ATEA

Annual report 2018

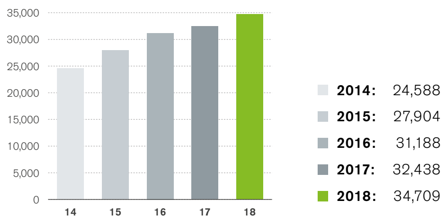
EMBARKING ON A DIGITAL JOURNEY

Content

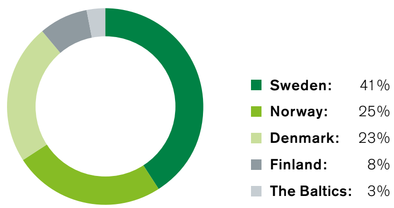
Key Figures Group 2014–2018

NOK in million (unless stated otherwise)	2014	2015	2016	2017	2018
Revenue	24,588	27,904	31,188	32,438	34,709
Gross profit	5,717	6,403	6,939	7,218	7,536
Gross margin (%)	23.3	22.9	22.2	22.3	21.7
Operating profit (EBIT)	584	514	677	799	690
EBIT-margin (%)	2.4	1.8	2.2	2.5	2.0
Earnings per share (NOK)	4.14	3.76	4.87	5.10	4.33
Diluted earnings per share (NOK)	4.10	3.71	4.80	5.00	4.26
Dividend per share (NOK)	6.00	6.50	6.50	6.50	6.50
Net financial position	-829	-750	-350	102	-17
Cash flow from operations	959	1,287	1,404	1,238	946
Liquidity reserve	1,628	1,573	2,362	3,065	2,655
Equity ratio (%)	28.1	25.3	23.8	22.6	21.9
Number of full-time employees at the year end	6,504	6,779	6,882	6,904	7,385

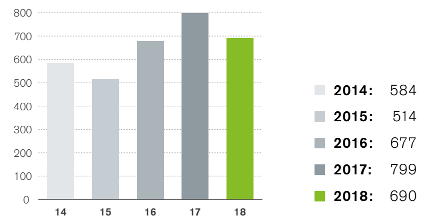
Revenue
2014–2018 (NOK in million)



Revenue per country
2018



EBIT
2014–2018 (NOK in million)



WE ARE ATEA

Nearly **7,400** full-time employees located in **87** cities in seven European countries

Atea is the **market leader in IT infrastructure and related services** for businesses and public sector organizations in the Nordic and Baltic regions.

Strength in our markets

With nearly 7,400 employees located in 87 cities in seven European countries — Norway, Sweden, Finland, Denmark, Lithuania, Latvia and Estonia — Atea has a powerful local presence across all of the markets we serve.

Given our unmatched size and reach, Atea can provide the broadest range of IT infrastructure support and advice to our customers. This means that we are not only able to provide the latest technologies, but that we also have the internal competence to design, implement, support and operate highly complex and integrated IT solutions.

Making a difference with technology

Equally important, we are among the Top 3 channel partners in Europe for many of the world's leading technology companies, including: Microsoft, Apple, Cisco, HP, Hewlett Packard Enterprise, IBM, Lenovo, VMware, Citrix and Dell/EMC.

Atea has the highest level of vendor certification across its key technology partners and is frequently recognized with awards for its performance.

Based on Atea's unique mix of competence and technology partnerships, our customers count on us for professional insight on how to do more with IT. To that end, Atea is at the forefront of the latest technologies for mobility, collaboration and big data, as well as IT-as-a-service and cloud computing.

As a result, we help customers solve problems and get maximum productivity from their IT investments.

Built for growth and sustainability

As a publicly traded company listed on the Oslo Stock Exchange, Atea takes pride in its long-term record of delivering above-market revenue growth and in providing a healthy, consistent dividend payout to investors. For 2018, Atea reported revenue of NOK 34.7 billion: up 7.0 percent compared to last year, and the highest in our company's history.

Corporate responsibility and good stewardship of our planet are also at the core of what we do. Atea fully supports the United Nations' Global Compact and its ten principles of human rights, labor, environment and anti-corruption. This means that we govern ourselves in a way that helps build an inclusive, sustainable economy, capable of delivering lasting benefits to people and the markets where they live.


eSHOP
20 %

A letter from the CEO

Strategy in a time of digital transformation

Digitalization is changing our lives and the society in which we live. This transformation creates enormous opportunities for Atea to provide a new generation of IT solutions to support our customers' digital journey. It also demands that Atea evolves as a company, by expanding its offering with new solutions to address our customers' growing requirements.

Across private enterprise and throughout the public sector, organizations are converting vast and increasing amounts of data into a digital format – a trend known as "digitization". Where data capture was once mostly limited to "structured data" in traditional database formats, organizations are now collecting massive amounts of "unstructured data" – including text, sound, images, video, fluctuations in the environment, and all forms of interaction – and converting this to digital format for processing, analysis and distribution.

The result is real-time intelligence and innovation on a scale which we are only just starting to realize. Companies and public-sector organizations are completely reimagining and redefining how they provide goods and services based on the information and capabilities they now control.

As a consequence, entire industries are being disrupted and traditional production and service models are being overturned. Processes which once required human interaction can now be automated, assets which were once idle can be allocated more efficiently, resource consumption can be reduced, and management insights for future improvement can be obtained based on information which would otherwise have been impossible to process.

At Atea, we support our customers as they embark upon their digital transformation journey. We work closely with large enterprises – across the private and public sector – to imagine radical change in how they operate based on the possibilities of digitalization. We analyze what development is required in their IT environments to capture and manage the necessary information. Then we build and service the IT infrastructure which provides our customers the capabilities to transform their operations.

Atea's largest IT infrastructure partners – including Microsoft, Cisco, HP, Hewlett Packard Enterprise, IBM, Apple, Lenovo, VMware, Citrix, and Dell EMC – have invested billions of dollars to develop technology platforms for our customers to undertake major digitalization projects. Atea has the highest level of partnership and certification across all these vendors, and has the largest team of consultants to implement these platforms across the Nordic and Baltic regions.

Steinar Sønsteby
(born 1962)
CEO

Steinar Sønsteby joined Atea in 1997 and was managing director of Atea in Norway in 1997- 2000 and for Atea in Sweden in 2000 - 2002. After moving back to Norway Sønsteby was CEO of Atea in Norway until 2012 when he became Executive Senior Vice President of Atea ASA. In January of 2014 Sønsteby was appointed CEO of Atea ASA. Before joining Atea he was the CEO of Skrivervik Data AS.

Steinar Sønsteby holds a degree in Mechanical Design from Oslo College of Engineering and a Bachelor of Science in Mechanical Engineering from University of Utah (USA). He also has a finance degree from Norwegian School of Management (BI) and for Training in Management and Human relations from Dale Carnegie Institute.

Atea's mix of competence, resources and relationships with leading technology companies puts Atea in a unique position to design solutions for its customers' digital transformation projects. Atea can set up complete solutions which integrate the best hardware, software and service components available from the leading vendors in IT infrastructure. There is truly no one else in the Nordic and Baltic regions which has the same advantages in these projects.

Despite our competitive advantages, supporting our customers' digital transformation journey demands a great deal from Atea. The technology provided by Atea's strategic partners and required by customers is evolving fast. Atea is under ever greater pressure to develop its capabilities in numerous areas of technology to support our customers' digitalization projects.

As the demands of our customers change, Atea has adapted its business strategy to broaden the range of solutions we provide our customers and to expand the role we play in facilitating their digital journey. This renewal of our strategy has involved extensive discussions with our customers' CIOs and with management across Atea. The result is very much an evolution of the direction we have been taking for many years, but is now clarified in a new statement of business strategy and value creation for our customers.

Atea's strategy and solution offering

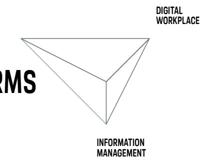
The founding principles on which our strategy is based remains the same. Our vision is to be "The Place to Be" – a center of gravity for IT professionals where customers, employees and partners collaborate on the most important IT challenges in our region. For customers, this means we are a center of creative problem solving, with experts providing support in the latest technologies across the IT infrastructure. For employees, this means we provide a dynamic workplace where talented professionals can learn and grow. And for our partners, we provide a unique environment that both connects people, ideas and business opportunities across the IT landscape.

Our mission is to "Build the Future with IT". We believe that information technology, combined with knowledge and creativity, can improve productivity and living standards across society. We aim to support companies and public-sector organizations to build digital solutions which will advance living standards for the coming generations, just as preceding generations built the physical infrastructure upon which our current prosperity is based.

Based on this vision and mission, we have adapted and redefined the solutions and services we provide to achieve our goals. Our solutions can be categorized into three major areas: "Hybrid Platforms", "Digital Workplace" and "Information Management".

> This transformation creates enormous opportunities for Atea to provide a new generation of IT solutions to support our customers' **digital journey**.
>
> **– Steinar Sønsteby**

HYBRID PLATFORMS

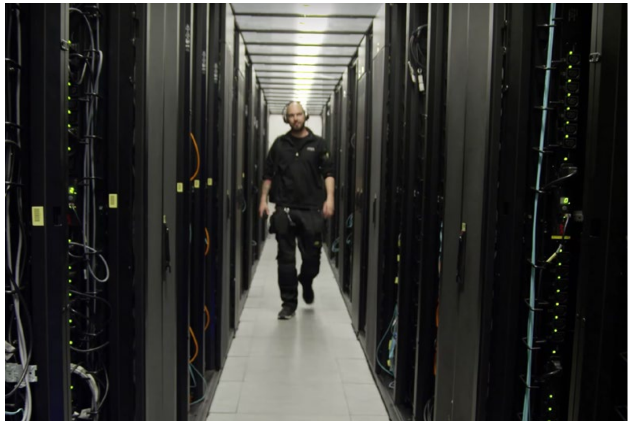


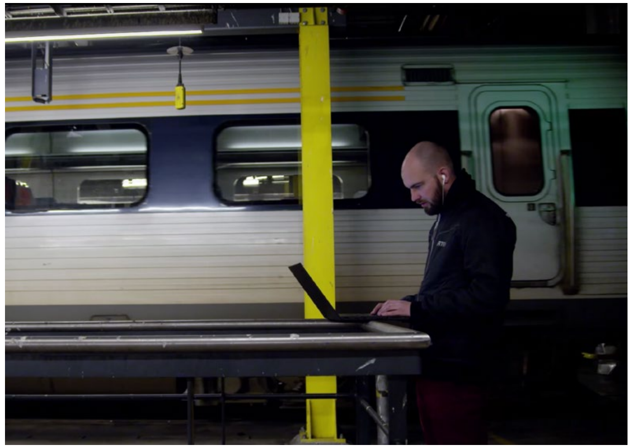
Hybrid Platforms are the data center and network infrastructure through which organizations process, store, and distribute information from applications and databases. With more information being captured and communicated across a growing array of devices, organizations face the question of how to most efficiently process and store their data.

The answer is not straightforward, and depends on the specific data, workloads and usage requirements of each customer application. Due to the need for rapid processing and response, some data needs to be managed “at the edge”, or on the devices or gateways closest to data capture. Due to cost, control and data protection considerations, some data is best managed in “private cloud” solutions, or highly-efficient data centers administered by the customer and/or its cloud service providers. And due to the virtually unlimited flexibility it provides, some data should be managed in the “public cloud”, or hyperscale data centers managed by global IT companies in which compute and storage capacity is provisioned as a service.

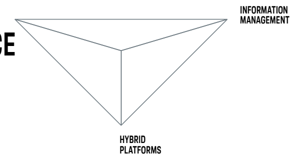
Based on their diverse requirements, organizations are often best served by a “hybrid” approach – with computing resources distributed both “at the edge”, in the “private cloud”, and in multiple “public clouds” based on the data and workloads being managed. The hybrid approach ensures that processing and storage of data is optimized for the specific requirements of each customer application. At the same time, the hybrid computing model can be complex to build and manage. In order for a hybrid platform to operate efficiently, the customer requires an integration solution which can serve as a point of access for the end user and which can flexibly transfer data and allocate workloads across multiple data centers.

As a leading provider of data center infrastructure including private cloud and public cloud solutions, Atea can advise its customers on which data center model is best suited for the specific requirements of their own applications and users. Atea can design and implement a hybrid platform for its clients, including a solution to manage data and allocate workloads across multiple data centers. Finally, Atea provides advanced network and security solutions which can enable information to flow effectively and securely through the hybrid platform.





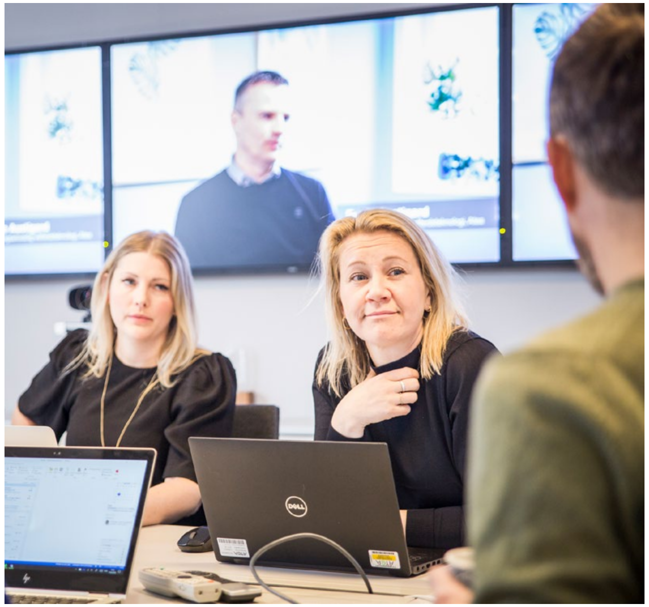
DIGITAL WORKPLACE



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. When designed to facilitate workflow and collaboration, digital workplace solutions can significantly improve the productivity and creativity of an organization.

In the past years, organizations have dramatically expanded the number of devices which operate on networks within the digital workplace. At the same time, the functionality of these devices has also grown, enabling users to collaborate and share information across devices more effectively. Organizations are now redesigning how their employees conduct work based on the digital workplace solutions now available.

Atea supports its customers in imagining how their workflows could be redesigned for a digital workplace, to unleash the full productive potential of their organizations. Atea then provides and services a full range of digital workplace solutions to its customers.



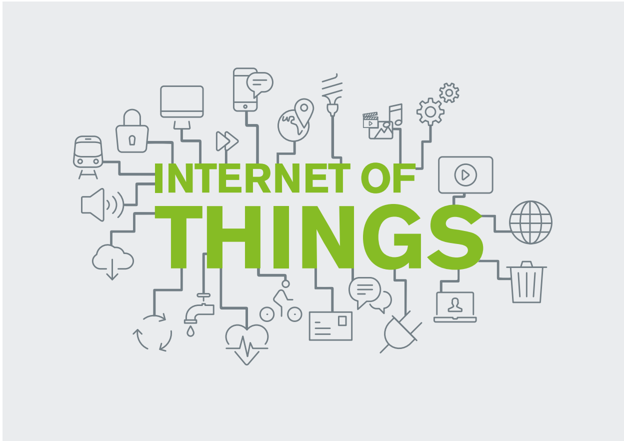
Information management consists of all the tools through which organizations collect data, and then extract intelligence or automate processes from this information. The tools used for data collection are moving outside of the traditional workplace and into installations of new electronic devices spread across local or wide area networks. Collectively, these new connected devices are called the “Internet of Things”, or IoT.

These connected “things” are often small sensor devices which capture and process environmental data, and transfer it to a control center. They may also be actuators which respond to commands provided from the control center. Or they might be a “smart device” combining sensors and actuators, which can capture and process information locally, respond immediately if necessary, and also transfer data to the control center.

