ATEA

Q2

2021

INTERIM REPORT

Revenue of NOK 10,928 million, up 3.1% y-o-y (7.8% in constant currency)

EBIT before share based compensation of NOK 243 million, up 4.6% y-o-y

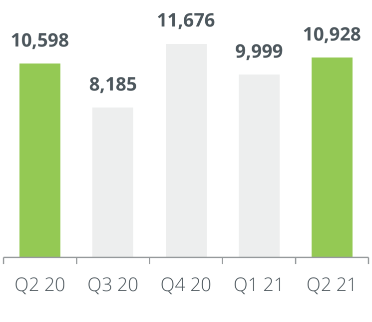
Cash flow from operations of NOK 582 million, compared with NOK 1,010 million last year

Net financial position of NOK 405 million, compared with NOK 459 million last year

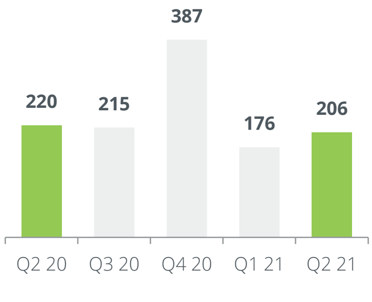
KEY FIGURES* | Q2 | 2021

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Group revenue	10,928	10,598	20,927	19,641	39,503
Gross profit	2,089	2,065	4,173	4,062	8,236
Gross margin (%)	19.1%	19.5%	19.9%	20.7%	20.8%
EBIT before share based compensation	243	232	449	256	906
EBIT	206	220	382	252	854
Net profit	142	151	270	157	590
Earnings per share (NOK)	1.27	1.37	2.43	1.43	5.37
Diluted earnings per share (NOK)	1.24	1.36	2.37	1.42	5.32
Cash flow from operations	582	1,010	-58	-188	1,388
Free cash flow	513	960	-203	-347	1,067

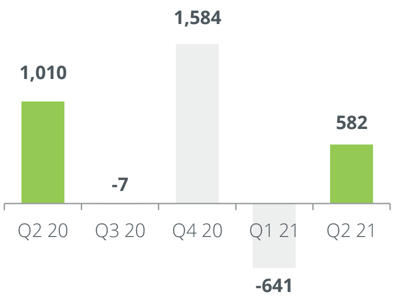
	30 Jun 2021	30 Jun 2020	31 Dec 2020
Net financial position	405	459	1,067
Liquidity reserve	4,445	3,850	4,808
Working capital	-1,862	-2,026	-2,738
Working capital in relation to annualized revenue (%)	-4.4%	-5.2%	-6.9%
Adjusted equity ratio (%)	26.3%	26.8%	22.4%
Number of full-time employees	7,416	7,222	7,337



REVENUE | NOK in million



EBIT | NOK in million



CASH FLOW FROM OPERATIONS | NOK in million

*Alternative perfomance measures (APM) presented in the key figures table are described in Note 14 of this report

FINANCIAL REVIEW | Q2 | 2021

GROUP

Atea had record high revenue in the second quarter of 2021, as strong demand for IT products offset hardware supply constraints resulting from a global component shortage.

Total revenue in Q2 2021 increased by 3.1% to NOK 10,928 million. Revenue growth in constant currency was 7.8%. Currency fluctuations had a negative impact of 4.4% on revenue growth, as revenue in foreign currencies was translated into a stronger Norwegian krone.

Hardware revenue was up 2.2%, driven by higher demand for digital workplace and networking solutions. Software revenue was up 5.9%, with double digit growth in all countries except Finland. Services revenue was flat, but was positive on a constant currency basis.

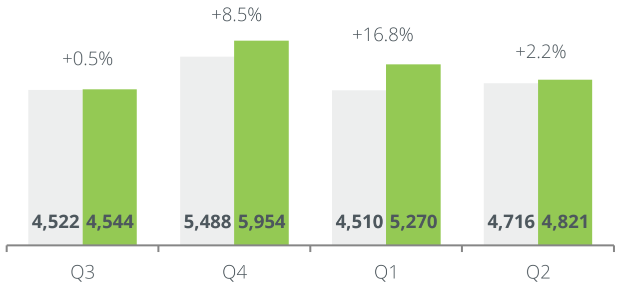
Gross profit grew by 1.2% to NOK 2,089 million. Gross margin decreased to 19.1% compared with 19.5% last year. Gross margin in the second quarter was negatively impacted by a higher proportion of low margin software deliveries in the revenue mix.

Total operating expenses before share based compensation grew by 0.8% to NOK 1,846 million due to higher personnel costs. In Q2 2020, Atea placed several hundred employees on partial or full time leave in response to the COVID-19 pandemic and many employees accepted voluntary salary reductions.

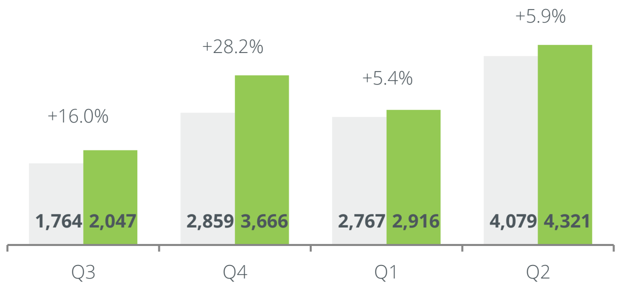
EBIT before share based compensation grew by 4.6% to NOK 243 million, based on higher product sales and relatively low growth in operating expense.

Share based compensation costs increased to NOK 37 million, up from NOK 13 million last year, due to a strong appreciation in Atea's share price during the quarter. EBIT after share based compensation was NOK 206 million, compared with NOK 220 million last year.

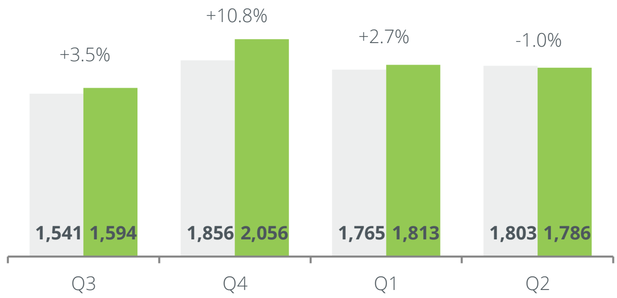
Net financial items were an expense of NOK 27 million, compared with an expense of NOK 30 million last year. Income tax expense was NOK 37 million, an effective tax rate of 20.8%. Net profit after tax was NOK 142 million, compared with NOK 151 million last year.



