Q317
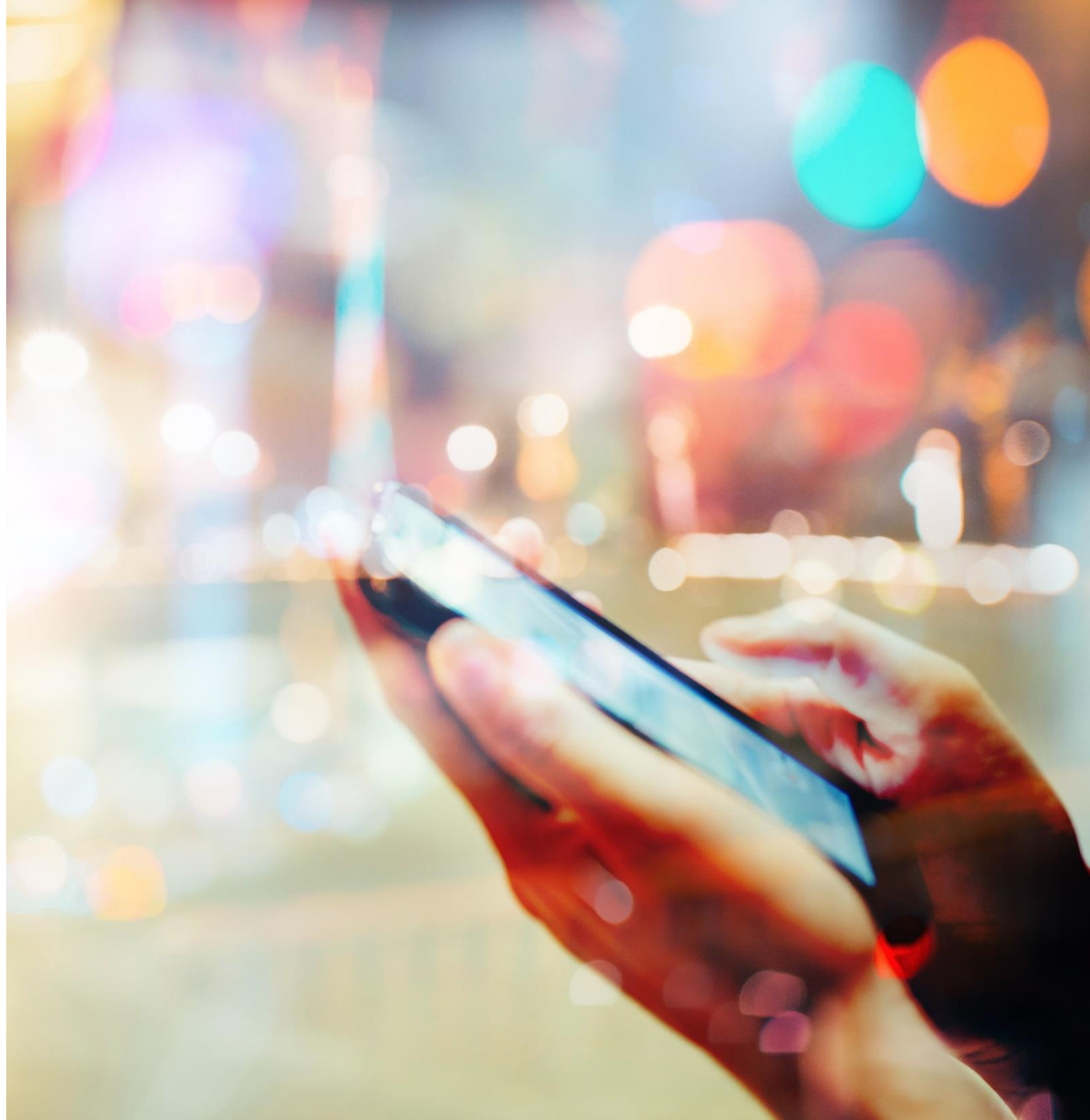
Presentation by Anders Lidbeck

President & CEO

24 October 2017

Agenda

- ▶ Intro

- ▶ Financials Q317

- ▶ Way Forward & Outlook

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Intro

A Catalyst for the Connected Society

|		
HEAD QUARTER KISTA, SWEDEN	**REVENUE** 501.3 **MSEK**	**OPERATING MARGIN** 23.7 **PERCENT**
NO. OF EMPLOYEES 464	**R&D OPEX INVESTMENT** 18 **PERCENT**	**LISTED NASDAQ STOCKHOLM**

Numbers for 2016

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Our Vision, Mission, and Commitment

Our Vision

Our software and expertise help you develop amazing functions in a connected society

