Q3
2023

Interim Report

- Gross sales of NOK 10.7 billion, up 2.3% y-o-y
- Revenue (IFRS) of NOK 7.7 billion, down 4.2% y-o-y
- Gross profit of NOK 2.3 billion, up 9.6% y-o-y
- EBIT of NOK 298 million, up 5.1% y-o-y

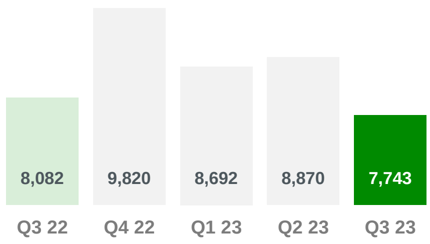
Contents

Key Figures* Q3 2023

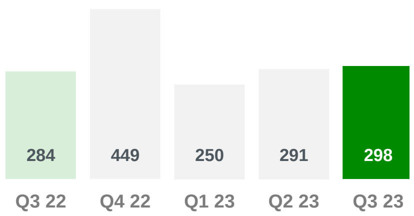
NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Gross sales	10,685	10,446	37,543	32,710	46,664
Revenue	7,743	8,082	25,305	22,577	32,397
Gross profit	2,282	2,082	7,446	6,385	9,002
EBIT	298	284	840	747	1,196
EBIT margin (%)	3.9%	3.5%	3.3%	3.3%	3.7%
Net profit	182	196	551	549	848
Earnings per share (NOK)	1.64	1.76	4.97	4.92	7.62
Diluted earnings per share (NOK)	1.62	1.75	4.91	4.88	7.55
Cash flow from operations	-301	655	244	-620	1,030
Free cash flow	-341	566	24	-813	709

NOK in million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Net financial position	-171	-700	304
Liquidity reserve	4,734	3,710	4,835
Working capital	-914	-444	-1,672
Working capital in relation to last 12 months gross sales (%)	-1.8%	-1.0%	-3.6%
Adjusted equity ratio (%)	30.2%	27.2%	22.6%
Number of full-time employees, end of period	8,111	7,980	8,073

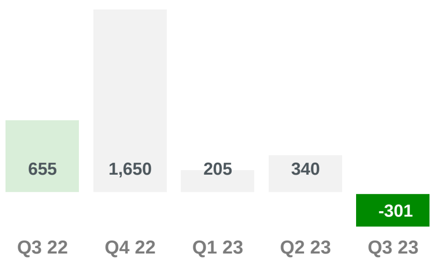
Revenue
NOK in million



EBIT
NOK in million



Cash Flow
NOK in million



* Alternative performance measures (APM) presented in the key figures table are described in Note 10 of this report.

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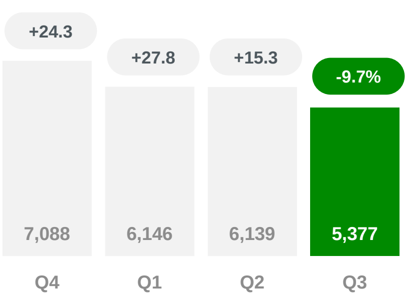
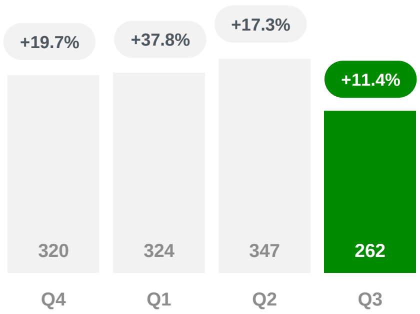
Group

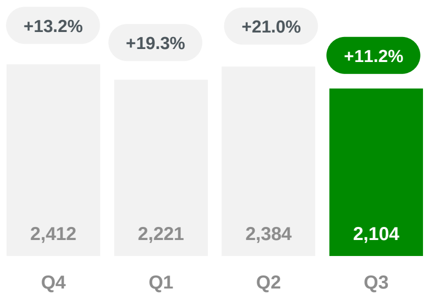
Hardware revenue and growth
NOK in million



Software revenue and growth
NOK in million



Service revenue and growth
NOK in million



Atea reported higher operating profit during the third quarter of 2023, driven by solid growth in software and services and an increase in gross margin. Hardware sales fell from a very strong comparable period last year, but gross margins on hardware sales improved.

Gross sales in Q3 2023 were NOK 10.7 billion, up 2.3% from last year. Revenue (IFRS) was NOK 7.7 billion, down 4.2% from last year. Additional information on the conversion of gross sales to revenue (IFRS) can be found on page 27 (Note 10) of this report. Currency translation differences had a positive impact of 5.4% on Group revenue in Q3 2023.

Hardware revenue fell by 9.7% from an exceptionally strong comparable period last year. Key market factors which drove higher hardware sales in Q3 last year are described on page 13 of this report. Over a two-year period since Q3 2021, hardware sales have grown at a rate of 7.5% per year (CAGR).

Although hardware volumes were lower than last year, gross margins on hardware sales improved to 13.1%, up from 12.3% last year.

Software revenue grew by 11.4% from last year, driven by higher demand from the public sector. Services revenue grew by 11.2% from last year, with growth across both consulting and managed services.

Gross profit grew by 9.6% to NOK 2,282 million. Gross margin increased to 29.5% in Q3 2023, up from 25.8% last year, due to improved hardware and services margins and a higher proportion of software and services in the revenue mix.

Total operating expenses increased by 10.4% from last year to NOK 1,984 million. Adjusted for currency movements, operating expenses increased by 4.7% compared with last year. The growth in operating expenses was mostly due to an increase in the average number of full-time employees of 207 (2.6%) and overall inflation.

Based on solid growth in software and services and a higher gross margin, EBIT in Q3 2023 increased by 5.1% to NOK 298 million. The EBIT margin was 3.9%, up from 3.5% last year.

Net financial items were an expense of NOK 61 million, up from NOK 36 million last year. The cost increase was due to higher interest rates on lending and the impact of currency movements on foreign currency balances. See Note 5 for more information.

Profit before tax was NOK 237 million, down from NOK 247 million last year. Net profit after tax was NOK 182 million, compared with NOK 196 million in Q3 2022.

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Norway

NOK in million	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Products revenue	1,542	1,456	5.9%	4,292	4,085	5.1%
Services revenue	540	497	8.5%	1,699	1,542	10.2%
Total revenue	**2,082**	**1,953**	**6.6%**	**5,992**	**5,626**	**6.5%**
Gross profit	615	573	7.4%	1,948	1,770	10.1%
Gross margin %	29.5%	29.3%	0.2%	32.5%	31.5%	1.1%
OPEX	526	485	8.5%	1,723	1,519	13.5%
EBIT	**88**	**88**	**0.9%**	**225**	**251**	**-10.6%**
EBIT %	4.2%	4.5%	-0.2%	3.8%	4.5%	-0.7%

Atea Norway reported steady growth across all lines of business during the third quarter. EBIT was flat from last year due to higher operating costs.