HARDWARE REVENUE AND GROWTH | NOK in million



SOFTWARE REVENUE AND GROWTH | NOK in million



SERVICES REVENUE AND GROWTH | NOK in million

FIRST HALF OF 2021

Group revenue increased by 6.5% to NOK 20,927 million in the first half of 2021. Revenue growth in constant currency was 8.6%. Currency fluctuations had a negative impact of 2.0% in the first half of 2021.

Hardware revenue was up 9.4%, driven by higher sales of mobile computing devices. Software revenue was up 5.7%, with strong growth in Norway, Sweden and Denmark. Services revenue was up 0.8%, with higher demand for managed service contracts.

EBIT in the first half of 2021 was NOK 382 million, an increase of 52.0% from last year. All countries reported higher EBIT in the first half of 2021, with a major improvement in the Danish business.

Net profit after tax was NOK 270 million, an increase of 72% from NOK 157 million last year.

FINANCIAL REVIEW | Q2 | 2021

NORWAY

NOK in million	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Products revenue	1,827	1,752	4.3%	3,511	3,422	2.6%
Services revenue	551	555	-0.6%	1,115	1,126	-1.0%
Total revenue	2,378	2,307	3.1%	4,626	4,548	1.7%
Gross profit	577	550	5.0%	1,143	1,121	1.9%
Gross margin %	*24.3%*	*23.8%*	*0.4%*	*24.7%*	*24.7%*	*0.0%*
OPEX	493	470	5.1%	1,008	996	1.2%
EBIT before share based compensation	89	81	9.7%	144	126	14.7%
EBIT	84	80	4.8%	134	125	7.4%

Atea Norway reported record high revenue and EBIT in the second quarter of 2021. The profit improvement was based on growth and improved margin on product sales.

Revenue in Q2 2021 was NOK 2,378 million, an increase of 3.1% from last year. Hardware revenue was up 1.3%, due to higher demand for digital workplace equipment from the private sector. Software revenue was up 10.4%, based on increased sales to the public sector. Services revenue was flat from last year.

Gross margin increased to 24.3%, compared with 23.8% last year. Product margin was 11.9% in Q2 2021, compared with 11.2% last year, due to a higher margin on hardware sales. Services margin increased to 65.4% compared with 63.7% last year, based on improved margins on managed service agreements.

Total operating expenses before share based compensation were NOK 488 million, up 4.2% from last year. The increase in operating expenses was primarily driven by higher personnel costs. The average number of full-time employees increased by 40 (2.4%) from last year. Atea Norway had fewer employees in Q2 2020, as many employees were placed on leave in response to the COVID-19 pandemic.

EBIT before share based compensation was NOK 89 million, an increase of 9.7% from last year. Share based compensation costs were NOK 4 million higher than last year, as a result of the strong performance in Atea's share price during Q2 2021.

EBIT after share based compensation grew by 4.8% to NOK 84 million in Q2 2021, based on higher sales and relatively low growth in operating expenses. The EBIT margin was 3.5%, in line with last year.

FIRST HALF OF 2021

Revenue in Atea Norway increased by 1.7% to NOK 4,626 million during the first half of 2021. Hardware revenue was flat from last year. Software revenue was up 7.9%, driven by higher demand from the public sector. Services revenue fell slightly, due to lower demand for onsite consulting services.

EBIT before share based compensation was NOK 144 million, an increase of 14.7% from last year. Share based compensation costs were NOK 9 million higher than last year, due to the strong performance in Atea's share price. EBIT in the first half of 2021 was NOK 134 million, an increase of 7.4% from last year.

FINANCIAL REVIEW | Q2 | 2021

SWEDEN

SEK in million	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Products revenue	4,043	3,761	7.5%	7,184	6,694	7.3%
Services revenue	710	687	3.4%	1,401	1,355	3.4%
Total revenue	4,753	4,448	6.9%	8,585	8,049	6.7%
Gross profit	820	803	2.2%	1,622	1,585	2.3%
Gross margin %	*17.3%*	*18.0%*	*-0.8%*	*18.9%*	*19.7%*	*-0.8%*
OPEX	702	690	1.7%	1,387	1,371	1.2%
EBIT before share based compensation	131	116	12.7%	261	213	22.5%
EBIT	118	112	5.1%	235	214	9.6%

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

Revenue increased by 6.9% from last year to SEK 4,753 million. Hardware revenue was down 0.6%, due to lower shipments of PCs to the public sector. Software revenue was up 15.5%, driven by increased demand from the public sector. Services revenue was up 3.4%, based on increased sales of managed service contracts.

Total gross margin was 17.3% in Q2 2021, compared with 18.0% last year. Product margin was 9.4% in Q2 2021, compared with 10.2% last year, as the revenue mix shifted to lower margin software sales. Services margin increased to 62.2% compared to 60.9% last year, due to higher margins on managed service agreements.

Total operating expenses before share based compensation were SEK 689 million, in line with last year. The average number of full-time employees increased by 6 (0.2%) from last year.

EBIT before share based compensation was SEK 131 million, an increase of 12.7% from last year. Share based compensation costs were SEK 9 million higher than last year, as a result of the strong performance in Atea's share price during Q2 2021.

EBIT after share based compensation grew by 5.1% to SEK 118 million in Q2 2021, based on higher sales and relatively low growth in operating expenses. The EBIT margin was 2.5%, in line with last year.

FIRST HALF OF 2021

Revenue in Atea Sweden increased by 6.7% to SEK 8,585 million during the first half of 2021. Hardware revenue was flat from last year. Software revenue was up 17.1%, based on increased sales to the public sector. Services revenue was up 3.4%, driven by higher demand for managed service contracts.

EBIT before share based compensation was SEK 261 million, an increase of 22.5% from last year. Share based compensation costs were SEK 27 million higher than last year, due to the strong performance in Atea's share price. EBIT in the first half of 2021 was SEK 235 million, an increase of 9.6% from last year.

