss) before tax		131,467	1,648
Adjustment for items not included in cash flow		9,118	7,501
		140,585	9,149
Tax paid		-397	-1,139
<b>Cash flow from operating activities before changes in working capital</b>		<b>140,188</b>	<b>8,010</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		-2,089	1,334
Change in operating liabilities		-52,658	108,827
<b>Cash flow from changes in working capital</b>		<b>-54,747</b>	<b>110,161</b>
<b>Cash flow from operating activities</b>		<b>85,441</b>	<b>118,171</b>
<b>Investing activities</b>			
Purchase of intangible assets	11	-	-1,096
Purchase of property, plant and equipment	10	-626	-296
Purchase of financial assets		-35,773	-34,459
<b>Cash flow from investing activities</b>		<b>-36,399</b>	<b>-35,851</b>
<b>Financing activities</b>			
Dividend		-57,788	-49,321
Repurchase of treasury shares		-42,319	-15,234
<b>Cash flow from financing activities</b>		<b>-100,107</b>	<b>-64,555</b>
<b>Cash flow for the year</b>		<b>-51,065</b>	<b>17,765</b>
Cash and cash equivalents at beginning of year		149,184	131,419
<b>Cash and cash equivalents at end of year</b>		<b>98,119</b>	<b>149,184</b>

## NOTE 1 – Accounting Principles

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.

### Conditions applying to preparation of parent company financial statements and consolidated financial statements

The parent company's functional currency is Swedish kronor (SEK) which also constitutes the presentation currency for the parent company and the group.

This means that the financial statements are presented in SEK. Assets and liabilities are recognised 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, income and costs. The estimates and assumptions are based on historical experience and a number of other factors that are deemed reasonable under 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 recognised 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 substantial adjustments to the financial statements of subsequent years are described in greater 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 to the recognition and consolidation of subsidiaries.

### Changes in accounting policies and disclosures New and revised standards and interpretations of existing standards applied by the group

The standards, amendments and interpretation statements that apply to the financial year beginning on 1 January 2015 have not had any significant impact on the consolidated financial statements.

### New standards, amendments and interpretation statements regarding 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 2015 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 that could impact future consolidated financial statements.

#### IFRS 9 "Financial Instruments"

The standard deals with the presentation, measurement and recognition of financial liabilities and assets. The complete version of IFRS 9 was issued in July 2014 and replaces those parts of IAS 39 relating to the presentation and measurement of financial instruments. IFRS 9 retains a mixed-measurement model, although it has been simplified in some respects. There are three measurement categories for financial assets, amortised cost, fair value recognised in other comprehensive income and fair value recognised in the Income Statement. The presentation of an instrument depends on the company's business model and the characteristics of the instrument. Investments in equity instruments are recognised at fair value in the Income Statement but there is also an option to recognise the instrument at fair value in other comprehensive income on first-time recognition. In such cases, no reclassification to the Income Statement will occur when the instrument is sold. IFRS 9 also introduces a new model for computing credit loss provisions arising from doubtful debt. For financial liabilities, there is no change in presentation and measurement except in cases where a liability is reported at fair value in the Income Statement based on the fair value option. Changes in value attributable to changes in own credit risk are then recognised in other comprehensive income. IFRS 9 reduces the requirements for hedge accounting as the 80-125 criterion is replaced by a requirement for an economic relationship between the hedging instrument and the hedged item where the hedging ratio must correspond to that used in risk management. There are also only limited changes to the hedging documentation compared to those produced under IAS 39. The standard will apply from the financial year starting 1 January 2018. Prospective adoption is permitted. The group has not yet evaluated the effects of introducing the standard.

#### IFRS 15 "Revenue from Contracts with Customers"

The standard regulates revenue recognition.

The principles IFRS 15 is based on are intended to give users of financial reports more useful information about the company's revenue. The expanded disclosure requirements mean that information relating to revenue class, date of settlement, uncertainty associated with revenue recognition and cash flow attributable to the company's customer contracts must be presented. According to IFRS 15, income is recognised when the customer obtains control over the good or service sold and is able to utilise and obtain benefit from the good or service.

IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and associated SIC and IFRIC. IFRS 15 becomes effective on 1 January 2018. Prospective adoption is permitted. The group has not yet evaluated the effects of introducing the standard.

#### 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 recognise all contracts that satisfy the standard's definition of a leasing contract (with the exception of contracts of a maximum duration of 12 months and individual contracts of minor value) as an asset and liability in the Balance Sheet, with recognition of amortization and interest expenses in the Income Statement. Contracts that are currently defined as operating leases will consequently be capitalised in the Balance Sheet.

IFRS 16 becomes effective on 1 January 2019. The group has not yet evaluated the effects of introducing the standard.

### Segment reporting

The operating segments are reported in a manner that complies with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing 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.

Fixed assets and long-term 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 over which Enea AB exercises a controlling influence. Controlling influence entails a direct or indirect right to determine a company's financial and operational strategies with the purpose of generating financial benefits. When assessing whether controlling influence exists, shares providing potential entitlement to votes that can be utilised or converted without delay are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is transferred to the group until the time that the controlling influence ceases.

The purchase method is used to recognise 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 company are recognised at fair value or at the proportionate share of net assets of the acquired company. 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 recognised as goodwill.

When the difference is negative, it is recognized directly in profit or loss.

Intra-group receivables, liabilities, income or expenses and unrealised gains or losses attributable to intra-group transactions are eliminated when the consolidated financial statements are prepared.

Unrealised losses are eliminated in the same manner as unrealised gains.

### Foreign currency

#### Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate of exchange ruling on the reporting date. Exchange rate differences arising in conjunction with such translation are recognised in profit or loss. Exchange rate differences on non-monetary assets and liabilities are recognised in operating profit, while exchange rate differences on monetary assets and liabilities are recognised in financial net. Non-monetary assets and liabilities that are recognised at historical cost are translated at the rate of exchange ruling on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated into the functional currency at the rate of exchange ruling on the date of fair value measurement. The exchange rate change is then recognized in the same way as the other value changes in respect of the asset or liability.

Functional currency is the currency in the primary economic environments where the companies included in the group run their business. The companies included in the group are the parent company and subsidiaries. The parent company's functional currency and reporting currency is Swedish kronor (SEK). The group's reporting currency is SEK.

#### Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit value, are translated to SEK at the closing day date. Income and expenses in foreign operations are translated to SEK using an average exchange rate that represents an approximation of the exchange rates for each particular transaction date. Translation differences that arise from currency translation of foreign operations are recognised in other comprehensive income. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are realised. Accumulated translation differences are presented as a separate category under "Reserves" and include translation differences accumulated from 1 January 2004 onwards. Accumulated translation differences before 1 January 2004 are allocated to other equity categories and are not recognised separately.

## Revenue

The group generates revenue from sales of software and services.

The following are the criteria for recognising 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 maintenance contracts.

#### Developer licenses and buyouts

For both developer licenses and buyouts, income is recognised when delivery of the software has been completed.

Income from time-based license fees is accrued over the contract period in accordance with the economic substance of the contract, while income from non-time-based license fees and buyouts is recognised at delivery when no material obligations remain.

