ATEA

Q1

2021

INTERIM REPORT

Revenue of NOK 10.0 billion, up 10.6% y-o-y

EBIT of NOK 176 million, up from NOK 32 million last year

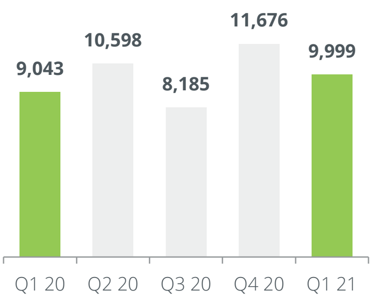
Cash flow from operations of NOK -641 million, compared with NOK -1,198 million last year

Net financial position of NOK 263 million, compared with NOK -519 million last year

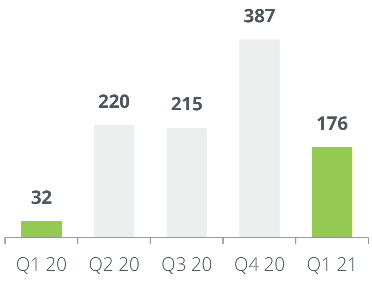
KEY FIGURES* | Q1 | 2021

NOK in million	Q1 2021	Q1 2020	Full year 2020
Group revenue	9,999	9,043	39,503
Gross profit	2,084	1,997	8,236
Gross margin (%)	20.8%	22.1%	20.8%
EBIT	176	32	854
EBIT margin (%)	1.8%	0.4%	2.2%
Net profit	128	6	590
Earnings per share (NOK)	1.16	0.05	5.37
Diluted earnings per share (NOK)	1.13	0.05	5.32
Cash flow from operations	-641	-1,198	1,388
Free cash flow	-717	-1,307	1,067

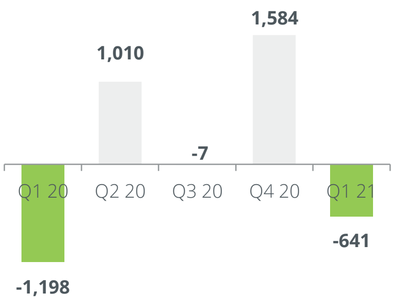
	31 Mar 2021	31 Mar 2020	31 Dec 2020
Net financial position	263	-519	1,067
Liquidity reserve	4,362	2,643	4,808
Working capital	-1,568	-1,275	-2,738
Working capital in relation to annualized revenue (%)	-3.9%	-3.5%	-6.9%
Adjusted equity ratio (%)	28.6%	27.8%	22.4%
Number of full-time employees	7,277	7,505	7,337



REVENUE | NOK in million



EBIT | NOK in million



CASH FLOW | NOK in million
FROM OPERATIONS

*Alternative perfomance measures (APM) presented in the key figures table are described in Note 12 of this report

FINANCIAL REVIEW | Q1 | 2021

GROUP

Atea had record high revenue and EBIT in the first quarter of 2021, based on rapid growth in product sales and lower expenses compared with last year. All countries reported strong growth in operating profit, with the Danish business showing major progress in its turnaround.

Total revenue in Q1 2021 increased by 10.6% to NOK 9,999 million. Revenue growth in constant currency was 9.8%. Currency fluctuations had a positive impact of 0.7% on revenue growth.

Revenue grew across all lines of business. Hardware revenue was up 16.8%, driven by strong growth in Denmark. Software revenue was up 5.4%, driven by higher sales to the public sector in Sweden. Services revenue was up 2.7%, with higher sales of both consulting and managed services.

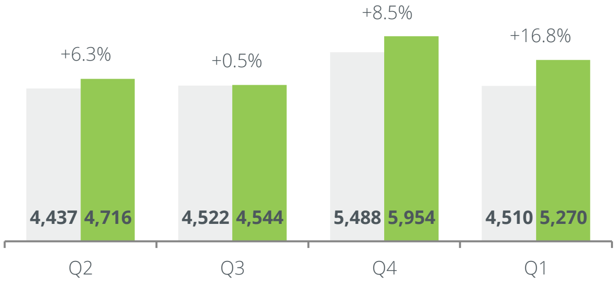
Gross profit grew by 4.3% to NOK 2,084 million. Gross margin decreased to 20.8% compared with 22.1% last year. Gross margin in the first quarter was negatively impacted by a higher proportion of low margin product deliveries in the revenue mix.

Total operating expenses were NOK 1,908 million, down 2.9% from last year, based on lower personnel and other operating expenses. The average number of full time employees fell by 235 (-3.1%) from last year as management reduced staff and implemented strict controls on new hires during the COVID-19 pandemic.

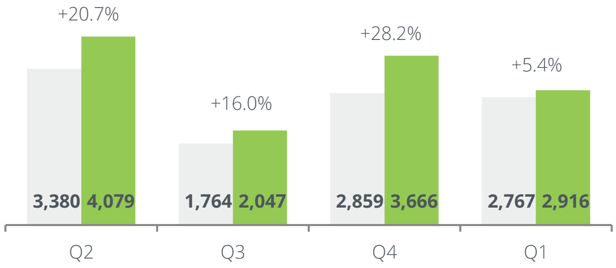
Based on strong revenue growth and lower operating expenses, EBIT grew to NOK 176 million, up from NOK 32 million last year. In Q1 2020, Atea incurred NOK 71 million in reorganization costs related to a restructuring of its business in Denmark and associated write downs. If we exclude these reorganization costs in Q1 2020, EBIT grew by approximately 70% from last year.

Net financial items were an expense of NOK 14 million, compared with an expense of NOK 26 million last year. The decline in financial expenses was primarily driven by lower interest costs compared with last year.

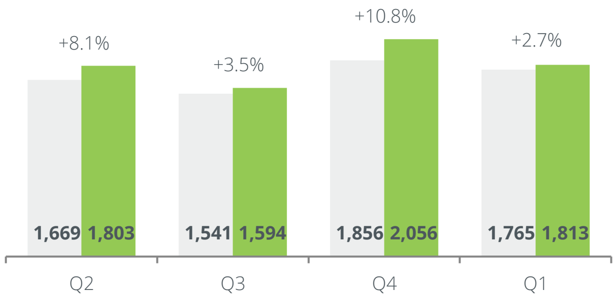
Profit before tax was NOK 162 million, up from NOK 6 million last year. Income tax expense was NOK 34 million, an effective tax rate of 21.2%. Net profit after tax increased to NOK 128 million, up from NOK 6 million last year.



HARDWARE REVENUE AND GROWTH | NOK in million



SOFTWARE REVENUE AND GROWTH | NOK in million



SERVICES REVENUE AND GROWTH | NOK in million

FINANCIAL REVIEW | Q1 | 2021

NORWAY

NOK in million	Q1 2021	Q1 2020	Change %
Products revenue	1,684	1,670	0.8%
Services revenue	564	572	-1.3%
Total revenue	2,248	2,242	0.3%
Gross profit	565	572	-1.1%
Gross margin %	*25.1%*	*25.5%*	*-0.4%*
OPEX	515	527	-2.3%
EBIT	50	45	12.1%
EBIT %	*2.2%*	*2.0%*	*0.2%*

Atea Norway reported record high EBIT in the first quarter of 2021, with stable revenue and lower operating expenses compared with last year.