FINANCIAL REVIEW | Q2 | 2021

DENMARK

DKK in million	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Products revenue	1,785	1,482	20.5%	3,300	2,496	32.2%
Services revenue	315	277	13.8%	619	565	9.5%
Total revenue	2,101	1,759	19.4%	3,919	3,061	28.0%
Gross profit	312	268	16.4%	616	531	15.9%
Gross margin %	*14.8%*	*15.2%*	*-0.4%*	*15.7%*	*17.4%*	*-1.6%*
OPEX	312	276	13.1%	616	629	-2.1%
EBIT before share based compensation	4	-7	N/A	4	-95	N/A
EBIT	0	-8	N/A	0	-98	N/A

Atea Denmark continued to make major progress in its turnaround during the second quarter of 2021, with very strong sales growth across all lines of business.

Total revenue in Denmark grew by 19.4% to DKK 2,101 million. Hardware revenue increased by DKK 217 million, or 34.7%. Approximately DKK 136 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 12.9%.

Software revenue was up 10.1%, due to higher sales to the public sector. Services revenue was up 13.8%, with higher demand for both consulting services and managed service agreements.

Total gross margin was 14.8% in Q2 2021 compared with 15.2% last year. Product margin increased to 6.7% in Q2 2021, compared with 6.4% last year, mostly due to an increased proportion of hardware sales in the revenue mix. Services margin fell to 61.0%, compared to 62.3% last year, due to lower margins on new managed service agreements.

Total operating expenses were DKK 312 million, up by 13.1% from last year. The increase in operating expenses was driven by higher personnel costs compared with last year. Personnel costs were abnormally low in Q2 2020, as Atea Denmark took extraordinary measures to reduce costs in response to the COVID-19 pandemic. Many employees were placed on leave, and most of the remaining staff accepted a voluntary salary reduction during Q2 2020.

With strong sales growth offsetting higher operating expenses, Atea Denmark reached a breakeven EBIT in Q2 2021, compared with an operating loss of DKK -8 million in Q2 2020.

FIRST HALF OF 2021

Revenue in Atea Denmark increased by 28.0% to DKK 3,919 million during the first half of 2021. Hardware revenue was up 57.7%, driven by a large order for tablet computers from the Danish headquarters of a global NGO. Software revenue was up 5.6%, based on increased sales to the public sector. Services revenue was up 9.5%, due to higher demand for consulting services.

EBIT in the first half of 2021 was breakeven, compared with an operating loss of DKK -98 million in the first half of 2020. Atea Denmark incurred DKK 51 million in reorganization costs during Q1 last year related to a restructuring of its operations and associated write downs. Since the reorganization last year, Atea Denmark has had a very strong improvement in business performance.

FINANCIAL REVIEW | Q2 | 2021

FINLAND

EUR in million	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Products revenue	66.2	70.0	-5.5%	164.4	175.6	-6.4%
Services revenue	8.8	8.1	8.8%	17.3	15.8	9.6%
Total revenue	74.9	78.1	-4.0%	181.6	191.3	-5.1%
Gross profit	12.7	12.3	3.0%	25.9	25.6	1.4%
Gross margin %	*16.9%*	*15.8%*	*1.2%*	*14.3%*	*13.4%*	*0.9%*
OPEX	10.9	10.5	3.2%	22.1	22.2	-0.3%
EBIT before share based compensation	2.0	1.8	7.2%	4.0	3.5	15.5%
EBIT	1.8	1.8	1.6%	3.8	3.3	13.3%

Atea Finland reported lower revenue during the second quarter of 2021, due to the loss of a large public sector frame agreement within software. Excluding this frame agreement, the remaining business lines had very strong revenue growth in Q2 2021.

Total revenue was EUR 74.9 million in Q2 2021 compared with EUR 78.1 million last year, as software revenue fell by EUR 7.2 million. Otherwise, hardware revenue grew by 7.8%, based on strong sales of digital workplace solutions. Services revenue was up 8.8%, primarily driven by higher sales of managed service contracts.

Total gross margin was 16.9% in Q2 2021, compared with 15.8% last year. Product margin increased to 11.3%, compared with 10.6% last year, mostly due to a higher proportion of hardware sales in the revenue mix. Service margin decreased to 59.8% compared with 60.3% last year, due to a lower margin on new managed service agreements.

Total operating expenses were EUR 10.9 million in Q2 2021, an increase of 3.2% from last year. The average number of full-time employees increased by 3 (0.7%) from last year.

With lower sales offset by a higher margin revenue mix, EBIT in Q2 2021 increased by 1.6% to EUR 1.8 million. The EBIT margin improved to 2.4%, up from 2.3% last year.

FIRST HALF OF 2021

Revenue in Atea Finland fell by EUR 9.7 million, or 5.1%, during the first half of 2021. Hardware revenue increased by 6.1%, based on strong demand from the public sector. Software revenue was down by 19.0%, due to a large public frame agreement which was lost at the start of the 2021. Services revenue was up 9.6%, primarily driven by higher sales of consulting and managed cloud solutions.

EBIT in the first half of 2021 was EUR 3.8 million, an increase of 13.3% from last year, based on increased gross profit from services and a flat trend in operating expenses.

FINANCIAL REVIEW | Q2 | 2021

THE BALTICS

EUR in million	Q2 2021	Q2 2020	Change %	H1 2021	H1 2020	Change %
Products revenue	20.1	18.4	9.0%	40.8	42.1	-3.1%
Services revenue	9.6	8.3	16.0%	18.6	16.6	12.2%
Total revenue	29.7	26.7	11.2%	59.4	58.7	1.2%
Gross profit	9.0	7.4	21.5%	17.4	15.4	13.1%
Gross margin %	*30.2%*	*27.7%*	*2.6%*	*29.3%*	*26.3%*	*3.1%*
OPEX	7.9	6.3	24.8%	15.4	13.6	13.4%
EBIT before share based compensation	1.2	1.2	1.7%	2.2	2.0	9.8%
EBIT	1.1	1.1	2.0%	2.0	1.8	10.4%

Atea Baltics reported rapid revenue growth across all lines of business in Q2 2021. Total revenue was EUR 29.7 million, an increase of 11.2% from last year.