Support and maintenance are sold in part separately 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 connection with sales of time-based developer licenses, support and maintenance is included in the license fee, as is entitlement to upgrades. In respect of such multi-component contracts, revenue from license sales is recognised in the amount representing the fair value of the license in relation to the fair value of the sales contract as a whole. Revenue from the service component, which corresponds to the fair value of the service component in relation to the fair value of the sales contract, is allocated over the service period. The fair value of the various components is measured on the basis of current market prices of these components when they are sold separately.

#### Product licenses (royalties)

Royalty revenue is allocated in accordance with the economic substance of the relevant agreement, when full delivery has been completed.

### Services

The revenue from service assignments rendered on open account is recognized as the work is completed. The revenue from services that are based on a functional undertaking are recognised 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 recognised by degree of completion, which is determined on the basis of 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 recognised on a straight-line basis in profit or loss over the lease term. Benefits accrued on signing an agreement are recognised 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 from bank balances and receivables and fixed-income securities, interest on loans, dividend income, exchange rate differences and unrealised and realised gains on financial investments, as well as derivative instruments used in financing activities.

Interest income on receivables and interest expenses on liabilities are measured using the effective interest rate method. The effective interest rate is the interest rate that makes the current value of all future deposits and disbursements during the fixed interest term the same as the carrying amount of the receivable or liability. Interest income includes accrued amounts of transaction expenses and any discounts, premiums and other differences between the original value of the receivable and the amount received upon maturity. The group does not capitalise interest on the cost of assets, since its development projects do not extend over a period exceeding one year.

### Financial instruments

Financial instruments recognised in the Balance Sheet include, on the assets side, financial assets held for sale, 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 recognised in the Balance Sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are recognised in the Balance Sheet when the invoice has been sent. Accounts payable are recognised in the Balance Sheet when the invoice has been received. A financial asset is derecognised from the Balance Sheet when the contractual rights have been realised, 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 commits to acquire or sell the asset. A financial liability is derecognised 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 particular 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 recognised 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 realise 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 amortised 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 recognising accrued cost. Any impairment losses on accounts receivable are recognised in operating profit.

#### 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 recognised 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 divest the asset within 12 months of the end of the reporting period.

### Financial assets at fair value through profit or loss

This category includes assets intended to be sold in the short term. Derivatives with a positive market value are included in this category if they are not subject to hedge accounting. The assets in this category are measured continuously at fair value and the changes in value are recognised in profit or loss. During the year, no financial derivatives were classified in this category.

### Financial liabilities measured at fair value through profit or loss

This category includes derivative instruments with a negative market value if they are not subject to hedge accounting. Similarly, it includes financial liabilities held for sale. The liabilities in this category are measured continuously at fair value and the changes in value are recognised 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 (loss)es arising from the re-measurement of derivatives are used for hedging purposes as follows. Changes in value pertaining to cash flow hedges are recognised 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 recognised directly in profit or loss. Gains (loss)es arising from the re-measurement of derivatives intended as fair value hedges are recognised 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 amortised cost

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

### Accounts payable

The measurement policy used for accounts payable is accrued cost. Since the expected maturity of accounts payable is short, such liabilities are recognized at a nominal amount without discounting.

## FINANCIAL INSTRUMENTS BY CATEGORY

SEK 000	Loan receivables and accounts receivable	Assets at fair value through profit or loss	Derivative instruments used for hedging purposes	Financial assets held for sale	Total
<b>31 Dec. 2015</b>					
<b>Assets in the Balance Sheet</b>					
Derivative instruments	–	–	1,534	–	1,534
Accounts receivable and other receivables excluding interim receivables	171,920	–	–	–	171,920
Financial assets held for sale	–	–	–	70,688	70,688
Cash and cash equivalent	132,799	–	–	–	132,799
	<b>304,719</b>	<b>–</b>	<b>1,534</b>	<b>70,688</b>	<b>376,941</b>
<b>31 Dec. 2014</b>					
<b>Assets in the Balance Sheet</b>					
Accounts receivable and other receivables excluding interim receivables	126,837	–	–	–	126,837
Financial assets held for sale	–	–	–	34,915	34,915
Cash and cash equivalents	180,408	–	–	–	180,408
	<b>307,245</b>	<b>–</b>	<b>–</b>	<b>34,915</b>	<b>342,160</b>
		Liabilities measured at fair value through profit or loss	Derivative instruments used for hedging purposes	Other intangible assets	Total
<b>SEK 000</b>					
<b>31 Dec. 2015</b>					
<b>Liabilities in the Balance Sheet</b>					
Derivative instruments	–	–	–	–	–
Accounts payable and other liabilities excluding financial liabilities	–	–	–	23,639	23,639
	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,639</b>	<b>23,639</b>
<b>31 Dec. 2014</b>					
<b>Liabilities in the Balance Sheet</b>					
Derivative instruments	–	–	2,083	–	2,083
Accounts payable and other liabilities excluding financial liabilities	–	–	–	18,895	18,895
	<b>–</b>	<b>–</b>	<b>2,083</b>	<b>18,895</b>	<b>20,978</b>



## Intangible assets

### Goodwill

Goodwill represents the difference between the cost of an acquired business operation 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 recognised as an expense when they arise.

Development expenditure, where the research results are aimed at achieving new or improved products or processes, is recognised 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 recognised as expense in profit or loss when they arise. The development expenditure recognised in the Balance Sheet is booked at cost, less accumulated amortisation 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 recognised at fair value on the acquisition date less accumulated amortisation.

### Amortisation policies

Amortisation is recognised 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.

Amortisable intangible assets are amortised as of the date on which they become available for use. The estimated useful life of capitalised development expenditure is between three and five years. Acquired trademarks and licenses are amortised over five years, while acquired contractual customer relations are amortised over three years.

## Property, plant and equipment

### Owned assets

Property, plant and equipment are recognised as assets in the Balance Sheet when it is probable that the future economic benefits associated with the holding will accrue to the company and that the cost of the asset can be measured reliably. Property, plant and equipment are recognised 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 the leasing fee during the year. The cost of leasing is recognised 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 for 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 estimated annually.

If it is not possible to determine essentially independent cash flows for an individual asset, the assets are to be 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 recognised when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment is recognised 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 highest of the fair value less selling expenses and value in use. When calculating the value in use, future cash flow is discounted 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

Goodwill impairments are 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 recognised, less the depreciation that would then have been applied, if no impairment loss had been recognised.

## Employee benefits

### Pensions

Obligations regarding fees for defined-contribution plans are recognised as expenses in profit or loss when they arise. All pension solutions in foreign subsidiaries are classified and recognised 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 recognised 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 recognised 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.

### Severance pay

In conjunction with notice of employment termination, a provision is posted 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 Share Savings Programmes 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 Programme is measured using conventional models. For more information about the Share Savings Programme, also refer to Note 22.

### Provisions

A provision is recognised in the Balance Sheet when the group has an existing legal or informal commitment resulting from an event that has occurred, and it is probable that an outflow of resources will be required to settle the commitment 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 recognised 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 recognised 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 recognised in profit or loss, except when the underlying transaction is recognised directly against equity, in which case the related tax effect is recognised 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 adjustments of current tax attributable to earlier periods.

Deferred tax is calculated 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 recognised 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 recognised insofar as they are likely to be utilised in the future. The value of deferred tax assets is reduced when it is no longer probable that the assets can be utilised. Any additional income tax relating to dividends is recognised at the same date as the dividend is recognised as a liability.

