

Q1

2026

TRANSCRIPT

Atea ASA Earnings Presentation

Event date: April 28, 2026

ATEA

Corporate participants

Steinar Sønsteby Atea ASA - CEO

Robert Giori Atea ASA – CFO

PRESENTATION

Steinar Sønsteby Atea ASA – CEO

Welcome to all of you around the world. Welcome to sunny Oslo. And welcome to the Q1 2026 numbers for ATEA. And wow, what a quarter. This was not easy. But again, ATEA and all its employees showed up and made a big difference. So, let's look at the main numbers. Gross sales grew by 11.5%, with a minimum of that coming from currency, giving us a revenue or gross sales of NOK 14.8 billion. Net revenue grew by 12.9%, and EBIT came in at NOK 476 million, up from NOK 281 million the year before. Net profit at NOK 389 million, up from NOK 162 million. So again, the best quarter in the history of the company. But as always, I'll leave it to Robert to take all the good news.

Robert Giori Atea ASA – CFO

Thank you, Steinar. ATEA reported high profit growth in the first quarter, driven by strong sales of hardware and software. Gross sales in Q1 were NOK 14.8 billion, up 11.5% from last year. After adjusting for changes in currency rates, organic growth in constant currency was 10.7%. Hardware sales increased by 18.9%, with very high shipments of PCs and data center equipment. Demand for hardware continues to be healthy. And in addition, we've seen customers pull forward purchase orders in expectation of supply constraints later in the year. Some of these orders were delivered and recognized in Q1, but most of the order volume is still in the backlog and will be delivered in future quarters. Software and cloud sales increased by 9.1%, with very strong growth in sales of cloud solutions. Services sales were in line with last year. Net revenue, according to IFRS, was NOK 9.7 billion, up 12.9% from last year. Gross profit increased by 6.0% to NOK 2.8 billion. Gross margin was lower than last year due to a lower proportion of services in the revenue mix. Operating expenses grew by 4.9% to NOK 2.5 billion. The average number of full-time employees was down sequentially from last quarter, but was 2.4% higher than last year. EBIT was NOK 476 million compared with NOK 281 million last year. In February, ATEA recognized a gain of NOK 152 million from the sale of shares in its AppXite subsidiary. Excluding this gain, EBIT was NOK 324 million, up 15.4% from last year. Net profit after tax was NOK 389 million. This compares with NOK 162 million last year. We'll now take a closer look at sales and profit development across the countries in which we operate.

ATEA's strong sales performance and higher profits were spread across all countries in the first quarter of 2026. In Norway, gross sales increased by 17.8% to NOK 3.7 billion, based on higher demand across all lines of business. EBIT grew by 24.7% to NOK 91 million. In Sweden, gross sales grew by 8.9% to SEK 6.0 billion, with a rapid increase in hardware sales. EBIT was SEK 187 million, up 2.0% from last year. In Denmark, gross sales increased by 6.0% to DKK 2.0 billion, driven by strong demand for hardware. EBIT was DKK 7 million compared with a break-even EBIT last year. In Finland, gross sales grew by 14.1% to EUR 110 million, based on very high sales of software and cloud solutions. EBIT increased by 3.2% to EUR 2.1 million. And in the Baltics, gross sales increased by 24.7% to EUR 56 million. Sales of software more than doubled due to large public sector projects in Lithuania and Estonia. EBIT increased by 14.7% to EUR 1.7 million. ATEA Group Functions, which includes shared services and group costs, was collectively a net operating expense of NOK 18 million compared with an expense of NOK 23 million last year. The difference was primarily due to higher profits in ATEA Logistics.

Now we're on our cash flow and balance sheet. ATEA's cash flow from operations was an outflow of NOK 447 million in the first quarter of 2026. This compares with an outflow of NOK 881 million last year. As you can see on this chart, ATEA's cash outflow in Q1 2026 was in line with normal seasonal trends. ATEA's cash flow has a seasonal peak in the fourth quarter of the year when shipments are highest and working capital balances decrease. In the first quarter, cash flow is typically negative as working capital balances return to higher levels. As we look ahead, ATEA's cash flow will be temporarily affected by hardware supply constraints. Due to longer lead times from vendors, ATEA plans to pre-order inventory in order to secure hardware availability for its customer orders. ATEA will then reduce its inventory balance once production lead times normalize. This will result in a significant cash outflow in Q2 2026, but then higher cash inflow in later quarters when inventory levels are reduced.