Revenue in Q1 2021 was NOK 2,248 million, an increase of 0.3% from last year. Hardware revenue was down 1.1%, due to lower sales of datacenter equipment. Software revenue was up 5.2%, based on increased demand from the public sector. Services revenue was down 1.3%, with lower sales of consulting and managed services.

Total gross margin was 25.1%, compared with 25.5% last year. Product margin was 11.5% in Q1 2021, compared with 12.0% last year, due to lower margin on software sales. Services margin increased to 65.8% compared with 64.9% last year, based on higher margins on managed service agreements.

Total operating expenses were NOK 515 million, down 2.3% from last year. The average number of full-time employees decreased by 28 (-1.7%) from last year.

Based on lower operating expenses, EBIT in Q1 2021 grew by 12.1% to NOK 50 million. The EBIT margin was 2.2%, up from 2.0% last year.

FINANCIAL REVIEW | Q1 | 2021

SWEDEN

SEK in million	Q1 2021	Q1 2020	Change %
Products revenue	3,141	2,933	7.1%
Services revenue	690	668	3.3%
Total revenue	3,832	3,601	6.4%
Gross profit	802	782	2.5%
Gross margin %	*20.9%*	*21.7%*	*-0.8%*
OPEX	685	680	0.7%
EBIT	117	102	14.5%
EBIT %	*3.1%*	*2.8%*	*0.2%*

Atea Sweden reported strong growth in revenue and EBIT in the first quarter of 2021. The profit improvement was based on higher sales of products and services, and relatively low growth in operating expenses.

Revenue increased by 6.4% from last year to SEK 3,832 million. Hardware revenue was down 0.7%, due to lower demand for PCs from the public sector. Software revenue was up 19.7%, based on higher sales to the public sector. Services revenue was up 3.3%, driven by strong sales of managed service contracts.

Total gross margin was 20.9% in Q1 2021, compared with 21.7% last year. Product margin was 11.7%, in line with last year. Services margin fell to 63.0% compared to 65.6% last year, primarily due to a lower proportion of revenue from Atea's consulting services (versus third party service agreements).

Total operating expenses increased by 0.7% to SEK 685 million, up from SEK 680 million last year. The increase was caused by higher share based compensation costs, due to an appreciation in Atea's share price during the quarter. The average number of full-time employees decreased by 122 (-4.7%) from last year.

Based on increased sales and a flat trend in operating expenses, EBIT in Q1 2021 grew by 14.5% to a record high SEK 117 million. The EBIT margin was 3.1%, compared with 2.8% last year.

FINANCIAL REVIEW | Q1 | 2021

DENMARK

DKK in million	Q1 2021	Q1 2020	Change %
Products revenue	1,515	1,014	49.4%
Services revenue	303	288	5.3%
Total revenue	1,818	1,302	39.6%
Gross profit	304	264	15.4%
Gross margin %	*16.7%*	*20.2%*	*-3.5%*
OPEX	304	353	-14.0%
EBIT	0	-90	N/A
EBIT %	*0.0%*	*-6.9%*	*6.9%*

Atea Denmark showed major progress in its turnaround during the first quarter of 2021. EBIT improved greatly from last year, due to strong sales of hardware and services, and lower operating expenses.

Total revenue in Denmark grew by 39.6% to DKK 1,818 million. Hardware revenue increased by DKK 519 million, or 79.7%. Approximately DKK 390 million of this growth was based on a large order for tablet computers from the Danish headquarters of a global NGO. Excluding this large order, hardware revenue grew by 19.8%.

Software revenue was down 5.0%, due to lower sales to the private sector. Services revenue was up 5.3%, mostly driven by higher demand for consulting services.

Total gross margin was 16.7% in Q1 2021 compared with 20.2% last year. Product margin was 8.2% in Q1 2021, compared with 9.0% last year, as the large order for tablets in Q1 2021 had a relatively low margin. Services margin was 59.6%, in line with last year.

Total operating expenses were DKK 304 million, a decline of 14.0% from Q1 2020. Atea Denmark incurred DKK 51 million in reorganization costs during Q1 2020 related to a restructuring of its operations and associated write downs. Excluding reorganization costs, operating expenses were on the same level as last year. The average number of full-time employees decreased by 48 (-3.4%) from last year.

Due to very strong revenue growth and lower operating expenses, Atea Denmark reached a breakeven EBIT in Q1 2021, compared with an operating loss of DKK -90 million in Q1 2020.

FINANCIAL REVIEW | Q1 | 2021

FINLAND

EUR in million	Q1 2021	Q1 2020	Change %
Products revenue	98.2	105.5	-7.0%
Services revenue	8.5	7.7	10.4%
Total revenue	106.7	113.2	-5.8%
Gross profit	13.3	13.3	0.0%
Gross margin %	*12.4%*	*11.7%*	*0.7%*
OPEX	11.3	11.7	-3.6%
EBIT	2.0	1.6	26.4%
EBIT %	*1.9%*	*1.4%*	*0.5%*

Atea Finland reported rapid growth in EBIT during the first quarter of 2021. The profit improvement was based on increased sales of hardware and services, and lower operating expenses.

Revenue in Q1 2021 was EUR 106.7 million, down 5.8% from last year. Hardware revenue increased by 4.6%, based on strong sales of networking and audio/video solutions. Software revenue was down 15.6%, due to a large public frame agreement which terminated at the start of the quarter. Services revenue was up 10.4%, primarily driven by higher sales of consulting and managed cloud solutions.

Total gross margin was 12.4% in Q1 2021, compared with 11.7% last year. Product margin was 8.4%, compared with 8.6% last year, due to lower margin on software sales. Service margin increased to 58.6% compared with 54.7% last year, due to a higher proportion of revenue from Atea's own services (versus third party agreements).

Total operating expenses were EUR 11.3 million in Q1 2021, a decrease of 3.6% from last year. The reduction in operating costs was primarily driven by lower personnel expenses. The average number of full-time employees decreased by 16 (-3.7%) from last year.

EBIT in Q1 2021 increased by 26.4% to a record high EUR 2.0 million. The EBIT margin improved to 1.9%, up from 1.4% last year.

FINANCIAL REVIEW | Q1 | 2021

THE BALTICS

EUR in million	Q1 2021	Q1 2020	Change %
Products revenue	20.7	23.7	-12.5%
Services revenue	9.0	8.3	8.5%
Total revenue	29.7	32.0	-7.1%
Gross profit	8.5	8.0	5.4%
Gross margin %	*28.5%*	*25.1%*	*3.4%*
OPEX	7.5	7.3	3.6%
EBIT	0.9	0.7	22.7%
EBIT %	*3.1%*	*2.3%*	*0.7%*

Atea Baltics reported record high EBIT in Q1 2021, as strong sales of managed cloud solutions offset weaker demand and supply chain constraints in the product resale business.