As these “things” are implemented, vast amounts of new data can be collected remotely and followed up in real time as necessary. This has tremendous implications for how organizations can remotely manage their people, assets and customers most effectively, in areas as spread as production, transportation, care for the elderly, and a wide array of public services.

The collection of digital data may far exceed the human capacity to derive meaning from the data. For this reason, organizations require data analytics software to identify trends and relationships hidden in the data, and to create insights for opportunities to improve performance and enhance business models. This software may include cognitive computing or artificial intelligence features for handling large sets of unstructured data, such as text, sound, images or video.

Atea offers the latest information management platforms from its strategic partners, such as Cisco, Microsoft and IBM, and supports its customers on the design and implementation of these solutions. This includes “hubs” for connecting sensor networks and managing data collected through the Internet of Things. This also includes data analytics solutions for extracting intelligence and automating processes based on the vast amount of information collected.



Atea's value proposition toward the customer

As Atea's solution offering expands to support our customers' digital transformation initiatives, our value proposition to customers is also evolving. In particular, Atea is continuing to develop its competence and add a higher services component to every solution it sells.

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

- Atea has for many years been the leading **reseller** of IT infrastructure in the Nordic and Baltic regions. We are today the third largest reseller of IT infrastructure across all of Europe. This market position is what gives Atea a unique partnership with the largest global vendors of IT infrastructure. It is therefore a core competitive advantage for Atea.

  Going forward, Atea will further expand its product resale business, working together with IT vendors to market and sell the latest IT infrastructure solutions to customers in our region. At the same time, we are increasingly expanding our post-sale support within IT lifecycle management. The objective of lifecycle management is to help customers improve their utilization of purchased assets, manage their total cost of ownership, and sustainably dispose of IT assets which are no longer in use.

  Atea provides its customers with online tools for managing their inventory of IT assets and tracking how their assets are used. We provide financial solutions and maintenance services to help customers manage their IT assets from a total cost of ownership perspective. In addition, Atea's IT recycling and reuse program – the largest in the Nordic region – offers customers a convenient way to dispose of IT assets responsibly, with a focus on data protection and environmental sustainability.

- Atea is also rapidly expanding its service offering as an **integrator** of IT infrastructure. The digital transformation is resulting in IT environments becoming ever more complex, as the amount of data which organizations are managing grows exponentially across a broadening range of networked devices and applications.

  Furthermore, as digital information and automated 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. As a result, customers seek a system integration partner with the competence to design and support their IT environments.

Through its breadth of competency and depth of expertise, Atea provides consulting support in solution architecture, system integration and information management to help customers address the continuous growth and increased complexity of their IT environments. Atea helps its customers to design and implement the IT infrastructure upon which they are dependent as their operations become increasingly digital.

- Finally, Atea is a **managed service provider** which helps customers operate their IT environments. Organizations face a challenge that while their IT environments are becoming ever more complex, there is also a shortage of competent IT professionals with the capabilities to manage this complexity. Atea's managed services enable customers to utilize the capabilities and resources of Atea to manage and operate their IT environments through a monthly fee and service level agreement.

  In some cases, Atea will manage the customers' central applications and data from Atea's own data centers. In other cases, most of the customer's applications and data will be operated in the customer's own data centers or from public cloud solutions. Increasingly, Atea will administer and operate a hybrid cloud solution which integrates capacity from multiple data centers.

  Atea's managed services allow customers to dedicate less time and resources on IT operations and focus instead on their core objectives. Our customers benefit from lower cost, improved performance and greater visibility on their IT spending.

Organizations are investing more in their IT infrastructure to transform their operations and enhance productivity through the possibilities of digitalization. They need a partner who can provide the full range of IT infrastructure and services to support them on their digital journey.

Atea is in a very strong position to increase sales and profitability during the coming years, based on our strategy and competitive advantages in a growing market driven by the digital transformation. We wish all our shareholders a profitable 2019.

Oslo, 20 March 2019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Board of Directors' Report 2018

Atea delivered strong results in all regions outside of Denmark during 2018. In Denmark, Atea received a court conviction in June 2018 which had a negative impact on financial performance. The court conviction related to misconduct by former employees in Atea Denmark during 2008–2014. With Denmark reporting an operating loss in 2018, Group performance for the year was mixed, with record high revenue but lower profitability than in 2017.

Atea's competitive position remains very strong. Atea is the market leader in IT infrastructure within the Nordic and Baltic markets, and continues to capture share in a growing market. At the same time, Atea's business in Denmark is now recovering from the court conviction. Based on a recovery in the Danish business and solid momentum in other regions, Atea is well-positioned to significantly improve profitability during the coming year.

Company overview

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The Group has nearly 7,400 employees and is located in 87 cities across Norway, Sweden, Denmark, Finland, Latvia, Lithuania and Estonia. Approximately 60% of Atea's sales are to the public sector, with the remainder of sales to private companies. The Group is headquartered in Oslo, Norway.

Atea is the largest provider of IT infrastructure within each of its local markets, and is the third largest provider in Europe. The company has an estimated 19% market share within the Nordic and Baltic regions, which is more than 3 times larger than its second largest competitor. Atea's business strategy is to strengthen and consolidate its market leadership position through organic growth and selective acquisitions, and to continuously focus on improving operating efficiency.

Through its scale of operations, Atea has critical advantages versus smaller competitors in purchasing power, local market presence, breadth of product and service offering, system integration competence, and cost-efficient support and logistics functions. This is reflected in the long-term financial performance of the Group. Atea's leading market position and competence in IT infrastructure has enabled the company to grow organically at a rate significantly higher than that of the market. Since 2008, the company has averaged an organic revenue growth rate of 6% per year, compared with a market growth rate of approximately 3.3%.

In addition to organic growth, Atea has pursued an M&A strategy to further strengthen and consolidate its market position. Atea's current organization structure is the result of the merger of the leading IT infrastructure companies in Denmark, Norway, Sweden and Finland in 2006. Since 2007, Atea has acquired more than 50 companies including the leading IT infrastructure company in the Baltic region, at valuation multiples significantly below those of Atea ASA.

To address the needs of the Nordic and Baltic markets, Atea works closely with leading international IT companies, such as Microsoft, Cisco, HP, Hewlett Packard Enterprise, IBM, Apple, Lenovo, VMware, Citrix, and Dell/EMC. 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. This enables Atea to stay at the forefront of the latest IT trends, and to offer its customers new and innovative IT solutions.

Financial summary

Income Statement

During 2018, revenue for the Group increased by 7.0% to NOK 34,709 million. Hardware revenue, which is Atea's largest business area, grew 5.9%, software revenue grew 11.9%, and services revenue grew 3.8%. Changes in currency rates impacted Atea's revenue negatively by 0.4% in 2018 compared with 2017.

Atea acquired Sherpa Consulting AS in September 2018. Sherpa Consulting is one of the largest independent providers of business intelligence and data analytics in Norway. Sherpa is located in Oslo, with a team of 47 highly skilled employees. Sherpa Consulting is included in Group results from its acquisition date.

Adjusted for acquisitions, Atea's pro forma growth in constant currency was 7.4% in 2018. According to preliminary estimates from IDC, the IT infrastructure market in the Nordic region grew by 6.2% in 2018. This means that Atea has continued to gain market share in 2018, both organically and through acquisitions.

The Atea Group's operating profit (EBIT) fell by 13.6% to NOK 690 million in 2018, compared with NOK 799 million in 2017. Outside of Denmark and a start-up investment in AppXite SIA, Atea's EBIT grew by 19.1% in 2018. In Denmark, EBIT was a loss of DKK 73 million (NOK 94 million) compared with an operating profit of DKK 96 million (NOK 121 million) last year. Atea also incurred an operating loss of NOK 23 million in a start-up technology investment in AppXite SIA, which was in line with communicated plans.

Net financial items were NOK -56 million for the year, compared with NOK -75 million in 2017. The decline was due to a difference in the impact of currency movements on foreign currency assets and liabilities between the two years. Profit before tax was NOK 634 million in 2018, compared with NOK 724 million in 2017.

Tax expenses were NOK 167 million in 2018, compared with NOK 181 million in 2017. In 2018, Atea wrote down the value of its deferred tax assets by NOK 18 million based on a reduction in the corporate tax rate in Norway from 23 to 22 percent. In 2017, Atea wrote down the value of its deferred tax assets by NOK 21 million based on a reduction in the corporate tax rate in Norway from 24 to 23 percent. The write down in the value of deferred tax assets was reported as higher tax expense during 2017 and 2018.

The net profit for the year was NOK 467 million in 2018, compared with NOK 543 million in 2017. This represents a basic earnings per share of NOK 4.33 in 2018 compared with NOK 5.10 in 2017.

In accordance with section 3-3a of the Norwegian Accounting Act, the Board of Directors confirm that the prerequisites for continued operations have been met, and that the financial statements have been prepared on a going-concern basis.

Segmentation

Atea has commercial operations in Norway, Sweden, Denmark, Finland and the Baltics. These geographic regions have their own management, and are reported as separate operating segments. There is also a Shared Services operating segment, which encompasses support functions such as Atea Logistics and Atea Global Services.

The financial performance of each business unit is presented in Note 5 of the Group financial report. A brief summary of business performance follows:

Sweden is Atea's largest market, representing 41 % of Group revenue in 2018. During 2018, Atea Sweden had revenue growth of 17.3 % and EBIT growth of 19.0 %. For the last several years, Atea Sweden has leveraged Atea's market strength to aggressively win new customer agreements, particularly within the public sector. At the same time, Atea Sweden has been building its services organization to pursue growth opportunities in areas such as cloud, security and managed infrastructure solutions.

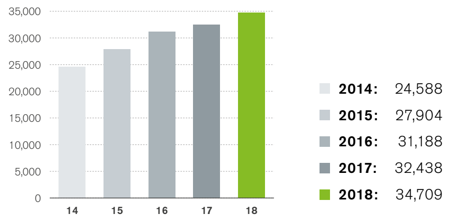
Norway is Atea's second largest market, representing 25 % of Group revenue in 2018. During 2018, Atea Norway had revenue growth of 5.6 % and EBIT growth of 16.0 %. Atea Norway has invested heavily in building its services organization within growth areas such as data analytics, hybrid cloud and IT security. With the acquisition of Sherpa Consulting AS in September 2018, Atea now has over 100 consultants within data analytics and business intelligence in its "Atea Insight" services team.

Denmark is Atea's third largest market, representing 23 % of Group revenue in 2018. During 2018, Atea Denmark had a revenue decline of 7.2 % and had an EBIT loss of DKK 73 million. Atea's business in Denmark was greatly impacted by a police investigation and court conviction relating to misconduct by former employees from 2008–2014. Following the court conviction in June 2018, the largest public procurement organizations in Denmark temporarily recommended that the public sector in Denmark suspend purchasing from Atea. However, from September 2018 public procurement commenced again.

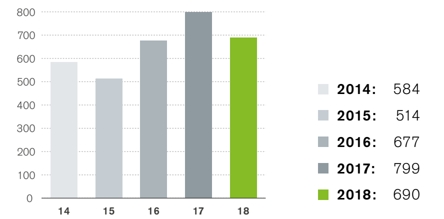
Atea has implemented a series of programs to prevent future misconduct across the Group by strengthening its compliance organization, code of conduct, business controls and employee policies. Atea's policies have also been reviewed and accepted by the public purchasing authorities in Denmark together with the state attorney. With the court case now finished, Atea Denmark experienced a solid recovery in order intake and new frame agreements from the public sector during Q4.

Finland represented 8 % of Group revenue in 2018. Atea Finland reported rapid growth in revenue and profitability during 2018. Revenue increased by 15.2 % and EBIT increased by 33.7 %. Revenue growth was concentrated within products, where Atea has increased sales across all lines of business. Much of the revenue growth has been driven by large new frame agreements with the public sector which Atea has won in recent years. In addition, market conditions in Finland have improved greatly after a prolonged recessionary period.

Revenue
2014–2018 (NOK in million)



EBIT
2014–2018 (NOK in million)



The Baltics represented 3% of Group revenue in 2018. In 2018, Atea Baltics had revenue growth of 3.5% and EBIT growth of 17.5%. Growth in revenue and profitability was driven by Atea's cloud services subsidiary in Lithuania. Product sales fluctuated greatly during the year, as demand is impacted by large public projects which are dependent on EU funding and vary throughout the year.

Balance Sheet and Cash Flow

As of 31 December 2018, the Group had total assets of NOK 14,778 million. Current assets such as cash, receivables and inventory represented NOK 9,581 million of this total. Non-current assets represented NOK 5,196 million of this total, and primarily consisted of goodwill (NOK 3,901 million), deferred tax assets (NOK 401 million), and property, plant and equipment (NOK 617 million).

The Group had total liabilities of NOK 11,540 million as of 31 December 2018, of which NOK 10,741 million were current liabilities. Shareholders' equity was NOK 3,237 million at the end of 2018, corresponding to an equity ratio of 21.9%.

The Group's cash flow from operations was NOK 946 million in 2018, compared with NOK 1,238 million in 2017. The difference in cash flow from operations was primarily related to changes in the working capital balance. In 2017, Atea reduced its net working capital with NOK 307 million, resulting in higher cash flow from operations. In 2018, there was almost no change in the net working capital balance from the previous year.

Cash flow from investments was negative NOK 367 million in 2018. Capital expenditures comprised NOK 305 million of this total, while the remaining NOK 62 million was used for the acquisition of Sherpa Consulting. In 2017, cash flow from investments was negative NOK 229, nearly all of which was capital expenditures. The increase in capital expenditures in 2018 was based on investments in warehousing equipment for a new logistics center in Växjö which is due to be opened in 2019, and higher investments in data center environments compared with last year.

Cash flow from financing was negative NOK 896 million in 2018. The negative cash flow from financing was primarily due to dividend payments of NOK 700 million. Otherwise, the Group issued new equity of MNOK 56 million through the exercise of share options and reduced its debt by NOK 252 million.

The Group's net cash flow was negative NOK 317 million in 2018. Currency fluctuations reduced the cash balance by NOK 44 million during the year. The Group's cash balance was NOK 764 million at 31 December 2018, compared with NOK 1,125 million at 31 December 2017.

At the end of 2018, Atea had a net debt balance (total interest-bearing debt, less cash) of NOK 17 million. Atea's interest-bearing debt primarily consists of a loan of DKK 475 million from the European Investment Bank, due to mature in 2023.

The Group has additional short-term credit facilities to manage fluctuations in liquidity throughout the year, as well as leases related to specified assets. Further information on debts and credit facilities can be found in Note 19 in the Group financial statements.

Risk factors

Market risk

The market for IT infrastructure has historically maintained a relatively stable growth rate throughout the economic cycle. According to data from IDC, the Nordic market for IT infrastructure has grown at an annual rate of approximately 3.3% from 2008 - 2018. Since 2008, the market declined in only one year (2009) and returned to growth the following year.

Atea's share of the IT infrastructure market has grown steadily over time, both through organic growth and through acquisitions. The company benefits from a unique competitive position, in which it is the largest player in the Nordic and Baltic markets, with the widest office network, and the broadest offering of products, services and system integration competence.

Due to its market share and competitive advantages, the company develops stable long-term relations with its customers. Approximately 60% of Atea's revenue comes from the public sector, in which demand is less sensitive to changes in the economic cycle. Many of Atea's customer contracts, especially in the public sector, are frame agreements in which the customer selects Atea as an IT partner for a term of roughly 3–5 years. In addition, a large and growing proportion of the company's service revenue comes from managed service contracts of one year or more.

The company is exposed to pricing and performance risk from its key vendors. Due to Atea's position as the third largest IT infrastructure provider in Europe, the company has the highest level of partner certification and significant negotiating power with its key vendors. When possible, the company works closely with at least two primary vendors in each product category to boost competition and avoid vendor risk.