Now onto our balance sheet. ATEA had a net cash balance of NOK 187 million at the end of Q1 2026, as defined by ATEA's loan covenants. This corresponds to a net debt /EBITDA ratio of negative 0.1. ATEA's net debt balance at the end of Q1 2026 was NOK 6.1 billion less than the maximum allowed by its loan covenants. ATEA has a strong balance sheet and significant additional debt capacity before its loan covenants would be reached. That concludes the presentation of the first quarter financial results. I now hand the podium back over to Steinar to discuss the overall industry environment and the outlook for ATEA's business for the remainder of the year.

Steinar Sønsteby Atea ASA – CEO

Thank you, Robert. I can see that you like doing that one. Let me talk to you a little bit about how we see the market and what drives growth quarter after quarter. The last 15 to 18 months, when we have talked to you either in this format or one-to-one conversations on roadshows, we have talked about these four drivers for growth. Of course, there are more, but these have been steady growth drivers for quarter after quarter.

The defense sector has actually surprised us on the upper side of the growth. I think we all can agree that driver is with us for a long time. So will, for many of the same reasons, the IT security area. And I'll get back to that in a second. But I want you to understand when we talk about IT security, we're not talking about a best of breed point solution. We're talking about a holistic strategic view on how to secure your digital world. The AI wave hit us about three years ago, but has been actually with the industry for much, much longer. And I can promise you, it will change most of the things around you. It just takes a little longer than the most optimistic people are thinking. And then, of course, we talked a lot about an operating system, which may seem a little odd to many of you. But Windows 10 has been the most used operating system in the history of our world. And it goes end of life. And so, a lot of our customers need to upgrade some of their infrastructure, specifically their PCs, to take advantage of Windows 11. At the beginning of this year, about 30% of the Nordic customers, according to Microsoft, had still not upgraded. Some of them have during Q1 and the first month of this quarter, but there are still customers who have hesitated. And I can say the ones that have to upgrade their PCs now have lost big time.

So, looking at this going forward, a lot of people are saying, can this growth keep going on? You're just an infrastructure vendor. Well, guys, infrastructure matters. And it matters more now than maybe ever in the history of the digital world. And on this slide, you see six different areas that I'll discuss briefly with you and that we will talk more about in the quarters to come.

First, I think it's underestimated how much of the tasks and processes around us that are still manually driven or not at least digitalized in its full capacity. This is something that has been with us for decades and will be with us for decades to come. In some parts of our society, in the Nordics and Baltics, we are more advanced than others. On others, maybe not so much. This will keep on driving for a long time.

The geopolitical situation and AI in general changes the game on many of these six areas, specifically the five last ones. And it's the truth. We just do not have enough compute in the world to do everything digitally that we would like to do. And that is no more true than on AI. AI to many is a blurry thing. To us, it becomes sharper and sharper every week. So, let me just give you a little glimpse of what you should be thinking about when you think about AI.

First of all, for ATEA, it's only an upside. I hear some people say that, well, it might take away a lot of workers, you're going to sell less infrastructure, or your coders will be replaced by AI or some of your consultancy. And I get all that. But you have to remember where in the ecosystem we are playing. First of all, I do not see that the Nordic countries will replace its public servants with AI anytime soon. It'll be a hybrid situation. Secondly, we really do not code. And thirdly, our infrastructure consultants will probably not be replaced by AI, even though there are some consultancy in the world that will.

What we have seen over the last several years is that these LLM companies or companies that make large language models are investing heavily, more than we have seen in any industry ever, in building data centers and capacity. They are training their models. This is, of course, not something that an enterprise customer will do. We don't have to, because the people that produce the models will train them for us. And then comes the time when enterprises will use those trained models to build vertical or company-specific solutions. Inferencing is the name of using those models. That will create a demand for infrastructure, but not even close to what it takes to train them. Look at it to compare a car company that manufactures the cars and then you buy them to inference them or use them and own them. It's two very different worlds. We really haven't seen enterprise AI take off yet. And that enterprise AI should not be confused with using certain chatbots. AI is with us, it's going to stay with us, and it's going to drive infrastructure. I mentioned the geopolitical situation. And in Europe, sovereign data center, sovereign IT is going to increase in demand and in taking space in the discussion. To us, it means more infrastructure locally. We will work with both the vendors and the customers and our own data centers that really are sovereign for the companies and customers in our region.