Revenue in the first quarter was EUR 29.7 million, down by 7.1% compared with last year. Hardware revenue was down 4.2%, due to lower sales of workplace solutions. The Baltics business has been hardest hit by supply shortages of IT equipment during Q1 2021. Software revenue was down 31.8% from a very strong corresponding quarter last year when Atea Baltics had large central government orders for software licenses in Lithuania and Estonia. Services revenue was up 8.5%, driven by higher sales of managed cloud agreements.

Total gross margin increased to 28.5% in Q1 2021 compared with 25.1% last year. Product margin was 10.1%, in line with last year. Services margin increased to 70.7%, in comparison with 68.4% last year, due to higher margins on managed services.

Total operating expenses were EUR 7.5 million in Q1 2021 compared with EUR 7.3 million last year, driven by a change in the employee mix towards more high-end consultants. The average number of full-time employees decreased by 36 (-5.3%) from last year.

Based on strong growth in the managed cloud business, EBIT in Q1 2021 was EUR 0.9 million, up by 22.7% from last year. The EBIT margin was 3.1%, up from 2.3% last year.

BALANCE SHEET

As of 31 March 2021, Atea had total assets of NOK 13,593 million. Current assets such as cash, receivables and inventory represented NOK 7,257 million of this total. Non-current assets represented NOK 6,336 million of this total, and primarily consisted of goodwill (NOK 3,940 million), property, plant and equipment (NOK 511 million), right-of-use leased assets (NOK 1,201 million) and deferred tax assets (NOK 299 million).

Atea had total liabilities of NOK 10,101 million, and shareholders' equity of NOK 3,492 million as of 31 March 2021. Atea's policy is to maintain an equity ratio above 20%, adjusted for the balance of right-of-use leases and sublease assets ("adjusted equity ratio"). The adjusted equity ratio at the end of Q1 2021 was 28.6%.

Atea's net financial position was cash positive of NOK 263 million at the end of Q1 2021 as defined by Atea's debt covenants. Atea's debt covenants require that the Group maintains a maximum net interest bearing debt of 2.5x pro forma EBITDA over the last twelve months. Based on the calculation of the debt covenants, Atea's net interest bearing debt is -0.2x pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 4,362 million before the debt covenant would be reached. See additional information on the liquidity reserve in Note 12 of this report.

In order to reduce the volatility of its working capital and debt balances throughout the year, Atea sells specified accounts receivable through a securitization program organized by its bank. Due to lower working capital requirements, Atea sold fewer of its accounts receivable into a securitization program during Q1 2021 than in the previous year.

At the end of Q1 2021, Atea had sold receivables of NOK 739 million under the securitization program, compared with NOK 1,679 million last year. Additional information on the securitization program can be found in Note 6 of this report.

CASH FLOW

Cash flow from operations was an outflow of NOK 641 million in the first quarter of 2021, compared with an outflow of NOK 1,198 million last year. Cash from operations in Q1 2021 was significantly better than last year due to higher cash earnings and a smaller seasonal increase in the working capital balance compared with last year.

Cash flow from operations is typically negative in the first quarter of the year due to seasonal fluctuations in working capital. Additional information on the seasonality of Atea's operations can be found in Note 8 of this report.

Working capital was at a low level at the end of Q1 2021. During Q1, Atea reduced its balance of overdue receivables through strict collection routines. In addition, some public sector customers paid Atea in advance of scheduled due dates as part of a general government program to provide support to businesses during the COVID-19 pandemic.

Cash flow from investing activities was an outflow of NOK 76 million in Q1 2021, down from NOK 109 million in the corresponding quarter last year, mainly due to lower investments in data center assets.

Cash flow from financing activities was an inflow of NOK 74 million in Q1 2021, down from NOK 119 million in the corresponding quarter last year. The difference was due to an increase in the short-term debt balance last year.

SHARES

Atea had 7,936 shareholders on 31 March 2021 compared with 7,498 shareholders on 31 March 2020.

The 10 largest shareholders as of 31 March 2021 were:

Main Shareholders*	Shares	%
Systemintegration APS **	28,618,948	25.8%
Folketrygdfondet	8,237,553	7.4%
State Street Bank & Trust Co. ***	6,752,762	6.1%
State Street Bank and Trust Co. ***	3,552,356	3.2%
Verdipapirfond Odin Norden	3,336,029	3.0%
RBC Investor Services Trust	2,658,787	2.4%
State Street Bank and Trust Co. ***	2,507,738	2.3%
Verdipapirfond Odin Norge	2,272,692	2.0%
J.P. Morgan Bank Luxembourg	2,175,000	2.0%
State Street Bank and Trust Co. ***	2,126,507	1.9%
Other	48,796,738	43.9%
Total number of shares	111,035,110	100.0%

* Source: Verdipapirsentralen
** Includes shares held by Ib Kunøe
*** Includes client nominee accounts

As of 31 March 2021, Atea's Chairman Ib Kunøe and close associates controlled a total of 26.4% of the shares, including the shares held by Systemintegration APS.

As of 31 March 2021, Atea's senior management team held 130,521 shares.

BUSINESS OVERVIEW

BACKGROUND

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The company is the largest player by far in its local markets, with a market share of approximately 20%. Over 60% of Atea's sales are to the public sector, with the remainder of sales to private companies.

Atea's current organization structure is the result of the merger of the leading IT infrastructure companies in Denmark, Norway, Sweden, Finland and the Baltics in 2006 and 2007. This was followed by a further acquisition and consolidation of 50 companies from 2007 - 2015.

Atea's market share in the Nordic and Baltic regions far exceeds that of other IT infrastructure providers. Today, the company has offices in 84 cities in the Nordic and Baltic region and over 7,000 employees. This scale provides Atea with critical competitive advantages in purchasing, local market presence, breadth and depth of product offering, system integration competence, and efficient shared services and logistics functions.

The market for IT infrastructure in the Nordic and Baltic regions has grown steadily during the last several years. According to estimates from IDC*, the market for IT infrastructure and related services has grown at an average rate of approximately 5% per year during the last 5 years.

Atea's competence and leading market position in IT infrastructure has enabled the company to grow at a rate significantly higher than that of the market. Over the last 5 years, the company has averaged an organic revenue growth rate of approximately 7% per year.

To address the needs of the Nordic and Baltic markets, Atea works closely with leading international IT companies, such as Microsoft, Cisco, HP Inc., Hewlett Packard Enterprise, IBM, Apple, Lenovo, VMware, Citrix, and Dell Technologies. These companies view the Nordic region as a critical market for the early adoption of new technologies, and work closely with Atea to penetrate these markets. In recent years, Atea's cooperation with its technology partners has intensified. This enables Atea to stay at the forefront of the latest IT trends, and to offer its customers new and innovative IT solutions.

IT MARKET TRENDS

The market for information technology is in the midst of dramatic change, with profound effects on society known as the "digital transformation".

Across private enterprise and throughout the public sector, organizations are converting vast amounts of information into digital form. As information is made digital, it can be collected, processed, managed, and distributed with methods and at a scale which was previously impossible. This "digitization" enables public and private organizations to completely redefine how they provide goods and services, and how these goods and services are consumed and shared.