Revenue in Q3 2023 was NOK 2,082 million, an increase of 6.6% from last year. Hardware revenue was up 5.8% from last year, driven by high demand for networking equipment. Software revenue grew by 8.4%, with strong sales of cloud solutions. Services revenue grew by 8.5%, based on higher sales of both consulting services and managed service agreements.

Gross profit was NOK 615 million, up 7.4% from last year, with growth across all lines of business. Gross margin was 29.5% in Q3 2023, up from 29.3% last year.

Total operating expenses were NOK 526 million, up 8.5% from last year, driven by increased personnel and other overhead costs. With higher sales offset by higher operating expenses, EBIT in Q3 2023 was NOK 88 million, in line with last year. The EBIT margin was 4.2%, compared with 4.5% last year.

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Sweden

SEK in million	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Products revenue	2,072	2,645	-21.7%	7,031	7,033	0.0%
Services revenue	765	764	0.1%	2,519	2,354	7.0%
Total revenue	**2,837**	**3,409**	**-16.8%**	**9,550**	**9,388**	**1.7%**
Gross profit	803	791	1.5%	2,734	2,525	8.3%
Gross margin %	28.3%	23.2%	5.1%	28.6%	26.9%	1.7%
OPEX	650	651	-0.2%	2,256	2,096	7.6%
EBIT	**153**	**140**	**9.6%**	**478**	**429**	**11.3%**
EBIT %	5.4%	4.1%	1.3%	5.0%	4.6%	0.4%

Atea Sweden reported steady growth in EBIT in the third quarter of 2023, driven by higher gross margins and tight control of operating expenses.

Revenue in Q3 2023 was SEK 2,837 million, down 16.8% from last year due to lower hardware sales. Hardware revenue fell by 22.6% from an exceptionally strong comparable period last year - see page 13 for more information on recent demand trends.

Software revenue grew by 1.6%, with higher demand from the private sector. Services revenue remained at the same level as it was in Q3 last year.

Gross profit was SEK 803 million, up 1.5% from last year. Gross margin increased to 28.3% in Q3 2023, up from 23.2% last year, due to improved hardware and services margins and a higher proportion of software and services in the revenue mix.

Total operating expenses were SEK 650 million, in line with last year. With higher margins and a flat trend in operating expenses, EBIT grew by 9.6% to SEK 153 million in Q3 2023. The EBIT margin was 5.4%, compared with 4.1% last year.

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Denmark

DKK in million	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Products revenue	705	930	-24.2%	2,715	2,674	1.5%
Services revenue	373	358	4.1%	1,145	1,047	9.4%
Total revenue	**1,078**	**1,288**	**-16.4%**	**3,860**	**3,721**	**3.7%**
Gross profit	325	319	2.0%	1,036	944	9.8%
Gross margin %	30.2%	24.7%	5.4%	26.8%	25.4%	1.5%
OPEX	312	300	3.8%	996	935	6.6%
EBIT	**13**	**18**	**-28.3%**	**40**	**9**	**346.3%**
EBIT %	1.2%	1.4%	-0.2%	1.0%	0.2%	0.8%

Atea Denmark reported lower revenue and EBIT in the third quarter of 2023, due to weaker demand for hardware compared with last year.

Revenue in Q3 2023 fell by 16.4% to DKK 1,078 million. Hardware revenue was down 25.5% from an exceptionally strong comparable period last year - see page 13 for more information on recent demand trends. Software revenue grew by 9.0%, driven by higher demand from the public sector. Services revenue increased by 4.1%, with solid growth in support agreements.

Gross profit was DKK 325 million, up 2.0% from last year. Total gross margin was 30.2% in Q3 2023, up from 24.7% last year, due to improved hardware and services margins and a higher proportion of software and services in the revenue mix.

Total operating expenses grew by 3.8% to DKK 312 million, mostly due to higher personnel costs. With gross profit growth offset by higher operating costs, EBIT in Q3 2023 was DKK 13 million, compared with DKK 18 million last year. The EBIT margin was 1.2%, down from 1.4% last year.

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Finland

EUR in million	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Products revenue	63.6	72.2	-12.0%	216.2	182.7	18.4%
Services revenue	11.1	9.6	15.9%	34.3	29.0	18.0%
Total revenue	**74.6**	**81.8**	**-8.7%**	**250.5**	**211.7**	**18.3%**
Gross profit	15.9	14.3	11.9%	50.6	42.9	18.0%
Gross margin %	21.4%	17.4%	3.9%	20.2%	20.3%	0.0%
OPEX	13.1	11.8	11.0%	41.8	36.6	14.3%
EBIT	**2.9**	**2.5**	**16.0%**	**8.8**	**6.3**	**39.9%**
EBIT %	3.8%	3.0%	0.8%	3.5%	3.0%	0.5%

Atea Finland reported rapid growth in EBIT in Q3 2023 driven by strong performance in its services business.

Revenue in Q3 2023 was down 8.7% to EUR 74.6 million. Hardware revenue fell by 12.5% from an exceptionally strong comparable period last year - see page 13 for more information on recent demand trends. Software revenue increased by 6.1%, based on higher sales to the public sector. Services revenue grew by 15.9%, based on rapid growth in the consulting business.

Gross profit increased by 11.9% from last year to EUR 15.9 million. Total gross margin was 21.4% in Q3 2023, up from 17.4% last year, due to improved hardware and services margins and a higher proportion of software and services in the revenue mix.

Total operating expenses grew by 11.0% to EUR 13.1 million in Q3 2023, mainly due to an increase in the workforce and higher salary costs.

EBIT in the third quarter of 2023 grew by 16.0% to EUR 2.9 million, driven by strong growth in services. The EBIT margin was 3.8%, up from 3.0% last year.

Financial Review Q3 2023

The Baltics

EUR in million	Q3 2023	Q3 2022	Change %	YTD 2023	YTD 2022	Change %
Products revenue	24.4	22.7	7.7%	63.6	63.2	0.6%
Services revenue	12.9	12.0	7.9%	38.9	33.0	18.0%
Total revenue	**37.3**	**34.7**	**7.7%**	**102.5**	**96.2**	**6.6%**
Gross profit	11.7	10.1	15.6%	34.4	29.8	15.5%
Gross margin %	31.4%	29.3%	2.1%	33.5%	31.0%	2.6%
OPEX	10.1	8.9	13.5%	30.1	26.1	15.6%
EBIT	**1.6**	**1.3**	**30.7%**	**4.3**	**3.7**	**14.9%**
EBIT %	4.4%	3.6%	0.8%	4.2%	3.9%	0.3%

Atea Baltics reported very strong growth in EBIT in Q3 2023, driven by higher sales and increased gross margins across all business lines.