Financial risk

Financial risk management for the Group is the responsibility of the central finance department, in compliance with guidelines approved by the Board of Directors. The Group's finance department identifies and evaluates financial risk and ensures that the necessary measures are carried out in close cooperation with the respective operating units.

In order to ensure financial stability in the event of adverse market conditions, the Group maintains a healthy balance of debt, equity and working capital. The Group's goal is to have an equity ratio in excess of 20%, as well as maximum operational gearing (net interest-bearing debt divided by pro forma EBITDA) of 2.5.

From 2019, these financial ratios will be impacted by the new IFRS 16 leasing standard, which is described in Note 2.1 of the Group financial statements and will be adopted from 1 January 2019. For the purpose of calculating these ratios, the Group will measure the equity ratio and operational gearing in accordance with prior years' IFRS, by deducting right-of-use assets and liabilities from the calculation. This method of calculation also corresponds with Atea's loan covenants.

Atea is exposed to foreign currency fluctuations, especially from the Swedish krona (SEK), the Danish krone (DKK), US dollars (USD) and the Euro (EUR), since part of the company's revenues and purchases of goods are in foreign currencies. It is company policy that all significant, committed goods or loan transactions with foreign currency exposure are to be hedged with forward contracts. The company is also exposed to fluctuations in interest rates, since nearly all of the company's debt facilities have floating interest rates.

Credit risk

Historically, the Group has had very few losses on receivables. The Group has not experienced materially greater losses on receivables in 2018 than in previous years. No agreements relating to offsetting claims or other financial instruments that would minimize the company's credit risk have been established, however, the Group continues to have a high focus on credit assessment and collections.

Liquidity risk

The company considers its liquidity risk to be limited. Atea has significant liquidity reserves available through credit facilities with its primary bank.

Atea's bond covenants require that the company's net debt balance remain below 2.5 times its pro forma EBITDA for the last twelve months (including acquired companies) at each quarter end. At the end of 2018, Atea had a net debt of NOK 17 million, resulting in an available liquidity reserve of NOK 2,655 million before the debt covenant is reached.

The Group's net debt balance has strong seasonal fluctuations. At the end of the third quarter 2018, Atea reported a net debt of NOK 1,926 million, resulting in an available liquidity reserve of NOK 941 million before the debt covenant would be reached.

Personnel and Organization

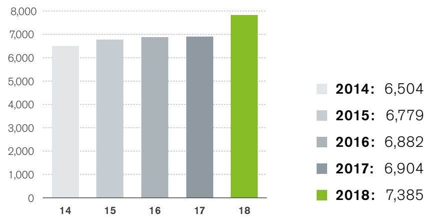
The Group had 7,385 full-time employees at 31 December 2018, a net increase of 481 from 1 January 2018. The average number of full-time equivalents employed by the Group was 7,173 in 2018, compared with 6,886 in 2017. The largest increase in headcount was within the Swedish organization, which has had very strong revenue growth for the last several years.

Atea's long-term success is dependent on recruiting skilled IT professionals, and providing its employees with a work environment in which they can develop and contribute with their talents. The work environment and culture are central to Atea's vision of being "The Place to Be" for its employees, customers and vendors.

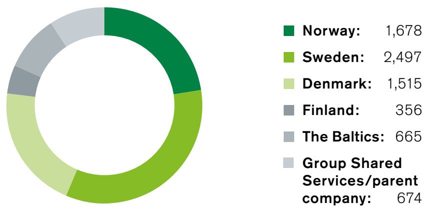
Common guidelines have been established for recruitment activities, to ensure that Atea is attracting and hiring skilled professionals across the organization. Extensive competence training is conducted in all parts of the organization. Employee surveys, and goal and development meetings with employees are held regularly.

An introduction program has been implemented in every country to quickly integrate new employees. This includes training in Atea's business systems, values, ethical guidelines and corporate culture. All employees are required to successfully complete an examination on Atea's Code of

Change in number of full-time employees
2014–2018



Number of employees
At 31 December 2018



Conduct, and sign a confirmation that they will comply with the Code.

Health, safety and the work environment

Atea has worked systematically to promote health among employees and to improve safety and environmental standards at the workplace. The company provides a healthy lunch offering to its employees in its largest offices and encourages participation in athletics through Atea-sponsored sporting events.

For the Group, absence due to illness was 2.6%, down from 3.0% in 2017. Absence due to illness was 3.3% in Norway, 2.0% in Sweden, 3.7% in Denmark, 2.6% in Finland, 1.6% in the Baltics and 1.7% in Shared Services. Absence due to illness was 6.9% in the parent company in 2018, up from zero percent in 2017.

The risk of occupational injury is very low. In 2018, there were no occupational injuries resulting in absence.

Equality of opportunity

Diversity and gender equality are core values at Atea. The Group strives to provide a work environment that is free from discrimination on the basis of gender, nationality, religion, skin color, sexual orientation, age or disability.

At 31 December 2018, women represented 22.8% of the Group's employees, compared with 20.6% at the end of the previous year. In the parent company, women represented 20.0% of the Group's employees, compared with 22.2% at the end of the previous year. There are ten employees in the parent company, and eight of these are men.

The low percentage of female employees within the Group reflects the IT industry in which the company operates. The Group works systematically to recruit women at all levels and to encourage that they remain with Atea.

Atea provides a suitable work environment for employees with disabilities. The company modifies the physical environment of the workplace as necessary to facilitate employees with special needs.

Corporate Governance

Atea's guidelines for Corporate Governance are in accordance with the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018, as required for all listed companies on the Oslo Stock Exchange. Furthermore, the guidelines meet the disclosure requirements of the Norwegian Accounting Act and the Securities Trading Act. The guidelines are included separately in the annual report.

From January 1, 2019, Atea will adopt the new accounting IFRS 16 "Leases" standard. The new standard will have a significant impact on the financial statements of the Group. The impact of the new standard is described in Note 2.1 to the Group Financial Statements.

Corporate Social Responsibility

Atea observes the UN Global Compact's 10 principles in the areas of human rights, labor rights, the environment and anti-corruption, and it gives particular priority to the environmental principles. Atea also participates in a number of recognized national and international initiatives focused on sustainability, including the UN Global Compact, Carbon Disclosure Project and Responsible Business Alliance.

In 2018, Atea received a gold rating for corporate social responsibility by EcoVadis, a highly respected evaluator of supplier sustainability, ranking Atea in the top 1% of all suppliers evaluated. During 2018, Atea was also awarded "Prime" (highest) status by Oekom Research AG, one of the world´s leading rating agencies in the field of sustainable investment.

Environmental initiatives

Atea sells hardware and software which are developed and manufactured by international technology companies. The Group does not manufacture its own products, and distribution is mainly outsourced to distribution partners. For this reason, there is relatively low pollution associated with Atea's own operations.

Atea is conscious of pollution associated with its customers' use of IT products, and has focused on providing the market with sustainable IT solutions. Atea supports its customers in implementing an environmental strategy for their use of information technology.

Electronic devices can be a major source of carbon emissions and waste within organizations. Most of the carbon emissions from an electronic device occurs when the device is manufactured or disposed of. Therefore, extending the lifecycle of electronic equipment is a highly effective way of reducing carbon emissions and waste generated by an organization's IT environment.

In Växjö, Sweden, Atea operates the largest electronic recycling-and-reuse operation in the Nordic and Baltic region. Through its innovative "GoITloop" program with customers, Atea processed over 406 thousand personal computers and mobile devices for recycling and reuse in 2018. Atea receives older used equipment from its customers, fully cleanses the equipment of data, and refurbishes the equipment for reuse. This recycling operation has a major impact on the carbon footprint and electronic waste of Atea's customers.

Finally, Atea's cloud computing solutions help customers to reduce carbon emissions and electronic waste. Atea's data center operations are scaled for energy efficiency by consolidating many customers on one multitenant platform. At the same time, customers benefit from higher and more stable utilization of server capacity when sharing resources in a multitenant environment, reducing the need for managing excess capacity of servers and storage units.

The company's work in promoting sustainable IT solutions across the Nordic and Baltic regions is further described within the annual Corporate Sustainability & Responsibility Report 2018, which can be found on Atea's website.

Allocation of Net Profit

Atea ASA is the parent company of the Group. The parent company has a total of 10 employees, including the Group's CEO, CFO and associated staff functions. The net profit of Atea ASA was NOK 515 million in 2018, compared with a profit of NOK 765 million in 2017. The Board of Directors proposes that the entire net profit of Atea ASA be transferred to retained earnings.

Based on the company's market position, cash flow generation, investment requirements and liquidity reserves, the Board of Directors proposes to the General Meeting a dividend of NOK 6.50 per share, to be paid in two equal instalments of NOK 3.25 in May and November 2019. Based on the number of shares outstanding at the end of 2018, this would represent a dividend payment of NOK 706 million.

Business Outlook

Market trends

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

Across private enterprise and throughout the public sector, organizations are converting vast amounts of information into digital form. As information is made digital, it can be collected, processed, managed, and distributed with methods and at a scale which was previously impossible. This "digitalization" 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 supports its customers in managing the continuous growth and increased complexity of their IT environments. Atea helps its customers to design, implement and operate the IT infrastructure upon which they are dependent as their operations become increasingly digital.

Financial objectives / 2019 Outlook

Based on its competitive advantages and leading market position in the Nordic and Baltic regions, the Group aims to maintain a rate of organic revenue growth faster than the market and to consistently improve its operating profit margin over time.

In addition to organic growth, Atea plans to further strengthen its market position through selectively acquiring companies, with a longer-term goal to achieve a market share of above 20 percent. Finally, the company seeks to convert profits into a solid cash flow, through a business model which requires both low capital expenditures and net working capital.

In order to improve its profit margins, the Group has taken action to reorganize its service offering. The traditional consulting business is being reoriented toward service areas with higher billing rates. Atea is expanding its managed services offering, which leverages Atea's ability to combine products, services, and financing in order to add greater value for the customer. Finally, the Group has improved efficiency throughout its service organization, through new systems for managing consultants and through coordinating operations across the Group.

The Group is also taking action to improve its margins on product sales. Atea has invested in developing its competence in higher value-added products, such as IT security, hybrid cloud, advanced networking and data management solutions. The Group is also centralizing supply chain and purchasing activities, in order to better exploit its scale advantages in procurement.

The Group will continue to focus on cost efficiency. Each business is continuously reviewed for opportunities to reduce personnel costs and other operating expenses. In 2018, Atea's operating expenses grew at a lower rate than revenue, despite heavy investments in the services business. The Group expects to further scale its operating expenses with revenue growth in the coming year.

Atea has unique competitive advantages in the Nordic and Baltic region, where it is by far the largest player in a highly fragmented IT infrastructure market. These competitive advantages provide an excellent opportunity for continued growth and profit improvement. With these advantages, the Group expects significantly improved profitability in 2019 and beyond, driven by a recovery in the Danish business and continued solid performance in the other regions.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that;

- the consolidated financial statements for 2018 have been prepared in accordance with IFRS as adopted by EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2018 have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principal risks and uncertainties.

Oslo, 20 March 2019

Ib Kunøe
Chairman of the Board

Morten Jurs

Saloume Djoudat

Sven Madsen

Lisbeth Toftkær Kvan

Marianne Urdahl

Truls Berntsen

Marthe Dyrud

Steinar Sønsteby
CEO

Members of the Board

Ib Kunøe (born 1943)
Chairman of the Board

Ib Kunøe has decades of experience as an entrepreneur and investor in the IT sector. He brings strategic insight and practical experience from building profitable businesses and from turnaround processes. Kunøe holds an HD Graduate Diploma in Organisation and Management as well as a background as a professional officer (major). He is the founder and owner of Consolidated Holdings A/S and is the main shareholder and Chairman of the Board in a broad variety of Danish owned companies such as Netop Solutions A/S, Columbus A/S, X-Yachts A/S. Ib Kunøe has participated in 8 of 8 board meetings in 2018. Ib Kunøe is the Chairman of the nomination and remuneration committees.

Sven Madsen (born 1964)
Member of the Board

Sven Madsen is Chief Financial Officer in Consolidated Holdings A/S. He has extensive experience from working with corporate reporting, financing and corporate management in companies such as Codan Insurance, FLS Industries, SystemForum and Consolidated Holdings. Madsen provides special competence within financial reporting, and is a member of the Atea's audit committee. He holds Board positions with Netop Solutions A/S, Columbus A/S, X-Yachts A/S and DAN-Palletiser Finans A/S. Madsen holds a Graduate Diploma in Financial and Management Accounting as well as an MSc in Business Economics and Auditing. Sven Madsen has participated in 8 of 8 board meetings in 2018. Sven Madsen is member of the audit committee.

Morten Jurs (born 1960)
Member of the Board

Morten Jurs currently holds a Partner position at Pegasus Industrier AS and has extensive leadership experience from leading roles in both public and private companies. His prior experiences include the role of CEO at Stamina Group AS between 2013-2016, CEO at Pronova BioPharma ASA from 2009-2013 and CFO at Kitron ASA from 2001-2006. Jurs brings with him over 30 years' experience within general management, financial administration and strategic planning. He holds a Master of Science/MBA in Business and Economics from the University of Wyoming. Morten Jurs participated in 8 out of 8 board meetings in 2018. Morten Jurs is the Chairman of the audit committee.

Saloume Djoudat (born 1977)
Member of the Board

Saloume Djoudat has been a partner in Bull & Co Advokatfirma AS since 2013, coming from a previous position as a General Counsel in Uno-X Energi AS. She specializes in corporate law including M&A and contract negotiations. Djoudat has managed negotiations and acted as legal adviser in projects both in Norway and for international corporations. In light of her combination of academia and industry experience, Djoudat has a strong ability to give legal advice from a business perspective. Djoudat is a graduate of the Faculty of Law of the University of Oslo. Saloume Djoudat has participated in 6 of 8 board meetings in 2018.

Lisbeth Toftkær Kvan (born 1967)

Member of the Board

Lisbeth Toftkær Kvan is Country Manager in Ikano Bank Norway. She is an experienced financial services executive and previously held the position as Country Manager in Ford Credit Norway and has additionally been Member of Board and Control Committee as well as Country Manager in GE Capital Solutions AS, Norway. She brings experience within financial services and management to the Atea Board and audit committee. Her previous roles include Client General Manager in GE Money Bank, UK and various other positions within the GE Capital organization in UK and Germany. Kvan holds an MSc in International Business Administration from Copenhagen Business School. Lisbeth Toftkær Kvan has participated in 7 of 8 board meetings in 2018. Lisbeth Toftkær Kvan is member of the audit committee.

Truls Berntsen (born 1960)

Member of the Board (employee elected)

Truls Berntsen joined Atea in 1999 and has many years' experience within sales management, human resources management, and organizational development. He has specialized within sales of IT equipment and services, and has technical expertise across a broad range of IT infrastructure products. Truls has prior board experience from both a group and organization level. Truls holds a Mechanical Engineering diploma from Oslo Maritime Technical School and participated in BI Norwegian Business School courses. Truls Berntsen has participated in 7 of 8 board meetings in 2018.

Marianne Urdahl (born 1966)

Member of the Board (employee elected)

Marianne Urdahl started her career in MBS Fjerndata AS in 1988, which merged with Atea (Merkantildata) in 1996. Since then she has held various positions within the company. Urdahl has more than 30 years of experience in the IT business and holds currently the position as Account Manager for the Justice Sector in Atea AS (Norway). Urdahl has graduated from high school. Marianne Urdahl has participated in 7 of 8 board meetings in 2018.

Marthe Dyrud (born 1979)

Member of the Board (employee elected)

Marthe Dyrud holds the positions of Business Manager and has a national responsibility for the welfare sector in Atea AS (Norway). She previously functioned as Sales Manager in Region East and as project manager for the integration of Umoe IKT into the Atea Group. She joined Ementor Norge AS as sales trainee in 2005, and has comprehensive experience within sales management from various positions in Ementor and Atea. Dyrud has a Bachelor in Electrical and Electronic Engineering from Oslo University College as well as a Master in Business Studies from John Moores University in Liverpool, England. Marthe Dyrud has participated in 7 of 8 board meetings in 2018.