The resulting "digital transformation" is driving innovation in all sectors of the economy and all public services, including health, welfare, education, defense, policing and infrastructure management. Collectively, this can result in major improvements in productivity and living standards.

At the same time, the "digital transformation" places even greater demands on organizations' IT environments, as the amount of data which is being managed grows exponentially across a broadening range of devices. Furthermore, as digital information and processes become central to the definition of goods, services and of work itself, the capabilities and stability of the IT environment become essential for organizations to function. Consequently, the risk of security breaches becomes ever greater. All of this creates a level of complexity which IT departments struggle to support.

This presents a significant opportunity for Atea, as the leading provider of IT infrastructure and system integration in the Nordic and Baltic regions. Through its breadth of competency and depth of expertise Atea helps its customers to design, implement and operate the IT infrastructure upon which they are dependent as their operations become increasingly digital.

*International IT research company, International Data Corporation

BUSINESS OVERVIEW

BUSINESS STRATEGY

As the IT market evolves, Atea needs to develop its capabilities in numerous areas to support its customers' digital transformation projects. Atea's business strategy is therefore to broaden its range of IT solutions and to expand its value proposition to customers.

Atea's solution offering:
The range of solutions Atea provides its customers can be categorized in three major areas: "Hybrid Platforms", "Digital Workplace" and "Information Management".

"Hybrid Platforms" are the data center and network infrastructure through which organizations process, store, and distribute information from applications and databases.

"Digital Workplace" consists of all the devices and software through which users conduct work, access data and applications, and interact with each other. Examples include PCs, mobile phones and tablets, audio/video and conferencing solutions, smart displays, printers, and more.

"Information management" consists of all the tools through which organizations collect data, and then extract intelligence or automate processes from this information. This is a relatively new growth area for Atea.

By offering a range of solutions across these three areas, Atea can help customers significantly improve their productivity and redefine how work is completed in their organizations.

Atea's value proposition to the customer:
As Atea expands its solution offering, its service value proposition to customers is also evolving. In particular, Atea is continuing to develop its competence and add a higher services component to every solution it sells.

Our value proposition to the customer can be broken into three areas. We aim to be the market leader in each of these areas.

"Reseller": Atea has for many years been the leading reseller of IT infrastructure in the Nordic and Baltic regions. This market position is what gives Atea a unique partnership with the largest global vendors of IT infrastructure.

"System integrator": Atea is also rapidly expanding its service offering as an integrator of IT infrastructure. Through its breadth of competency and depth of expertise, Atea provides consulting support in solution architecture, integration and information management to help customers address the continuous growth and increased complexity of their IT environments.

"Managed Services": Finally, Atea is a managed service provider which helps customers operate their IT environments either on-premise or from the cloud. Atea's managed services enable customers to utilize the capabilities and resources of Atea so that they can dedicate less time and resources on IT operations and focus instead on their core objectives.

SUSTAINABILITY

Atea currently has the highest rating in environmental and social performance by EcoVadis, an achievement that ranks Atea in the top 1% of 65,000 organizations evaluated globally.

In 2020, Atea launched a 10-year plan for building a better, more sustainable future with IT. The plan is described in our latest sustainability report, published in March 2021.

During 2020, Atea:

- processed 453,210 IT units for reuse/recycling, a record high
- reduced its own carbon emissions by 28.9%
- monitored for compliance 95% of own supply chain

The company was recently recognized as a "Transparency Partner" by Nasdaq, an initiative focusing on improving the ESG information flow between listed companies and the investor community.

In previous years, Atea was awarded with Sustainability Index Fair Trade Award by the Government of Latvia, and has previously been ranked as Excellent Sustainable Supplier by the Swedish Competition Authority. Atea was also recognized as Industry Leader within sustainability by Sustainable Brand Index and the Global Child Forum.

BUSINESS OVERVIEW

BUSINESS OUTLOOK

Based on its competitive advantages and leading market position in the Nordic and Baltic regions, Atea is well-positioned to maintain a long-term growth rate faster than the IT infrastructure market.

At the same time, Atea expects to steadily increase its operating profit through a combination of revenue growth, expansion in higher margin products and services, and tight control of operating expenses.

Since the start of 2020, the COVID-19 pandemic has resulted in a sharp slowdown in the global economy. While all businesses face uncertainty with the COVID-19 pandemic, Atea is structurally well-suited for the current economic environment.

Atea has a stable revenue base, with over 60% of its sales to the public sector and a majority of its remaining revenue from large corporate customers in the Nordic region. These organizations are highly dependent on information technology, and are likely to maintain spending on their IT infrastructure throughout an economic downturn.

The COVID-19 pandemic is forcing many customers to invest in IT solutions to enable their employees to be productive from remote work locations and to collaborate in virtual settings during travel restrictions. Many customers have told Atea that the COVID-19 pandemic has forced them to rethink the design and operation of their IT infrastructure, and have initiated discussions with Atea on future investments. Over the long-term, Atea sees that the pandemic may result in an acceleration of the digitalization trend in the workplace.

Market trends:
Recent trends in the global economy and IT infrastructure market have impacted Atea as follows:

Atea's hardware business has been negatively impacted by a weaker economy, particularly within the private sector. This has also driven intensified competition in the market.

In addition, the hardware market faces structural headwinds as software and services delivered from the cloud have captured a greater share of IT infrastructure spending. This trend has been most strongly felt in the market for servers and storage, which represent 15% of Atea's hardware sales.

Atea expects that the market for hardware will improve in 2021, consistent with estimates from market research. Although customers are able to postpone some hardware investments during an economic downturn, eventually hardware needs to be upgraded and replaced. In addition the hardware market will continue to be driven by long-term growth in demand for digital workplace solutions as organizations expand their use of IT.

Atea's software business has been its strongest area of growth in recent years, in accordance with trends in the IT infrastructure market. This growth is also in line with Atea's overall strategy to address new opportunities within "Hybrid Platforms", "Digital Workplace" and "Information Management". These new growth areas are more dependent on advanced software than traditional IT infrastructure.

These growth areas enable Atea to sell more high-value consulting and managed services, as customers need expertise to implement and derive value from advanced software solutions. In some cases, Atea will resell a large software project at low margin in order to establish a customer relationship which enables Atea to sell in its consulting and managed service offering.

While Atea's software resale business has grown rapidly over the last several years, the business has at the same time experienced margin compression. This is driven both by competitive pressures and by changes in IT vendors' incentive programs to channel partners such as Atea. This margin compression is contributing to a consolidation of the market toward fewer resellers, a trend which favors Atea. Over time, the negative impact of margin compression on Atea's software business is expected to be offset by a higher market share and by creating opportunities for Atea to sell consulting and managed services.

Atea's services business encompasses a broad range of IT advisory services, onsite implementation and technical support services, and long-term managed service agreements.

Each of these business areas has been impacted differently by the current market environment, with some areas seeing slower demand.

- Demand for Atea's IT advisory services has generally held up in the current economic environment, as customers require expertise to undertake digitalization initiatives and manage the increased complexity of their IT environments.