### Financial risks

The greatest financial risk is currency 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 the parent company's shareholders 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 diluting effects of potential common shares, which arise during reported periods from convertible debentures and warrants issued to employees. Dilution occurs only when the share price is lower than the market price. The share price is adjusted by means of a supplement for the value of future services linked to an equity-settled stock option programme recognised as share-based payments in accordance with IFRS 2.

### Contingent liabilities

A contingent liability is recognised when there is a possible commitment 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 recognised as a liability or entered as a provision because it is not certain 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 recognised in the parent company in accordance with the cost method. Dividends received are only recognised 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 recognised 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 recognised 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 recognises untaxed reserves including deferred tax liabilities. In the consolidated financial statements, however, untaxed reserves are divided into deferred tax liabilities and equity.

### Group and shareholder contributions for legal entities

Shareholder contributions are entered directly in the equity of the recipient and are capitalised 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 recognised as a financial cost in profit or loss. Group contributions received are recognised as appropriations. The tax effect is recognised in accordance with IAS 12.

**NOTE 2 – Nature of income and operating segment reporting**

Operating segments are recognised in accordance with how financial information is presented internally to the chief operating decision-maker. The chief operating decision-maker 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.

<b>Sales by type of income</b>	<b>2015</b>	<b>2014</b>
Term-based developer licenses including support and maintenance	138,257	136,354
Perpetual based developer licenses	7,453	5,395
Production licenses (Royalties)	160,944	145,348
Services	164,156	133,098
Other	10,670	9,103
	<b>481,480</b>	<b>429,298</b>

<b>Sales by product group</b>	<b>2015</b>	<b>2014</b>
Operating systems including tools	282,672	252,663
Middleware	40,422	33,584
Services	150,072	133,411
Other	8,314	9,640
	<b>481,480</b>	<b>429,298</b>

<b>Sales by geography</b>	<b>2015</b>	<b>2014</b>
Sweden	187,350	184,955
Americas	140,392	113,097
Rest of Europe and Asia	153,738	131,246
	<b>481,480</b>	<b>429,298</b>

<b>Fixed assets by geography</b>	<b>2015</b>	<b>2014</b>
Sweden	66,621	70,321
Americas	37,001	33,700
Rest of Europe and Asia	31,372	31,741
	<b>134,994</b>	<b>135,762</b>

Enea has a few major customers that account for a large portion of the company's revenue. Two of the company's customers each account for 10 percent or more of the company's revenue, with a share of 36 (40) percent and 14 (14) percent respectively of the company's revenue.

**NOTE 3 – Exchange rate gains and losses**

	<b>2015</b>	<b>2014</b>
<b>GROUP</b>		
Exchange rate gains on operating receivables/liabilities	4,333	1,847
Exchange rate losses on operating receivables/liabilities	-3,603	-1,448
	<b>2015</b>	<b>2014</b>
<b>PARENT COMPANY</b>		
Exchange rate gains on operating receivables/liabilities	-	1
Exchange rate losses on operating receivables/liabilities	-	-1

**NOTE 4 – Employees and other senior executives**

Average number of employees	2015		2014	
	Total	Of which men, %	Total	Of which men, %
Parent company	12	46	13	52
Subsidiaries	388	74	379	77
<b>Group total</b>	<b>400</b>	<b>74</b>	<b>392</b>	<b>77</b>
Of which:				
Sweden	84	75	88	78
US	60	86	56	82
Romania	238	69	228	74
China	4	76	4	75
Japan	4	100	4	100
France	1	100	3	100
Germany	4	75	4	75
United Kingdom	5	100	5	100
<b>Group total</b>	<b>400</b>	<b>74</b>	<b>392</b>	<b>77</b>

**Division between sexes, group management**

Board of Directors	7	71	7	71
Other senior executives	8	100	8	100

**Salary, other benefits and social security expenses**

	2015	2014
<b>Group</b>		
Salary and benefits*	168,124	154,607
Share-based payment*	11,876	9,308
* of which to the Board, CEO and other senior executives <sup>1)</sup>	35,016	29,428
Pension expenses <sup>2)</sup>	14,512	14,809
of which defined-contribution pension plans	14,512	14,809
Other social security expenses	38,834	40,879
<b>Total</b>	<b>233,346</b>	<b>219,603</b>

**Salary, other benefits and social security expenses**

	2015	2014
<b>Parent company</b>		
Salary and benefits*	13,811	14,300
Share-based payment*	5,972	4,716
* of which to the Board, CEO and other senior executives <sup>3)</sup>	13,018	12,773
Pension expenses <sup>4)</sup>	3,590	3,612
of which defined-contribution pension plans	3,590	3,612
Other social security expenses	4,509	4,950
<b>Total</b>	<b>27,882</b>	<b>27,578</b>

<sup>1)</sup> Of the group's salary and benefits, SEK 1,603,000 (1,779,000) pertains to variable remuneration to the group comprising the Board of Directors and the CEO (including Presidents and Boards of subsidiaries).

<sup>2)</sup> Of the group's pension expenses, SEK 2,426,000 (2,144,000) pertains to the group comprising the Board and CEO.

<sup>3)</sup> Of the parent company's salary and remuneration, SEK 1,228,000 (771,000) pertains to variable remuneration for the group comprising the Board and CEO.

<sup>4)</sup> Of the parent company's pension expenses, SEK 2,140,000 (1,902,000) pertains to the group comprising the Board and CEO.

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 2015.

	Directors' fees	Audit Committee fees	Remuneration Committee fees	Extraordinary initiatives	Total
Anders Skarin (Chairman)	420	–	40	–	460
Kjell Duveblad	200	60	–	–	260
Åsa Sundberg	200	30	–	–	230
Mats Lindoff	200	–	–	–	200
Robert W Andersson	200	–	20	–	220
Torbjörn Nilsson	200	30	–	–	230
<b>Total 2015</b>	<b>1,420</b>	<b>120</b>	<b>60</b>	<b>–</b>	<b>1,600</b>

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 2014.

	Directors' fees	Audit Committee fees	Remuneration Committee fees	Extraordinary initiatives	Total
Anders Skarin (Chairman)	420	–	40	–	460
Kjell Duveblad	200	–	20	–	220
Åsa Landén Ericsson	200	60	–	–	260
Mats Lindoff	200	–	–	–	200
Robert W Andersson	200	30	–	–	230
Torbjörn Nilsson	200	30	–	–	230
<b>Total 2014</b>	<b>1,420</b>	<b>120</b>	<b>60</b>	<b>–</b>	<b>1,600</b>

Summary of remuneration and other benefits in 2015.

	Fixed salary	Variable remuneration	Other benefits	Share-based payment	Total	Pension expense
CEO Anders Lidbeck	3,288	1,228	–	3,810	8,326	2,140
Other senior executives (7)	9,398	4,911	487	6,145	20,941	1,257
<b>Total 2015</b>	<b>12,686</b>	<b>6,139</b>	<b>487</b>	<b>9,955</b>	<b>29,267</b>	<b>3,397</b>

Summary of remuneration and other benefits in 2014.