Shareholder Information

Atea's objective is to provide a competitive long-term return to shareholders, relative to the underlying risk of the Company's operations. The Company endeavours to achieve this objective through a high dividend payout and through capital appreciation on the value of the underlying business.

The company's dividend policy is to return at least 70 percent of its annual free cash flow (cash flow from operations, less capital expenditures) to shareholders in the form of a dividend payout. During 2018, the Company paid dividends of NOK 6.50 per share to shareholders in two equal instalments of NOK 3.25 during May and November. In 2019, the Board proposes that the Annual General Meeting maintains the dividend of NOK 6.50 per share, to be paid in two equal instalments of NOK 3.25 during May and November.

At the end of 2018, the Company had a net debt balance of NOK 17 million compared with a net cash balance of NOK 102 million at the end of 2017. The Company's loan and securitization agreements have a covenant that its net debt must remain below 2.5 times pro forma EBITDA for the prior twelve months (EBITDA includes any acquisitions made during this period). Atea was well within this covenant during 2018.

FINANCIAL CALENDAR 2019

Atea ASA will publish quarterly interim accounts and provisional annual accounts on the following dates:

1st quarter 2019: **Tuesday, 30 April 2019**

2nd quarter 2019: **Friday, 12 July 2019**

3rd quarter 2019: **Friday, 18 October 2019**

4th quarter 2019 and provisional accounts for 2019: **Friday, 7 February 2020**

Annual General Meeting:
Tuesday, 30 April 2019

Visit atea.com/investors for more shareholder information.

Investor relations

Atea aims to increase investor awareness of the Company through an open, transparent and reliable information policy. In this manner, the Company seeks also to promote the liquidity of its shares and ensure that its share price reflects the fair value of the Company.

Presentations will be held for shareholders, brokers and analysts in connection with the quarterly and annual reporting dates. Furthermore, Atea keeps the financial markets informed of important developments through stock exchange and press releases, and other market updates. Atea holds regular meetings with investors and analysts to enhance communication. More information can be found on Atea's investor pages online at atea.com/investors.

Share capital and shareholder structure

At 31 December 2018, the VPS registered share capital in the company was NOK 108,690,517, divided into 108,690,517 shares with a nominal value of NOK 1 per share. Atea has one class of shares, with each share carrying one vote. Ib Kunøe, Chairman of the Board, with associated companies and close associates, was the largest shareholder controlling 25.2 percent of the shares at the end of 2018. Otherwise, Atea ASA has a diversified shareholder structure, with a total of 7,263 shareholders at the end of the year.

Share performance

- At the end of 2018, Atea's share price was NOK 111 compared with NOK 115.50 end of 2017.
- During 2018, a dividend payout of NOK 6.50 per share was made to shareholders, yielding a direct return of 5.6 percent compared to the share price at the end of 2017.
- The total return on the Company's shares during 2018 was 1.73 percent, including the dividend yield and the share price fall from NOK 115.50 to NOK 111. This compares with a total return for the Oslo Stock Exchange benchmark index (OSEBX) of negative 1.84 percent during 2018.
- The share's highest close price during 2018 was NOK 132.40 on 26 September and its lowest close price was NOK 106.00 on 17 July.
- At the end of 2018, the number of shareholders was 7,263, down from 7,343 at the start of the year.

Robert Giori
(born 1970)
CFO of Atea ASA

Robert Giori joined Atea as Chief Financial Officer in 2014. He has extensive experience in financial management for public companies within the IT industry. Prior to joining Atea, Robert spent over five years as Chief Financial Officer of Nordic Semiconductor ASA. He has also worked as Chief Financial Officer of TeleComputing ASA and as Finance Director for Dell's operations in Norway. In addition, he has previously been a consultant with McKinsey & Company.

Robert Giori has an MBA from Harvard University and a Bachelor degree from Stanford University. He has completed the Certified Public Accountant (CPA), Certified Management Accountant (CMA) and Chartered Financial Analyst (CFA) examinations in the United States.

Share value development (%):
2 January 2018 - 28 December 2018

Main Shareholders [1]
at 31 December 2018

Name	Shares	% of total
Systemintegration APS [2]	27,246,398	25.1 %
Folketrygdfondet	9,399,129	8.6%
Odin Norden	3,256,029	3.0%
State Street Bank & Trust Co. [3]	3,251,761	3.0%
Handelsbanken Norden Selektiv	3,200,000	2.9%
State Street Bank and Trust Co. [3]	2,898,578	2.7%
State Street Bank & Trust Co. [3]	2,452,613	2.3%
Odin Norge	2,447,198	2.3%
Didner and Gerge Smabolag	2,163,180	2.0%
RBC Investor Services Trust	2,073,650	1.9%
Other	50,301,981	46.3%
Total number of shares	**108,690,517**	**100.0%**

[1] Source: Verdipapirsentralen
[2] Includes shares held by Ib Kunøe
[3] Includes client nominee accounts

Analysts following Atea:

Company	Name	Telephone
ABG Sundal Collier	Aksel Engebakken	+47 22 01 61 11
Arctic Securities	Henriette Trondsen	+47 21 01 32 11
Carnegie	Hans Rettedal Christiansen	+47 22 00 93 21
Danske Bank	Martin Stenshall	+47 85 40 70 73
DnB	Christoffer Wang Bjørnsen	+47 24 16 91 43
Handelsbanken	Erik Elander	+46 87 01 31 41
SEB	Eirik Rafdal	+47 21 00 83 01
SB1	Petter Kongslie	+47 24 14 74 96
Pareto Securities	Fredrik Steinslien	+47 24 13 21 54

Ownership structure by number of shares:

Number of shares held	Number of shareholders	Proportion of share capital	Total shares held
1 - 100	4,050	0.1 %	139,645
101 - 1 000	2,247	0.8%	898,031
1001 - 10 000	691	2.0%	2,199,220
10 001 - 100 000	187	5.6%	6,128,090
100 001 - 500 000	52	13.3%	14,459,597
500 001 -	36	78.1 %	84,865,934
	7,263	**100.0%**	**108,690,517**

More information can be found on Atea's investor pages online at atea.com/investors/share/analysts.


ATEA
FOCUS 25.9. 2018
DELL EMC
CITRIX
The future of work
IBM
ORGANISAATIO, STRATEGIA JA KULTTUURI
ÄLYKÄS DIGITAALINEN TYÖPAIKKA
CISCO
aruba

Atea Group Financial Statements

Content

Consolidated Income statement

NOK in million	Note	2018	2017
Revenue	5, 6	34,709	32,438
Cost of goods sold		-27,174	-25,221
Employee benefits expense	7	-5,457	-5,068
Depreciation and amortisation	12, 13	-370	-376
Other operating costs	8	-1,018	-975
Operating profit		**690**	**799**
Financial income	9, 14	10	6
Financial expenses	9	-66	-81
Net financial items		**-56**	**-75**
Profit before tax		**634**	**724**
Tax	10	-167	-181
Profit for the period		**467**	**543**
Profit for the period attributable to:			
Shareholders of Atea ASA		467	543
Profit for the year after shareholder distributions		**467**	**543**
Earnings per share			
- earnings per share (NOK)	11	4.33	5.10
- diluted earnings per share (NOK)	11	4.26	5.00

Consolidated statement of Comprehensive Income

NOK in million		2018	2017
Profit for the period		**467**	**543**
Currency translation differences		-14	213
Forward contracts - cash flow hedging		9	11
Income tax OCI relating to items that may be reclassified to profit or loss	10	-2	-4
Items that may be reclassified subsequently to profit or loss		**-7**	**220**
Other comprehensive income		**-7**	**220**
Total comprehensive income for the period		**460**	**763**
Total comprehensive income for the period attributable to:			
Shareholders of Atea ASA		460	763
Profit for the year after shareholder distributions		**460**	**763**

Consolidated statement of Financial Position

NOK in million	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Property, plant and equipment	12	617	628
Deferred tax assets	10	401	487
Goodwill	13	3,901	3,845
Other intangible assets	13	237	273
Shares in associated companies	14	13	12
Other long-term receivables	16	28	6
Non-current assets		**5,196**	**5,252**
Inventories	15	830	591
Trade receivables	16, 23	6,445	6,648
Other receivables	16, 23	1,541	1,299
Other financial assets		1	1
Cash and cash equivalents	21, 23	764	1,125
Current assets		**9,581**	**9,663**
Total assets		**14,778**	**14,915**
EQUITY AND LIABILITIES			
Share capital and premium	17	410	355
Other reserves		1,418	1,425
Retained earnings		1,409	1,594
Equity		**3,237**	**3,373**
Interest-bearing long-term liabilities	19, 20, 23	557	120
Other long-term liabilities	23	8	13
Deferred tax liabilities	10	234	275
Non-current liabilities		**799**	**408**
Trade payables	18, 23	7,125	6,755
Interest-bearing current liabilities	19, 20, 23	224	903
Tax payable		231	121
Provisions	22	247	258
Other current liabilities	18, 23	2,904	3,088
Other financial liabilities	23	10	8
Current liabilities		**10,741**	**11,133**
Total liabilities		**11,540**	**11,541**
Total equity and liabilities		**14,778**	**14,915**

Oslo, 20 March 2019

Ib Kunøe
Chairman of the Board

Morten Jurs

Sven Madsen

Saloume Djoudat

Lisbeth Toftkær Kvan

Marianne Urdahl

Truls Berntsen

Marthe Dyrud

Steinar Sønsteby
CEO

Consolidated statement of changes in Equity

	Share capital and premiums [1]		Other reserves			Retained earnings		
NOK in million	Share capital	Share premium	Other paid-in capital	Forward contracts-cash flow hedging	Currency translation differences	Option programmes	Retained earnings	Total equity
Balance at 1 January 2017	**106**	**163**	**1,245**	**-6**	**332**	**163**	**1,197**	**3,200**
Other comprehensive income	-	-	-	8	211	-	0	220
Profit for the period	-	-	-	-	-	-	543	543
Issue of share capital	2	84	-	-	-	-	-	86
Employee share-option schemes	-	-	-	-	-	16	-	16
Dividend	-	-	-365	-	-	-	-326	-692
Balance at 31 December 2017	**108**	**247**	**879**	**2**	**544**	**180**	**1,414**	**3,373**
Balance at 1 January 2018	**108**	**247**	**879**	**2**	**544**	**180**	**1,414**	**3,373**
Other comprehensive income	-	-	-	-1	-6	-	-	-7
Profit for the period	-	-	-	-	-	-	467	467
Issue of share capital	1	55	-	-	-	-	-	56
Employee share-option schemes	-	-	-	-	-	49	-	49
Dividend	-	-	-	-	-	-	-700	-700
Balance at 31 December 2018	**109**	**302**	**879**	**1**	**538**	**229**	**1,180**	**3,237**

[1] See Note 17.

Consolidated statement of Cash Flow

NOK in million	Note	2018	2017
Profit before tax		634	724
Adjustments for:			
Net interest expenses		36	39
Depreciation and amortisation	12, 13	370	376
Share-based compensation		49	16
Gains/losses on the sale of subsidiaries		0	-2
Change in inventories		-239	51
Change in trade receivables		203	-630
Change in trade payables		416	575
Change in other accruals		-371	254
Taxes paid		-108	-128
Interest paid		-51	-44
Interest received		7	5
Net cash flow from operational activities		**946**	**1,238**
Acquisition of subsidiaries/businesses	25	-62	-1
Purchase of property, plant and equipment and intangible assets	12, 13	-307	-230
Sale of property, plant and equipment and intangible assets		2	2
Net cash flow from investment activities		**-367**	**-229**
Proceeds from new issues		56	86
Dividend paid		-700	-692
Proceeds from raising loans	20	475	-
Repayment of loans	20	-727	-262
Net cash flow from financing activities		**-896**	**-868**
Net change in cash and cash equivalents for the year		-317	142
Cash and cash equivalents at the start of the year	21	1,125	880
Foreign exchange effect on cash held in a foreign currency		-44	103
Cash and cash equivalents at the end of the year	21	**764**	**1,125**

NOTE 1 – GENERAL INFORMATION

The Atea Group ("Atea") is the leading supplier of IT infrastructure solutions in the Nordic and Baltic countries. Atea is present in seven countries – including Norway, Denmark, Sweden, Finland, Lithuania, Latvia and Estonia.

The principal activities for the Group's various business areas are described in more details in Note 5 – Segment information.

Atea ASA is a public limited company that is registered and domiciled in Norway. The office address is Brynsalleen 2, Oslo. Atea ASA is listed on Oslo Stock Exchange and had 7,263 shareholders as of 31 December 2018, compared with 7,343 shareholders at the start of the year.

These consolidated accounts were approved by the Board of Directors on the 20 March 2019.

Note that there may be figures and percentages that do not always add up correctly due to rounding differences.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.0 Basis of the consolidated financial statements

The consolidated financial statements of Atea have been prepared in accordance with International Financial Reporting Standards (IFRS), as determined by the EU, and include Atea ASA and subsidiaries in which Atea ASA, directly or indirectly, has a controlling interest through ownership interests or agreements. The consolidated financial statements have been prepared under the historical cost basis, and modified by any revaluation of assets and liabilities at fair value through profit or loss according to the policies for the relevant areas. All the figures are presented in NOK and rounded to the closest million. Notice is given of any exceptions.

2.1 Adoption of new and revised International Financial Reporting Standards (IFRS)

Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

The Group has adopted **IFRS 9, 'Financial instruments'** and **IFRS 15, 'Revenue from Contracts with Customers'** from 1 January 2018. No standards adopted by the Group for the first time for the financial year beginning on 1 January 2018 have a material impact on the Group.

IFRS 9, 'Financial instruments'

The final version of IFRS 9 Financial Instruments contains the revised regulations concerning the classification and measurement of financial instruments, accounting of impairment of financial assets and hedge accounting. The standard has fully replaced IAS 39. The new regulations for the classification and measurement of financial instruments no longer contain the categories "available for sale", "held to maturity" and loans and receivables from IAS 39. Apart from the measurements "at amortised cost" and at "fair value through profit or loss" it will henceforth be possible to account for financial instruments at fair value through OCI.

IFRS 9 divides all financial assets into two categories: those which are measured at amortised cost and those which are measured at fair value. All recognised financial assets that are within the scope of IFRS 9 are measured subsequently at amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. However, the Group may make the following irrevocable election/designation at the initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in the fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or Fair Value Through the statement of Other Comprehensive Income (FVTOCI) criteria as measured at Fair Value Through the statement of Profit and Loss (FVTPL) if doing so eliminates or significantly reduces an accounting difference.

The basic accounting model for financial liabilities has not changed with the adoption of IFRS 9. Two measurement categories continue to exist as they did under IAS 39: amortised cost and fair value through profit or loss. Financial liabilities held for trading are measured as fair value through profit or loss unless the fair value option is applied.

Atea does not have any financial liabilities held for trading. Therefore, Atea shall continue to measure financial liabilities at amortised cost after the adoption of IFRS 9.

This standard has not any material impact on the Group.

IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The core of the new IFRS 15 is the introduction of a five-step model in which the customer contract and the separate performance obligations it contains are first identified. In the third and fourth steps, the transaction price is determined and allocated to the individual performance obligations. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

IFRS 15 adds several disclosure requirements to the annual and interim reports, e.g. disaggregation of revenue and disclosures of contract balances. See Note 6.