Hardware revenue was up 8.3%, based on higher sales of networking and print equipment. Software revenue was up 13.9%, driven by increased demand from the public sector. Services revenue was up 16.0%, driven by strong growth in sales of managed services.

Total gross margin increased to 30.2% in Q2 2021 compared with 27.7% last year. Product margin was 12.0%, up from 9.6% last year, mainly due to an improved hardware margin. Services margin increased to 68.4%, in comparison with 67.9% last year, due to a lower proportion of subcontracted services in the revenue mix.

Total operating expenses were EUR 7.9 million in Q2 2021 compared with EUR 6.3 million last year. Operating expenses were abnormally low in Q2 2020, as offices were closed and many employees temporarily placed on leave in response to the COVID-19 pandemic.

EBIT in Q2 2021 was EUR 1.1 million, in line with last year. The EBIT margin was 3.7%, down from 4.0% last year.

FIRST HALF OF 2021

Atea Baltics revenue increased by 1.2% to EUR 59.4 million in the first half of 2021. Products revenue was down by 3.1%, with lower demand from the public sector. Services revenue was up 12.2%, primarily driven by higher sales of managed cloud solutions.

EBIT in the first half of 2021 was EUR 2.0 million, an increase of 10.4% from last year, driven by strong growth in services.

BALANCE SHEET

As of 30 June 2021, Atea had total assets of NOK 14,235 million. Current assets such as cash, receivables and inventory represented NOK 7,828 million of this total. Non-current assets represented NOK 6,408 million of this total, and primarily consisted of goodwill (NOK 4,000 million), property, plant and equipment (NOK 510 million), right-of-use leased assets (NOK 1,217 million) and deferred tax assets (NOK 293 million).

Atea had total liabilities of NOK 10,854 million, and shareholders' equity of NOK 3,382 million as of 30 June 2021. 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 Q2 2021 was 26.3%.

Atea's net financial position was cash positive of NOK 405 million at the end of Q2 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 -0.3x pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 4,445 million before the debt covenant would be reached. See additional information on the liquidity reserve in Note 14 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 increased working capital requirements, Atea sold more of its accounts receivable into a securitization program during Q2 2021 than in the previous year.

At the end of Q2 2021, Atea had sold receivables of NOK 1,806 million under the securitization program, compared with NOK 1,170 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 inflow of NOK 582 million in the second quarter of 2021, compared with an inflow of NOK 1,010 million last year. Cash from operations in Q2 2021 was lower than last year due to an exceptional increase in accounts payable during Q2 2020. In Q2 2020, many IT vendors temporarily offered extended payment terms to Atea to support their largest resellers during the start of the COVID-19 pandemic. These extended payment terms expired later in the year.

During Q2 2021, Atea increased its sale of receivables into the securitization program to manage fluctuations in working capital throughout the quarter. This had a positive impact of NOK 1,042 million on operating cash flow during Q2 2021.

Cash flow from investing activities was an outflow of NOK 70 million in Q2 2021, up from NOK 49 million in the corresponding quarter last year. The increase was mainly due to higher capital expenditure in data center assets.

Cash flow from financing activities was an outflow of NOK 422 million in Q2 2021. The outflow was primarily driven by a dividend payment of NOK 278 million and a share repurchase of NOK 136 million.

SHARES

Atea had 8,857 shareholders on 30 June 2021 compared with 7,670 shareholders on 30 June 2020.

The 10 largest shareholders as of 30 June 2021 were:

Main Shareholders*	**Shares**	**%**
Systemintegration APS **	29,045,948	25.9%
Folketrygdfondet	8,262,553	7.4%
State Street Bank & Trust Co. ***	6,755,116	6.0%
Verdipapirfond Odin Norden	3,306,029	2.9%
State Street Bank and Trust Co. ***	3,154,176	2.8%
RBC Investor Services Trust	2,805,060	2.5%
State Street Bank and Trust Co. ***	2,385,156	2.1%
Verdipapirfond Odin Norge	2,272,692	2.0%
Verdipapirfondet Alfred Berg Gamba	2,052,089	1.8%
State Street Bank and Trust Co. ***	1,932,625	1.7%
Other	50,159,165	44.7%
Total number of shares	112,130,609	100.0%

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

As of 30 June 2021, Atea's Chairman Ib Kunøe and close associates controlled a total of 26.5% of the shares, including the shares held by Systemintegration APS.

As of 30 June 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.

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. Atea's sustainability agenda is an essential part of the company's mission. The company has received numerous recognitions for its leadership within 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 May 2021, the Financial Times ranked Atea among a select group of European companies that have made the greatest progress in curbing their greenhouse gas emissions.

In 2020, Atea launched a 10-year plan for its sustainability agenda. The plan is described in our latest corporate responsibility 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.

BUSINESS OVERVIEW

MARKET TRENDS

Impact of COVID pandemic on market:

Over the past year, the COVID-19 pandemic has changed how organizations function, as restrictions on travel and social distancing requirements have required employees to work from remote locations. This has accelerated the digital transformation of the workplace.

Organizations have become dependent on IT solutions to facilitate remote work, and have been forced to reconsider how they interact and transact with their customers, vendors and other stakeholders. This is driving innovation and investment in digital technologies to transform business processes and automate operations.

Certain categories of IT products have performed very well during the pandemic. On a global level, demand for notebook PCs has sharply increased, as remote work has accelerated the shift from desktop to notebook PCs and has required organizations to upgrade older PCs to support new applications. This has not had a large impact on the Nordic enterprise market, where organizations upgrade PCs regularly and the shift from desktop to notebook computers was already well advanced.

The pandemic has driven increased demand for software and infrastructure provided through the public cloud. Organizations have adopted public cloud solutions as a means to rapidly provide software applications and infrastructure to a remote workforce, with low upfront investment. Cloud applications for video conferencing and collaboration have seen dramatic growth as employees have interacted in virtual meeting rooms from remote locations.

IT services related to the integration and use of public cloud solutions have consequently seen strong demand, as have consulting services related to information management and digital transformation projects.

Other categories of IT products have performed less well since the start of the pandemic. With the closure of office locations, many organizations have postponed projects and reduced investment on their on-premise IT infrastructure. This has resulted in lower IT spending on office networks, workplace AV and print devices, and local meeting rooms.