	Fixed salary	Variable remuneration	Other benefits	Share-based payment	Total	Pension expense
CEO Anders Lidbeck	3,115	771	–	3,109	6,995	1,902
Other senior executives (8)	8,733	3,328	355	4,931	17,347	2,064
<b>Total 2014</b>	<b>11,848</b>	<b>4,099</b>	<b>355</b>	<b>8,040</b>	<b>24,342</b>	<b>3,966</b>

## Remuneration to 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 basis. In addition to fixed annual salaries, 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

Other senior executives in Sweden have pension agreements within the framework of the ITP scheme, with a pensionable age of 65 and pension provisions are related to employee salaries. The ITP plan is essentially a defined benefit plan. The ITP plan is assured through an insurance policy with Alecta. Pension premiums are paid continuously.

### Severance pay

Should notice of termination of employment of the CEO be initiated by either the company or the CEO, the term of notice will be six months. In addition, severance pay will be paid corresponding to six months' basic salary should employment be terminated by the Board. 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 is applied.

**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.

	2015	2014
<b>Group</b>		
<b><i>PricewaterhouseCoopers</i></b>		
Auditing assignments	699	650
Audit in addition to the audit assignment	64	40
Tax consultancy	157	–
Other assignments	108	68
<b><i>Other Auditors</i></b>		
Auditing assignments	–	–
Tax consultancy	–	–
Other assignments	–	–
	<b>1 028</b>	<b>758</b>
	<b>2015</b>	<b>2014</b>
<b>Parent company</b>		
<b><i>PricewaterhouseCoopers</i></b>		
Auditing assignments	495	490
Audit in addition to the audit assignment	64	40
Tax consultancy	157	–
Other assignments	108	68
	<b>824</b>	<b>598</b>

**NOTE 6 – Operating costs divided by type**

	2015	2014
Consumables and subcontracting consultants	13,938	8,509
Other external costs	47,444	46,402
Personnel costs	291,395	261,979
Depreciation/amortisation and impairment losses	18,668	18,593
	<b>371,445</b>	<b>335,483</b>

Depreciation/amortisation and impairment losses for the year are allocated between cost of sold products and services totalling SEK 15.9 (15.7) million, sales and marketing expenses totalling SEK 0.2 (0.1) million, product development costs totalling SEK 1.2 (1.1) million and administrative costs totalling SEK 1.4 (1.7) million.

**NOTE 7 – Leasing fees pertaining to operating leases**

Operating leasing pertains mainly to vehicles and rents for premises.

	2015	2014
<b>GROUP</b>		
Leasing fee, current year	10,572	10,366
Contractual future minimum leasing fee within 1 year	9,658	8,810
Contractual future minimum leasing fee within 2–5 years	15,239	20,626

The group has no contractual future leasing fee with a term that exceeds five years.

	2015	2014
<b>PARENT COMPANY</b>		
Leasing fee, current year	6,006	6,051
Contractual future minimum leasing fee within 1 year	5,844	5,942
Contractual future minimum leasing fee within 2–5 years	7,132	12,961

The parent company has no contractual future leasing fee with a term that exceeds five years.

**NOTE 8 – Financial net**

	2015	2014
<b>GROUP</b>		
Interest income	1,004	1,985
Other financial income	2,192	708
Exchange rate gains	6,001	2,847
<b>Financial income</b>	<b>9,197</b>	<b>5,540</b>
Interest expenses	–82	–88
Exchange rate losses	–6,644	–3,977
<b>Financial expenses</b>	<b>–6,726</b>	<b>–4,065</b>
<b>Financial net</b>	<b>2,471</b>	<b>1,475</b>
	<b>2015</b>	<b>2014</b>
<b>PARENT COMPANY</b>		
Dividend, shares in subsidiaries	129,800	–
<b>Profit from shares in group companies</b>	<b>129,800</b>	<b>–</b>
Interest income, other	524	1,713
Other financial income	2,192	708
Exchange rate gains	224	119
<b>Interest income and similar income items</b>	<b>2,940</b>	<b>2,540</b>
Interest expenses, other	–77	–77
Interest expenses, group companies	–	–182
Exchange rate losses	–129	–59
<b>Interest expenses and similar expense items</b>	<b>–206</b>	<b>–318</b>
<b>Financial net</b>	<b>132,534</b>	<b>2,222</b>

**NOTE 9 – Taxes**

	2015	2014
<b>Group</b>		
<b>Current tax expense</b>		
Tax expense for the period	-19,981	-15,401
	<b>-19,981</b>	<b>-15,401</b>
<b>Deferred tax</b>		
- tax expense in loss carry-forwards utilised in the year	-37	-1,194
- tax expense/income pertaining to temporary differences	-4,529	-4,189
	<b>-4,566</b>	<b>-5,383</b>
<b>Total tax expense recognised, group</b>	<b>-24,547</b>	<b>-20,784</b>
<b>Reconciliation of effective tax</b>		
	2015	2014
<b>GROUP</b>		
Profit before tax	112,506	95,290
Standard rate tax 22.0 %	-24,751	-20,964
<b>Tax effect of</b>		
- other tax rates in foreign subsidiaries	36	-152
- utilisation of previously non-capitalised loss carry-forwards	1,881	223
- taxable loss carry-forwards for which no deferred tax assets were recognised	-	734
- non-deductible costs	-624	-615
- non-taxable revenues	38	9
Other taxes	-123	-11
Adjustment of tax for previous years	-1,004	-8
<b>Total tax expense recognised, group</b>	<b>-24,547</b>	<b>-20,784</b>
	<b>22%</b>	<b>22%</b>
	<b>2014</b>	<b>2013</b>
<b>PARENT COMPANY</b>		
<b>Current tax</b>		
Tax for the period	-644	-397
	<b>-644</b>	<b>-397</b>
<b>Reconciliation of effective tax</b>		
	2015	2014
<b>PARENT COMPANY</b>		
Profit before tax	131,467	1,648
Tax 22.0 %	-28,923	-363
<b>Tax effect of</b>		
- non-deductible costs	-272	-19
- non-taxable revenues	28,559	3
Other taxes	-8	-18
<b>Total tax recognised, parent company</b>	<b>-644</b>	<b>-397</b>
	<b>0%</b>	<b>24%</b>



<b>Deferred tax assets and liabilities</b>	<b>2015</b>	<b>2014</b>
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**GROUP****The following components are included in deferred tax assets and tax liabilities**

Deferred tax assets:

- loss carry-forwards	1,507	1,608
- other temporary differences	410	156
<b>Total deferred tax assets</b>	<b>1,917</b>	<b>1,764</b>

Deferred tax liabilities:

- temporary differences	20,190	14,841
<b>Total deferred tax liabilities</b>	<b>20,190</b>	<b>14,841</b>

Deferred tax assets for loss carry-forwards pertain to subsidiaries in Germany. Management believes that the capitalised loss carry-forwards will be utilised in the coming years. Non-capitalised deferred tax assets for unutilised deficits total SEK 0.4 million and pertains to the UK.