The standard has replaced IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The group has assessed the impact of IFRS 15. Different revenue streams and contracts have been analysed. The Group recognises revenues from following main sources:

Sale of products (see 2.22.1 below)
Under IFRS 15, revenue is recognised when a customer obtains control of the products. Under IAS 18, revenue for these contracts was recognised when the products were delivered to the customer. The Group has not recognised any significant impact on the timing of the revenue recognition from sale of products.

Consulting services (see 2.22.2 below)
Under IFRS 15, revenue is recognised when the customer can obtain the benefits from the service. Under IAS 18, revenue from consulting services billed on an hourly basis is recognized as income as the services are rendered. The Group has not recognised any significant impact on the timing of the revenue recognition from consulting services.

Fixed price projects (see 2.22.3 below)
Under IFRS 15, revenue is recognised when the customer can obtain the benefits from the fixed price projects. However, it is still possible to use percentage of completion method when recognising income related to fixed price projects, meaning that the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. The Group has not recognised any significant impact on the timing of the revenue recognition from fixed price projects.

Service contracts (see 2.22.4 below)
Under IFRS 15, revenue is recognised when the customer can obtain the benefits from the service contracts. Under IAS 18 revenue is recognized in the accounting period in which the services are rendered, and such revenues are normally allocated linearly over the length of the contracts. Costs related to earned service revenues are accrued and recognised as the work is performed. The Group has not recognised any significant impact on the timing of the revenue recognition from service contracts.

Multiple element arrangements or "Device as a Service" (see 2.22.5 below)
Although most of the Groups contracts with customers are not complex, the Group has identified a few contracts that have been analysed more thoroughly. In particular, multiple element arrangements or "Device as a Service" (see 2.22.5 below) has been analysed using the five-step model. The following effects are identified:

The revenue in multiple element arrangements, i.e. deliveries of equipment combined with services, is recognised when the products are delivered, while the services are recognised when provided over time. Our assessment shows that the combination of products and services provided to the customers can be unbundled, and are not considered as one performance obligation. The Group has not recognised any significant impact on the timing of the revenue recognition from Multiple element arrangements or "Device as a Service" contracts. The stand-alone selling prices can be identified and allocated to the different elements in the contracts.

Other contract revenue: The Group does not have any significant uncancellable contracts with a duration of more than one year. Minor changes in revenue recognition according to IFRS 15 have been identified when analysing performance obligation related to installation projects of video and conference rooms.

Transition methods: IFRS 15 allows for either a full retrospective approach where all periods presented are adjusted, or a modified approach where only the current period is adjusted. The Group has used the modified approach.

Based on this assessment, the implementation of IFRS15 has not had a significant impact on the Group's consolidated financial statements. The scope of the disclosures in the notes has increased.

Practical expedients: The Group has used following practical expedients:

- The Group has not disclosed information about remaining performance obligations that have original expected durations of one year or less.

- The Group does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 December 2018.

- The Group has recognized the incremental costs of obtaining contracts as an expense when incurred, if the amortization period of the assets that the Group otherwise would have recognised is one year or less.

- The Group does not disclose the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019. None of these is expected to have significant effect on the consolidated statements of the Group, except the following set out below:

IFRS 16, 'Leases' significantly changes the accounting principles for many lease contracts, including leased premises, vehicles and equipment leases, and subleases. The standard will require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding assets for all leases with a lease term of more than 12 months, unless the underlying asset is of low value. As a consequence, a lessee recognises depreciation of the right-of-use asset (ROU asset) and interest on the lease liability, instead of recognising the expenses as today in Other operating costs.

For subsequent measurement, the Group will remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term). Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

The Group will adopt IFRS 16 using the modified retrospective approach from 1 January 2019, and accordingly comparative information will not be restated. The Group will recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings.

The Group as a lessee

The Group previously classified leases as a finance lease if it transferred substantially all the risks and rewards incidental to ownership to the Group.

Leases classified as operating leases under IAS 17:

At the date of initial application of IFRS 16, 1 January 2019, the Group recognised a lease liability for leases classified as operating leases after IAS 17 in accordance with the transition requirements. The Group will measure the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019.

For leases classified as operating leases, a lessee is permitted to choose, on a lease-by-lease basis, how to measure the ROU-assets using one of two methods:

- Option 1: as of IFRS 16 had always been applied, or
- Option 2: as an amount equal to the lease liability

The Group has decided to use Option 1 for premises and Option 2 for all other leases. The premises consist of around 90% of the ROU assets classified as operating leases. Under option 1, the difference between the ROU assets and lease liability will be recognised in Retained earnings in the Equity balance. The effect on the Equity balance is estimated to be negative by NOK 38 million on 1 January 2019.

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has elected to separate non-lease components in a contract.

The leasing contracts in the Group mainly consist of rental of cars and premises. The payments are fixed.

The Group as a lessor

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group will not make any adjustments on transition for leases in which it is a lessor, with the exception of financial subleases. As of 31 December 2018, the Group had a net present value of NOK 296 million in financial sublease contracts. These agreements are currently reported as commitments to lenders in Note 27–Commitments, but will be recognised as Financial assets and corresponding Lease liabilities from 1 January 2019. See details below.

IFRS 16, 'Leases' – Critical accounting estimates for the Group

Contracts with extension options:

Some leases of premises contain extension options exercisable by the Group. The extension options held are exercisable only by the Group, and not by the lessors. The Group includes an extension of the contracts in the lease valuation if it is reasonably certain that the Group will extend the contracts. Normally, is not considered as reasonably certain that the Group will extend the contracts for more than 3 years.

Discount rates:

According to IFRS 16, the lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate (IBR). Lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Atea has chosen to use the modified retrospective approach for implementation of IFRS 16, and therefore use the IBR as a discount rate on the opening balance. Going forward, the IBR will be used for subsequent measurement for new contracts, as long as the implicit interest rate is not readily determined.

Atea has signed approximately 1,300 lease agreements and IFRS 16 related asset and liabilities will be booked on contract level. However, from a practical perspective and to avoid mistakes, a single discount rate has been used per portfolio of leases. Different IBR were estimated for portfolios based on the following criteria:

- Type of asset: different portfolios for premises and vehicles lease agreements

- Economic environment: Atea subsidiaries operating in different Nordics and Baltics countries are affected by different economic environment conditions, therefore separate portfolios for subsidiaries operating in the different Nordic countries and the Baltic region were identified.

- Remaining lease term: we have identified agreements with short remaining term (1-5 years) and long remaining term (5-10 years).

IBR for the different portfolios is based on information about credit spreads which the Group believes are relevant to compare with an interest rate that would be achieved when financing similar assets.

IBR is calculated separately on contract by contract basis for leases which do not fit to portfolios. Typically, this is related to leasing of premises with a longer duration and were the benefit of having security would have been more valuable for the lessor.

The weighted average IBR for the Group is 4.5% at 1 January 2019.

IFRS 16, 'Leases' - Practical expedients
The Group has made the following accounting policy choices and elected to apply the following practical expedients related to the implementation of IFRS 16:

- *Determining whether a contract is or contains a lease:*
  On the transition to IFRS 16, the Group elected to not reassess whether a contract is, or contains a lease. The Group will apply IFRS 16 only to contracts that were previously identified as leases. The Group's contracts that were not previously identified as leases were not reassessed for whether they contain a lease.

- Leases with a lease term of 12 months or shorter, except Financial sublease (see below), will not be capitalised. This also includes leases with a remaining lease term of 12 months at the date of initial application on 1 January 2019.

- Low-value leases, meaning mainly office equipment with an underlying value of USD 5,000 or less when they are new, will not be capitalised. This is not related to Financial subleases.

For Financial subleasing contracts, the group has decided to recognise Financial leasing receivable and Lease liabilities with a lease term of 12 months or shorter in the balance sheet, and also low-value leases with an underlying value of USD 5,000 or less. The reason is because financial sublease is a part of the Groups ordinary operations and deliveries to the customers. The subleasing contracts consist mainly of low-value assets below USD 5,000, and the remaining lease term for most of the contracts is 12 months or shorter.

The Group will consider using other practical expedients available.

Impact on financial statements in 2019 – initial assessment
The implementation will have a significant positive impact on EBITDA in the Group's consolidated income statement and increase the total assets and liabilities. The effects summarized below are based on estimates, and are uncertain in particular due to uncertainty related to renewal options and the estimated lease period for significant part of our leases.

Based on outstanding leases on the balance sheet date, the implementation of the new standard is expected to have following effect on the Financial statement for full year 2019:

Consolidated Income statement:
1. Operating lease expenses recognized as other operational expenses will decrease by approximately NOK 266 million.
2. Depreciation of leased ROU assets will increase by approximately NOK 234 million.
3. Net interest expense related to the lease liability will increase by approximately NOK 32 million.
4. Profit for the period is not expected to be affected significantly.

Consolidated statement of Financial position on 1 January 2019:
1. NOK 649 million on ROU assets, and NOK 699 million on lease liabilities
2. NOK 320 million on subleasing receivables, and NOK 308 million on subleasing liabilities.
3. Retained earnings will be reduced by NOK 38 million at 1 January 2019.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. See details above.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Critical accounting estimates
The preparation of accounts in accordance with IFRS requires the use of certain critical accounting estimates. In addition, the application of the Atea's accounting principles requires that the management exercise judgment. Areas that contain a high degree of such discretionary assessments, or a high degree of complexity, or areas where the assumptions and estimates are of significance to the consolidated accounts are described separately. This applies in particular to the valuation of goodwill (Note 13) and valuation of deferred tax assets (Note 10). Changes to accounting estimates are included in the accounts for the period in which the change occurs.

2.3 Consolidation principles
2.3.1 Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3.2 Business combinations
Atea uses the purchase method to account for the acquisition of subsidiaries. Consideration for the acquisition of subsidiaries is measured at the fair value of the transferred assets, obligations assumed, and equity instruments issued. The fair value of any assets or obligations that are contingent on the agreement is also included in the consideration. Identifiable assets and liabilities are recognized at fair value on the acquisition date. Expenses related to business combinations are recognized when they are incurred. Correspondingly, if there were to be a discrepancy between the estimated fair value based on the conditional settlement and fair value, and this cannot be attributed to new information on the fair value or more than 12 months passing from the takeover, the difference shall be recognized in the income statement.

2.3.3 Intercompany transactions
Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. The accounting principles for subsidiaries are amended as required in order to be consistent with Atea's accounting principles.

2.3.4 Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the

carrying amount is increased or decreased to recognize the investor's Share of the profit or loss of the investee after the date of acquisition.

2.4 Comparative figures

Comparative figures for previous years are changed in the event of significant changes in accounting principles.

If changes are made in classifying and grouping accounting items, the comparative figures are changed accordingly. This also applies when presenting discontinued operations on separate lines in the income statement (the corresponding figures for the balance sheet are not changed).

Historical figures are not restated in the event of changes in Group composition or the acquisition of subsidiaries.

2.5 Segment reporting

Atea's reporting format is the geographical segments. General business or economic planning and follow-up performed by the Group's decision-makers (CEO/CFO) takes place in geographical segments as well as separate units that deliver products and services internally to other geographical segments. A geographical segment is engaged in providing products or services within a particular geographical area that are subject to risks and returns that are different from other geographical segments.

A segment is a portion of the business operations that delivers products or services that are subject to a risk and return that are distinct from that of other business areas. In the segment reporting, the internal sales between the various segments are eliminated.

2.6 Foreign currency translation

2.6.1 Functional and presentation currencies

Items included in the financial statements of each of the Atea Group's entities are measured primarily using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional and presentation currency of Atea ASA.

2.6.2 Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. The portion of the gain or loss on the hedging instrument that is determined to be an effective cash flow instrument is recognised in OCI.

2.6.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
(ii) Income and expenses for each income statement are translated at average exchange rates
(iii) All resulting exchange differences are recognized in OCI and specified as a separate component of equity

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments are entered directly in OCI. When a foreign business is sold, the associated exchange difference is entered directly in OCI through profit and loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Classification

Assets are classified as current when intended for sale or consumption in the normal operating cycle, or held primarily for the purpose of being traded, or expected to be realized within twelve months, or classified as cash or equivalents. All other assets are classified as non-current. Liabilities are classified as current when expected to be settled in the normal operating cycle, or held primarily for the purpose of being traded, or due to be settled within twelve months, or there are no unconditional rights to defer settlement for at least twelve months. All other liabilities shall be classified as non-current.

2.8 Property, plant and equipment

2.8.1 Recognition

Property, plant and equipment, are stated at historical cost less depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the items. Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will pass to Atea and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

(i) Buildings, 20-30 years
(ii) Land, No depreciation
(iii) Vehicles & office machines, 3-5 years
(iv) Furniture and fittings, 3-10 years
(v) Computer equipment, 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.8.2 Financial leases

The Group leases certain operating assets. Leases for property, plant and equipment where substantially all the risks and rewards incidental to ownership of the asset is transferred, are classified as financial leases. At the start of the lease term financial leases are accounted for in the financial statements as financial assets and financial liabilities, equal to the lowest of fair value of the operating asset or the present value of the minimum lease payments.

Each lease payment is allocated between an instalment and an interest payment, resulting in an interest cost on the remaining lease liability. Interest costs are accounted for as a financial profit/loss item. Lease liabilities, excluding interest costs, are presented as either Interest bearing current liabilities or Interest bearing long-term liabilities. Fixed assets acquired through financial lease agreements are depreciated over the lease's term or the depreciation period for equivalent assets, whichever is shorter.

If a sale and leaseback transaction results in a financial lease, any gain is postponed and recognized as revenue over the period of the lease.

The Group is a lessee mainly related to subleases. See 2.1 above. The Group classifies leases as a finance lease if it transferred substantially all the risks and rewards incidental to ownership to the Group.

2.8.3 Operating leases

Leases for which most of the risk rests with the other contracting party, are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement during the contract period.

If a sale and leaseback transaction results in an operating lease and it is clearly stated that the transaction has been carried out at its fair value, any gain or loss is recognized in the income statement when the transaction is carried out. If the sales price is less than the fair value, any gain or loss is recognized in the income statement directly at the time of the transaction, apart from in situations when this leads to future lease payments that are below the market price. In such cases, the gain/loss is amortized over the lease period. If the sales price is above the fair value, the excess price is amortized over the asset's estimated period of use.

2.9 Intangible assets

2.9.1 Recognition

Intangible assets are recognized on the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset, which is owned by Atea and the cost of the asset can be measured reliably.

Intangible assets are recognized at their cost price. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price.

2.9.2 Business combinations and goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of Atea's share of the net identifiable assets of the acquired business at the time of the acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to the relevant cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest levels for which there are separately identifiable cash flows. Gains and losses on the sale of business interests include the carrying amount of goodwill relating to the entity sold.

2.9.3 Other intangible assets

Computer software and rights

Acquired computer software licences are recognized on the balance sheet on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software or system solutions controlled by the Group, which will probably generate economic benefits related to the asset that will pass to Atea and can be measured reliably, are recognized as intangible assets. Computer software costs/solutions and rights recognized on the balance sheet are amortized over their estimated useful lives, normally 3-7 years.

Contracts and customer relationships

In connection with business combinations, contracts and customer relationships are recorded at fair value at the acquisition date. The amortization period for contracts and customer relationships is based on the period they are expected to generate cash flow, normally 4-5 years.

Expenses related to research activities are recognized in the income statement as they are incurred.

2.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Financial instruments

Atea's financial instruments include cash and cash equivalents, accounts receivable, investments and marketable securities, derivative instruments, accounts payable and borrowings.

Fair value is defined to be the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Atea classifies financial instruments in the category below. Details are disclosed in Note 23.

2.11.1 Amortized cost

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

2.11.2 Fair Value Through the statement of Other Comprehensive Income (FVTOCI)

Under FVTOCI, changes in fair value are not reported as part of Profit for the period. Instead they are reported as part of 'Comprehensive Income.'