Demand for data center equipment has been negatively impacted by the migration to cloud solutions. IT services linked to maintenance and development of on-premise infrastructure have also seen slower demand.

Finally, the pandemic has driven supply constraints for many hardware products, resulting in longer delivery cycles. Rapid shifts in demand for electronic devices have caused shortages of key components, and semiconductor fabricators do not have surplus capacity to respond. While new semiconductor capacity is now being built, the current supply shortage is expected to continue to impact the IT hardware market for at least 12 months.

Market growth post-COVID:

As more people are vaccinated and the COVID pandemic in the Nordics comes to an end, Atea expects that the Nordic IT infrastructure market will transition to a "new normal" during the coming year.

We expect that most of the workforce in large organizations will return to on-premise work during the coming months. However, some changes from the COVID pandemic will persist. Based on work patterns established during the pandemic, organizations will continue to drive the use of digital communications as a substitute for travel and physical meetings, and further innovate in their use of information technology to transform their operations.

We expect that the transition to a "new normal", in combination with an improved economic outlook, will result in strong customer demand for IT products and services during the coming years. Hardware supply shortages will continue to lead to longer delivery times during the coming year, but this impact should diminish over time.

Specifically, we see the following drivers of demand growth across our three solution areas:

Digital workplace

- Most organizations have postponed major workplace investments since the start of the pandemic, and will need to refresh older equipment.
- To facilitate greater use of virtual meetings from office locations, there will be increased spending on digital collaboration tools and video conference rooms
- Demand for onsite technical services will increase as customers require support to implement and maintain digital workplace solutions.
- Sustainability and circular economy have become a key purchase criteria for customers, driving demand for asset management and IT recycling services.
- Device lifecycle management concepts - where the customer pays a service fee for the vendor to provide and manage equipment, and take back equipment at the end of life – will continue to grow in popularity.

BUSINESS OVERVIEW

MARKET TRENDS (CONT'D)

Hybrid platforms

- Many office networks are due for upgrades, as on-premise investments were deferred during the pandemic.
- Network upgrades are also necessary to facilitate greater use of virtual meeting rooms, and eventually to support device connectivity with the new WiFi 6 standard.
- Demand for software and infrastructure provided through the public cloud will continue to grow, despite restrictions for use by some public sector customers.
- Hybrid cloud managed services – which integrate IT operations from on-premise data centers and public cloud solutions – will see continued growth in demand. Customers plan to continue to utilize their private data centers while taking advantage of the flexibility and software offerings of the public cloud.

Information management

- The pandemic has increased focus on digital solutions to transform business processes, driving demand for automation solutions and consulting services.
- Data analytics tools and consulting services are also in high demand, as organizations seek to capture insights from data to adapt their business models and improve their operating performance.
- Spending on IT security services and data protection solutions continues to grow as threats of cyberattacks increase.

BUSINESS OUTLOOK

As the COVID pandemic recedes in the Nordic region, Atea is very well-positioned to capture emerging growth opportunities in the IT infrastructure market.

The pandemic has accelerated the "digital transformation" of many organizations. As organizations expand their use of IT to interact and transform their processes, their IT environments become more business critical and complex.

To address this complexity, customers seek a partner with the service competence to support the design, implementation and operations of their IT environments. This creates a very favorable market environment for Atea, as the largest IT infrastructure provider in the Nordic and Baltic region.

Atea has a unique competitive position in the Nordics 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.

Based on its competitive advantages, Atea is well-positioned to capture market share in a growing IT infrastructure market. Atea is investing in expanding its presence in key growth areas of the market, and has a strong balance sheet to supplement its organic growth with acquisitions.

At the same time, Atea is taking active measures to drive productivity across its business, with particular focus on capturing economies of scale across the Group. With a positive market outlook and efficiencies in its operations, management expects a strong improvement in operating profit for the full year 2021 and continued improvement into the coming years.

CONDENSED FINANCIAL INFORMATION

FOR THE 6 MONTHS ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK in million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Revenue	2, 3, 8, 14	10,928	10,598	20,927	19,641	39,503
Cost of sales		-8,839	-8,534	-16,754	-15,579	-31,266
Gross profit	14	2,089	2,065	4,173	4,062	8,236
Payroll and related costs	12	-1,538	-1,510	-3,090	-3,057	-5,904
Other operating costs	14	-156	-159	-327	-393	-745
Restructuring costs		0	-1	0	-37	-37
Share based compensation		-37	-13	-67	-5	-53
EBITDA	14	358	382	689	570	1,497
Depreciation and amortization		-150	-161	-303	-316	-638
Amortization related to acquisitions		-2	-1	-4	-2	-5
Operating profit (EBIT)	2	206	220	382	252	854
Net financial items	5	-27	-30	-41	-55	-105
Profit before tax		179	190	341	196	749
Tax	7	-37	-39	-72	-39	-159
Profit for the period		142	151	270	157	590
Earnings per share						
- earnings per share (NOK)	4	1.27	1.37	2.43	1.43	5.37
- diluted earnings per share (NOK)	4	1.24	1.36	2.37	1.42	5.32