**NOTE 10 – Intangible assets**

	Goodwill	Capitalised development expenditure	Other intangible assets	Total
<b>2015</b>				
<b>GROUP</b>				
<b>Accumulated cost</b>				
Opening balance, 1 Jan. 2015	109,618	173,678	26,041	309,337
Acquisition for the year	–	12,786	–	12,786
Disposals/retirements for the year	–19,180	–	–17,122	–36,302
Translation difference for the year	2,185	–	–357	1,828
<b>Closing balance, 31 Dec. 2015</b>	<b>92,623</b>	<b>186,464</b>	<b>8,562</b>	<b>287,649</b>
<b>Accumulated amortisation and impairment losses</b>				
Opening balance, 1 Jan. 2015	–19,507	–136,774	–25,006	–181,287
Disposals/retirements for the year	19,180	–	17,122	36,302
Amortisation and impairment losses	–	–14,740	–219	–14,959
Translation difference for the year	327	–	357	684
<b>Closing balance, 31 Dec. 2015</b>	<b>–</b>	<b>–151,514</b>	<b>–7,746</b>	<b>–159,260</b>
<b>Carrying amount as at 31 Dec. 2015</b>	<b>92 623</b>	<b>34,950</b>	<b>816</b>	<b>128,389</b>
<b>2014</b>				
<b>GROUP</b>				
<b>Accumulated cost</b>				
Opening balance, 1 Jan. 2014	100,899	161,342	23,817	286,058
Acquisition for the year	–	12,336	1,096	13,432
Translation difference for the year	8,719	–	1,128	9,847
<b>Closing balance, 31 Dec. 2014</b>	<b>109,618</b>	<b>173,678</b>	<b>26,041</b>	<b>309,337</b>
<b>Accumulated amortisation and impairment losses</b>				
Opening balance, 1 Jan. 2014	–18,333	–122,233	–23,765	–164,331
Disposals/retirements for the year	–	–14,541	–113	–14,654
Translation difference for the year	–1,174	–	–1,128	–2,302
<b>Closing balance, 31 Dec. 2014</b>	<b>–19,507</b>	<b>–136,774</b>	<b>–25,006</b>	<b>–181,287</b>
<b>Carrying amount as at 31 Dec. 2014</b>	<b>90,111</b>	<b>36,904</b>	<b>1,035</b>	<b>128,050</b>

Other intangible assets	2015	2014
<b>PARENT COMPANY</b>		
<i>Accumulated cost</i>		
Opening balance, 1 Jan.	7,356	6,260
Acquisitions for the year	–	1,096
<b>Closing balance, 31 Dec.</b>	<b>7,356</b>	<b>7,356</b>
Opening balance, 1 Jan.	–6,321	–6,208
Amortisation for the year	–219	–113
<b>Closing balance, 31 Dec.</b>	<b>–6,540</b>	<b>–6,321</b>
<b>Carrying amount as at 31 Dec.</b>	<b>816</b>	<b>1,035</b>

Capitalised development expenditure within Enea pertains primarily to internal work on the development of new products. The amortisation term for capitalized development expenditure is five years and for other intangible assets three to five years. The remaining amortisation term for intangible assets amounts to two to five years.

### Impairment testing for goodwill

Goodwill as of 31 December 2015 amounted to a book value of SEK 92.6 (90.1) million. Assets with an indefinite useful lives are tested annually for impairment. Individual assets may be subject to more frequent testing if there are indications of a decline in value. The group's measurement is based on a cash flow-generating unit as there is only one segment. 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 calculating terminal value of cash flows. Cash flows beyond the five-year period have been forecast using a growth rate of 2 (2) percent. The cash flows forecast were based on an annual revenue growth for the group of 4 (4) percent, based on the estimated growth of existing customers and underlying markets. The cost trend for the group has been forecast at 5 (3) percent. The present value of forecast cash flows was measured by applying a discount rate of 9 (10) percent before tax. The discount rate is judged as consistent with market required returns. Sensitivity analyses have been undertaken with consideration given to 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 considers that a reasonable potential change in assumptions would not reduce the recoverable amount below book value. Important assumptions for impairment testing are outlined below:

Variable	Assumption, %	
Income growth	4	(4)
Cost trend	5	(3)
Discount interest rate	9	(10)
Long-term stable growth	2	(2)

### NOTE 11 – Equipment, tools, fixtures and fittings

	Group		Parent company	
	2015	2014	2015	2014
<b>Accumulated cost</b>				
At beginning of year	59,304	55,838	17,802	17,703
Acquisition for the year	2,750	1,584	626	296
Disposals/retirements	–8,207	–1,343	–2,688	–197
Translation differences for the year	502	3,225	–	–
	<b>54,349</b>	<b>59,304</b>	<b>15,740</b>	<b>17,802</b>
<b>Accumulated depreciation and impairment losses</b>				
At beginning of year	–51,592	–45,961	–15,146	–13,779
Disposals/retirements	8,169	1,343	2,650	197
Depreciation and impairment losses for the year	–3,709	–3,939	–1,321	–1,564
Translation differences for the year	–612	–3,035	–	–
	<b>–47,744</b>	<b>–51,592</b>	<b>–13,817</b>	<b>–15,146</b>
<b>Carrying amount at end of year</b>	<b>6,605</b>	<b>7,712</b>	<b>1,923</b>	<b>2,656</b>

Depreciation and amortization is attributable to cost of sold products and services, sales and marketing expenses, production development expenses and administrative expenses..

**NOTE 12 – Financial assets held for sale**

<b>Financial assets held for sale</b>	<b>2015</b>	<b>2014</b>
<b>GROUP</b>		
Corporate bonds	70,688	14,300
Corporate bond fund	–	20,615
<b>Total</b>	<b>70,688</b>	<b>34,915</b>

<b>Financial assets held for sale</b>	<b>2015</b>	<b>2014</b>
<b>PARENT COMPANY</b>		
Corporate bonds	70,688	14,300
Corporate bond fund	–	20,615
<b>Total</b>	<b>70,688</b>	<b>34,915</b>

All financial assets held for sale are in SEK. None of these financial assets are due for payment or subject to impairment.

**NOTE 13 – Accounts receivable**

Non-overdue accounts receivable pertain to customers with good solvency and payment history. Accounts receivable with an existing impairment requirement correspond to the provision made for doubtful debt. Provisions for doubtful debt amounted to SEK 0.3 (4.5) million. The fair value of accounts receivable corresponds to carrying amount. Accounts receivable are predominantly denominated in SEK, EUR and USD. The age analysis of accounts receivable follows:

<b>Age analysis of accounts receivable</b>	<b>2015</b>	<b>2014</b>
<b>GROUP</b>		
Not due	145,879	106,084
Due 1–60 days	15,966	12,605
Due 61–90 days	2,259	460
Due 90 days	1,303	617
<b>Total</b>	<b>165,407</b>	<b>119,766</b>

**NOTE 14 – Prepaid expenses and accrued income**

	<b>2015</b>	<b>2014</b>
<b>GROUP</b>		
Prepaid insurance	644	236
Prepaid rents	1,550	2,093
Accrued income	16,251	15,781
Other prepaid expenses	5,341	5,691
	<b>23,786</b>	<b>23,801</b>

	<b>2015</b>	<b>2014</b>
<b>PARENT COMPANY</b>		
Prepaid insurance	309	4
Prepaid rents	1,489	1,491
Accrued income	653	307
Other prepaid expenses	2,599	3,096
	<b>5,050</b>	<b>4,898</b>

**NOTE 15 – Derivative instruments**

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
<b>Long-term</b>				
Currency forwards—cash flow hedge	1,023	–	–	–
<b>Current</b>				
Currency forwards—cash flow hedges	511	–	–	2,083

**NOTE 16 – Equity****GROUP****Share capital**

The Annual General Meeting 2015 approved an automatic redemption procedure for shares in Enea AB, entailing that each Enea share will be split into two shares (2:1 share split), of which one of the shares is designated a redemption share. The redemption shares were exercised automatically in exchange for SEK 3.60 per redemption share and paid in June 2015. The share capital was then reduced by SEK 9,177,857 through the reduction of the redemption shares, i.e. a total of 16,739,724 shares to repay shareholders. Payment for each redemption share was SEK 3.60. Redemption treasury shares were reduced without any repayment. The share capital was restored to its original amount by increasing the share capital by SEK 9,177,857 through a bonus issue without any issue of new shares.