Our Mission

We provide the network software platform and expert services our customers need to enable today's and tomorrow's connected society
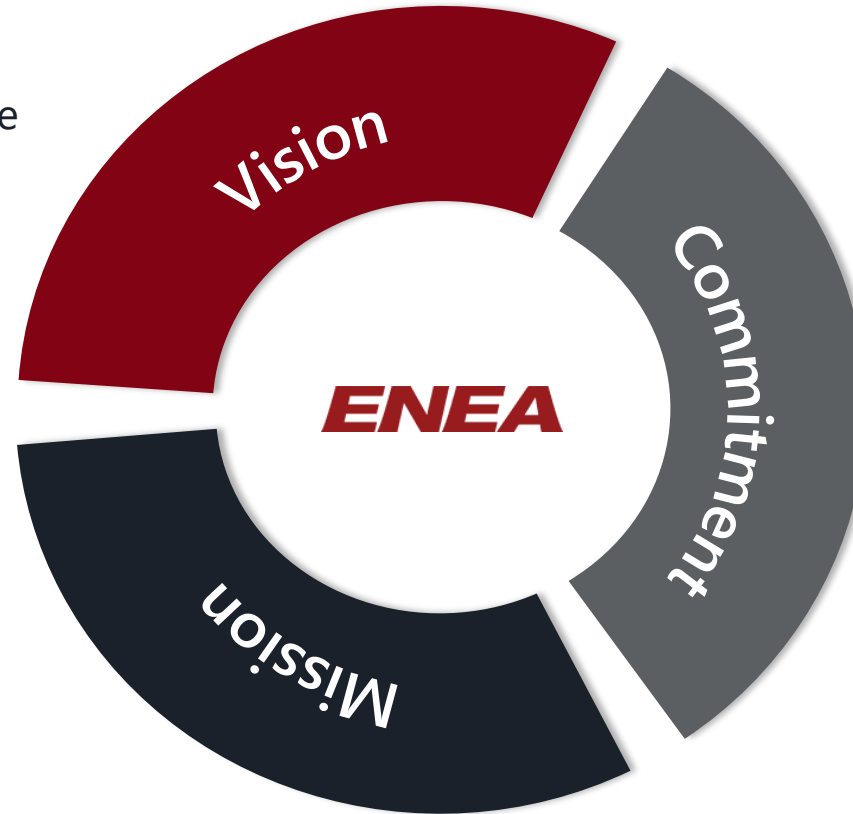
Our Commitment

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

Our Business

Software Products for embedded applications focused on communication solutions

- ▶ Operating Systems
- ▶ Network Operating Systems for NFV
- ▶ On Device Management
- ▶ VNF Management
- ▶ Network Management
- ▶ Services Orchestration
- ▶ Proprietary and Open Source
- ▶ Network Intelligence – DPI

Maintenance, Support, and Product Services

- ▶ Related to our own product portfolio
- ▶ For Open Source based solutions
- ▶ For integrated solutions incl. 3rd party

Stand-alone System and Software Services

- ▶ Architecture, design, development, test
- ▶ In-house and or on-site projects
- ▶ Bridged Services

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More than 3 billion people rely on Enea software every day, to connect a call or use their mobile phone to get online
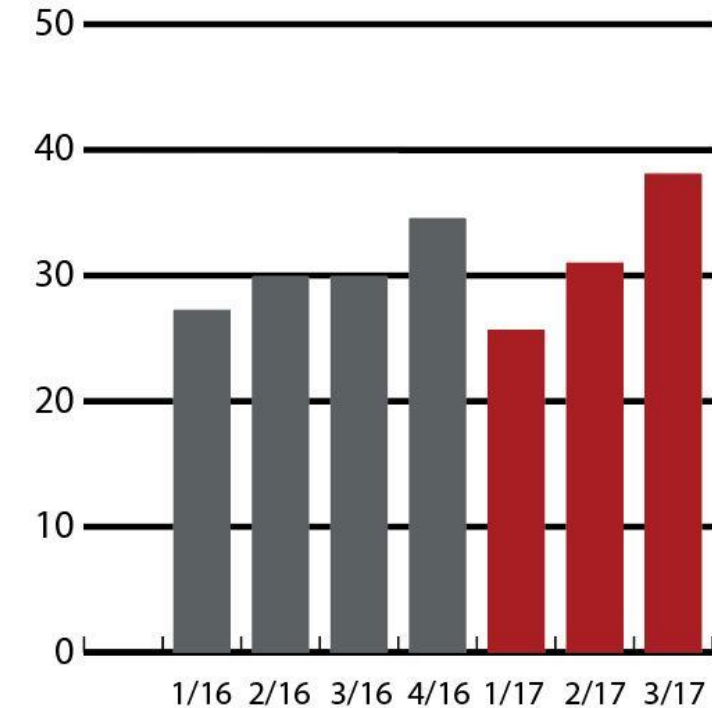
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Customers