- Demand for onsite implementation and technical support services has been negatively impacted by a slower hardware market, and by restricted access and reduced staffing at the customers' workplace.

- Demand for Atea's managed service agreements has held up in most countries. These service agreements have a term of one year or more, and are less directly impacted by short-term changes in the economic environment.

Atea expects that the services business will return to a higher growth rate in 2021, with stronger demand for IT advisory and managed services. Demand for onsite implementation and technical services is also expected to improve with increased hardware sales and renewed access to the customers' workplace.

BUSINESS OVERVIEW

BUSINESS OUTLOOK (CONT'D)

Cost reduction program:

Atea has taken active measures to reduce its operating expenses during 2020 in order to enhance productivity and adapt to a more challenging economic environment.

In January 2020, Atea implemented a major reorganization of its Danish business. A new managing director was appointed to lead the business, and new sales directors have been appointed in each customer segment and services area. The reorganization also involved a cost reduction program resulting in the severance of over 90 employees during Q1 2020. Since the reorganization, Atea Denmark has seen a major improvement in profitability from the prior year.

In March 2020, after the onset of the COVID-19 pandemic, strict controls on hiring were implemented across Atea, and budgets for travel, marketing and facility operations were greatly reduced. Salary increases were put on hold, and senior management in all regions accepted voluntary salary reductions during the second quarter. Several hundred employees were placed on leave (furlough) for much of the second quarter, with a portion of their salary costs reimbursed through national government programs to support business during the pandemic.

During the second half of 2020, Atea implemented permanent staff reductions in areas of the business which were seen as having low growth potential or in areas which could be reorganized to operate more efficiently. By the end of 2020, Atea had 3.3% fewer full-time employees than at the start of the year, or 248 fewer full-time employees.

Based on a reduced cost base and an expected growth in the market for IT infrastructure, management expects a strong improvement in operating profit during 2021. Atea has managed to operate successfully with a lower cost base, and delivered record high financial results in 2020 despite the pandemic. All areas of the organization have adapted to become more productive during this time.

Going forward, Atea will continue to take active measures to drive productivity across its business, with particular focus on capturing economies of scale across the Group. At the same time, Atea will adjust staffing in each country as necessary to respond to fluctuations in customer demand across the business.

CONDENSED FINANCIAL INFORMATION

FOR THE 3 MONTHS ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK in million	Note	Q1 2021	Q1 2020	Full year 2020
Revenue	2, 3, 8	9,999	9,043	39,503
Cost of sales		-7,915	-7,046	-31,266
Gross profit	12	2,084	1,997	8,236
Payroll and related costs		-1,552	-1,547	-5,904
Other operating costs	12	-171	-234	-745
Restructuring costs		0	-36	-37
Share based compensation		-29	8	-53
EBITDA	12	331	188	1,497
Depreciation and amortization		-153	-155	-638
Amortization related to acquisitions		-2	-1	-5
Operating profit (EBIT)	2	176	32	854
Net financial items	5	-14	-26	-105
Profit before tax		162	6	749
Tax	7	-34	0	-159
Profit for the period		128	6	590
Earnings per share				
- earnings per share (NOK)	4	1.16	0.05	5.37
- diluted earnings per share (NOK)	4	1.13	0.05	5.32
Profit for the period		128	6	590
Currency translation differences		-185	479	268
Forward contracts - cash flow hedging		0	-1	0
Income tax OCI relating to items that may be reclassified to profit or loss		0	0	0
Items that may be reclassified subsequently to profit or loss		-185	478	267
Other comprehensive income		-185	478	267
Total comprehensive income for the period		-58	484	857
Total comprehensive income for the period attributable to:				
Shareholders of Atea ASA		-58	484	857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK in million	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS				
Property, plant and equipment		511	558	538
Right-of-use assets		1,201	1,262	1,288
Deferred tax assets	7	299	383	303
Goodwill		3,940	4,289	4,088
Other intangible assets		285	310	289
Investment in associated companies		17	15	17
Long-term subleasing receivables		62	111	83
Other long-term receivables		19	29	20
Non-current assets		6,336	6,957	6,626
Inventories		1,061	978	797
Trade receivables		3,380	3,685	5,818
Other receivables		1,907	1,880	1,606
Short term subleasing receivables		101	161	126
Other financial assets		11	-2	5
Cash and cash equivalents		796	822	1,605
Current assets		7,257	7,525	9,957
Total assets		13,593	14,482	16,584
EQUITY AND LIABILITIES				
Share capital and premium	4	592	491	503
Other reserves		1,442	1,827	1,627
Retained earnings		1,458	1,277	1,254
Equity		3,492	3,596	3,384
Interest-bearing long-term liabilities	6	475	472	475
Long-term sublease liabilities		62	111	83
Long-term leasing liabilities		977	1,004	1,039
Other long-term liabilities		113	8	7
Deferred tax liabilities		154	205	165
Non-current liabilities		1,782	1,801	1,770
Trade payables		4,912	4,816	6,934
Interest-bearing current liabilities	6	7	797	7
Current sublease liabilities		101	161	126
Current leasing liabilities		289	307	310
VAT, taxes and government fees		847	717	1,058
Provisions		90	86	184
Other current liabilities		2,068	2,198	2,784
Other financial liabilities		5	1	28
Current liabilities		8,319	9,085	11,430
Total liabilities		10,101	10,886	13,200
Total equity and liabilities		13,593	14,482	16,584

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK in million	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
Equity at start of period - 1 January		3,384	3,075	3,075
Currency translation differences		-185	479	268
Forward contracts - cash flow hedging		0	-1	0
Other comprehensive income		-185	478	267
Profit for the period		128	6	590
Total recognised income for the year		-58	484	857
Employee share-option schemes		9	9	46
Dividends		0	0	-550
Changes related to own shares	4	67	0	-84
Issue of share capital	4	89	28	40
Equity at end of period		3,492	3,596	3,384

CONSOLIDATED STATEMENT OF CASH FLOW

NOK in million	Q1 2021	Q1 2020	Full year 2020
Profit before tax	162	6	749
Adjusted for:			
Depreciation and amortisation	155	156	643
Share based compensation	9	9	46
Gains/Losses on disposals of PPE and intangible asset	0	0	0
Net interest expenses	14	22	85
Taxes paid	-35	-122	-236
Net interest paid	-12	-18	-83
Cash earnings	293	54	1,204
Change in trade receivables	2,191	1,118	-1,033
Change in inventories	-317	-83	70
Change in trade payables	-1,754	-1,820	386
Other changes in working capital	-1,054	-467	762
Cash flow from operating activities	-641	-1,198	1,388
Purchase of PPE and intangible assets	-76	-114	-330
Sale of PPE and intangible assets	0	5	9
Acquisition of subsidiaries/businesses	-	-	-8
Cash flow from investing activities	-76	-109	-330
Dividend paid	-	-	-550
Payment from changes in treasury shares	67	-	-84
Proceeds from new shares issue	89	28	40
Proceeds from sublease	35	7	64
Payments of sublease liabilities	-35	-7	-64
Payments of lease liabilities	-80	-83	-340
Change in debt	-2	175	-600
Cash flow from financing activities	74	119	-1,534
Net cash flow	-642	-1,188	-476
Cash and cash equivalents at the start of the period	1,605	1,769	1,769
Foreign exchange effect on cash held in a foreign currency	-167	241	312
Cash and cash equivalents at the end of the period	796	822	1,605

NOTE 1

GENERAL INFORMATION AND ACCOUNTING POLICIES

The condensed interim financial statements for three months ending 31 March 2021 were approved for publication by the Board of Directors on 28 April 2021. These Group financial statements have not been subject to audit or review.