Total revenue grew by 7.7% from last year to EUR 37.3 million. Hardware revenue increased by 6.4%, driven by higher shipments of PCs to the public sector. Software revenue more than doubled compared to last year, primarily due to large public sector agreements in Lithuania and Estonia. Services revenue was up 7.9%, with solid growth in managed services.

Gross profit increased by 15.6% from last year to EUR 11.7 million. Gross margin was 31.4% in Q3 2023, up from 29.3% last year, with higher margins in each business line.

Total operating expenses were EUR 10.1 million in Q3 2023, an increase of 13.5% from last year. Growth in operating expenses was primarily due to an increase in the workforce and high salary inflation in the Baltic labor markets.

EBIT for the third quarter of 2023 grew by 30.7% to a record-high EUR 1.6 million. The EBIT margin was 4.4%, up from 3.6% last year.

Balance Sheet

As of 30 September 2023, Atea had total assets of NOK 15,436 million. Current assets such as cash, receivables and inventory represented NOK 8,372 million of this total. Non-current assets represented NOK 7,065 million of this total, and primarily consisted of goodwill (NOK 4,307 million), right-of-use leased assets (NOK 1,313 million), property, plant and equipment (NOK 511 million) and deferred tax assets (NOK 186 million).

Atea had total liabilities of NOK 11,224 million, and shareholders' equity of NOK 4,213 million as of 30 September 2023. Atea's policy is to maintain an equity ratio above 20%, adjusting for the impact of IFRS 16 ("adjusted equity ratio %"). The adjusted equity ratio at the end of Q3 2023 was 30.2%.

Atea had a net debt of NOK 171 million at the end of Q3 2023 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 0.1x pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 4,734 million before the debt covenant would be reached. See additional information on the liquidity reserve in Note 10 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. At the end of Q3 2023, Atea had sold receivables of NOK 1,799 million under the securitization program, compared with NOK 1,843 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 301 million in the third quarter of 2023, compared with an inflow of NOK 655 million last year. The difference was driven by changes in working capital during the quarter. Atea had increased working capital requirements in Q3 2023, in line with ordinary seasonal trends.

In Q3 2022, Atea had a large reduction in its working capital balance as the company reduced its inventory from a temporarily higher level which the company had maintained during a period of supply constraints in the electronics industry. See Q3 2022 report for more details.

Cash flow from investing activities was an outflow of NOK 40 million in Q3 2023, all of which was capital expenditure.

Cash flow from financing activities was an inflow of NOK 235 million in Q3 2023, driven by an increase in short-term debt. See additional information on Atea's debt balances in Note 6 of this report.

Shares

Atea had 9,002 shareholders on 30 September 2023 compared with 8,416 shareholders on 30 September 2022.

The 10 largest shareholders as of 30 September 2023 were**:**

Main Shareholders*	Shares	%
Systemintegration APS **	31,391,063	27.9%
Folketrygdfondet	8,210,886	7.3%
State Street Bank and Trust Co. ***	5,963,942	5.3%
State Street Bank and Trust Co. ***	3,787,738	3.4%
Verdipapirfond Odin Norden	3,656,029	3.3%
State Street Bank and Trust Co. ***	2,702,049	2.4%
RBC Investor Services Trust ***	2,684,005	2.4%
State Street Bank and Trust Co. ***	2,451,855	2.2%
Verdipapirfond Odin Norge	2,191,692	2.0%
Danske Capital	1,781,982	1.6%
Other	47,562,852	42.3%
Total number of shares	**112,384,093**	**100.0%**

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

As of 30 September 2023, Board Member Lone Schøtt Kunøe and close associates controlled a total of 28.5% of the shares, including the shares held by Systemintegration APS.

As of 30 September 2023, Atea's senior management team held 367,923 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%. About 65% of Atea's sales are to the public sector, with the remainder of sales to private companies.

Atea's current organizational 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 88 cities in the Nordic and Baltic regions and over 8,000 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 preliminary estimates from IDC*, the market for IT infrastructure and related services grew by approximately 8% during the last three 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. The company has averaged an organic sales growth rate of approximately 10% during the last three years.

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.

Digital Transformation

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

Atea’s business strategy is to act as a full-service IT infrastructure partner for its customers - enabling its customers to successfully pursue their digital transformation initiatives and manage the increasing complexity of their IT environments.

In order to earn a position as a trusted IT partner, Atea provides a complete range of IT infrastructure solutions, with a highly trained service team to support its customers in capturing maximum value from their IT investments.

Atea’s solution offering:

The range of solutions which Atea provides its customers can be categorized in three major areas: “Digital Workplace”, “Hybrid Platforms” and “Information Management”.

“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.

“Hybrid Platforms” are the data center and network infrastructure through which organizations process, store, and distribute information. The category includes both on-premise infrastructure and cloud solutions, as well as “hybrid” solutions which integrate the two.

“Information management” consists of tools and methods through which organizations collect and administer data, and then derive value from this information. This includes Atea’s practices within data protection, analytics/AI, and automation technologies.

Atea’s service portfolio:

Atea supports customers with the design, implementation and operation of their IT environments through a broad portfolio of services. The service portfolio can be broken into three categories: “Lifecycle Management”, “Professional Services”, and “Managed Services”.

“Lifecycle Management”: Atea’s service team assists customers in all aspects of managing their IT assets throughout the lifecycle of each product they acquire. This includes services to help customers deploy, install, finance, maintain, track and dispose of their IT assets.

“Professional services”: Atea’s consultants advise customers in the design and integration of their IT environments, the management of their information, and how specific IT solutions can best be used to fulfill their objectives.

“Managed services”: 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 dedicate less time and resources on IT operations and instead focus on their core objectives.

Sustainability

Atea's mission is to build the future with IT, together with its employees, its customers and its vendors. The company’s sustainability agenda is an essential part of the company’s mission.

Atea’s latest Sustainability Report, published in March 2023, can be found on **www.atea.com/esg-overview/** together with other material ESG data and documentation, which are updated throughout the year. The report itself contains information and progress updates regarding Atea’s 10-year plan for driving its sustainability agenda.