Financials Q317

Record Operating Profit

|	Q317	Q316
Operating profit excl. non-recurring costs, MSEK	38.1	29.9
Operating profit, MSEK	34.1	29.6
Operating margin excl. non-recurring costs, %	25.9	24.8
Operating margin, %	23.2	24.5
Earnings per share, SEK	1.63	1.42

Operating profit excluding non-recurring costs

MSEK

▸ 38.1 MSEK operating profit excl. non-recurring costs is a new all-time high & a 27 % y-o-y growth

▸ 34.1 MSEK operating profit incl. non-recurring costs is a new all-time high & a 15% y-o-y growth

▸ 25.9 percent operating margin excl. non-recurring costs is a new all-time high

▸ 23.2 percent operating margin incl. non-recurring costs is a new record for Q3

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Record Revenue Growth

	Q317	Q316
Revenue (MSEK)	147.1	120.7
Revenue growth (%)	22	3
Revenue growth (%) (currency adjusted)	23	1

	FY16
Revenue (MSEK)	501.3
Revenue growth (%)	4
Revenue growth (%) (currency adjusted)	3

Revenue

MSEK
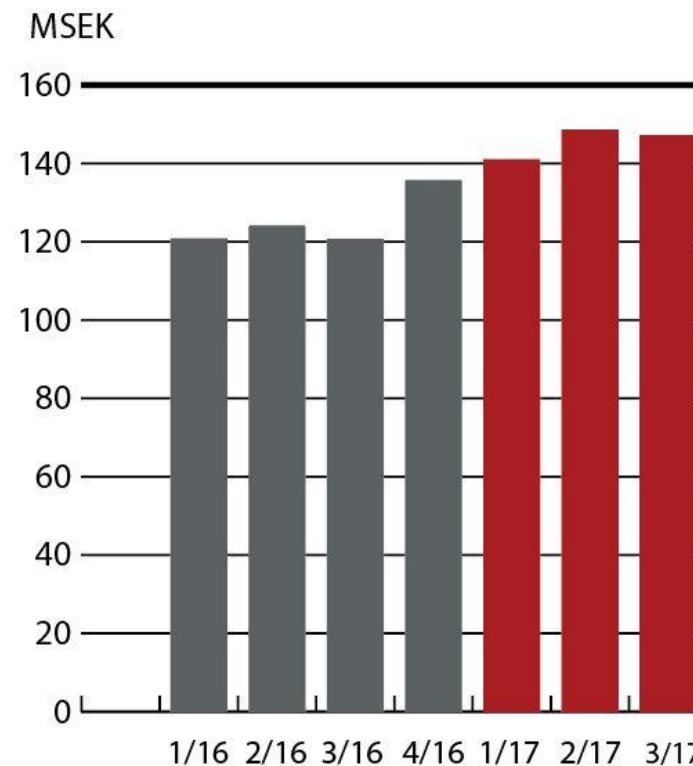
▶ Highest Q3 revenue since divestment of Nordic Consulting (2011)

▶ 13th consecutive quarter of y-o-y revenue growth

▶ Record y-o-y revenue growth number

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Strong Software Growth in the US and Asia

▶ **Europe**
In Europe, revenues increased with 14 percent during the quarter compared with the corresponding quarter last year. World Wide Software Sales and European services both posted solid y-o-y growth numbers.

▶ **Americas**
Revenues increased by 25 percent compared to the corresponding quarter of last year, although Service revenues decreased compared to the same period last year. The increase was due to strong growth in World Wide Software Sales, which more than doubled y-o-y. The increase occurred in both Network Solutions and Operating System Solutions.

▶ **Asia**
During the quarter, revenues increased by 61 percent compared with the same quarter last year. The increase was attributable to Software Sales and especially the revenues from operations in former Qosmos. In addition a significant deal was closed with Enea OSE, with a manufacturer of 5G base stations.