As of 31 December 2015, the registered share capital comprised 16,462,577 ordinary shares with a quotient value of SEK 1.11 per share. Holders of ordinary shares are entitled to dividends at amounts determined gradually and the shareholdings carry voting rights at the Annual General Meeting with one vote per share. In the year, the company purchased 479,352 (253,027) treasury shares and sold 0 (0) treasury shares and allocated employees 263,998 (0) shares under the 2012 Share Savings Program.

**Other paid-up capital**

Refers to 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 recognised as paid-up capital.

**Reserves**

<b>Hedging provision</b>	<b>2015</b>	<b>2014</b>
Opening hedging reserve	–892	–
Cash flow hedges		
- fair value gains/losses in the year	3,617	–2,083
- tax on fair value gains/losses	–796	458
- transfers to profit or loss	–1,026	940
- tax on transfers to profit or loss	226	–207
<b>Closing hedging reserve</b>	<b>1,129</b>	<b>–892</b>

**Translation Reserve**

The translation reserve includes all exchange rate differences that arise when translating net assets from foreign operations that have compiled their financial reports 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.

	<b>2015</b>	<b>2014</b>
Opening translation reserve	–11,775	–26,116
Translation difference for the year	2,264	14,341
<b>Closing translation reserve</b>	<b>–9,511</b>	<b>–11,775</b>

**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 for the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

Between 13 February and 10 November 2015, the parent company repurchased 305,151 shares on Nasdaq Stockholm at an average price of SEK 86.88 per share. A total of SEK 26,513,000 was paid for the shares, which reduced retained earnings. In 2015, employees were allocated 263,998 treasury shares under the 2012 Share Savings Program. The parent company also repurchased 174,201 shares from employees at a share price of SEK 90.74.

The total holding of treasury shares as at 31 December 2015 was 544,911. The shares are held as treasury shares and were fully paid up on 31 December 2015.

**NON-RESTRICTED EQUITY****Share premium reserve**

When shares are issued at a premium, meaning that a higher amount is to be paid for the shares than their quotient value, an amount corresponding to the amount received in addition to 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 provisions and dividends. Together with the profit (loss) for the year, this constitutes 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**

	2015	2014
<b>Earnings per share before dilution</b>		
Profit for the year after tax	87,959	74,506
Average number of shares, thousands	16,025	16,271
Earnings per share before dilution, SEK	5,49	4,58
<b>Earnings per share after dilution</b>		
Profit for the year after tax	87,959	74,506
Average number of shares, thousands	16,025	16,271
Earnings per share after dilution, SEK	5,49	4,58

Earnings per share is measured by dividing earnings for the period attributable to the parent company's shareholders by the average number of shares.

**NOTE 18 – Accrued expenses and deferred income**

	2015	2014
<b>GROUP</b>		
Support income	45,151	23,687
Accrued personnel expenses	29,775	29,009
Other	19,667	13,838
	<b>94,593</b>	<b>66,534</b>
<b>PARENT COMPANY</b>		
Accrued personnel expenses	9,220	11,822
Other	1,897	1,979
	<b>11,117</b>	<b>13,801</b>

**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 Software (Beijing) Co., Ltd.	China	100
Enea KK	Japan	100
Enea Polyhedra Ltd	UK	100
Enea Services Romania SRL	Romania	100

	2015	2014
<b>Accumulated cost</b>		
At beginning of year	330,630	330,630
<b>Closing balance, 31 December</b>	<b>330,630</b>	<b>330,630</b>
<b>Accumulated impairment losses</b>		
At beginning of year	-158,596	-158,596
<b>Closing balance, 31 December</b>	<b>-158,596</b>	<b>-158,596</b>
<b>Carrying amount at end of year</b>	<b>172,034</b>	<b>172,034</b>

Specification of the parent company's holdings in subsidiaries	No. of participations	Holding, %	Carrying amount	
			2015	2014
<i>Subsidiary/Corp. ID. no./Reg. office</i>				
Enea Software AB, 556183-3012, Kista	5,900	100	172,034	172,034
			<b>172,034</b>	<b>172,034</b>

**NOTE 20 – Cash Flow Statement****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.

Information on interest	Group		Parent company	
	2015	2014	2015	2014
Interest received in the period amounted to	1,004	1,975	524	1,713
Interest paid in the period amounted to	-82	-78	-77	-259

Adjustment for items not included in cash flow	Group		Parent company	
	2015	2014	2015	2014
Depreciation/amortisation and impairment losses	18,668	18,593	1,540	1,677
Gains (loss)es on retirement of fixed assets	38	-	38	-
Share Savings Programme	6,473	5,706	6,473	5,706
Appropriations	-	-	1,067	574
Provisions	-26	-9	-	-
Value change, financial assets	-	-456	-	-456
Exchange rate differences, net	-560	-271	-	-
<b>Total</b>	<b>24,593</b>	<b>23,563</b>	<b>9,118</b>	<b>7,501</b>

**NOTE 21 – Related parties****Summary of transactions with related parties****GROUP**

There were no transactions with related parties

PARENT COMPANY Related party	Year	Sales of goods and services to related parties	Purchase of goods and services from related parties	Liabilities to	Receivables from
				related parties on 31 December	related parties on 31 December
Subsidiaries	2015	52,904	1,337	81,732	12,001
Subsidiaries	2014	48,023	–	136,207	11,850

Transactions with related parties are on an 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 calculating 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 are 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 assured 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 commitment and its assets. Accordingly, ITP pension plans that are assured through an insurance policy with Alecta are reported as defined-contribution. The cost for 2015 amounts to SEK 5,331,000 (5,018,000). The cost for 2016 is estimated to amount to an equivalent figure. Alecta's surplus can be distributed to policyholders and/or the insured.

At the end of 2015, Alecta's surplus in the form of its collective consolidation ratio amounted to 153 (143) 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.

	Group		Parent company	
	2015	2014	2015	2014
Cost of defined-contribution plans	14,512	14,809	3,590	3,612

**Share-based payment****Share Savings Programme 2014**

In April 2014, the Annual General Meeting resolved to offer key employees the opportunity to participate in a Share Savings Programme. The principal objective of the Programme is to enhance the company's ability to retain and recruit key employees and, by means of a personal long-term ownership commitment of the participants, to stimulate greater commitment to operations and results, to increase motivation, as well as to engender a sense of community within the company. The Programme involves 24 senior executives, key individuals and certain other employees.

By 10 June 2014, employees had invested in 71,800 Enea shares ("Savings Shares"). If the employee retains the shares for three years and remains employed by the Enea group, an equivalent number of shares ("Matching Shares") will be granted.