Profit for the period		142	151	270	157	590
Currency translation differences		78	-121	-107	358	268
Forward contracts - cash flow hedging		0	1	0	0	0
Income tax OCI relating to items that may be reclassified to profit or loss		0	0	0	0	0
Items that may be reclassified subsequently to profit or loss		78	-120	-107	358	267
Other comprehensive income		78	-120	-107	358	267
Total comprehensive income for the period		220	31	162	515	857
Total comprehensive income for the period attributable to:						
Shareholders of Atea ASA		220	31	162	515	857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK in million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Property, plant and equipment		510	533	538
Right-of-use assets		1,217	1,244	1,288
Deferred tax assets	7	293	378	303
Goodwill		4,000	4,172	4,088
Other intangible assets		301	282	289
Investment in associated companies		17	16	17
Long-term subleasing receivables		52	96	83
Other long-term receivables		18	28	20
Non-current assets		6,408	6,748	6,626
Inventories		1,146	1,095	797
Trade receivables		3,758	4,157	5,818
Other receivables		1,890	1,891	1,606
Short term subleasing receivables		92	146	126
Other financial assets		3	1	5
Cash and cash equivalents		938	1,024	1,605
Current assets		7,828	8,315	9,957
Total assets		14,235	15,062	16,584
EQUITY AND LIABILITIES				
Share capital and premium	4	657	491	503
Other reserves		1,520	1,719	1,627
Retained earnings		1,204	1,428	1,254
Equity		3,382	3,638	3,384
Interest-bearing long-term liabilities	6	475	473	475
Long-term sublease liabilities		52	96	83
Long-term leasing liabilities		990	983	1,039
Other long-term liabilities		120	7	7
Deferred tax liabilities		159	205	165
Non-current liabilities		1,796	1,764	1,770
Trade payables		5,638	6,070	6,934
Interest-bearing current liabilities	6	10	30	7
Current sublease liabilities		92	146	126
Current leasing liabilities		297	311	310
VAT, taxes and government fees		963	791	1,058
Provisions		113	114	184
Other current liabilities		1,943	2,195	2,784
Other financial liabilities		2	3	28
Current liabilities		9,058	9,661	11,430
Total liabilities		10,854	11,425	13,200
Total equity and liabilities		14,235	15,062	16,584

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK in million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity at start of period - 1 January		3,384	3,075	3,075
Currency translation differences		-107	358	268
Forward contracts - cash flow hedging		-	-	0
Other comprehensive income		-107	358	267
Profit for the period		270	157	590
Total recognised income for the year		162	515	857
Employee share-option schemes		27	20	46
Dividends		-278	-	-550
Changes related to own shares	4	-69	-	-84
Issue of share capital	4	155	28	40
Equity at end of period		3,382	3,638	3,384

CONSOLIDATED STATEMENT OF CASH FLOW

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Profit before tax	179	190	341	196	749
Adjusted for:					
Depreciation and amortisation	152	162	307	318	643
Share based compensation	19	11	27	20	46
Gains/Losses on disposals of PPE and intangible asset	0	-1	0	0	0
Net interest expenses	20	19	35	42	85
Taxes paid	-42	-33	-77	-155	-236
Net interest paid	-21	-23	-33	-41	-83
Cash earnings	307	326	600	380	1,204
Change in trade receivables	-318	-491	1,873	627	-1,033
Change in inventories	-56	-130	-373	-213	70
Change in trade payables	639	1,276	-1,114	-543	386
Other changes in working capital	10	28	-1,044	-439	762
Cash flow from operating activities	582	1,010	-58	-188	1,388
Purchase of PPE and intangible assets	-69	-52	-146	-166	-330
Sale of PPE and intangible assets	0	3	1	8	9
Acquisition of subsidiaries/businesses	-1	-	-1	-	-8
Cash flow from investing activities	-70	-49	-146	-158	-330
Dividend paid	-278	-	-278	-	-550
Payment from changes in treasury shares	-136	-	-69	-	-84
Proceeds from new shares issue	66	-	155	28	40
Proceeds from sublease	23	26	58	33	64
Payments of sublease liabilities	-23	-26	-58	-33	-64
Payments of lease liabilities	-79	-86	-160	-169	-340
Change in debt	6	-743	4	-568	-600
Cash flow from financing activities	-422	-829	-348	-710	-1,534
Net cash flow	91	131	-551	-1,056	-476
Cash and cash equivalents at the start of the period	796	822	1,769	1,769	1,769
Foreign exchange effect on cash held in a foreign currency	51	70	-280	311	312
Cash and cash equivalents at the end of the period	938	1,024	938	1,024	1,605

NOTE 1

GENERAL INFORMATION AND ACCOUNTING POLICIES

The condensed interim financial statements for six months ending 30 June 2021 were approved for publication by the Board of Directors on 14 July 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**	**Q2 2021**	**Q2 2020**	**H1 2021**	**H1 2020**	**Full year 2020**
Norway	2,377.6	2,306.5	4,626.1	4,548.5	9,428.4
Sweden	4,738.7	4,575.7	8,625.8	8,102.6	16,394.0
Denmark	2,853.6	2,581.9	5,362.6	4,403.9	8,672.9
Finland	753.3	870.3	1,848.3	2,054.2	3,786.4
The Baltics	299.2	295.5	604.2	629.8	1,373.5
Group Shared Services	1,535.7	1,815.0	3,254.7	3,530.6	7,338.8
Eliminations*	-1,630.0	-1,846.4	-3,394.8	-3,628.0	-7,491.3
Atea Group	10,928.2	10,598.5	20,927.0	19,641.4	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	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Norway	84.0	80.2	134.4	125.1	325.4
Sweden	117.4	115.8	236.1	215.9	475.3
Denmark	0.2	-14.8	0.5	-140.5	-91.8
Finland	18.1	19.4	38.6	35.9	94.4
The Baltics	11.0	11.7	20.4	19.5	51.3
Group Shared Services	4.8	25.7	14.3	29.5	74.1
Group cost	-29.7	-18.3	-62.1	-33.9	-75.1
Operating profit (EBIT)	205.8	219.7	382.2	251.5	853.5
Net financial items	-26.6	-29.7	-41.0	-55.3	-104.5
Profit before tax	179.2	189.9	341.3	196.2	749.0

Quarterly revenue and gross margin NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Product revenue	9,142.5	8,795.0	17,327.9	16,072.6	32,283.9
Services revenue	1,785.7	1,803.4	3,599.1	3,568.9	7,218.8
Total revenue	10,928.2	10,598.5	20,927.0	19,641.4	39,502.7
Gross contribution	2,089.2	2,064.6	4,173.2	4,061.9	8,236.2
Product margin	9.8%	10.1%	10.3%	10.7%	11.1%
Services margin	66.9%	65.4%	66.5%	65.8%	64.4%
Gross margin	19.1%	19.5%	19.9%	20.7%	20.8%

Quarterly revenue and gross margin NOK in million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Product revenue	9,142.5	8,185.4	9,620.2	6,591.1	8,795.0	7,277.6
Services revenue	1,785.7	1,813.4	2,055.8	1,594.1	1,803.4	1,765.4
Total revenue	10,928.2	9,998.8	11,676.1	8,185.2	10,598.5	9,043.0
Gross contribution	2,089.2	2,084.0	2,327.0	1,847.3	2,064.6	1,997.3
Product margin	9.8%	10.8%	11.0%	12.2%	10.1%	11.4%
Services margin	66.9%	66.2%	61.6%	65.2%	65.4%	66.1%
Gross margin	19.1%	20.8%	19.9%	22.6%	19.5%	22.1%