Revenue per region (Jul-Sep)

- 58 % Europe
- 30 % Americas
- 12 % Asia
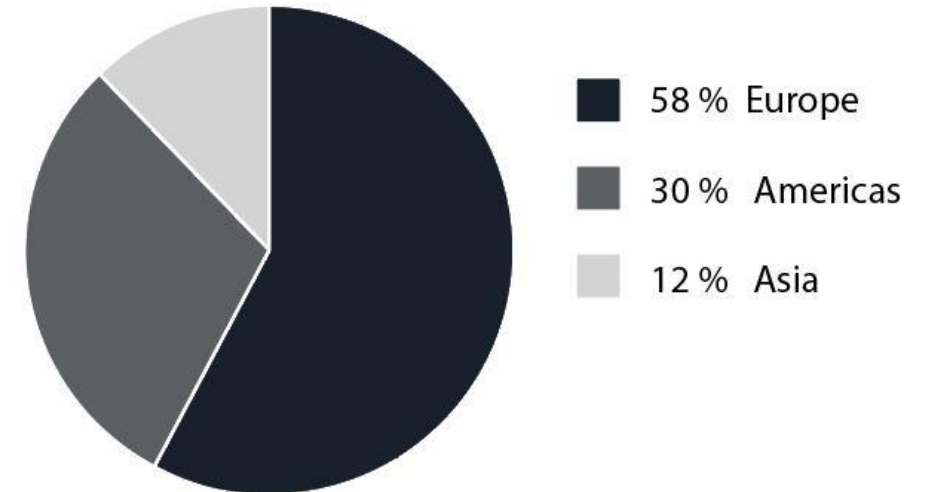
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Enea OSE selected for 5G radio base station

- ▶ October 2, Enea announced that it has been selected by an Asian tier one telecom equipment manufacturer (TEM), to deliver its 64-bit Enea OSE multicore operating system for use in time-critical functions in a line of 5G radio base stations

- ▶ Enea OSE was chosen based on its ability to combine high throughput with low latency on multicore processors.

- ▶ Enea OSE is the most widely deployed commercial operating system in radio base stations in the world. It is a robust, high-performance real-time operating system optimized for multicore processors in telecom and networking applications.

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PRESS RELEASE

Enea OSE selected for 5G radio base station

Enea OSE will boost throughput and reduce latency in 5G baseband processing

STOCKHOLM, Sweden, October 2, 2017 – Enea® (Nasdaq Stockholm: ENEA), a global supplier of network software platforms and world class services, today announced that it has been selected by an Asian tier one telecom equipment manufacturer (TEM), to deliver its 64-bit Enea OSE multicore operating system for use in time-critical functions in a line of 5G radio base stations.

Enea OSE was chosen based on its ability to combine high throughput with low latency on multicore processors. In the design, Enea OSE will provide the runtime for L2 baseband processing on a 24-core CPU. Thanks to the unique capability of Enea OSE to linearly scale performance over many cores, developers benefit from high throughput while keeping the freedom to design user applications.

With the introduction of 5G networks, access systems must be able to handle considerably higher bandwidth, far lower latencies and massive connection density. Enea OSE provides the low latency and high throughput needed, in a platform that also provides a migration path for future updates, and the flexibility to support different CRAN splits.

"Leading TEMs are designing in commercial-grade technology into their 4.5G and 5G RANs right now. They need performance and portability to support an evolutionary path, and this is exactly what they get with Enea OSE", said Karl Mörner, SVP of Product Management at Enea.

Enea OSE is the most widely deployed commercial operating system in radio base stations in the

Improved Product Revenue Mix

▶ Operating System Solutions was the product group which accounted for the largest share of Enea's sales with 46 percent of revenues during the quarter. Sales increased compared to the corresponding quarter previous year.

▶ Sales in Network Solutions increased significantly during the quarter with the acquisition of Qosmos. The group accounted for 29 percent of Enea's total sales during the quarter and has an increasing strategic importance for Enea.

▶ Enea's global service sales decreased compared with the same quarter last year, accounting for 24 percent of Enea's total sales, due to another weak quarter in US service operations.