2.12 Hedging

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative (or another financial instrument in the case of a foreign currency hedge) is to be used as:

i) a fair value hedge of a recognized asset, liability or a fixed commitment,
ii) a cash flow hedge of a recognized asset or liability, a future transaction identified as very probable or, in the case of foreign currency risk, a fixed commitment, or
iii) a net investment hedge in a foreign entity.

Atea does not have any fair value hedges.

Cash flow hedges

The effective components of changes in fair value for a hedging instrument will be recognized in the accounts under OCI. The ineffective part of the hedging instrument is recognized on an ongoing basis in the income statement. The effective portion of the gain or loss on the hedging instrument recognized in OCI is subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss, so as to offset the changes in the cash flows of the hedged item for the designated risk.

If the hedged transaction is no longer expected to occur, any previously accumulated gains or losses on the hedging instrument that have previously been recorded directly in OCI will be recognized in the income statement.

2.13 Inventories

Goods purchased for resale are valued at the lower of historical cost or net realizable value. The net realizable value is the estimated sales price under ordinary operations less the cost of sales. The historical cost is calculated by means of the first-in, first-out principle (FIFO).

Atea also keeps inventory to cover the spare parts needed in connection with service agreements. The spare parts inventory is recognized at lower of cost and net realisable value.

2.14 Trade receivables

Trade receivables, including deferred revenue, are recognized at a discounted value. The interest element is disregarded if it is insignificant. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The Group is considering the risk or probability that a credit loss occurs, even if the possibility of a credit loss occurs is very low.

The provisions represent the difference between the nominal and present value of cash flows that are expected to be received. The change in the provisions for the period is accounted for in the income statement. Historically, the loss on trade receivables has been very low.

2.15 Cash and cash equivalents

Cash includes cash in hand and deposits in bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months, and which contain insignificant risk elements. Bank overdrafts are presented within interest-bearing current liabilities on the balance sheet.

2.16 Share capital and premiums

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Costs directly attributable to the issue of new shares related to an acquisition of a business are recognised directly on the Equity as part of the purchase consideration.

Where any Group company purchases the company's own shares, the consideration paid, including any directly attributable costs (net of income taxes,) is deducted from equity attributable to Atea's shareholders until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, are included in equity attributable to Atea's shareholders.

2.17 Borrowings

Borrowings are recognized at fair value when the loan is disbursed, net of the transaction costs incurred. Transaction costs are charged as an expense over the term of the loan (effective interest rate). Borrowings are classified as current liabilities unless there exists an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. According to IFRS 9, the financial liabilities are measured at amortised cost.

2.18 Income tax

Income tax consists of the tax payable and changes to deferred tax. Deferred tax is calculated on all taxable temporary differences, with the exception of:

(i) Goodwill for which amortization is not deductible for tax purposes.
(ii) Temporary differences relating to investments in subsidiaries, associates or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when there is convincing evidence that Atea will have a sufficient profit for tax purposes to utilize the tax assets. On each balance sheet date, Atea reviews its unrecorded and unrecognized tax assets. Atea recognizes deferred tax assets on its balance sheet when the conditions for recognition have been met. Correspondingly, Atea will reduce its deferred tax assets if they can no longer be utilized.

Deferred tax and deferred tax assets are measured on the basis of the current tax rates and laws applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as a non-current asset or a long-term liability on the balance sheet.

2.19 Employee benefits

2.19.1 Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies.

For defined contribution plans, Atea pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Atea has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2.19.2 Share-based compensation

Employee options at Atea represent rights for employees to subscribe to shares in the company at a future date at a predetermined subscription price (subscription right). Subscribing normally requires continued employment.

The fair value of the employee services received in exchange for the allotment of options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options allotted. On each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2.19.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Atea recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.19.4 Bonus plans

Atea recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions are recognized when Atea has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more likely than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability.

Restructuring provisions only include direct expenses linked to the actual restructuring that is necessary and which is not part of the day-to-day operations. Restructuring provisions are recognized when the company has a detailed restructuring plan in which the business area is identified; the premises and type of departments that will be affected, the number of employees who will be compensated for dismissal, the type of expenses that will be incurred and when the restructuring is to begin have been clarified; and the restructuring plan has been commenced or communicated to those who will be affected by it. Provisions are not recognized for future operating losses.

2.21 Contingent liabilities and assets

Contingent liabilities are defined as:

(i) Possible obligations resulting from past events whose existence depend on future events
(ii) Obligations that are not recognized because it is not probable that they will lead to an outflow of resources
(iii) Obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognized in the annual financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote. A contingent asset is not recognized in the annual financial statements but is disclosed if there is a certain level of probability that a benefit will accrue to Atea.

For contingent consideration recognized as a liability regarding the acquisition of business, see Note 25.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services, net of value-added tax, rebates and discounts. Intercompany sales are eliminated. Revenues are not recognized unless the customer has accepted the delivery and collectability of the related receivables is reasonably assured. Revenue is recognized as follows for Atea's different types of revenues:

2.22.1 Sale of products

The sale of products consists of hardware and software deliveries to an end customer. Atea recognizes revenue on a gross basis on product sales in which Atea purchases a product from a vendor and resells it to the end customer. In these contracts, Atea has primary responsibility for ensuring delivery of the specified product to the end customer and has discretion in establishing the price for the product sale.

When reselling products, Atea recognizes revenue when a customer obtains control of the products. In a hardware sale or traditional software license sale, the customer obtains control of the products when the products are delivered.

In a software-as-a-service agreement, software is provided over time to an end customer from a data center managed or contracted by the software vendor. The customer will purchase and obtain control of the software-as-a-service on a subscription or consumption basis. Revenue is therefore recognized periodically over the life of the software-as-a-service contract.

Atea recognizes commission revenue on product sales in which Atea arranges for a product to be sold directly from the vendor to the end customer, with Atea earning a sales agent fee from the vendor for arranging the sale of the product. In these contracts, Atea does not have primary responsibility for ensuring delivery of the specified product to the end customer and does not have discretion in establishing the price for the product sale. The revenue is recognized when the commission has been earned from the vendor, typically after the vendor has delivered the product to the end customer.

2.22.2 Consulting services

Consulting service consists of services from Atea consultants provided on an hourly basis. Revenue is recognised when the customer can obtain the benefits from the service. A customer obtains benefit of a service when the benefits from the service meets the expectations specified in the contract with the customer.

2.22.3 Fixed price projects

Revenue is recognised when the customer can obtain the benefits from the fixed price projects. Fixed price projects include both fixed price consulting projects and combined consulting and product deliveries.

In general, income is recognised when the project is finalised according to the contract and the customer can obtain the benefits from the project. Revenue may be recognised over time when one of the following criteria are met:

- Customer consumes benefits as Atea performs the service
- Customer controls benefits as Atea performs the service
- The benefits of the service have no alternative use and Atea has the right to receive payment

The percentage of completion method is used when revenue is recognised over time.

Earned revenue for the period is earned revenue at the balance sheet date, less earned revenue in prior periods. If the project is ongoing, income will be recognized continuously in accordance with the agreement, based on actual deliveries.

2.22.4 Service contracts

Revenue is recognised when the customer can obtain the benefits from the service contracts.

Service contracts include time-limited service & support contracts, or contracts running until termination by either party. Such revenues are normally allocated linearly over the length of the contracts. Costs related to earned service revenues are recognised as the work is performed.

2.22.5 Multiple element arrangements or “Device as a Service”

“Device-as-a-Service” is a commercial model in which organizations procure IT solutions, including equipment and service, from a service provider at a fixed fee for use (e.g., monthly fee per user). The deliveries of equipment is provided with a service contract. Atea is then responsible for delivering the IT solution and maintaining an agreed service level.

When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable performance obligations. Our assessment shows that the combination of products and services can be unbundled and are not considered as one performance obligation. The timing of the revenue streams in the Multiple element arrangements or “Device-as-a-Service” can be different. Typically, revenue from sales of the products are recognised immediately when the customer obtains control of the product, while the service element in the contract is recognised over time. Revenue is only recognized when control of the promised good or service is transferred to the customer.

The Group has not recognised any significant impact on the timing of the revenue recognition from Multiple element arrangements or “Device-as-a-Service” following the adoption of IFRS 15. The stand-alone selling prices can be identified and allocated to the different elements in the contracts.

2.22.6 Other contract revenue

The Group does not have any significant uncancellable contracts with duration more than one-year. Normally, the duration of the contracts are below 1-year, and can be cancelled by Atea or the customer without any penalty.

2.23 Costs of goods sold

Atea aggregates expenses within the income statement according to their nature. Costs of goods sold include products and services bought from suppliers and resold to customers. Costs of goods sold include all direct expenses for goods and services directly connected to the sales. Direct costs related to services include leasing, hosting, outsourcing, and freight.

NOTE 3 – FINANCIAL RISK AND CAPITAL MANAGEMENT

3.1 Financial risk factors

The Group’s activities cause different financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and floating interest rate risk. The group’s overall risk management plan focuses on the unpredictability of the capital markets and attempts to minimise the potential negative effects on the group’s financial results. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by Corporate Staff (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and the investment of excess liquidity.

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk in multiple foreign currencies. This risk is particularly relevant with respect to the Swedish crown (SEK), Danish crown (DKK), Euro (EUR), and US dollar (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency.

The table below illustrates the outstanding forward currency contracts as of 31 December 2018 and 31 December 2017.

Forward currency contracts	2018 Average exchange rate	2018 Contract value	2018 Contract value	2018 Fair value	2017 Average exchange rate	2017 Contract value	2017 Contract value	2017 Fair value
	NOK	Local currency million	NOK in million	NOK in million	NOK	Local currency million	NOK in million	NOK in million
Sell currency NOK								
Less than 3 months	1.0185	153	155	3	1.0125	65	66	1
3 to 6 months	0.9974	2	2	0	0.9945	1	1	-0
Buy currency SEK								
Less than 3 months	0.9645	400	386	3	0.9995	1	1	1
Buy currency DKK								
Less than 3 months	-	-	-	-	1.3295	1	1	3
Sell currency DKK								
Less than 3 months	1.3372	64	86	0	1.3200	24	31	-0
3 to 6 months	1.3332	2	2	0	1.3235	2	2	0
Buy currency EUR								
Less than 3 months	9.9859	18	182	-1	9.8848	11	113	-1
3 to 6 months	-	-	-	-	9.4820	1	11	0
Sell currency EUR								
Less than 3 months	9.9928	9	90	0	9.8849	10	95	0
Buy currency USD								
Less than 3 months	8.8177	71	623	-4	8.3600	57	473	-6
3 to 6 months	8.2498	5	37	1	-	-	-	-
Sell currency USD								
Less than 3 months	8.7071	17	145	0	8.2681	19	158	2
3 to 6 months	8.4529	1	8	-1	8.3044	2	15	0

[1] At the end of 2018 Atea (Atea ASA) additionally had a forward contract, which is not specified in above table, buying USD 16 million and selling EUR 14 million, in less than three months, at the exchange rate of 1.1470 with an estimated fair value of NOK 0,4 million.

[2] At the end of 2017 Atea (Atea ASA) additionally had a forward contract, which is not specified in above table, buying USD 33 million and selling EUR 28 million, in less than three months, at the exchange rate of 1.1870 with an estimated fair value of NOK 3 million.

The company has investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk.

3.1.2 Credit risk

Atea has for years had modest losses on trade debtors. New customers must be approved before they are granted credit. The responsibility for granting credit is decentralised to each operating unit. Credit insurance is used only to a small extent. The Group has no significant concentrations of credit risk, since the customer base is large and unrelated. Derivative counterparties and bank deposits are limited to high-credit-quality financial institutions.

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

3.1.4 Cash flow and floating interest rate risk

As of 31 December 2018 the Group had a net financial position (cash, less net interest bearing debt) of NOK -17 million (NOK 102 million in 2017). The interest on deposits and loans has a maturity of less than 12 months. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings issued at floating rate of interest expose the Group's cash flow to interest rate risk.

3.2 Accounting for derivative financial instruments and hedging activities

The Group hedge accounts the fair value of financial instruments for cases where the requirements in accordance with IFRS 9 are satisfied. Change in carrying amount of financial contracts that are temporarily entered under other comprehensive income totals NOK 9 million as of 31 December 2018 (NOK 11 million in 2017). Change in fair value of other financial instruments is entered immediately in the income statement. For all financial instruments the carrying amount is equal to the fair value.

3.3 Capital management

The Group manages its capital to secure the ongoing operations of the companies in the Group and to maximise the shareholders' return. This is accomplished through a healthy balance between liabilities, equity and earnings. Atea assesses its operational gearing (net interest-bearing liabilities/operating profit before depreciation) and the Group's equity ratio on an ongoing basis.

The Group's target is to have an equity ratio of 20% or more and maximum operational gearing of 2.5. At the end of 2018 the Group had an equity ratio of 21.9% (22.6% in 2017).

3.4 Sensitivity analysis

The Group has identified market risk (foreign exchange risk, primarily with respect to SEK, DKK, EUR and USD) and floating interest rate risk as the two most important risk factors it is exposed to. The tables below illustrate how fluctuations in these two risks will affect the Group's earnings and equity after tax.

Sensitivity analysis 2018:	Interest rate risk					Foreign currency risk				
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets [2]										
-NOK	287	6	-	-6	-	869	87	-	-87	-
-SEK	264	5	-	-5	-	-507	-51	-	51	-
-DKK	19	0	-	-0	-	81	8	-	-8	-
-EUR	288	6	-	-6	-	233	23	-	-23	-
-USD	-95	-2	-	2	-	-95	-10	-	10	-
Effect on financial assets before tax		**15**	**-**	**-15**	**-**		**58**	**-**	**-58**	**-**
Tax expense (23%)		-4	-	4	-		-13	-	13	-
Effect on financial assets after tax		**12**	**-**	**-12**	**-**		**45**	**-**	**-45**	**-**
Financial liability items [3]										
-NOK	511	-10	-	10	-	872	-87	-	87	-
-SEK	-59	1	-	-1	-	-	-	-	-	-
-DKK	308	-6	-	6	-	-	-	-	-	-
-EUR	20	-0	-	0	-	-	-	-	-	-
Effect on financial assets before tax		**-16**	**-**	**16**	**-**		**-87**	**-**	**87**	**-**
Tax expense (23%)		4	-	-4	-		20	-	-20	-
Effect on financial assets after tax		**-12**	**-**	**12**	**-**		**-67**	**-**	**67**	**-**
Total increase/reduction		**-0**	**-**	**0**	**-**		**-22**	**-**	**22**	**-**

[1] Basis points.

[2] Consists of cash and cash equivalents, loans and derivative contracts (forward currency contracts).

[3] Consists of liabilities.

Sensitivity analysis 2017:	Interest rate risk					Foreign currency risk				
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets [2]										
-NOK	847	17	-	-17	-	73	7	-	-7	-
-SEK	79	2	-	-2	-	-776	-78	-	78	-
-DKK	134	3	-	-3	-	-583	-58	-	58	-
-EUR	203	4	-	-4	-	202	20	-	-20	-
-USD	-138	-3	-	3	-	162	16	-	-16	-
Effect on financial assets before tax		**22**	**-**	**-22**	**-**		**-92**	**-**	**92**	**-**
Tax expense (24%)		-5	-	5	-		22	-	-22	-
Effect on financial assets after tax		**17**	**-**	**-17**	**-**		**-70**	**-**	**70**	**-**
Financial liability items [3]										
-NOK	364	-7	-	7	-	-	-	-	-	-
-SEK	-96	2	-	-2	-	-	-	-	-	-
-DKK	728	-15	-	15	-	-	-	-	-	-
-EUR	27	-1	-	1	-	-	-	-	-	-
Effect on financial assets before tax		**-20**	**-**	**20**	**-**		**-**	**-**	**-**	**-**
Tax expense (24%)		5	-	-5	-		-	-	-	-
Effect on financial assets after tax		**-16**	**-**	**16**	**-**		**-**	**-**	**-**	**-**
Total increase/reduction		**2**	**-**	**-2**	**-**		**-70**	**-**	**70**	**-**

[1] Basis points.