Atea ASA is a public limited company incorporated and domiciled in Norway whose shares are listed on the Oslo Stock Exchange. Atea (the Group) consists of Atea ASA (the Company) and its subsidiaries. Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic region.

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all information and disclosures required in the annual financial statement, and should be read in accordance with the Group’s Annual Report for 2020, which has been prepared according to IFRS as adopted by EU. There are no changes in accounting policy effective from 1 January 2021 that have impact on the Group accounts.

In the interim financial statements for 2021, judgements, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2021 and the major sources of uncertainty in the statements are similar to those found in the Annual accounts for 2020.

The Board confirms that these interim financial statements have been prepared on a going concern basis. As a result of rounding differences numbers or percentages may not add up to the total.

The carrying amounts of Financial assets and Financial liabilities recognized in the Consolidated statement of financial position approximate their fair values, according to Management’s assessment.

NOTE 2

OPERATING SEGMENT INFORMATION

Atea is located in 84 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with over 7,000 employees. For management and reporting purposes, the Group is organized by these geographical areas. The performance of these geographical areas is evaluated on a regular basis by Atea's Executive Team, consisting of among others the Managing Directors of each geographical segment.

In addition to the geographical areas, the Group operates Shared Services functions (Atea Logistics, Atea Global Services, Atea Group Functions, Atea Service Center AB and AppXite) and central administration. These costs are reported separately as Group Shared Service and Group cost.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

NOK

Revenue NOK in million	Q1 2021	Q1 2020	Full year 2020
Norway	2,248.5	2,241.9	9,428.4
Sweden	3,887.1	3,526.9	16,394.0
Denmark	2,508.9	1,822.0	8,672.9
Finland	1,095.0	1,183.9	3,786.4
The Baltics	304.9	334.3	1,373.5
Group Shared Services	1,719.0	1,715.6	7,338.8
Eliminations*	-1,764.7	-1,781.6	-7,491.3
Atea Group	9,998.8	9,043.0	39,502.7

*Most of Atea's internal sales are related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

NOK

EBIT NOK in million	Q1 2021	Q1 2020	Full year 2020
Norway	50.4	45.0	325.4
Sweden	118.8	100.1	475.3
Denmark	0.3	-125.6	-91.8
Finland	20.5	16.5	94.4
The Baltics	9.4	7.8	51.3
Group Shared Services	9.5	3.8	74.1
Group cost	-32.5	-15.7	-75.1
Operating profit (EBIT)	176.4	31.9	853.5
Net financial items	-14.4	-25.6	-104.5
Profit before tax	162.0	6.3	749.0

Quarterly revenue and gross margin NOK in million	Q1 2021	Q1 2020	Full year 2020
Product revenue	8,185.4	7,277.6	32,283.9
Services revenue	1,813.4	1,765.4	7,218.8
Total revenue	9,998.8	9,043.0	39,502.7
Gross contribution	2,084.0	1,997.3	8,236.2
Product margin	10.8%	11.4%	11.1%
Services margin	66.2%	66.1%	64.4%
Gross margin	20.8%	22.1%	20.8%

Quarterly revenue and gross margin NOK in million	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Product revenue	8,185.4	9,620.2	6,591.1	8,795.0	7,277.6
Services revenue	1,813.4	2,055.8	1,594.1	1,803.4	1,765.4
Total revenue	9,998.8	11,676.1	8,185.2	10,598.5	9,043.0
Gross contribution	2,084.0	2,327.0	1,847.3	2,064.6	1,997.3
Product margin	10.8%	11.0%	12.2%	10.1%	11.4%
Services margin	66.2%	61.6%	65.2%	65.4%	66.1%
Gross margin	20.8%	19.9%	22.6%	19.5%	22.1%

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

LOCAL CURRENCY

Revenue Local currency in million		Q1 2021	Q1 2020	Full year 2020
Norway	NOK	2,248.5	2,241.9	9,428.4
Sweden	SEK	3,831.5	3,601.1	16,030.1
Denmark	DKK	1,817.9	1,302.1	6,027.5
Finland	EUR	106.7	113.2	353.0
The Baltics	EUR	29.7	32.0	128.1
Group Shared Services	NOK	1,719.0	1,715.6	7,338.8
Eliminations*	NOK	-1,764.7	-1,781.6	-7,491.3
Atea Group	NOK	9,998.8	9,043.0	39,502.7

EBIT Local currency in million		Q1 2021	Q1 2020	Full year 2020
Norway	NOK	50.4	45.0	325.4
Sweden	SEK	117.1	102.2	464.7
Denmark	DKK	0.2	-89.8	-63.8
Finland	EUR	2.0	1.6	8.8
The Baltics	EUR	0.9	0.7	4.8
Group Shared Services	NOK	9.5	3.8	74.1
Group cost	NOK	-32.5	-15.7	-75.1
Operating profit (EBIT)	NOK	176.4	31.9	853.5
Net financial items	NOK	-14.4	-25.6	-104.5
Profit before tax	NOK	162.0	6.3	749.0

*Most of Atea's internal sales are related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite

NOTE 3

DISAGGREGATION OF REVENUE

Information about the main revenue streams and the timing of the revenue recognition are described in Note 2- Summary of significant accounting principles – in the Annual report for 2020.

The Group has disclosed geographical information about revenue from external customers. In addition, the Group has disclosed revenue based on two main categories: products (hardware and software) and services.

In the table below, the revenue from the operating segment information in Note 2 is disaggregated to the main categories of revenue.