Revenue per product group (Jul-Sep)
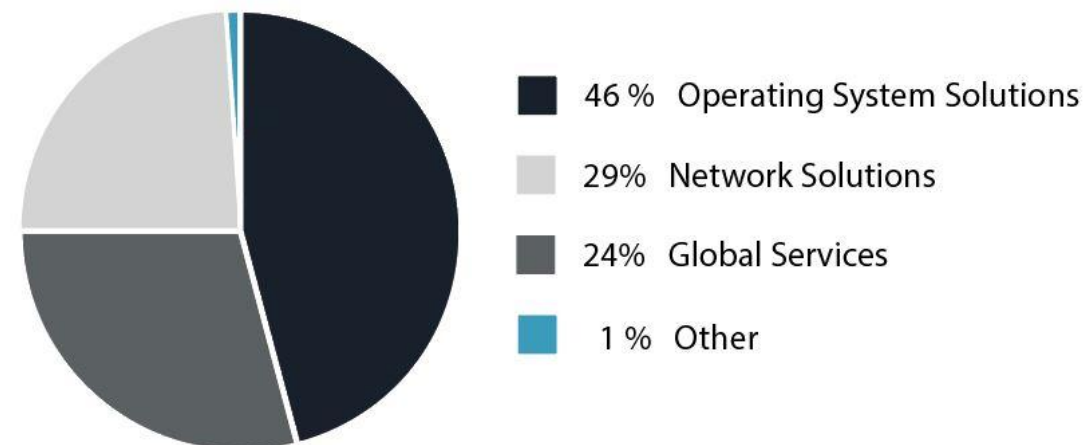
- 46 % Operating System Solutions
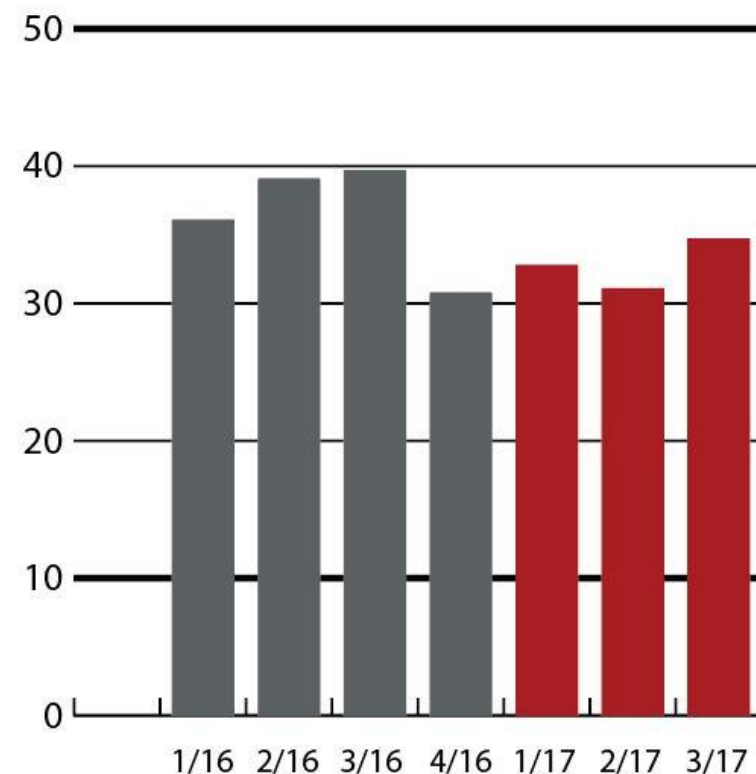- 29% Network Solutions
- 24% Global Services
- 1 % Other

▶ WW Software grew 123% y-o-y in Q3 (growth in both OS System Solutions & Network Solutions

▶ Key Accounts grew 4% y-o-y in Q3 (due to the acquisition of Qosmos)

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Signs of Improvement in US Services

▶ Revenues from Global Services stabilized during Q317 and increased with 12% over Q217

▶ European operations continued to post solid y-o-y growth numbers

▶ US operations have improved compared with the previous quarter, but the decline y-o-y is still significant and the overall decline in Global Services is still all attributable to the US

▶ Overall Global Services revenues declined with 13% in Q317 over Q316

▶ Overall Global Services revenues are expected to further stabilize in Q417 and also to return to y-o-y growth