Atea had its emissions reduction target approved by the Science Based Target initiative (SBTi) in 2018, aiming to keep global temperature rise well below 2 degrees Celsius. In 2023, Atea further demonstrated its commitment to environmental sustainability by submitting an updated SBTi target to align with a 1.5-degree scenario, along with a net-zero emissions target for validation.

In Q3, Atea was once again recognized as a “Transparency Partner” by Nasdaq, in an initiative focusing on improving the ESG information flow between listed companies and the investor community.

The company has received numerous other recognitions for its leadership within sustainability.

During the past year:

- Atea earned the highest rating in environmental and social performance by EcoVadis for the fourth consecutive year: a platinum-level ranking Atea among the top 1% of more than 100,000 companies evaluated globally.
- Atea was recognized by the Financial Times and Statista as a European “Climate Leader”, based on efforts to reduce greenhouse gas emissions, publication of data and transparency in reporting Scope 3 emissions.
- Atea was recognized as one of the most sustainable corporations in the world, by Corporate Knights as part of their annual ranking called “Global 100”. Atea’s overall ranking increased from 51st in 2022 to 49th in 2023, placing Atea 1st in our industry (IT Services).
- Atea earned an A-rating in CDP’s annual climate change questionnaire, widely recognized as the gold standard of corporate environmental transparency. This places Atea in the Leadership Band among global companies analyzed by the CDP. Atea was also recognized as a Supplier Engagement Leader by CDP for our efforts to measure and reduce climate risk within our supply chain.
- Atea maintained “Prime” (highest) status by ISS ESG, one of the world's leading rating agencies in the field of sustainable investment.

Business Outlook

Market trends

Atea is presently seeing demand from its customers normalize after a period of exceptionally high growth following the end of the COVID pandemic.

During the 12 months from Q3 2022 – Q2 2023, Atea's revenue grew by an exceptionally high rate of 22% from the prior year (19% organic growth in constant currency). Hardware revenue grew by 24%, software by 23% and services by 17%.

In prior financial reports, Atea cited the following factors that drove high growth in customer spending during this "post-COVID pandemic" period:

- *Acceleration of digital transformation*: Increased IT investment by large enterprises seeking to transform business processes following the operational disruptions of the COVID pandemic.
- *Return to the workplace*: The need to upgrade or replace IT infrastructure in the workplace as employees returned to on-premise or hybrid work after the COVID pandemic.
- *Easing of supply constraints*: Fulfillment of an order backlog of hardware deliveries which built up during the industry supply constraints in 2021 and early-2022.
- *Price inflation*: Higher costs of products and services which were passed through to customers.

Short-term outlook

During Q3 2023, temporary factors which drove surplus revenue growth during the "post-COVID pandemic" period eased, and Atea's revenue development returned to its long-term trendline.

Atea's revenue in the third quarter fell by 4% from an exceptionally strong quarter in Q3 2022. Still, Atea's revenue in the third quarter represented a growth rate of 9% per year (CAGR) over a two-year trendline from Q3 2021.

During the coming quarters, Atea expects slower revenue development year-over-year from the very strong comparable quarters in the "post-COVID pandemic" period.

At the same time, Atea expects its operating margins to improve from last year, enabling a continued positive trend in EBIT as was seen in Q3 2023.

The following factors are expected to drive an improvement in operating margins during the coming quarters.

- *Increased sales of services*: Since 2021, Atea has increased its consulting organization and reorganized its managed services business to address growing customer demand for IT infrastructure services.

During the coming quarters, Atea expects to see continued growth in demand for its services. As services is the business area with the largest gross margin contribution, higher growth in services is expected to drive an improved operating margin for the Group.

- *Normalization of hardware and services margin*: Hardware and services gross margin were abnormally low in 2H 2022, as increased costs were not fully passed through to customers, due to a time lag between price quotation and order fulfillment during a period of supply constraints and rising inflation.

As these factors have eased, gross margins for hardware and services have returned to higher levels. This normalization of hardware and services margin further supports an improved operating margin for the Group.

- *Turnaround in Denmark*: Atea is the market leader in IT infrastructure in Denmark, but its profit margins in Denmark lag the other Atea countries. Atea Denmark was reorganized under new management at the start of 2020, and the business has shown a strong turnaround in profitability since that time.

Management expects the turnaround in Denmark to continue in the coming quarters, despite a setback in Q3 2023. As the Danish business continues to drive its turnaround, this will support improved operating margins in the Atea Group.

- *Slower growth in operating cost*: Atea has reduced its staffing levels during the last two quarters, in anticipation of a period of slower revenue development. Salary inflation and growth in overhead costs have also begun to fall. These factors will drive lower growth in operating expenses during the coming quarters.

In sum, Atea expects slower revenue development but continued improvement in operating profit during the remainder of 2023 and start of 2024, based on higher operating margins.

From mid-2024, growth trends should return to a higher rate as there will no longer be a comparison with the exceptionally strong revenue levels of the "post-COVID pandemic" period.

Business Outlook

Long-term outlook

Over the longer term, the Nordic market for IT infrastructure is expected to show steady growth in line with its long-term trend, as organizations invest further in information technology to drive productivity and innovation.

One area of rapid innovation which will drive technology investment in the coming years is artificial intelligence embedded in new and existing software applications, including Microsoft Windows 11 and M365. As organizations adopt new software applications with AI, this will drive additional spending on a broad range of IT infrastructure and support services - including hardware, software, consultancy services and managed services.

Atea is by far the market leader in the Nordic and Baltic regions and has a unique competitive position as a full-service IT infrastructure partner for its customers - enabling its customers to successfully pursue their digital transformation initiatives and manage the increasing complexity of their IT environments.

In order to fully capture Atea's scale advantages, Atea is implementing the "One Atea" program to align its operations and coordinate strategy across countries. The program has established specialist teams to drive strategy and best practice across each of its business lines, including Hardware/ lifecycle management, Software/ cloud transformation, Professional services and Managed services.

The program is also accelerating the alignment of back-office functions and supply chain operations in order to drive efficiencies through scale and improved use of automation.

Based on its unique competitive advantages in an expanding market, Atea expects to continue to grow and increase its market share in the coming years. At the same time, the company expects to steadily increase its operating profit through a combination of revenue growth, expansion within higher margin products and services, and tight control of operating expenses.