Hardware **Local currency in million**		**Q1** **2021**	**Q1** **2020**	**Full year** **2020**
Norway	NOK	1,142.1	1,154.7	5,059.6
Sweden	SEK	1,801.1	1,813.1	7,623.5
Denmark	DKK	1,169.9	651.1	2,790.4
Finland	EUR	47.4	45.3	181.6
The Baltics	EUR	15.8	16.5	75.2
Group Shared Services	NOK	1,569.2	1,589.0	6,747.0
Eliminations*	NOK	-1,531.6	-1,566.4	-6,649.5
Atea Group	NOK	5,269.8	4,510.1	19,723.9

Software **Local currency in million**		**Q1** **2021**	**Q1** **2020**	**Full year** **2020**
Norway	NOK	542.2	515.4	2,172.8
Sweden	SEK	1,340.0	1,119.9	5,721.7
Denmark	DKK	344.9	363.0	2,046.7
Finland	EUR	50.8	60.2	138.9
The Baltics	EUR	4.9	7.2	16.8
Group Shared Services	NOK	10.1	5.2	33.9
Eliminations*	NOK	-44.2	-63.0	-113.0
Atea Group	NOK	2,915.6	2,767.5	12,560.0

*Most of Atea's internal sales are related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite

NOTE 3

DISAGGREGATION OF REVENUE (CONT'D)

Services Local currency in million		Q1 2021	Q1 2020	Full year 2020
Norway	NOK	564.3	571.8	2,196.0
Sweden	SEK	690.4	668.1	2,684.9
Denmark	DKK	303.2	288.0	1,190.3
Finland	EUR	8.5	7.7	32.4
The Baltics	EUR	9.0	8.3	36.1
Group Shared Services	NOK	139.7	121.4	557.9
Eliminations*	NOK	-188.9	-152.2	-728.8
Atea Group	NOK	1,813.4	1,765.4	7,218.8

NOTE 4

SHARE CAPITAL AND PREMIUM

NOK in million,	Number of shares		Share capital			
except number of shares	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total
At 1 January 2021	110,119,046	-736,844	110	-1	393	503
Issue of Share capital**	916,064	-	1	-	88	89
Changes related to own shares ***	-	736,844	-	1	-	1
At 31 March 2021	111,035,110	-	111	0	481	592

Average number of shares outstanding

The average number of shares outstanding during the first 3 months of 2021 was 110,245,387. This number is used in the calculation of Basic Earnings per Share.

When calculating Fully Diluted Earnings per Share, the average number of shares outstanding during the first 3 months of 2021 was 112,574,710. The difference relates to the dilution effect of the Employee Share Option program.

Based on the number of share options outstanding, the strike price of the options, the average share price during the first 3 months of 2021, and the remaining vesting period of the options, the dilution impact of the share option program is 2,329,323 shares. This calculation is in accordance with IAS 33 Earnings per Share.

*Most of Atea's internal sales are related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite

**Issue of share capital is related to share options for the Management and selected employees

***Related to share options for the Management and selected employees. The sales price for the shares was NOK 67 million, affecting Other unrecognized reserves.

NOTE 4

SHARE CAPITAL AND PREMIUM (CONT'D)

31 March 2021	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				110,245,387
Dilution effect of share options				
Total share options				
Fully vested, with adjusted strike price below share price	2,367,532	73	73	1,332,644
Unvested*, with adjusted strike price below share price	5,423,834	98	112	996,679
Unvested*, with adjusted strike price above share price	2,319,832	146	182	-
All Share options	10,111,198	103	108	2,329,323
Fully diluted EPS calculation**				112,574,710

NOTE 5

NET FINANCIAL ITEMS

NOK in million	Q1 2021	Q1 2020	Full year 2020
Interest income	4	2	3
Interest income, subleasing	4	1	7
Other financial income	0	0	2
Total financial income	9	4	12
Interest costs on loans	-6	-14	-33
Interest costs on leases	-13	-11	-55
Interest expenses, subleasing	-4	-1	-7
Foreign exchange effects	1	-2	-14
Other financial expenses	-2	-2	-8
Total financial expenses	-23	-30	-117
Total net financial items	-14	-26	-105

*Adjusted nominal strike price includes fair value of services to be provided during remainder of vesting period, in accordance with IFRS 2 Share-based Payment
**Based on an average share price of NOK 137 from January 1 – March 31, 2021

NOTE 6

BORROWING

Credit facilities
Atea has the following credit facilities with lenders, in addition to smaller equipment lease agreements:

EIB loan
Atea has entered into an unsecured loan agreement for NOK 475 million with the European Investment Bank in May 2018. The loan has a term of 5 years, and a rate of interest of NIBOR 6M + 0.99%.

Receivables facility
Atea has a revolving credit facility of NOK 1,100 million secured by other receivables through a securitization program. Pricing on the facility is IBOR 3M + 1.00%.

Overdraft facility
Atea has an overdraft facility of NOK 300 million through its primary bank. The facility has standard terms and conditions for this type of financing.

Money market line
Atea has secured access to a revolving credit line of NOK 1,000 million through the money market. The facility has standard terms and conditions for this type of financing.

Sale of receivables
In December 2018, Atea entered into a securitization contract organized by its primary bank which enables Atea to sell specified accounts receivable at an implicit discount rate of IBOR 3M + 0.60%. This securitization contract is separate from the Receivables facility described above.

The securitization contract has a three-year term, and the maximum balance of accounts receivable which may be sold at any time during the term is NOK 1,900 million.

Overview of facilities used:

	Available facility	Utilized facility	
NOK in million	**31 Mar 2021**	**31 Mar 2021**	**31 Mar 2020**
Long-term			
EIB loan	475	475	472
Long-term interest-bearing leasing liabilities*		39	49
Short-term			
Receivables facility	1,100	-	758
Overdraft facility	300	-	-
Money market line	1,000	-	-
Current interest-bearing leasing liabilities*		12	23
Other		7	39
Total debt		532	1,341
Securitization - sale of receivables	1,900	739	1,679
Total borrowing utilized		1,271	3,020

* Total debt does not include incremental net lease liabilities due to the adoption of IFRS 16 from 1 January 2019, as defined by Atea loans covenants. See Note 12 for more information.

NOTE 7

TAXES

NOK in million	Q1 2021	Q1 2020	Full year 2020
Profit before tax	162	6	749
Tax payable expenses	-32	-27	-146
Deferred tax asset changes due to tax loss carry forward used	-115	-40	-38
Other deferred tax changes	113	67	25
Total tax expenses	-34	0	-159
Effective rate	21.2%	4.8%	21.2%

Income tax expense is recognized based on management's estimate of its weighted average tax rate. The estimated effective tax rate during the Q1 of 2021 is 21.2%.

Deferred tax changes mainly include tax loss carryforwards used and other deferred tax items which are recognized on the balance sheet during the period.

At the year end of 2020, the tax value of the tax loss carried forward within the Group was NOK 303 million and the full amount was recognized as Deferred Tax Assets on the balance sheet.

NOTE 8

SEASONALITY OF OPERATIONS

Atea's revenue and cash flow are affected by the seasonality of demand for IT infrastructure investments. Demand for IT infrastructure among Atea's customers peaks in the fourth quarter of the year, leading to higher revenue and cash flow for Atea in the fourth quarter.

NOTE 9

RELATED PARTY TRANSACTION

Atea A/S in Denmark has entered into an agreement to acquire Columbus A/S business area for Private Cloud Services. The agreement takes effect from January 2021, and as part of the acquisition, a small number of employees have joined Atea. The purchase price for the business area is DKK 7.3 million. The amount was paid in January 2021. Columbus A/S is controlled by Ib Kunøe, who is the Chairman of the Board and largest shareholder of Atea ASA. The transactions is considered to be in accordance with the arm's length principle.

NOTE 10

DIVIDEND

On February 8, 2021 the Board of Atea ASA resolved to propose a dividend of NOK 5.00 per share at the next Annual General Meeting to be held on April 29, 2021. The dividend will be split into two equal payments of NOK 2.50 which will take place in May and November 2021. For Norwegian tax purposes, the dividend shall be considered as repayment of paid in capital. Further details on the dividend payment is provided in the Notice to the Annual General Meeting.