[2] Consists of cash and cash equivalents, loans and derivative contracts (forward currency contracts).

[3] Consists of liabilities.

NOTE 4 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICY

When applying the entity's accounting policies, the management makes judgements that have significant effects on the amounts recognized in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from estimates.

The main estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are specified below. Important and critical judgements in applying the entity's accounting policies are also specified.

Impairment of goodwill/intangible assets and other fixed assets

The most important estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment assessment of goodwill and other fixed assets. The book value of goodwill as of 31 December 2018 is NOK 3,901 million, other intangible assets is NOK 237 million, and property, plant and equipment is NOK 617 million. The management has used best estimates when determining the depreciation period for intangible assets and other depreciable assets.

Goodwill has an indefinite useful life and is tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The assessment of impairment for 2018 indicates that even with the use of conservative estimates with regard to future cash flows and discount rates, the book value of any of the assets will not exceed the recoverable amounts. No reasonable change in any key assumption would cause an impairment loss. See more information in Note 13.

Recoverable amounts of cash-generating units are determined based on judgements of fair values less costs to sell or value-in-use estimates.

Deferred tax

The recognition of deferred tax assets and liabilities requires that judgement being exercised. Atea recognizes deferred tax assets on its balance sheet when it has been deemed adequately probable that the operations in the individual country will generate a taxable profit that the tax loss carry forward can be used to offset.

The main part of the recognized deferred tax asset of NOK 401 million is related to the tax losses carry forward in Norway. Atea consider the future taxable profit as probable, as tax loss carry forward is expected to be utilized within 5 years.

Revenue recognition

The Group recognizes revenue from many different product groups and services. Different customer contracts contain varying terms and conditions, and may include bundles of products and services.

"Device as a Service" is a commercial model in which organizations procure IT solutions from a service provider at a fixed fee for use (e.g., monthly fee per user). The service provider is then responsible for delivering the IT solution and maintaining an agreed service level. Atea is currently expanding its "Device as a Service" offering to several new concepts such as videoconferencing, digital signage and networks. Different revenue streams makes the revenue recognition complex. The main challenge is to distinguish between sales of products (revenue recognized at a point in time), sales of services (revenue recognized over time) and operational and financial leasing. The customer contracts might include a bundling of the elements above.

The contracts require manual consideration and judgement of which accounting policy that is relevant for each contract. This consideration impacts the timing of revenue recognition.

Due to the high number and variety of contracts, the manual processes cause a risk that an inappropriate accounting policy is selected.

As a significant proportion of sales and deliveries are made close to year-end, the risk related to this manual process is especially relevant for transactions recorded close to year-end.

Accounting provisions

In connection with accounting provisions, the Group uses estimates for (1) how probable settlement of the obligation is and (2) the size of the provisions to reflect Atea's risk arising from the transaction.

NOTE 5 – SEGMENT INFORMATION

Atea is located in 87 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with nearly 7,400 employees. For management and reporting purposes, the Group is organized within these geographical areas. The performance of these geographical areas are 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 and Atea Group Functions) and central administration. These costs are reported separately as Group Shared Service and Group cost

In addition to the geographical areas above, Atea is reporting on a new segment starting from 2018. AppXite provides a cloud platform for enabling software vendors and service providers to transform their business from transactional sales to subscription and consumption-based service delivery. For more information, see appxite.com

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

2018:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	AppXite	Group cost / eliminations	Total
Revenue	8,737	14,049	8,026	2,889	1,151	5,496	17	-5,656	34,709
Cost of goods sold and operating expenses	-8,361	-13,556	-7,949	-2,818	-1,085	-5,418	-37	5,576	-33,649
Depreciation and amortisation	-67	-40	-172	-12	-38	-37	-3	-2	-370
Operating profit (EBIT)	**308**	**453**	**-94**	**59**	**28**	**41**	**-23**	**-82**	**690**
Net financial items									-56
Profit before tax									**634**
Number of full-time employees at 31 December	1,678	2,497	1,515	356	665	619	45	10	7,385

2017:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	AppXite	Group cost / eliminations	Total
Revenue	8,271	12,379	8,419	2,437	1,081	4,758	-	-4,906	32,438
Cost of goods sold and operating expenses	-7,933	-11,939	-8,101	-2,384	-1,021	-4,724	-	4,839	-31,263
Depreciation and amortisation	-72	-47	-197	-10	-37	-12	-	-2	-376
Operating profit (EBIT)	**266**	**394**	**121**	**43**	**23**	**22**	**-**	**-69**	**799**
Net financial items									-75
Profit before tax									**724**
Number of full-time employees at 31 December	1,573	2,248	1,475	318	678	603	-	9	6,904

2018:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	AppXite	Group cost / eliminations	Total
Assets	4,669	4,037	3,244	522	442	2,116	-27	-226	14,778
Liabilities	3,555	4,059	2,784	606	314	2,074	10	-1,861	11,540
Investments to PPE and Intangible assets	35	53	104	16	38	69	10	-	325

2017:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	AppXite	Group cost / eliminations	Total
Assets	4,647	3,651	4,036	430	446	1,050	-	654	14,915
Liabilities	3,508	3,682	3,505	564	353	1,037	-	-1,109	11,541
Investments to PPE and Intangible assets	57	36	112	10	31	19	-	5	269

Operating revenues by category:

NOK in million	2018	2017
Product revenue	28,268	26,234
Services revenue	6,440	6,203
Other income	1	1
Total revenue	**34,709**	**32,438**

NOTE 6 – REVENUE RECOGNITION AND CONTRACT BALANCES

In the following table, the major revenue lines are disaggregated by geographical areas as disclosed in our segment reporting (Note 5). Figures are in local currency and does not include eliminations, except for Atea Group.

Hardware:

Local currency in million		2018	2017
Norway	NOK	5,193	4,927
Sweden	SEK	8,035	6,806
Denmark	DKK	3,174	3,610
Finland	EUR	161	138
The Baltics	EUR	74	71
Group Shared Services	NOK	5,121	4,518
AppXite	EUR	0	0
Atea Group	**NOK**	**19,105**	**18,042**

Software:

Local currency in million		2018	2017
Norway	NOK	1,622	1,517
Sweden	SEK	4,541	3,882
Denmark	DKK	1,669	1,555
Finland	EUR	113	95
The Baltics	EUR	13	14
Group Shared Services	NOK	3	9
AppXite	EUR	0	0
Atea Group	**NOK**	**9,163**	**8,191**

Services:

Local currency in million		2018	2017
Norway	NOK	1,922	1,828
Sweden	SEK	2,430	2,100
Denmark	DKK	1,389	1,547
Finland	EUR	27	28
The Baltics	EUR	33	30
Group Shared Services	NOK	371	232
AppXite	EUR	2	0
Atea Group	**NOK**	**6,440**	**6,203**

Revenue:

Local currency in million		2018	2017
Norway	NOK	8,737	8,271
Sweden	SEK	15,005	12,788
Denmark	DKK	6,231	6,712
Finland	EUR	301	261
The Baltics	EUR	120	116
Group Shared Services	NOK	5,496	4,759
AppXite	EUR	2	0
Atea Group	**NOK**	**34,709**	**32,438**

Contract balances:
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

NOK in million	2018
Receivables, wich are inculded in Trade receivables	6,444
Contract assets	255
Contract liabilities	1,507

The contract assets primarily relates to revenues accrued, but not invoiced.
The contract assets are transferred to Trade receivables when the rights to receive payment become unconditional.

The contract liabilities primarily consists of advance considerations received from customers, and accrued expenses related to supply of goods and services, not yet recorded in Accounts Payable

Changes in the contract assets and the contract liabilities balances during the period are as follows:

NOK in million	Contract assets	Contract liabilities
At 1 January 2018	**238**	**1,359**
Recognised during the year:		
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	-693
Invoiced in advance	-	658
Transfers from contract assets recignized at the beginning of the period to receivables	-116	-
Increases as a result of changes in the measure of progress	134	-
Business combination	-	36
Changes in Other accrued expenses	-	165
Currency translation differences	-2	-17
At 31 December 2018	**255**	**1,507**

NOTE 7 – EMPLOYEE BENEFIT EXPENSE AND REMUNERATION

NOK in million	2018	2017
Wages and salaries to employees	-3,992	-3,790
Total social security costs	-712	-637
Option plans for the management and employees	-61	-37
Pension costs	-352	-311
Other personnel costs	-340	-293
Total employee compensation and benefit expenses	**-5,457**	**-5,068**
Average number of full time employees	7,173	6,886

Remuneration of key group employees

Key group employees are defined here as the managers that report directly to the CEO and are part of the group management. No loans, advances or guarantees have been granted to key group employees or board members. Shares and options owned by key employees are described in Note 17.

CEO of Atea ASA (Group)

In 2018 ,Steinar Sønsteby received a salary of NOK 4,145,000 (NOK 4,295,000 in 2017), as well as a performance-based bonus of NOK 2,717,000, (NOK 2,499,000 in 2017), and an option gain of NOK 0 (NOK 17,630,000 in 2017). The value of payments in kind was NOK 308,000 (NOK 320,000 in 2017). Benefits related to pension plans totalled NOK 61,500 (38,000 in 2017). Upon the termination of his employment he is under certain circumstances entitled to an additional 6 months of salary beyond his period of notice of 6 months.

Chief Financial Officer of Atea ASA (Group)

During 2018, Robert Giori received a salary of NOK 2,604,000 (NOK 2,306,000 in 2017), a performance-based bonus of NOK 853,000 (NOK 877,000 in 2017), an option gain of NOK 0 (NOK 4,181,000 in 2017), as well as an installment on sign-on bonus of NOK 0 (NOK 300,000 in 2017). The value of payments in kind was NOK 10,000 (NOK 10,000 in 2017). Benefits related to pension plan totalled NOK 61,500 (NOK 38,000 in 2017) Upon the termination of his employment he is under certain circumstances entitled to additional 3 months of salary beyond his period of notice of 3 months.

Senior Vice President of Atea ASA (Group)

During 2018, August Baumann received a salary of NOK 2,012,000 (NOK 1,222,000 in 2017), a performance-based bonus of NOK 948,000 (NOK 481,000 in 2017).The value of payments in kind was NOK 324,000 (NOK 131,000 in 2017). Benefits related to pension plan totalled NOK 61,500 (NOK 25,000 in 2017). Upon the termination of his employment he is under certain circumstances entitled to additional 3 months of salary beyond his period of notice of 3 months. August Baumann started in his position in April 2017.

Vice President of Supply Chain Management of Atea ASA (Group)

During 2018, Lorna Stangeland received a salary of NOK 1,917,000 (NOK 1,665,000 in 2017), a performance-based bonus of NOK 869,000 (NOK 289,000 in 2017), and an option gain of NOK 1,450,000 (NOK 0 in 2017). The value of payments in kind was NOK 190,000 (NOK 146,000 in 2017). Benefits related to pension plan totalled NOK 61,500 (NOK 28,000 in 2017). Upon the termination of her employment she is under certain circumstances entitled to additional 9 months of salary beyond her period of notice of 3 months. Lorna Stangeland started in her position in April 2017.

Managing Director of Atea AS (Norway)

In 2018, Michael Jacobs received a salary of NOK 2,770,000 (NOK 2,827,000 in 2017), a performance-based bonus of NOK 1,377,000 (NOK 1,904,000 in 2017), and an option gain of NOK 5,596,000 (NOK 0 in 2017). The value of payments in kind was NOK 364,000 (NOK 364,000 in 2017). Benefits related to pension plans totalled NOK 59,000 (NOK 41,000 in 2017). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 12 months.

Managing Director of Atea AB (Sweden)

In 2018, Carl-Johan Hultenheim received a salary of SEK 3,059,000 (SEK 2,470,000 in 2017), a performance-based bonus of SEK 1,871,000 (SEK 1,252,000 in 2017), and an option gain of SEK 6,944,000, (SEK 5,103,000 in 2017). In 2018 the value of payments in kind was SEK 88,000 (SEK 88,000 in 2017). Benefits related to pension plans totalled SEK 583,000 (SEK 545,000 in 2017). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 12 months.

Managing Director of Atea A/S (Denmark)

In 2018, Morten Felding received a salary of DKK 2,500,000 (DKK 2,500,000 in 2017), a performance-based bonus of DKK 350,000 (DKK 828,000 in 2017), and an option gain of DKK 3,342,000 (DKK 3,435,000 in 2017). Benefits related to pension plan totalled DKK 117,000 (DKK 132,000 in 2017). Morten Felding is not entitled to any special compensation upon the termination of his employment beyond his period of notice of 12 months.

Managing Director of Atea Finland Oy (Finland)

In 2018, Juha Sihvonen received a salary of EUR 256,000 (EUR 242,000 in 2017) a performance-based bonus of EUR 95,000 (EUR 0 in 2017). The value of payments in kind for 2018 was EUR 930 (EUR 14,000 in 2017) and an option gain of EUR 435,000 (EUR 113,000 in 2017). Benefits related to a defined contribution pension plan totalled EUR 10,000 (EUR 10,000 in 2017). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 6 months.

Managing Director of Atea Baltic UAB (the Baltics)

In 2018, Arunas Bartusevicius received a salary of EUR 87,000 (EUR 56,000 in 2017), and an option gain of EUR 224,000 (EUR 185,000 in 2017). The value of payments in kind was EUR 4,000 (EUR 3,000 in 2017). Arunas Bartusevicius is not entitled to any special compensation upon the termination of his employment beyond his period of notice of 3 months.

The Board of Director's declaration and guidelines in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act

Pursuant to Section 5-6 of the Norwegian Public Limited Liability Companies Act, the General Meeting shall consider the Board of Directors' declaration regarding salaries and remuneration to the executive management.

The General Meeting shall conduct a vote on the Board of Directors' proposal for guidelines for salaries and remuneration to the executive management. The vote of the General Meeting is consultative to the Board, with the exception of benefits mentioned in Section 6-16a, first paragraph, item 3 of the Norwegian Public Limited Liability Companies Act (including grant of equity-linked incentives). For these benefits, the vote is binding for the Board of Directors.

The Board of Directors has given the following declaration:

1. Summary of executive compensation policies

The main principle in the Company's policy for executive compensation is that the executive team shall be offered competitive salary terms, with performance-based compensation tied to business results and shareholder value, in order to achieve the desired competence and incentives within the executive management team.

The Company has a separate Compensation Committee that provides the Board of Directors with recommendations regarding salary and other benefits to the company's executive management. Based on the input from the Compensation Committee, guidelines for executive compensation are established by the Board for the coming year, and presented to the General Meeting. According to these guidelines, the salary and other remuneration payable to the President and CEO is determined by the Board of Directors, while compensation payable to other members of the executive management is determined by the CEO in consultation with the Board Chairman.

The above policy for determining executive compensation was valid during 2018 and remains valid for the coming financial year. A more detailed description of the executive compensation paid in 2018 is provided in Note 7 of the Group financial statements.

The Board of Directors is of the opinion that compensation agreements that were entered into or amended in accordance with the description above in the previous financial year have had a positive impact on the company and its shareholders. This is based on the fact that the company has been able to attract and retain the human resources that are required to fulfil the company's objectives.

2. Guidelines for salaries and other remuneration to the executive management in the coming financial year

a) Fixed salary and cash bonus

Remuneration to the executive management team consists of a fixed salary and performance-based compensation. This performance-based compensation has two forms. First, performance-based compensation consists of a cash bonus which is determined by the business results of the organization under the executive's management.