Condensed Financial Information

For the 9 months ended 30 september 2023

Consolidated statement of comprehensive income

NOK in million	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Revenue	2, 3, 8, 10	7,743	8,082	25,305	22,577	32,397
Cost of sales	10	-5,461	-6,000	-17,859	-16,193	-23,395
Gross profit		**2,282**	**2,082**	**7,446**	**6,385**	**9,002**
Payroll and related costs		-1,598	-1,477	-5,423	-4,740	-6,540
Other operating costs	10	-216	-165	-669	-443	-651
EBITDA	10	**468**	**439**	**1,353**	**1,202**	**1,811**
Depreciation and amortization		-170	-156	-513	-454	-615
Operating profit (EBIT)	2	**298**	**284**	**840**	**747**	**1,196**
Net financial items	5	-61	-36	-129	-55	-112
Profit before tax		**237**	**247**	**710**	**693**	**1,084**
Tax	7	-55	-51	-160	-144	-235
Profit for the period		**182**	**196**	**551**	**549**	**848**
Earnings per share						
Earnings per share (NOK)	4	1.64	1.76	4.97	4.92	7.62
Diluted earnings per share (NOK)	4	1.62	1.75	4.91	4.88	7.55
Profit for the period		**182**	**196**	**551**	**549**	**848**
Currency translation differences		-136	67	245	124	73
Items that may be reclassified subsequently to profit or loss		**-136**	**67**	**245**	**124**	**73**
Other comprehensive income		**-136**	**67**	**245**	**124**	**73**
Total comprehensive income for the period		**46**	**263**	**796**	**673**	**922**
Total comprehensive income for the period attributable to:						
Shareholders of Atea ASA		46	263	796	673	922

Consolidated statement of financial position

NOK in million	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets				
Property, plant and equipment		511	512	541
Right-of-use assets		1,313	1,242	1,253
Deferred tax assets	7	186	246	207
Goodwill		4,307	4,164	4,132
Other intangible assets		541	407	452
Other long-term receivables		206	69	135
Non-current assets		**7,065**	**6,639**	**6,719**
Inventories		834	1,398	1,198
Trade receivables		3,996	3,943	6,701
Other receivables		2,523	2,782	2,318
Cash and cash equivalents		1,019	817	922
Current assets		**8,372**	**8,940**	**11,138**
Total assets		**15,436**	**15,579**	**17,858**
Equity and liabilities				
Share capital and premium	4	680	680	680
Other reserves		1,763	1,568	1,518
Retained earnings		1,770	1,626	1,531
Equity		**4,213**	**3,875**	**3,728**
Interest-bearing long-term liabilities	6	588	-	-
Long-term leasing liabilities		1,149	1,074	1,055
Other long-term liabilities		148	125	116
Deferred tax liabilities		150	144	145
Non-current liabilities		**2,035**	**1,342**	**1,316**
Trade payables		5,007	4,887	8,100
Interest-bearing current liabilities	6	570	1,482	586
Current leasing liabilities		423	346	363
Tax payable		150	230	265
Provisions		49	43	50
Other current liabilities		2,989	3,375	3,449
Current liabilities		**9,188**	**10,362**	**12,813**
Total liabilities		**11,224**	**11,704**	**14,129**
Total equity and liabilities		**15,436**	**15,579**	**17,858**

Consolidated statement of cash flow

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Profit before tax	237	247	710	693	1,084
Adjusted for:					
Depreciation and amortisation	170	156	513	454	615
Share based compensation	18	15	46	32	53
Gains/Losses on disposals of PPE and intangible assets	0	-1	0	-73	-72
Net interest expenses	51	33	142	82	133
Other non-cash adjustments	0	2	0	2	0
Taxes paid	-46	-38	-166	-184	-240
Net interest paid	-43	-33	-131	-82	-133
Cash earnings	**388**	**381**	**1,115**	**924**	**1,439**
Change in trade receivables	2,045	1,107	3,004	1,291	-1,537
Change in inventories	377	445	418	-186	-10
Change in trade payables	-2,770	-1,276	-3,420	-1,744	1,510
Other changes in working capital	-341	-1	-871	-905	-372
Cash flow from operating activities	**-301**	**655**	**244**	**-620**	**1,030**
Purchase of PPE and intangible assets	-41	-89	-222	-267	-397
Sale of PPE and intangible assets	0	0	1	74	76
Acquisition of subsidiaries/businesses	-	-29	-	-84	-119
Cash flow from investing activities	**-40**	**-118**	**-220**	**-277**	**-441**
Dividend paid	0	-	-346	-309	-612
Payment from changes in treasury shares	10	-	17	-74	-170
Proceeds from new shares issue	-	-	-	23	23
Payments of lease liabilities	-93	-79	-262	-234	-315
Change in debt	317	-556	537	984	85
Cash flow from financing activities	**235**	**-635**	**-54**	**390**	**-989**
Net cash flow	**-106**	**-98**	**-30**	**-507**	**-400**
Cash and cash equivalents at the start of the period	1,161	905	922	1,353	1,353
Foreign exchange effect on cash held in a foreign currency	-36	11	128	-28	-31
Cash and cash equivalents at the end of the period	**1,019**	**817**	**1,019**	**817**	**922**

Consolidated statement of changes in equity

NOK in million	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity at start of period - 1 January		**3,728**	**3,530**	**3,507**
Currency translation differences		245	124	73
Other comprehensive income		**245**	**124**	**73**
Profit for the period		551	549	848
Total recognised income for the year		**796**	**673**	**922**
Employee share-option schemes		17	32	54
Dividend		-346	-309	-612
Changes related to own shares	4	17	-74	-166
Issue of share capital	4	0	23	23
Equity at end of period		**4,213**	**3,875**	**3,728**

Note 1

General information and accounting policies

The condensed interim financial statements for the nine months ending 30 September 2023 were approved for publication by the Board of Directors on 18 October 2023. 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 Børs (part of Euronext). 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 regions.

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 2022, which has been prepared according to IFRS as adopted by EU. There are no changes in accounting policy effective from 1 January 2023 which has impact on the Group accounts.

In the interim financial statements for 2023, 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 2023 and the major sources of uncertainty in the statements are similar to those found in the Annual accounts for 2022.

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 88 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with over 8,000 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.