Revenue Global Services

MSEK

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# Change in Q317 Revenue Mix
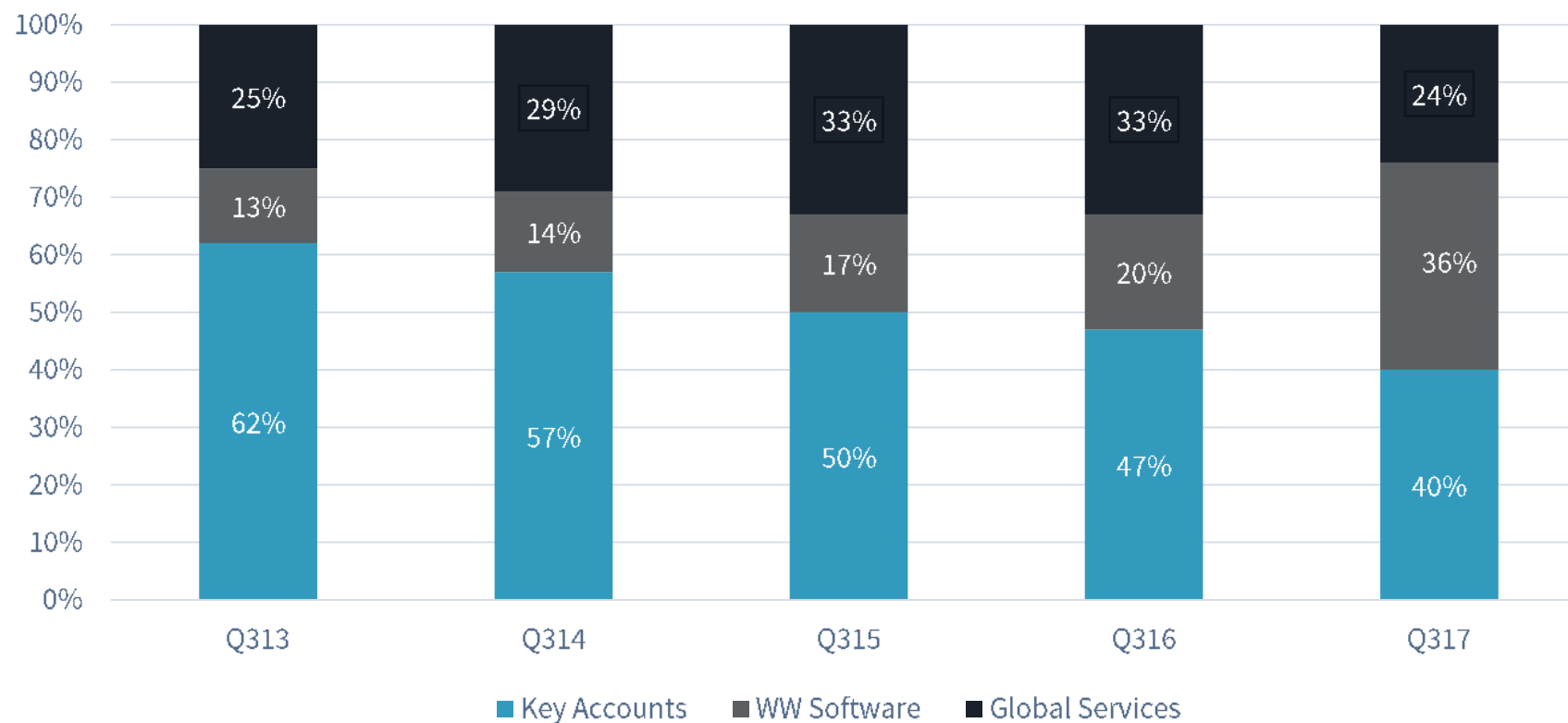
▶	WW Software grew 123% y-o-y in Q3 (growth in both OS System Solutions & Network Solutions	
▶	Key Accounts grew 4% y-o-y in Q3 (due to the acquisition of Qosmos)	
▶	4YCAGR: Key Accounts -1%. WW Software +44%, Global Services +9%	

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Financial Position

- ▶ Q317 cash flow from operations 30.3 (20.7) MSEK

- ▶ Q317 cash flow before change in working capital 36.9 (29.0) MSEK

- ▶ Cash, cash equivalents and financial investments at the end of the quarter were 265.5 (215.8) MSEK

- ▶ Total interest-bearing liabilities at the end of the quarter amounted to MSEK 116.0 (0)