Workplace productivity or efficiency of your everyday work will never disappear. And IT and especially AI agents and the mobility around your workspace will keep on being a driver for work. And so will IT security. I touched on it earlier. But the specific situation with the LLMs and AI in general becoming more or having a greater capacity will actually both be a benefit and a threat to our digital world. The time where companies can buy single solutions to stop a single problem is over. This has become a very different game if you want to be protected. And I must say, you have to want to be protected. So, IT security will grow faster than any of the other areas.

And then I grew up in the industry with leaders saying that the network is the computer. That's how I as an engineer was trained in this industry. Well, we have kind of taken the network for granted for a long time. But over the next many years, we'll see massive investments to refresh and to secure and to make the network back to becoming the backbone of your infrastructure.

So that is how we see it. And IDC, by the way, have upgraded their growth for the next four to five years to cross into double digit. We think they are right. We think that the next many quarters will be strong. But as we said on the previous presentation and we will work on for the next many quarters, the price increases on memory specifically and what we think will lead into some kind of delay on delivery will be with us. We have proven to be pretty good at those kind of challenges and complexity in many years, and specifically

just the last quarter. We will work with our own organization, as Robert stated, with our inventory, which really is work or parts in work or products at work, and with, of course, our partners, the vendors, to secure delivery to our customers and so that we can keep on growing. The next quarter looks pretty good. With that, we conclude the presentation and go to Q&A.

Questions and answers

Unidentified Company Representative

Thank you, Steinar and Robert. Let's start with our first question here. How much of the Q1 hardware revenue is actually early orders?

Steinar Sønsteby Atea ASA – CEO

Yeah, so we've been very specific in the wording in our material for this presentation. As we say, there is quite a bit of early orders in the booking, but not as much in the actual revenue as those orders came in late in the quarter. It's difficult for us to know exactly how much of the actual revenue, so the bookings that have been delivered, that would not have been ordered if the situation wasn't the way it was. But the way we see it, most of it was already in our pipeline when we started talking to the customers. So that's why we're saying the actual revenue, not that much, but in our backlog, quite a lot.

Unidentified Company Representative

Thank you. Product margins are holding up well in Q1. Should we be expecting this to continue?

Steinar Sønsteby Atea ASA – CEO

Yeah, so let me split the answer in hardware and software margin because they have a little bit of a different dynamic. So, hardware margins are where you should see pressure if it came from the memory issue and the price increases thereof. We don't see that as much, and we believe there are two reasons for that. One is that there isn't that much revenue from late price increases in there. There are some, but not too much. And secondly, we've been pretty good at managing the issue. On the software side, we have actually normalized the changes that happened a year ago with the Microsoft incentive programs. And outside that, we don't see any other things than normal seasonalities on the software margins. So, the simple question is that we are working hard to not have this situation influence on our margins. So far, it looks good. That is the uncertainty over time, but we believe we will be able to handle it.

Unidentified Company Representative

Thank you. And final question here. How is the carve out from AppXite going and are you still positive on utilizing AppXite as a Tier 2 for your Microsoft business going forward?

Steinar Sønsteby Atea ASA – CEO

Yeah, pretty specific question there. So AppXite is the company we sold 52% of the shares in Q1 and gave us NOK 152 million benefit from. One of the reasons why we did that was because we thought that the company that developed software is better without having ATEA as the full owner. But one of the other reasons is that with not controlling the company, we can use the company as a distributor to ATEA for Microsoft and other software vendors. It's not really fully carve out because it was already separated in its own company. But the process has gone really well, and we are fully in line with our plan to utilize AppXite as a Tier 2 distributor in the second half of this year. So, we will come back to this after the Q3 presentation and give you a little bit more insight into what's going on. So, that concludes the Q&A and the full presentation of ATEA's Q1 numbers. We hope you liked it.