On condition that special performance requirements are met, participants are also entitled to receive, free of charge, additional Enea shares (Performance Shares) for each saving share. The allocation of Performance Shares is conditional on special performance requirements linked to the fulfilment of Enea's accumulated earnings per share in the years 2014-2016. The threshold value for earnings per share is SEK 4.21 (2014), SEK 4.63 (2015), SEK 5.10 (2016) and/or SEK 13.95 (2014-2016 accumulated).

The fair value of services rendered is based on the share price of the Matching 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 Share Savings Programme entails a financial exposure for the company as a result of changes in Enea's share price and the anticipated allocation of matching and Performance Shares. To secure the Programme, a decision was made to transfer acquired treasury shares under the Programme. Not more than 500,000 shares may be transferred to participants in the Programme, free of charge, in the form of Matching Shares and Performance Shares, including dividend remuneration. The sale of 114,000 shares is permitted on the stock market or to a third party to cover costs for social security expenses and the like.

**Share Savings Programme 2012**

In April 2012, the Annual General Meeting resolved to offer key employees the opportunity to participate in a Share Savings Programme. The principal objective of the Programme is to enhance the company's ability to retain and recruit key employees and, by means of a personal long-term ownership commitment of the participants, to stimulate greater commitment to operations and results, to increase motivation, as well as to engender a sense of community within the company. The Programme involves 33 senior executives, key individuals and certain other employees.

By 8 June 2012, employees had invested in 65,335 Enea shares ("Savings Shares"). If the employee retains the shares for three years and remains employed by the Enea group, an equivalent number of shares ("Matching Shares") will be granted.

On condition that special performance requirements are met, participants are also entitled to receive, free of charge, additional Enea shares (Performance Shares) for each saving share. The allocation of Performance Shares is conditional on special performance requirements linked to the fulfilment of Enea's accumulated EBIT in the years 2012-2014. The performance requirement for the performance shares is linked to accumulated EBIT in the interval of SEK 180-220 million.

The fair value of services rendered is based on the share price of the Matching 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 Share Savings Programme entails a financial exposure for the company as a result of changes in Enea's share price and the anticipated allocation of matching and Performance Shares. To secure the Programme, a decision was made to transfer acquired treasury shares under the Programme. Not more than 541,500 shares may be transferred to participants in the Programme, free of charge, in the form of Matching Shares and Performance Shares, including dividend remuneration. The sale of 126,000 shares is permitted on the stock market or to a third party to cover costs for social security expenses and the like.

The Share Savings Programme 2012 was settled in 2015 and has been terminated.

<b>Share Savings Programme</b>	<b>2015</b>	<b>2014</b>
Number of matching shares at beginning of period	71,800	–
Granted in the period	–	71,800
Forfeited in the period	–7,500	–
Outstanding at end of period	64,300	71,800
Number of participants as at 31 December	22	24

<b>Share Savings Programme</b>	<b>2015</b>	<b>2014</b>
Number of matching shares at beginning of period	47,255	57,285
Granted in the period	–47,255	–
Forfeited in the period	–	–10,030
Due in the period	–	–
Outstanding at end of period	–	47,255
Number of participants as at 31 December	–	26

<b>Personnel expenses for share-based payment Group</b>	<b>2015</b>	<b>2014</b>
Share Savings Programmes	11,875	9,309

## **NOTE 23 – Translation exposure**

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

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

<b>Currency</b>	<b>Closing day rate</b>		<b>Average rate</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
EUR	9.1350	9.5155	9.3562	9.0968
USD	8.3524	7.8117	8.4350	6.8577
GBP	12.3785	12.1388	12.8962	11.2917
JPY	0.0693	0.0654	0.0697	0.0649
RON	2.0193	2.1298	2.1027	2.0450
CNY	1.2868	1.2595	1.3424	1.1135

When translating foreign subsidiaries' balance sheets to Swedish kronor, the group is exposed to exchange rate fluctuations. The effect on equity in 2015 for the translation of foreign subsidiaries' accounts to Swedish kronor was a positive SEK 2,264,000 (14,341,000). The group's exposure in equity for exchange rate fluctuations on the reporting date was as follows:

<b>Currency</b>	<b>2015</b>		<b>2014</b>	
	<b>Amount</b>	<b>Translated into SEK at closing day rate</b>	<b>Amount</b>	<b>Translated into SEK at closing day rate</b>
EUR	218	1,991	81	771
USD	1,956	16,337	3,418	26,700
GBP	346	4,283	314	3,812
JPY	48,454	3,360	43,146	2,820
RON	18,193	36,737	13,443	28,631
CNY	2,172	2,795	2,262	2,849



## NOTE 24 – Significant 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 under the prevailing conditions.

### Significant judgements regarding the application of the group's accounting policies

Company management has discussed with the Audit Committee the progress, choice and disclosures regarding the group's most important accounting policies and estimates, and the application of these policies and estimates. These estimates and judgements mainly include revenue recognition, the valuation of deferred tax assets on loss carry-forwards and any impairment. Some important accounting estimates made on application of the group's accounting policies are described below.

### Important sources of uncertainty in estimates

#### *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 2015. They are reviewed in Note 10.

#### *Impairment testing of capitalised development expenditure*

When measuring the recoverable amount of cash-generating units for judging impairment of capitalised 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 2015. They are reviewed in Note 10.

## NOTE 25 – Events after the end of the reporting period

On 8 January 2016, Enea Software AB acquired the assets of Centered Logic LLC and Model Based Technology LLC "Centered Logic," two US-based companies active in network management and orchestration for SEK 28,999,000. The financial effects of the transactions had not been reported as of 31 December 2015. Operating profit and assets and liabilities from the acquired operations will be reported from 1 January, 2016.

### Purchase consideration

Summary of purchase consideration:

Cash and cash equivalents	10,624
Conditional purchase consideration	18,375
<b>Total purchase consideration paid</b>	<b>28,999</b>

Disclosed amounts (preliminary fair value) of identifiable assets and liabilities acquired in Centered Logic as of the acquisition date:

Prepaid expenses	2
Deferred income	-237
Goodwill	29,234
<b>Total</b>	<b>28,999</b>

The goodwill arising as a result of the acquisition relates to Centered Logic's market position and the synergies expected to arise from the merger of Enea's and Centered Logic's operations. The goodwill arising from the purchase of net assets is expected to be tax-deductible.

### Conditional purchase consideration

According to the agreement governing the conditional purchase consideration, Enea shall, after a three-year period, pay an additional purchase consideration in cash, based on sales of licenses and services in Centered Logic capped at USD 2.2 million to the sellers of the intellectual property rights associated with the products and operations in Centered Logic.

### Acquisition-related expenses

Acquisition-related expenses of SEK 155,000 are included in administrative expenses in the Consolidated Income Statement for the financial year 2016.

### Undisclosed information

At the time of publication of the financial reports, the group's reporting of the acquisition of Centered Logic had not yet been completed. Fair value of acquired assets and liabilities indicated above are preliminary and await the final valuation. At this time, it is not possible to provide detailed information about each class of acquired receivables or potential contingent liabilities in the acquired operations.

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 30 March 2016. 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 10 May 2016.