- ▶ Net cash position 46.4 MSEK (215.8) vs. -124.9 at year-end 2016

- ▶ The equity ratio is 59.4 (76.0) percent

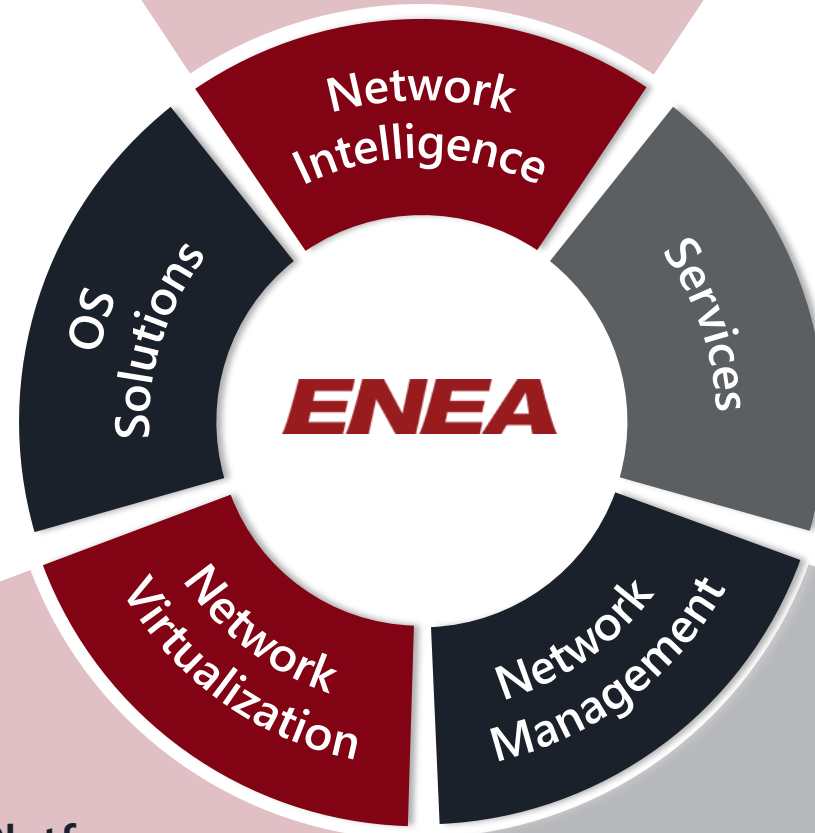## Cash flow from operations

MSEK

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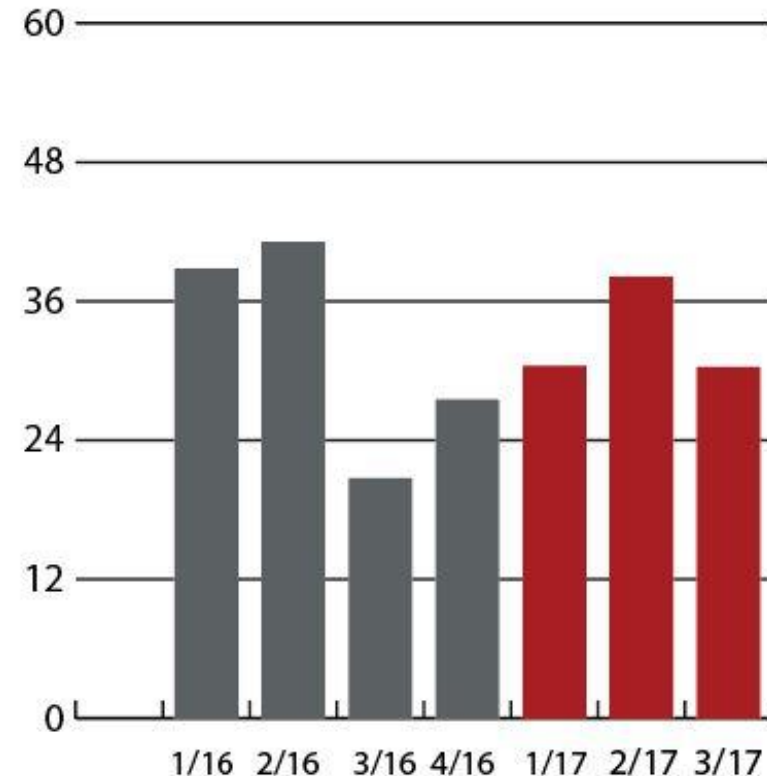
Way Forward & Outlook

Way Forward

▶ One should not expect the record margins to be sustainable during the coming quarters.

▶ Our market is changing and we continue our efforts to adapt. Acquisitions that strengthens our market position and long-term earning capacity is an important part of this transition.

▶ Our objective from the beginning of this year, to return to above 20 percent operating margins by year end, still stands.

▶ We will continue to work on stabilizing and improving operating margins – and profits – by focusing our business on areas of strength & market growth.

▶ We continue our efforts to build a bigger and stronger company, delivering an increasing value for customers, employees and shareholders.

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A Quickly Expanding Portfolio

▶ 3 new areas in the last 2 years

Network Monitoring

Cyber Security

Network Intelligence

Services

OS Solutions

Network Virtualization

Network Management

NFV Platforms

Virtual Probes

Network Management Systems

On-Device Management Agents

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Enea announces new milestone in network intelligence

▶ September 7, Enea announced a new milestone in network intelligence: Qosmos ixEngine®, the company's IP classification and metadata extraction engine, now recognizes over 3,000 protocols, more than any other Deep Packet Inspection (DPI) library on the market.

▶ "Qosmos ixEngine is the preferred software for IP classification and metadata extraction among networking and security vendors," said Thibaut Bechetoille, President, Qosmos Division of Enea. "This new record in protocol recognition reaffirms our leadership and reflects our technical expertise."