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

LOCAL CURRENCY

Revenue **Local currency in million**		**Q2** **2021**	**Q2** **2020**	**H1** **2021**	**H1** **2020**	**Full year** **2020**
Norway	NOK	2,377.6	2,306.5	4,626.1	4,548.5	9,428.4
Sweden	SEK	4,753.1	4,447.5	8,584.6	8,048.6	16,030.1
Denmark	DKK	2,100.9	1,759.3	3,918.9	3,061.4	6,027.5
Finland	EUR	74.9	78.1	181.6	191.3	353.0
The Baltics	EUR	29.7	26.7	59.4	58.7	128.1
Group Shared Services	NOK	1,535.7	1,815.0	3,254.7	3,530.6	7,338.8
Eliminations*	NOK	-1,630.0	-1,846.4	-3,394.8	-3,628.0	-7,491.3
Atea Group	NOK	10,928.2	10,598.5	20,927.0	19,641.4	39,502.7

EBIT **Local currency in million**		**Q2** **2021**	**Q2** **2020**	**H1** **2021**	**H1** **2020**	**Full year** **2020**
Norway	NOK	84.0	80.2	134.4	125.1	325.4
Sweden	SEK	117.9	112.2	235.0	214.4	464.7
Denmark	DKK	0.2	-7.9	0.4	-97.6	-63.8
Finland	EUR	1.8	1.8	3.8	3.3	8.8
The Baltics	EUR	1.1	1.1	2.0	1.8	4.8
Group Shared Services	NOK	4.8	25.7	14.3	29.5	74.1
Group cost	NOK	-29.7	-18.3	-62.1	-33.9	-75.1
Operating profit (EBIT)	NOK	205.8	219.7	382.2	251.5	853.5
Net financial items	NOK	-26.6	-29.7	-41.0	-55.3	-104.5
Profit before tax	NOK	179.2	189.9	341.3	196.2	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**		**Q2 2021**	**Q2 2020**	**H1 2021**	**H1 2020**	**Full year 2020**
Norway	NOK	1,204.0	1,188.2	2,346.1	2,342.9	5,059.6
Sweden	SEK	1,855.9	1,867.6	3,657.0	3,680.7	7,623.5
Denmark	DKK	840.3	623.8	2,010.2	1,274.8	2,790.4
Finland	EUR	46.3	42.9	93.6	88.2	181.6
The Baltics	EUR	17.5	16.1	33.3	32.6	75.2
Group Shared Services	NOK	1,381.2	1,682.5	2,950.4	3,271.5	6,747.0
Eliminations*	NOK	-1,390.3	-1,658.4	-2,921.9	-3,224.7	-6,649.5
Atea Group	NOK	4,821.3	4,716.1	10,091.1	9,226.2	19,723.9

Software **Local currency in million**		**Q2 2021**	**Q2 2020**	**H1 2021**	**H1 2020**	**Full year 2020**
Norway	NOK	622.5	563.7	1,164.7	1,079.1	2,172.8
Sweden	SEK	2,187.0	1,893.1	3,527.1	3,013.0	5,721.7
Denmark	DKK	945.2	858.4	1,290.1	1,221.4	2,046.7
Finland	EUR	19.9	27.1	70.7	87.3	138.9
The Baltics	EUR	2.6	2.3	7.5	9.5	16.8
Group Shared Services	NOK	11.9	6.7	22.0	11.9	33.9
Eliminations*	NOK	-11.4	-11.5	-55.8	-74.5	-113.0
Atea Group	NOK	4,321.2	4,079.0	7,236.8	6,846.4	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		Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Norway	NOK	551.1	554.7	1,115.3	1,126.5	2,196.0
Sweden	SEK	710.1	686.8	1,400.5	1,354.9	2,684.9
Denmark	DKK	315.4	277.2	618.6	565.2	1,190.3
Finland	EUR	8.8	8.1	17.3	15.8	32.4
The Baltics	EUR	9.6	8.3	18.6	16.6	36.1
Group Shared Services	NOK	142.6	125.8	282.3	247.2	557.9
Eliminations*	NOK	-228.3	-176.5	-417.2	-328.8	-728.8
Atea Group	NOK	1,785.7	1,803.4	3,599.1	3,568.9	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**	2,011,563	-	2	-	153	155
Changes related to own shares ***	-	-101,156	-	0	-	0
At 30 June 2021	112,130,609	-838,000	112	-1	546	657

Average number of shares outstanding

The average number of shares outstanding during the first six months of 2021 was 110,861,154. 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 six months of 2021 was 113,542,512. 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 six months of 2021, and the remaining vesting period of the options, the dilution impact of the share option program is 2,681,359 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 purchase price for the shares was NOK 67 million (with remaining NOK 66 million affecting Other unrecognized reserves)
The sales price for the shares was NOK 136 million (with remaining NOK 135 million affecting Other unrecognized reserves).

NOTE 4

SHARE CAPITAL AND PREMIUM (CONT'D)

30 June 2021	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				110,861,154
Dilution effect of share options				
Total share options				
Fully vested, with adjusted strike price below share price	1,396,697	82	82	1,187,075
Unvested*, with adjusted strike price below share price	5,395,334	96	107	1,494,284
Unvested*, with adjusted strike price above share price	2,312,332	143	177	-
All Share options	9,104,363	106	108	2,681,359
Fully diluted EPS calculation**				113,542,512

NOTE 5

NET FINANCIAL ITEMS

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Interest income	0	2	5	4	3
Interest income, subleasing	0	1	4	2	7
Other financial income	0	1	1	1	2
Total financial income	1	3	10	8	12
Interest costs on loans	-8	-7	-14	-21	-33
Interest costs on leases	-13	-14	-26	-25	-55
Interest expenses, subleasing	0	-1	-4	-2	-7
Foreign exchange effects	-4	-9	-3	-11	-14
Other financial expenses	-2	-2	-4	-4	-8
Total financial expenses	-28	-33	-51	-63	-117
Total net financial items	-27	-30	-41	-55	-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 148 from January 1 – June 30, 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 ASA 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 ASA 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.