NOTE 11

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date which could affect the evaluation of the reported accounts.

NOTE 12

ALTERNATIVE PERFORMANCE MEASURES

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Additionally, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Atea's performance. As defined in ESMAs guidelines on alternative performance measures (APM), an APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the International Financial Reporting Standards as adopted by EU.

Atea uses the following APMs:

PRO FORMA REVENUE AND EBITDA

Pro forma revenue and EBITDA includes revenue and EBITDA from companies acquired during 2021 and 2020 in both the current and prior full year. Pro forma financial results are used to calculate organic growth as well as loan covenant requirements (see below).

Pro forma revenue in constant currency excludes the effect of foreign currency rate fluctuations. Growth in constant currency is translating revenue recognized during the current period using exchange rates for the previous period.

NOK in million	Q1 2021	Q1 2020	Full year 2020
Revenue	9,999	9,043	39,503
Adjustment for acquisitions	-	-	-
Pro forma revenue	9,999	9,043	39,503
Pro forma revenue on last year currency	9,925	9,043	36,883
Pro forma growth in constant currency	9.8%		0.6%

EBITDA is defined as Operating profit (EBIT) before depreciation and amortization.

NOK in million	Q1 2021	Q1 2020	Full year 2020
EBITDA	331	188	1,497
Adjustment for acquisitions	-	-	-
Pro forma EBITDA	331	188	1,497

GROSS PROFIT

Gross profit is defined as revenue less cost of sales. The Groups revenue is recognized either gross or net depending on revenue streams. Costs of sales include products and services bought from suppliers and resold to customers. Costs of sales include all direct expenses for goods and services directly connected to the sales. Direct costs related to services include leasing, outsourcing, and freight.

NOK in million	Q1 2021	Q1 2020	Full year 2020
Revenue	9,999	9,043	39,503
Cost of sales	-7,915	-7,046	-31,266
Gross profit	2,084	1,997	8,236

NOTE 12

OPERATING EXPENSES

Operating expenses include payroll and related costs, other operating expenses, share based compensation, depreciation and amortization costs.

NOK in million	Q1 2021	Q1 2020	Full year 2020
Payroll and related costs	1,552	1,547	5,904
Other operating costs	171	234	745
Share based compensation	29	-8	53
Restructuring costs	-	36	37
Depreciation and amortization	153	155	638
Amortization related to acquisitions	2	1	5
Total operating expenses	1,908	1,965	7,383

FREE CASH FLOW

Free cash flow is defined as cash flow from operations, less capital expenditures. Capital expenditure is a net of cash payments to acquire or develop property, plant and equipment, intangible assets and proceeds from sale of assets.

NOK in million	Q1 2021	Q1 2020	Full year 2020
Cash flow from operations	-641	-1,198	1,388
Purchase of PPE and intangible assets	-76	-114	-330
Sale of PPE and intangible assets	0	5	9
Capital expenditures through cash	-76	-109	-322
Free cash flow	-717	-1,307	1,067

NOTE 12

NET FINANCIAL POSITION

Net financial position consists of both current and non-current interest-bearing liabilities, less cash and cash equivalents.

Net financial position is one of the key metrics used in Atea to assess both the cash position and its indebtedness. It is also used in Atea's covenants on debt agreements.

Net financial position does not include incremental net lease liabilities due to the adoption of IFRS 16 from 1 January 2019. IFRS 16 requires lessees to recognize most lease contracts on their balance sheet, including subleases and lease liabilities for Right-of-Use (ROU) assets (such as facility rental contracts). Atea's financial covenants specifically exclude incremental net lease liabilities due to the adoption of IFRS 16 from the definition of net financial position.

NOK in million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Interest-bearing long-term liabilities	-475	-472	-475
Interest-bearing long-term leasing liabilities	-39	-49	-38
Interest-bearing current liabilities	-7	-797	-7
Interest-bearing current leasing liabilities	-12	-23	-18
Cash and cash equivalents	796	822	1,605
Net financial position	263	-519	1,067
Long-term ROU assets leasing liabilities	-938	-955	-1,001
Current ROU assets leasing liabilities	-278	-284	-292
Long-term subleasing liabilities	-62	-111	-83
Short-term subleasing liabilities	-101	-161	-126
Long-term subleasing receivables	62	111	83
Short-term subleasing receivables	101	161	126
Incremental net lease liabilities due to IFRS 16 adoption	-1,216	-1,240	-1,293

LIQUIDITY RESERVE

Liquidity reserve is calculated as the difference between Atea's net debt limit according to its debt covenants, and Atea's net debt on the balance sheet date.

Atea's debt covenants require that Atea limit its net debt on a Group level to 2.5x pro forma EBITDA for the last 12 months.

NOK in million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Last 12 months pro forma EBITDA	1,640	1,265	1,497
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	4,099	3,162	3,741
Net financial position	263	-519	1,067
Liquidity reserve	4,362	2,643	4,808
Net debt / pro forma EBITDA	-0.2	0.4	-0.7

NOTE 12

NET WORKING CAPITAL

Net working capital is defined as non-interest-bearing current assets net of cash and cash equivalents less non-interest-bearing current liabilities. The net working capital balance impacts how much funding is needed for business operations. Net working capital is positively affected by the securitization program, see Note 6 for more details.

Atea's net working capital balance has high seasonal fluctuations, with a low balance in the fourth quarter. See Note 8 for additional information regarding seasonality of operations.

NOK in million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Inventories	1,061	978	797
Trade receivables	3,380	3,685	5,818
Other receivables	1,907	1,880	1,606
Trade payables	-4,912	-4,816	-6,934
VAT, taxes and government fees	-847	-717	-1,058
Provisions	-90	-86	-184
Other current liabilities	-2,068	-2,198	-2,784
Working capital	-1,568	-1,275	-2,738
Securitization effect	739	1,679	1,209
Working capital before securitization	-829	404	-1,529
Year to date revenue	9,999	9,043	39,503
Annualized revenue	39,995	36,172	39,503
Working capital in relation to annualized revenue	-3.9%	-3.5%	-6.9%

NOTE 12

ADJUSTED EQUITY RATIO

Atea's adjusted equity ratio is defined as its equity as a percentage of its adjusted total assets. Atea's adjusted total assets are calculated by deducting incremental lease assets due to the adoption of IFRS 16 (such as right-of-use assets and sublease receivables) from the total asset balance.

In accordance with Atea’s risk management guidelines, Atea's adjusted equity ratio should be above 20%.

NOK in million	31 Mar 2021	31 Mar 2020	31 Dec 2020
Total assets	13,593	14,482	16,584
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,201	-1,262	-1,288
Long-term subleasing receivables	-62	-111	-83
Short-term subleasing receivables	-101	-161	-126
Adjusted total assets	12,227	12,947	15,087
Equity	3,492	3,596	3,384
Equity ratio	28.6%	27.8%	22.4%

ATEA

Q1

2021

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