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PRESS RELEASE

Enea Announces New Milestone in Network Intelligence

Enea's Qosmos ixEngine sets a new record, recognizing over 3,000 protocols and applications. This unprecedented traffic visibility enables developers of networking and security products to move ahead of the competition in terms of performance, time-to-market and reliability

STOCKHOLM, Sweden, September 7, 2017 – Enea® (Nasdaq Stockholm) today announced a new milestone in network intelligence: Qosmos ixEngine®, the company's IP classification and metadata extraction engine, now recognizes over 3,000 protocols, more than any other Deep Packet Inspection (DPI) library on the market.

With 75% market share, Qosmos ixEngine is the de facto industry-standard for DPI software embedded in networking and security products. The technology identifies data traveling over networks in real time, providing a true picture of the traffic by identifying protocols, types of application, and extracting additional information in the form of metadata. Equipment makers, telco and enterprise software vendors use Qosmos ixEngine to gain application visibility, accelerate time to market and benefit from continuous signature updates.

"Qosmos ixEngine is the preferred software for IP classification and metadata extraction among networking and security vendors," said Thibaut Bechetoille, President, Qosmos Division of Enea. "This new record in protocol recognition reaffirms our leadership and reflects our technical

Cavium and Enea deliver optimized software and hardware platform for uCPE

▶ September 11, Cavium and Enea announced availability of optimized uCPE solutions based on Cavium OCTEON TX™ ARMv8 processor SoC families and Enea® NFV Access software platform.

▶ Using universal customer premises equipment (uCPE), service providers offer their enterprise customers on-demand deployment with flexibility of choosing from a range of virtualized network appliances in terms of specific virtual network functions (VNF) and VNF vendors.

PRESS RELEASE

Cavium and Enea Deliver Optimized Software and Hardware Platform for uCPE

Enea® NFV Access Software Platform Now Available for OCTEON TX™ ARMv8 based uCPE Systems

SAN JOSE, CA and STOCKHOLM, Sweden, September 11, 2017 – Cavium™, Inc. (NASDAQ: CAVM), a leading provider of semiconductor products that enable secure and intelligent processing for enterprise, data center, wired and wireless networking, and Enea® (NASDAQ Stockholm: ENEA), a global supplier of network software platforms and world class services, helping customers develop amazing functions for the connected society, today announced availability of optimized uCPE solutions based on Cavium OCTEON TX™ ARMv8 processor SoC families and Enea® NFV Access software platform.

Using universal customer premises equipment (uCPE), service providers offer their enterprise customers on-demand deployment with flexibility of choosing from a range of virtualized network appliances in terms of specific virtual network functions (VNF) and VNF vendors. In addition to the agile and flexible deployment benefits, the uCPE software platform provides a consistent management interface regardless of the selected network functions, and service-function-chaining of the subscribed VNFs for individual enterprise subscribers.

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Enea presents latest range of NFV software solutions at SDN NFV world congress

▶ October 5, Enea announced they will demonstrate NFV Infrastructure software for vCPE, NFV management and service chaining for virtualized infrastructures at the SDN NFV World Congress in the Hague, October 9-13.

▶ Enea provides the software foundation for the next generation of communication services with a special emphasis on reducing cost and complexity at the network edge.

ENEA

PRESS RELEASE

Enea Presents Latest Range of NFV Software Solutions at SDN NFV World Congress

Enea will demonstrate NFVI software platforms for vCPE, NFV management and service chaining that enable operators to develop innovative, value-added services on virtual infrastructures

STOCKHOLM, Sweden, October 5, 2017 – Enea® (Nasdaq Stockholm: ENEA), a supplier of NFVI software platforms, embedded DPI software and real-time operating systems, will demonstrate NFV Infrastructure software for vCPE, NFV management and service chaining for virtualized infrastructures at the SDN NFV World Congress in the Hague, October 9-13.

As operators and service providers migrate to virtual infrastructures, they need carrier grade software on which to create and run their services. To ensure the cost-effectiveness of their infrastructure and the profitability of their services, they need solutions that can run on low-cost out-of-the-box CPEs, and which are easy to manage remotely. Enea provides the software foundation for the next generation of communication services with a special emphasis on reducing cost and complexity at the network edge.

Meet Enea at booth #A5 and at the Arm partner booth #B27 during the SDN NFV World Congress 2017, to see the following demonstrations:

- **Enea NFV Access**
  Lightweight virtualization software platform for customer premise deployment. Enea NFV Access provides a foundation for vCPE agility and innovation, reducing cost and

Market Outlook 2017

Our objective for the full year 2017 is to achieve double-digit revenue growth, and improved operating profit compared to 2016 before non-recurring costs.

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THANK YOU

www.enea.com