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	**30 Jun 2021**	**30 Jun 2021**	**30 Jun 2020**
Long-term			
EIB loan	475	475	473
Long-term interest-bearing leasing liabilities*		37	47
Short-term			
Receivables facility	1,100	-	-
Overdraft facility	300	-	-
Money market line	600	-	-
Term loan		-	-
Current interest-bearing leasing liabilities*		10	15
Other		10	30
Total debt		533	565
Securitization - sale of receivables	1,900	1,806	1,170
Total borrowing utilized		2,339	1,736

* 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 14 for more information.

NOTE 7

TAXES

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Profit before tax	179	190	341	196	749
Tax payable expenses	-31	-34	-63	-61	-146
Deferred tax asset changes due to tax loss carry forward used	-9	21	-12	48	-57
Other deferred tax changes	3	-27	3	-26	44
Total tax expenses	-37	-39	-72	-39	-159
Effective rate	20.8%	20.6%	21.0%	20.1%	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 Q2 of 2021 is 20.8%.

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 acquired Columbus A/S business area for Private Cloud Services in January 2021. 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 are considered to be in accordance with the arm's length principle.

NOTE 10

DIVIDEND

In the Annual General Meeting on April 29, 2021, it was resolved to distribute a dividend for the accounting year 2020. The first dividend of NOK 2.50 per share was paid in May 2021.

Furthermore, the Board of Directors is granted a power of attorney to distribute a second dividend payment for an amount equivalent to NOK 2.50 per share based on the shares outstanding on the date of distribution.

The power of attorney expires at the date of the annual General Meeting in 2022. For Norwegian tax purposes, the dividend shall be considered as repayment of paid in capital.

NOTE 11

RISKS AND UNCERTAINTIES

Reference is made to Board of Directors' report 2020, as included in the 2020 Annual Report. The Board of Directors' report 2020 provides an analysis of risk factors for Atea. There are no material changes to these risk factors as of the date of this interim report

NOTE 12

GOVERNMENT GRANTS

Atea has received COVID-19 assistance from the government of Lithuania in 2021. The total assistance is NOK 3 million during the first 6 months of 2021, and is recognized as a reduction of Payroll and related costs.

NOTE 13

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 14

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	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Revenue	10,928	10,598	20,927	19,641	39,503
Adjustment for acquisitions	0	-	0	-	-
Pro forma revenue	10,928	10,598	20,927	19,641	39,503
Pro forma revenue on last year currency	11,428	9,644	21,353	18,264	36,883
Pro forma growth in constant currency	7.8%		8.7%		0.6%

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

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
EBITDA	358	382	689	570	1,497
Adjustment for acquisitions	-	-	-	-	-
Pro forma EBITDA	358	382	689	570	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	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Revenue	10,928	10,598	20,927	19,641	39,503
Cost of sales	-8,839	-8,534	-16,754	-15,579	-31,266
Gross profit	2,089	2,065	4,173	4,062	8,236

NOTE 14

OPERATING EXPENSES

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

NOK in million	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Payroll and related costs	1,538	1,510	3,090	3,057	5,904
Other operating costs	156	159	327	393	745
Share based compensation	37	13	67	5	53
Restructuring costs	0	1	0	37	37
Depreciation and amortization	150	161	303	316	638
Amortization related to acquisitions	2	1	4	2	5
Total operating expenses	1,883	1,845	3,791	3,810	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	Q2 2021	Q2 2020	H1 2021	H1 2020	Full year 2020
Cash flow from operations	582	1,010	-58	-188	1,388
Purchase of PPE and intangible assets	-69	-52	-146	-166	-330
Sale of PPE and intangible assets	0	3	1	8	9
Capital expenditures through cash	-69	-49	-145	-158	-322
Free cash flow	513	960	-203	-347	1,067

NOTE 14

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 Jun 2021	30 Jun 2020	31 Dec 2020
Interest-bearing long-term liabilities	-475	-473	-475
Interest-bearing long-term leasing liabilities	-37	-47	-38
Interest-bearing current liabilities	-10	-30	-7
Interest-bearing current leasing liabilities	-10	-15	-18
Cash and cash equivalents	938	1,024	1,605
Net financial position	405	459	1,067
Long-term ROU assets leasing liabilities	-952	-936	-1,001
Current ROU assets leasing liabilities	-286	-296	-292
Long-term subleasing liabilities	-52	-96	-83
Short-term subleasing liabilities	-92	-146	-126
Long-term subleasing receivables	52	96	83
Short-term subleasing receivables	92	146	126
Incremental net lease liabilities due to IFRS 16 adoption	-1,238	-1,233	-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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Last 12 months pro forma EBITDA	1,616	1,356	1,497
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	4,040	3,391	3,741
Net financial position	405	459	1,067
Liquidity reserve	4,445	3,850	4,808
Net debt / pro forma EBITDA	-0.3	-0.3	-0.7

NOTE 14

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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Inventories	1,146	1,095	797
Trade receivables	3,758	4,157	5,818
Other receivables	1,890	1,891	1,606
Trade payables	-5,638	-6,070	-6,934
VAT, taxes and government fees	-963	-791	-1,058
Provisions	-113	-114	-184
Other current liabilities	-1,943	-2,195	-2,784
Working capital	-1,862	-2,026	-2,738
Securitization effect	1,806	1,170	1,209
Working capital before securitization	-56	-856	-1,529
Year to date revenue	20,927	19,641	39,503
Annualized revenue	41,854	39,283	39,503
Working capital in relation to annualized revenue	-4.4%	-5.2%	-6.9%

NOTE 14

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 Jun 2021	30 Jun 2020	31 Dec 2020
Total assets	14,235	15,062	16,584
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,217	-1,244	-1,288
Long-term subleasing receivables	-52	-96	-83
Short-term subleasing receivables	-92	-146	-126
Adjusted total assets	12,874	13,577	15,087
Equity	3,382	3,638	3,384
Equity ratio	26.3%	26.8%	22.4%

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2021, has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim management report, to the best of our knowledge, includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, any significant related parties' transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Oslo, 14 July 2021

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Q2

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