Revenue

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	2,081.9	1,952.9	5,991.6	5,626.4	8,051.9
Sweden	2,739.5	3,230.9	9,446.9	8,925.0	12,663.2
Denmark	1,651.0	1,741.7	5,881.2	5,004.6	7,237.1
Finland	852.0	822.0	2,842.5	2,118.1	3,059.0
The Baltics	425.6	348.5	1,163.3	962.3	1,452.4
Group Shared Services	2,128.1	2,265.4	6,340.0	6,539.0	8,790.9
Eliminations*	-2,134.8	-2,279.8	-6,360.7	-6,598.0	-8,857.2
Atea Group	**7,743.4**	**8,081.7**	**25,304.8**	**22,577.4**	**32,397.2**

* Most of Atea's internal revenue is 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)

EBIT

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	88.4	87.7	224.9	251.4	387.1
Sweden	148.2	132.3	472.9	408.3	596.4
Denmark	20.2	24.8	60.9	12.1	95.4
Finland	32.6	24.8	100.1	63.1	108.8
The Baltics	18.6	12.6	48.5	37.2	63.5
Group Shared Services	7.8	24.8	18.7	46.4	58.9
Group cost	-17.8	-23.2	-86.3	-71.1	-114.0
Operating profit (EBIT)	**298.2**	**283.7**	**839.7**	**747.3**	**1,196.2**
Net financial items	-61.2	-36.5	-129.2	-54.7	-112.3
Profit before tax	**237.0**	**247.2**	**710.4**	**692.7**	**1,083.9**

Quarterly revenue and gross profit

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Product revenue	5,639.5	6,188.9	18,596.6	16,853.9	24,262.1
Services revenue	2,103.8	1,892.7	6,708.2	5,723.5	8,135.0
Total revenue	**7,743.4**	**8,081.7**	**25,304.8**	**22,577.4**	**32,397.2**
Gross profit	2,282.2	2,081.5	7,445.6	6,384.8	9,002.2

Quarterly revenue and gross profit

NOK in million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Product revenue	5,639.5	6,486.2	6,470.9	7,408.3	6,188.9	5,619.8	5,045.1
Services revenue	2,103.8	2,383.6	2,220.8	2,411.5	1,892.7	1,969.9	1,860.8
Total revenue	**7,743.4**	**8,869.8**	**8,691.6**	**9,819.8**	**8,081.7**	**7,589.8**	**6,906.0**
Gross profit	2,282.2	2,655.9	2,507.5	2,617.4	2,081.5	2,211.6	2,091.7

Note 2

Operating segment information (CONT'D) – Local Currency

Revenue

Local currency in million		Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	NOK	2,081.9	1,952.9	5,991.6	5,626.4	8,051.9
Sweden	SEK	2,836.6	3,409.2	9,550.1	9,387.8	13,321.3
Denmark	DKK	1,077.7	1,288.4	3,860.3	3,721.4	5,329.6
Finland	EUR	74.6	81.8	250.5	211.7	302.8
The Baltics	EUR	37.3	34.7	102.5	96.2	143.8
Group Shared Services	NOK	2,128.1	2,265.4	6,340.0	6,539.0	8,790.9
Eliminations*	NOK	-2,134.8	-2,279.8	-6,360.7	-6,598.0	-8,857.2
Atea Group	**NOK**	**7,743.4**	**8,081.7**	**25,304.8**	**22,577.4**	**32,397.2**

EBIT

Local currency in million		Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	NOK	88.4	87.7	224.9	251.4	387.1
Sweden	SEK	153.1	139.7	478.0	429.4	627.4
Denmark	DKK	13.2	18.4	40.0	9.0	70.2
Finland	EUR	2.9	2.5	8.8	6.3	10.8
The Baltics	EUR	1.6	1.3	4.3	3.7	6.3
Group Shared Services	NOK	7.8	24.8	18.7	46.4	58.9
Group cost	NOK	-17.8	-23.2	-86.3	-71.1	-114.0
Operating profit (EBIT)	**NOK**	**298.2**	**283.7**	**839.7**	**747.3**	**1,196.2**
Net financial items	NOK	-61.2	-36.5	-129.2	-54.7	-112.3
Profit before tax	**NOK**	**237.0**	**247.2**	**710.4**	**692.7**	**1,083.9**

* Most of Atea's internal revenue is 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 is described in Note 2 – Summary of significant accounting principles – in the Annual report for 2022.

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 revenue

Local currency in million		Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	NOK	1,467.9	1,387.2	4,049.5	3,868.2	5,599.9
Sweden	SEK	1,967.2	2,542.1	6,637.8	6,673.5	9,506.8
Denmark	DKK	668.3	896.8	2,580.6	2,570.0	3,669.4
Finland	EUR	61.5	70.3	210.1	177.1	252.5
The Baltics	EUR	23.8	22.4	61.4	62.4	95.7
Group Shared Services	NOK	1,861.3	2,053.2	5,567.5	5,932.5	7,952.2
Eliminations*	NOK	-1,849.8	-2,040.3	-5,533.1	-5,909.3	-7,913.7
Atea Group	**NOK**	**5,377.2**	**5,953.5**	**17,663.1**	**16,087.6**	**23,175.6**

Software revenue

Local currency in million		Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	NOK	74.2	68.4	242.9	216.4	312.3
Sweden	SEK	104.9	103.2	393.6	360.0	500.4
Denmark	DKK	36.5	33.5	134.4	104.5	143.1
Finland	EUR	2.1	1.9	6.1	5.6	8.6
The Baltics	EUR	0.6	0.3	2.2	0.8	1.3
Group Shared Services	NOK	1.2	1.3	3.5	2.8	4.3
Eliminations*	NOK	0.9	0.8	1.2	2.4	2.9
Atea Group	**NOK**	**262.3**	**235.4**	**933.4**	**766.3**	**1,086.6**

* Most of Atea's internal revenue is 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 revenue

Local currency in million		Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Norway	NOK	539.7	497.2	1,699.2	1,541.8	2,139.6
Sweden	SEK	764.6	763.9	2,518.6	2,354.4	3,314.1
Denmark	DKK	372.9	358.2	1,145.3	1,047.0	1,517.1
Finland	EUR	11.1	9.6	34.3	29.0	41.7
The Baltics	EUR	12.9	12.0	38.9	33.0	46.8
Group Shared Services	NOK	265.5	210.9	769.0	603.8	834.4
Eliminations*	NOK	-285.9	-240.3	-828.8	-691.1	-946.5
Atea Group	**NOK**	**2,103.8**	**1,892.7**	**6,708.2**	**5,723.5**	**8,135.0**

Note 4

Share capital and premium

NOK in million, except number of shares	Number of shares		Share capital			
	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total
At 1 January 2023	**112,384,093**	**-1,786,498**	**112**	**-2**	**569**	**680**
Changes related to own shares**		451,397		0		0
At 30 September 2023	**112,384,093**	**-1,335,101**	**112**	**-1**	**569**	**680**

Average number of shares outstanding

The average number of shares outstanding during the first 9 months of 2023 was 110,850,265. 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 9 months of 2023 was 112,053,505. The difference relates to the dilution effect of the Employee Share Option program and Employees share savings program.

Based on the number of share options outstanding, the strike price of the options, the average share price during the first 9 months of 2023, and the remaining vesting period of the options, the dilution impact of the share option program is 1,203,240 shares. This calculation is in accordance with IAS 33 Earnings per Share.

* Most of Atea's internal revenue is related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite.
** This is related to share based compensation for the employees.