Stockholm, Sweden, 30 March 2016  
Enea AB (556209-7146)

**Anders Skarin**  
Chairman

**Robert Andersson**  
Board member

**Kjell Duveblad**  
Board member

**Åsa Sundberg**  
Board member

**Mats Lindoff**  
Board member

**Torbjörn Nilsson**  
Board member

**Eva Swedberg**  
Employee representative

**Anders Lidbeck**  
President and CEO

Our Audit Report was presented on 31 March 2016  
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

We have audited the annual accounts and consolidated accounts of Enea AB (publ) for the year 2015, except for the corporate governance statement on pages 20–25. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 16–55.

## Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Chief Executive Officer 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.

## Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

## Opinions

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 31 December 2015 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 31 December 2015 and of their 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 20–25. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Enea AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

## Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Companies Act, and that the corporate governance statement on pages 22–26 has been prepared in accordance with the Annual Accounts Act.

## Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory 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 audit standards in Sweden.

## Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, Sweden, 31 March 2016  
Öhrlings PricewaterhouseCoopers AB

**Niklas Renström**  
Authorized Public Accountant

All amounts in SEK million

<b>INCOME STATEMENT</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net sales	481.5	429.3	408.5	467.8	721.5
Operating expenses	-371.4	-335.5	-326.4	-395.3	-719.0
Operating profit (loss)	110.0	93.8	82.1	72.5	2.5
Financial net	2.5	1.5	1.7	4.2	3.8
Profit (loss) before tax	112.5	95.3	83.8	76.7	6.3
Profit (loss) for the period	88.0	74.5	63.2	53.6	-6.4
Net profit (loss) from discontinued operations <sup>1</sup>	-	-	-	61.7	-
<b>Total</b>	<b>88.0</b>	<b>74.5</b>	<b>63.2</b>	<b>115.3</b>	<b>-6.4</b>

**BALANCE SHEET**

Intangible assets	128.4	128.1	121.7	121.5	127.1
Other fixed assets	8.5	9.5	13.2	20.3	26.4
Other financial assets	2.0	0.5	-	28.0	-
Financial assets held for sale, non-current	70.7	14.3	-	-	-
Current receivables	196.2	150.6	140.8	143.2	147.0
Financial assets held for sale, current	-	20.6	-	-	-
Cash and cash equivalents	132.8	180.4	163.6	146.7	127.3
Assets held for sale	-	-	-	-	137.3
<b>Total assets</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>	<b>565.1</b>
Equity	398.9	400.3	371.2	367.2	415.9
Provisions and non-current liabilities	21.5	16.2	11.6	6.8	3.6
Current liabilities	118.2	87.5	56.5	85.8	90.0
Liabilities held for sale	-	-	-	-	55.6
<b>Total equity and liabilities</b>	<b>538.6</b>	<b>504.0</b>	<b>439.3</b>	<b>459.7</b>	<b>565.1</b>

**Cash Flow**

From operating activities	104.6	116.2	76.6	80.1	77.2
From investing activities	-52.8	-48.9	-14.3	-15.7	-33.0
From investing activities—sale of operation	-	10.4	18.0	115.4	-
From financing activities	-100.1	-64.6	-63.1	-157.3	-93.4
<b>Cash flow for the period</b>	<b>-48.3</b>	<b>13.1</b>	<b>17.3</b>	<b>22.5</b>	<b>-49.2</b>

**KEY DATA**

Revenue growth, %	12	5	-13	-35	-1
Operating margin, %	22.9	21.9	20.1	15.5	0.3
Profit margin, %	23.4	22.2	20.5	16.4	0.9
Return on capital employed, %	29.7	25.7	24.1	19.2	4.5
Return on equity, %	22.0	19.3	17.1	13.7	2.5
Return on total capital, %	22.9	21.1	19.8	15.7	3.6
Interest coverage ratio, multiple	16.2	24.5	16.7	20.7	7.3
Equity ratio, %	74.1	79.4	84.5	79.9	73.6
Liquidity, %	278.3	401.8	538.9	338.1	304.8
Average number of employees	400	392	384	417	613
Net sales per employee, SEK million	1.20	1.10	1.06	1.12	1.18
Net asset value per share, SEK	25.06	24.81	22.65	22.14	24.31
Earnings per share, SEK	5.49	4.58	3.83	6.85	-0.37
Transfer to shareholders <sup>2)</sup>	4.20	3.60	3.00	3.00	8.00

1) Comparative figures pertaining to the divestment of Nordic Consulting have been reclassified in accordance with IFRS 5, as well as comments from Nasdaq Stockholm.

2) Transfer to shareholders per share proposed to the Annual General Meeting 2016.

## DEFINITIONS

### **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.

### **CASH FLOW PER SHARE FROM OPERATING ACTIVITIES**

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

### **DIVIDEND YIELD**

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

### **DIVIDEND PER SHARE**

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

### **EARNINGS PER SHARE**

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

### **EQUITY RATIO**

Equity including minority interests in relation to total assets.

### **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 SALES PER EMPLOYEE**

Net sales in relation to the average number of employees.

### **OPERATING MARGIN**

Operating profit in relation to net sales.

### **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.

### **SHARE OF RISK-BEARING CAPITAL**

Total of equity and deferred tax liabilities as a percentage of total assets.

### Annual General Meeting 2016

Enea's Annual General Meeting 2016 will be held at 4:30 p.m. CET on 10 May 2016 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 3 May 2016.

Participants must also register with Enea AB by no later than 3 May 2016, at 5:00 p.m. CET.

### Registrations can be posted to

Enea AB (publ), P.O. Box 1033, SE-164 21 Kista, Sweden, by telephone: +46 (0)8 507 15005, or via e-mail: [arsstamma@enea.com](mailto:arsstamma@enea.com) Registrations must include name, personal or corporate identity number, shareholding, address, telephone numbers and details of any assistants.

### Follow Enea

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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](http://www.linkedin.com/company/enea-software-ab)

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



[www.facebook.com/EneaSoftware](http://www.facebook.com/EneaSoftware)

Our Facebook page is for people who like technology. Read the latest about the sector alongside fun facts and events relating to Enea.



[www.twitter.com/EneaAB](http://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](http://www.youtube.com/EneaSoftware)

We publish videos that describe and demonstrate our product range on YouTube. Features of varying length are mixed with seminars and training programmes.



[www.instagram.com/eneaab](http://www.instagram.com/eneaab)

On Instagram, you can gain an insight into our daily operations. Employees around the world publish photographs from trade fairs and customer events, but also from internal meetings and a regular day at the office.

All financial information is published on Enea's website: [www.enea.com](http://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](mailto:ir@enea.com)



### Reporting dates 2016

Interim Report January–March	26 April 2016
Annual General Meeting	10 May 2016
Interim Report April–June	20 July 2016
Interim Report July–September	26 October 2016
Annual Financial Statement 2016	9 February 2017

### IR work

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 2015, 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.

*This document is essentially a translation of Swedish language original thereof. If the event of any discrepancies between this translation and the original Swedish document, the later shall be deemed correct.*


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Enea AB is a public limited company, corp. ID. no. 556209-7146, registered office: Kista, Sweden. Denna rapport finns också tillgänglig på svenska. 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 2014 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 16–55.

This Annual Report was produced by Enea in partnership with Box Communications, Stockholm.  
Images: Alexander Ruas. Translation: Turner & Turner



**Enea delivers products and expert services to companies that develop communication-intensive products for the connected society. Enea's operating systems are the backbone of the company's product portfolio and are supplemented by expert services to meet market demand for custom solutions.**

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