Note 4

Share capital and premium (CONT'D)

30 Sep 2023	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				**110,850,265**
Dilution effect of share options				
Total share options				
Fully vested, with adjusted strike price below share price	592,107	85	85	**409,241**
Unvested*, with adjusted strike price below share price	3,717,664	94	105	**793,258**
Unvested*, with adjusted strike price above share price	4,237,664	121	142	-
All Share options	**8,547,435**	**106**	**108**	**1,202,499**
Dilution effect of Employees share savings program:				**741**
Total dilution effect:				**1,203,240**
Fully diluted EPS calculation**				**112,053,505**

Note 5

Net financial items

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Interest income	5	3	15	5	7
Other financial income	0	0	0	0	1
Total financial income	**5**	**3**	**15**	**5**	**8**
Interest costs on loans	-35	-19	-103	-41	-78
Interest costs on leases	-19	-16	-54	-46	-61
Foreign exchange effects	-8	0	17	35	30
Other financial expenses	-4	-3	-5	-8	-11
Total financial expenses	**-66**	**-39**	**-145**	**-60**	**-121**
Total net financial items	**-61**	**-36**	**-129**	**-55**	**-112**

* 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 133 from January 1 – September 30, 2023

Note 6

Borrowing

Credit facilities

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

EIB loan

Atea ASA has entered into an unsecured loan agreement for NOK 588 million with the European Investment Bank in May 2023. The loan has a term of 6 years, and a rate of interest of NIBOR 6M + 1.148%.

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 Group 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 Group has secured access to a revolving credit line of NOK 600 million through the money market. The facility has standard terms and conditions for this type of financing.

Trade finance facility

In May 2023 and in May 2022, Atea entered into a short-term uncommitted revolving trade finance facility with Deutsche Bank in the amount of up to USD 110 million in May 2023. Under the agreement, Deutsche Bank extends payables to one vendor on behalf of Atea ASA and its subsidiaries at a rate of interest of CME SOFR + 2.00%.

Payment extensions under the trade finance facility are reported on the balance sheet as interest-bearing current liabilities. On the cash flow statement, payment extensions under the trade finance facility are treated as a credit line and reported as Cash Flow from Financing Activities when drawn and when repaid.

Sale of receivables

In December 2021, Atea ASA and its subsidiaries in Norway, Sweden and Denmark renewed 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	**30 Sep 2023**	**30 Sep 2023**	**30 Sep 2022**
Long-term			
EIB loan	588	588	-
Long-term interest-bearing leasing liabilities*		26	31
Short-term			
Receivables facility	1,100	151	150
Overdraft facility	300	-	-
Money market line	600	-	-
EIB loan	-	-	475
Nordea loan	-	-	500
Current interest-bearing leasing liabilities*		6	5
Trade finance facility	-	407	356
Other		12	1
Total debt		**1,190**	**1,517**
Securitization - sale of receivables	1,900	1,799	1,843
Total borrowing utilized		**2,989**	**3,360**

* 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 10 for more information.

Note 7

Taxes

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full year 2022
Profit before tax	237	247	710	693	1,084
Tax payable expenses	-42	-40	-139	-114	-185
Deferred tax asset changes due to tax loss carry forward used	-22	-12	-30	-31	-51
Other deferred tax changes	8	1	9	2	0
Total tax expenses	**-55**	**-51**	**-160**	**-144**	**-235**
Effective rate	**23.3%**	**20.8%**	**22.5%**	**20.8%**	**21.7%**

Income tax expense is recognized based on management's estimate of its weighted average tax rate. The estimated effective tax rate during the Q3 of 2023 is 23.3%. 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 2022, the tax value of the tax loss carried forward within the Group was NOK 226 million from which NOK 218 million 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

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 10

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:

Gross sales and revenue

As stated in Note 2 in the Annual report for 2022, Atea has implemented a change to its accounting policy to comply with new guidance from the IFRS interpretations committee. In its financial reporting through 2021, Atea has recognized revenue from the resale of standard software and vendor services on a gross basis (with gross invoiced sales reported as revenue, and costs of the resold products reported as cost of goods).

Under the new guidance, Atea will recognize revenue from these products and services on a net basis (with gross invoiced sales, less costs of the resold products reported as revenue).

The bridge from gross sales to revenue is provided below. Further information about historical figures can be found at **www.atea.com/accounting-policy-change-2022.** The change in accounting policy only affects revenue and cost of sales, and has no impact on Gross profit, operating profit, net profit after tax, balance sheet and cash flow statement.

Q3 2023

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	1,468	1,900	1,024	702	271	5,377
Software	841	1,181	628	369	54	3,073
Services	558	797	605	137	157	2,235
Gross sales	**2,866**	**3,878**	**2,258**	**1,209**	**482**	**10,685**
Hardware IFRS 15 adjustments	0	0	0	0	0	0
Software IFRS 15 adjustments	767	1,080	572	346	47	2,810
Services IFRS 15 adjustments	18	58	35	11	9	131
Total IFRS 15 adjustments	**784**	**1,138**	**607**	**357**	**56**	**2,941**
Hardware	1,468	1,900	1,024	702	271	5,377
Software	74	101	56	23	7	262
Services	540	739	571	126	147	2,104
Revenue	**2,082**	**2,740**	**1,651**	**852**	**426**	**7,743**

Note 10

Gross sales and revenue (CONT'D)

Q3 2022

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	1,387	2,410	1,212	706	225	5,953
Software	670	1,127	433	182	30	2,470
Services	521	750	552	105	124	2,022
Gross sales	**2,579**	**4,286**	**2,197**	**993**	**379**	**10,446**
Hardware IFRS 15 adjustments	-	-	-	-	-	-
Software IFRS 15 adjustments	602	1,029	388	162	27	2,235
Services IFRS 15 adjustments	24	26	67	8	3	129
Total IFRS 15 adjustments	**626**	**1,055**	**455**	**171**	**31**	**2,364**
Hardware	1,387	2,410	1,212	706	225	5,953
Software	68	98	45	20	3	235
Services	497	724	484	96	120	1,893
Revenue	**1,953**	**3,231**	**1,742**	**822**	**349**	**8,082**

Full year 2022

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	5,600	9,037	4,983	2,551	966	23,176
Software	3,501	7,094	2,971	986	138	14,782
Services	2,261	3,341	2,260	452	500	8,706
Gross sales	**11,362**	**19,472**	**10,214**	**3,989**	**1,605**	**46,664**
Hardware IFRS 15 adjustments	-	-	-	-	-	-
Software IFRS 15 adjustments	3,188	6,618	2,777	899	125	13,696
Services IFRS 15 adjustments	122	190	200	31	27	571
Total IFRS 15 adjustments	**3,310**	**6,809**	**2,977**	**930**	**153**	**14,266**
Hardware	5,600	9,037	4,983	2,551	966	23,176
Software	312	476	194	87	13	1,087
Services	2,140	3,150	2,060	421	473	8,135
Revenue	**8,052**	**12,663**	**7,237**	**3,059**	**1,452**	**32,397**

Note 10

Pro forma accounts

Pro forma gross sales, revenue and EBITDA include gross sales, revenue and EBITDA from business combinations during 2023 and 2022 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 gross sales and revenue in constant currency exclude the effect of foreign currency rate fluctuations. Growth in constant currency is translating gross sales and revenue recognized during the current period using exchange rates for the previous period.

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Gross sales	10,685	10,446	37,543	32,710	46,664
Adjustment for acquisitions	-	8	-	46	46
Pro forma gross sales	**10,685**	**10,454**	**37,543**	**32,756**	**46,709**
Pro forma gross sales on last year currency	10,161	10,852	35,306	33,826	47,861
Pro forma growth in constant currency	**-2.8%**		**7.8%**		**15.6%**

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Revenue	7,743	8,082	25,305	22,577	32,397
Adjustment for acquisitions	-	8	-	46	46
Pro forma revenue	**7,743**	**8,090**	**25,305**	**22,623**	**32,443**
Pro forma revenue on last year currency	7,347	8,387	23,773	23,340	33,202
Pro forma growth in constant currency	**-9.2%**		**5.1%**		**16.2%**

EBITDA is defined as Operating profit (EBIT) before depreciation and amortization. Pro forma EBITDA is used as the basis for loan covenant requirements.

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
EBITDA	468	439	1,353	1,202	1,811
Adjustment for acquisitions	0	0	-	1	1
Pro forma EBITDA	**468**	**439**	**1,353**	**1,203**	**1,812**

Note 10

Gross profit and gross margin

Gross profit is defined as revenue less cost of sales. The Group's revenue is recognized either gross or net depending on sales streams. The cost of sales includes products and services bought from suppliers and resold to customers.

Cost of sales includes all direct expenses for goods and services directly connected to the sales. Direct costs related to services include leasing, outsourcing, and freight.

Gross margin % is defined as gross profit divided by revenue.

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Revenue	7,743	8,082	25,305	22,577	32,397
Cost of sales	-5,461	-6,000	-17,859	-16,193	-23,395
Gross profit	**2,282**	**2,082**	**7,446**	**6,385**	**9,002**
Gross margin %	**29.5%**	**25.8%**	**29.4%**	**28.3%**	**27.8%**

Gross sales margin

Gross sales margin % is defined as gross profit divided by gross sales.

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Gross sales – products	8,450	8,424	30,410	26,527	37,958
Gross sales – services	2,235	2,022	7,133	6,183	8,706
Total gross sales	**10,685**	**10,446**	**37,543**	**32,710**	**46,664**
Product gross profit	967	967	3,215	2,848	4,029
Total services gross profit	1,315	1,114	4,230	3,536	4,973
Total products and services gross profit	**2,282**	**2,082**	**7,446**	**6,385**	**9,002**
Product margin	11.4%	11.5%	10.6%	10.7%	10.6%
Services margin	58.8%	55.1%	59.3%	57.2%	57.1%
Gross sales margin %	**21.4%**	**19.9%**	**19.8%**	**19.5%**	**19.3%**

Note 10

Operating expenses

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

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Payroll and related costs	1,598	1,477	5,423	4,740	6,540
Other operating costs	216	165	669	443	651
Depreciation and amortization	170	156	513	454	615
Total operating expenses	**1,984**	**1,798**	**6,606**	**5,637**	**7,806**

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.

The company's dividend policy is to distribute approximately 70-100 percent of net profit after tax to shareholders in the form of a dividend. Any dividends proposed by the Board of directors to the annual general meeting shall be justified based on the company's dividend policy and its capital requirements.

NOK in million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Full Year 2022
Cash flow from operations	**-301**	**655**	**244**	**-620**	**1,030**
Purchase of PPE and intangible assets	-41	-89	-222	-267	-397
Sale of PPE and intangible assets	0	0	1	74	76
Capital expenditures through cash	**-40**	**-89**	**-220**	**-193**	**-322**
Free cash flow	**-341**	**566**	**24**	**-813**	**709**

Note 10

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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Interest-bearing long-term liabilities	-588	-	-
Interest-bearing long-term leasing liabilities	-26	-31	-24
Interest-bearing current liabilities	-570	-1,482	-586
Interest-bearing current leasing liabilities	-6	-5	-7
Cash and cash equivalents	1,019	817	922
Net financial position	**-171**	**-700**	**304**
Long-term ROU assets leasing liabilities	-1,044	-996	-994
Current ROU assets leasing liabilities	-333	-292	-310
Incremental net lease liabilities due to IFRS 16 adoption	**-1,377**	**-1,287**	**-1,304**

Liquidity reserve

Liquidity reserve is a metric used to assess maximum additional borrowing that is allowed by Atea's debt covenants as of the balance sheet date. Liquidity reserve does not show committed loans 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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Last 12 months pro forma EBITDA	1,962	1,764	1,812
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	**4,905**	**4,410**	**4,531**
Net financial position	-171	-700	304
Liquidity reserve	**4,734**	**3,710**	**4,835**
Net debt / pro forma EBITDA	**0.1**	**0.4**	**-0.2**

Note 10

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.

NOK in million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Inventories	834	1,398	1,198
Trade receivables	3,996	3,943	6,701
Other receivables	2,432	2,690	2,268
Trade payables	-5,007	-4,887	-8,100
Tax payable	-150	-230	-265
Provisions	-49	-43	-50
Other current liabilities	-2,968	-3,315	-3,424
Working capital	**-914**	**-444**	**-1,672**
Securitization effect	1,799	1,843	1,859
Working capital before securitization	**885**	**1,399**	**187**
Year to date gross sales	37,543	32,710	46,664
Proforma gross sales – last 12 months	51,496	44,643	46,709
Working capital in relation to last 12 months gross sales	**-1.8%**	**-1.0%**	**-3.6%**

Note 10

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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total assets	15,436	15,579	17,858
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,313	-1,242	-1,253
Long-term subleasing receivables	-79	-48	-36
Short-term subleasing receivables	-84	-50	-45
Adjusted total assets	13,961	14,240	16,523
Equity	4,213	3,875	3,728
Adjusted equity ratio (%)	**30.2%**	**27.2%**	**22.6%**

Q3

2023

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