The cash bonus varies by each individual on the executive team, but in no case exceeds their base salary. The cash bonus of the general manager of each country is based on their organization's operating profit relative to a target. The cash bonus of executives in the parent company is based on the Group's operating profit relative to a target, and may be supplemented by additional performance metrics related to the specific objectives of their parent company function. All targets based on operating profit are approved by the Board of Directors following an evaluation of market conditions.

b) Equity-linked incentives

Secondly, performance-based compensation is provided through equity-linked incentives in Atea ASA and/or the subsidiaries. Equity-linked incentives, which can be offered for instance in the form of shares, independent subscription rights (warrants) and stock options, provide management with an interest in the ownership of the company and create additional incentives toward building long-term shareholder value.

Stock options are granted to the executive team, as well as the management teams of each country and other key employees (approx. 4% of the total employees). The maximum number of options granted in any given year to existing members of the executive team are: (i) 225,000 options to the CEO, (ii) 50,000 -150,000 options to each of the other executive team members, depending on the role. If a new executive team member is hired, the maximum number of options which can be granted upon hiring the new executive is three times the applicable maximum for an existing executive team member in the same or similar role.

The following specific limitations apply with respect to grant of stock options in Atea ASA: (i) the stock options vest during a minimum period of three years. The maximum number of options vesting in any given year will not exceed three percent of the shares outstanding in the company. (ii) The strike price of the stock options will be set at the market price at the time of grant. The strike price will be adjusted for any dividends paid before exercise. (iii) Stock option grants have a cap of 3 times the market price at the date of grant. If the share price exceeds the cap price, the options may be settled by the company in cash based on the gain calculated at the cap price, providing an absolute limit to the possible gain.

c) Pension, benefits in kind and severance pay

Finally, members of the executive management team participate in the pension scheme of the local subsidiary in which they are employed. In addition, members of the executive management may receive certain limited benefits in kind, including a company car, telephone/internet access, and subscription to journals/newspapers. The terms of employment for the executive management vary with regard to their entitlement to severance or termination payments. The terms of employment for the executive management vary with regard to their entitlement to severance payments. Details regarding individual severance terms are available in Note 7 of the Group financial statements.

NOTE 8 – OTHER OPERATING COSTS

NOK in million	2018	2017
Car and travel costs	-261	-249
Communication and IT costs	-334	-271
Premises costs	-271	-279
Marketing costs	-88	-88
Bad debts	-4	-6
Other costs [1), 2)]	-58	-82
Total other operating expenses	**-1,018**	**-975**

[1)] Audit fees

The table below shows Deloitte's total charges for auditing and other services. All amounts are exclusive of VAT.

NOK in million	2018	2017
Auditor's fees	-6	-7
Assurance services	-1	-1
Tax advisory services	-1	-1
Other non-audit services	-1	-1
Total	**-9**	**-9**

[2)] Remuneration to the Board of Directors of Atea ASA

NOK 1.2 million was paid in fees to the Board of Directors of Atea ASA in 2018 (NOK 1.2 million in 2017). Fees to the Chairman of the Board amounted to NOK 300,000, fees to the employee representatives amounted to NOK 100,000 each and the rest of the Board of Directors received a fee of NOK 150,000 each.

NOK 300,000 was paid in fees to the Audit Committee of Atea ASA in 2018, or NOK 100,000 to each of the members. This is the same as in 2017.

NOTE 9 – NET FINANCIAL ITEMS

NOK in million	2018	2017
Interest income	7	5
Other financial income	3	2
Total financial income	**10**	**6**
Interest costs on loans	-36	-34
Interest costs on financial leases	-7	-10
Foreign exchange effects	-16	-30
Other financial expenses	-7	-7
Total financial expenses	**-66**	**-81**
Total net financial items	**-56**	**-75**

Foreign exchange effects included in operating profit total NOK 4 million in 2018 (NOK 10 million in 2017).

NOTE 10 – TAXES

Income tax recognized in profit or loss:

NOK in million	2018	2017
Current tax		
Norway	-	-
Other countries	-117	-101
Deferred tax		
Origination and reversal of temporary differences	-2	15
Net losses utilised	-45	-94
Change in deferred tax assets due to tax losses previously unrecognized	-3	-1
Total income tax expenses	**-167**	**-181**
- of which associated with continued operations	-167	-181

The income tax expense for the year can be reconciled to the accounting profit as follows:

NOK in million	2018	2017
Profit before tax	**634**	**724**
Income tax expense calculated at 23% (2017: 24%) [2]	-146	-174
Effect of income non-taxable and expenses non-deductible [3]	-10	1
Effect of previously unrecognized and unused tax losses and deductable temporary differences now recognized as deferred tax assets	4	1
Effect of different tax rates of subsidiaries operating in other jurisdictions [4]	5	12
Effect of deferred tax balances due to the change in income tax rates [4]	-17	-21
Effect of deferred tax changes recognised in other comprehensive income or directly in equity	-2	4
Total	**-165**	**-177**
Adjustments recognised in the current year in relation to the current tax of prior years	-2	-4
Income tax expense recognised in profit or loss	**-167**	**-181**
Effective tax rate	26.4%	25.0%

Income tax recognised in other comprehensive income

NOK in million	2018	2017
Current tax	-	-
Deferred tax		
Relating to currency effect on equity loans	-	-1
Relating to forward contracts	-2	-3
Total income tax expenses recognized in other comprehensive income	**-2**	**-4**

Income tax recognised directly in equity

NOK in million	2018	2017
Current tax	-	-
Deferred tax		
Relating to forward contracts	4	1
Total income tax expenses recognized directly in equity	**4**	**1**

Deferred tax balances are presented in the statement of financial position as follows:

NOK in million	31 Dec 2018	31 Dec 2017
Deferred tax assets related to carryforward losses [1]	394	441
Deferred tax assets related to temporary differences [1]	6	46
Deferred tax liabilities	-234	-275
Net deferred tax assets (liabilities)	**166**	**212**

Deferred tax assets (liabilities)

	2018						
NOK in million	Book value at 1 Jan 2018	Recognized in P/L	Recognized in other compr. income	Recognized in equity	Business combin./ disposals	Currency translation differences	Book value at 31 Dec 2018
Temporary differences							
Property, plant and equipment	-10	9	-	-	0	0	-1
Intangible assets [5)]	-181	8	-	-	-2	2	-173
Inventories	6	-0	-	-	-	0	5
Trade and other receivables	-3	-1	-	-	0	-0	-4
Provisions and accruals	25	-13	-	-	-	-0	12
Capital gain/loss accounts	-77	3	-	-	-	2	-72
Financial leases	11	-4	-	-	-	0	6
Other financial liabilities	2	-4	-2	4	-	-0	-1
Other differences	-2	1	-	-	-	0	-1
Total	**-229**	**-2**	**-2**	**4**	**-2**	**4**	**-228**
Unused tax losses and credits							
Tax loss carryforward	443	-45	-	-	-	1	399
Deferred tax assets not recognized on statement of financial position	-2	-3	-	-	-	-	-4
Deferred tax assets recognized on the statement of financial position	**441**	**-48**	**-**	**-**	**-**	**1**	**394**
Net deferred tax assets recognized on the statement of financial position	**212**	**-50**	**-2**	**4**	**-2**	**5**	**166**

Deferred tax assets (liabilities)

	2017						
NOK in million	Book value at 1 Jan 2017	Recognized in P/L	Recognized in other compr. income	Recognized in equity	Business combin./ disposals	Currency translation differences	Book value at 31 Dec 2017
Temporary differences							
Property, plant and equipment	-14	6	-	-	-	-2	-10
Intangible assets [5]	-182	14	-	-	-	-13	-181
Inventories	7	-1	-	-	-	0	6
Trade and other receivables	-3	1	-	-	-	-0	-3
Provisions and accruals	11	13	-	-	-	0	25
Capital gain/loss accounts	-56	-19	-	-	-	-2	-77
Financial leases	16	-7	-	-	-	1	11
Other financial liabilities	-3	7	-4	1	-	0	2
Other differences	-3	1	-	-	-	0	-2
Total	**-225**	**15**	**-4**	**1**	**-**	**-16**	**-229**
Unused tax losses and credits							
Tax loss carryforward	537	-94	-	-	-	1	443
Deferred tax assets not recognized on statement of financial position	-1	-1	-	-	-	-	-2
Deferred tax assets recognized on the statement of financial position	**536**	**-95**	**-**	**-**	**-**	**1**	**441**
Net deferred tax assets recognized on the statement of financial position	**311**	**-80**	**-4**	**1**	**-**	**-15**	**212**

The Group's tax losses expires as follows:

NOK in million	2019	2020	2021	2022 and later	No expiration deadline	Total at 31 Dec 2018
Norway	-	-	-	-	1,688	1,688
Sweden	-	-	-	-	-	-
Denmark	-	-	-	-	124	124
Finland	-	-	-	-	0	0
The Baltics	-	-	-	-	0	0
Total	**-**	**-**	**-**	**-**	**1,812**	**1,812**

1) Atea recognises deferred tax assets on the statement of financial position when it has been deemed adequately probable that the operations in the indvidual country will generate a taxable profit that the tax loss carry forward can be used to offset. Taking into account the historical losses and cyclical nature, future earnings are not deemed probable until the individual company has actually reported a taxable profit for a period of time. When calculating tax assets that are not to be recognised, the expected profit is only taken into account for a limited future period (normally limited to a maximum period of 5 years).

2) The tax rate used for the 2018 reconciliations above is the corporate tax rate of 23% (2017: 24%) payable by corporate entities in Norway on taxable profits under the tax law in that jurisdiction.

3) Non taxable income and non deductible expenses pursuant to the countries income tax laws.

4) Nominal tax rates in 2018 by country: Norway - 23% (22% from 1 January 2019), Sweden - 22% (21.4% from 1 January 2019), Finland - 20%, Denmark - 22%, The Baltic - 0-15% .
Nominal tax rates in 2017 by country: Norway - 24% (23% from 1 January 2018) , Sweden - 22%, Finland - 20%, Denmark - 22%, The Baltic - 0-15%.

5) Primarily related to depreciable excess values from business combinations.

NOTE 11 – EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

NOK in million	2018	2017
Profit for the period	467	543
Weighted average number of outstanding shares (in million)	108	107
Basic earnings per share (NOK)	4.33	5.10

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are share options issued. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

NOK in million	2018	2017
Profit for the period	467	543
Weighted average number of outstanding shares (in million)	110	109
Diluted earnings per share (NOK)	4.26	5.00

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

NOK in million	Buildings and property	Land	Vehicles and office machines	Furniture and fittings	Computer equipment	Total
Acquisition cost						
Book value at 1 January 2017	**106**	**18**	**132**	**272**	**1,646**	**2,173**
Changes from prior years	-2	-	-2	1	2	-0
Additions						
Ordinary additions	0	-	6	7	169	183
Disposals [1]	-0	-	-5	-1	-71	-77
Currency translation effects	7	1	10	14	94	127
Book value at 31 December 2017	**111**	**19**	**143**	**293**	**1,841**	**2,406**
Changes from prior years	-	-	-0	-0	-0	-1
Additions						
Ordinary additions	6	-	5	34	203	248
Disposals [1]	-	-	-4	-9	-35	-48
Currency translation effects	1	0	1	-4	5	3
Book value at 31 December 2018	**117**	**19**	**144**	**315**	**2,012**	**2,608**

[1] Gain/loss on the disposal of property, plant and equipment accounted for insignificant amounts in 2017 and 2018.

NOK in million	Buildings and property	Land	Vehicles and office machines	Furniture and fittings	Computer equipment	Total
Accumulated depreciation and write-downs						
Book value at 1 January 2017	**-31**	**-**	**-106**	**-202**	**-1,152**	**-1,492**
Changes from prior years	-	-	-0	-1	1	0
Depreciation	-4	-	-6	-17	-233	-260
Disposals [1]	0	-	4	1	70	74
Currency translation effects	-1	-	-12	-10	-73	-96
Book value at 31 December 2017	**-36**	**-**	**-121**	**-230**	**-1,386**	**-1,774**
Changes from prior years	-	-	0	0	0	0
Depreciation	-4	-	-5	-17	-223	-249
Disposals [1]	-	-	3	8	34	45
Currency translation effects	-0	-	-4	3	-7	-9
Book value at 31 December 2018	**-41**	**-**	**-127**	**-236**	**-1,582**	**-1,986**
Book value at 1 January 2017	**-0**	**-**	**-0**	**-0**	**-0**	**-0**
Write-downs	-	-	-0	-0	-	-0
Book value at 31 December 2017	**-1**	**-**	**-0**	**-0**	**-3**	**-4**
Write-downs	-	-	0	-	-	0
Book value at 31 December 2018	**-1**	**-**	**-0**	**-0**	**-3**	**-4**
Acquisition cost	111	19	143	293	1,841	2,406
Accumulated depreciation and write downs	-37	-	-121	-230	-1,390	-1,778
Book value at 31 December 2017	**73**	**19**	**22**	**62**	**451**	**628**
Acquisition cost	117	19	144	315	2,012	2,608
Accumulated depreciation and write downs	-42	-	-127	-236	-1,585	-1,990
Book value at 31 December 2018	**75**	**19**	**17**	**79**	**427**	**617**

[1] Gain/loss on the disposal of property, plant and equipment accounted for insignificant amounts in 2017 and 2018.

Financial leases:

Computer equipment acquired through financial leases, where all the risk and control rests essentially with the Group, includes the following:

NOK in million	2018	2017
Recognised historical cost of financial leases	620	612
Accumulated depreciation	-536	-489
Book value at 31 December	**85**	**121**

Vehicles acquired through financial leases, where all the risk and control rests essentially with the Group, includes the following:

NOK in million	2018	2017
Recognised historical cost of financial leases	23	26
Accumulated depreciation	-15	-15
Book value at 31 December	**8**	**11**

The maturity of the financial lease liabilities are presented in Note 19.

Operating leases:

The future minimum lease payments under non-cancellable operating leases are as follows:

2018	Maturity within 1 year	1-5 years	Maturity after more than 5 years
Payment for leased premises (gross)	202	488	116
Subleasing of premises	-4	-8	-
Net payments after deduction of subleasing	**197**	**480**	**116**
Vehicles and equipment leases	96	76	-
Total future lease payments	**293**	**556**	**116**

2017	Maturity within 1 year	1-5 years	Maturity after more than 5 years
Payment for leased premises (gross)	167	556	174
Subleasing of premises	-8	-33	-6
Net payments after deduction of subleasing	**159**	**523**	**168**
Vehicles and equipment leases	73	64	-
Total future lease payments	**232**	**587**	**168**

NOTE 13 – GOODWILL AND INTANGIBLE ASSETS

NOK in million	Goodwill	Contracts and customer relationships	Computer software and rights	Total other intangible assets
Acquisitions				
Accumulated value at 1 January 2017	**3,658**	**626**	**899**	**1,526**
Changes from prior years	-1	-	4	4
Additions				
Ordinary additions	-	-	87	87
Business combinations	-	-	-	-
Disposals [1]	-1	-	-3	-3
Currency translation effects	189	36	53	89
Accumulated value at 31 December 2017	**3,845**	**663**	**1,039**	**1,702**
Changes from prior years	-0	-	-10	-10
Additions				
Ordinary additions	-	-	78	78
Business combinations	62	9	-	9
Disposals [1]	-	-397	-2	-399
Currency translation effects	-7	-0	1	1
Accumulated value at 31 December 2018	**3,901**	**275**	**1,109**	**1,383**
Accumulated amortisation and write-downs				
Accumulated value at 1 January 2017	**-**	**-564**	**-636**	**-1,200**
Changes from prior years	-	-	-5	-5
Amortisation	-	-32	-83	-115
Disposals [1]	-	-	1	1
Currency translation effects	-	-33	-41	-74
Accumulated value at 31 December 2017	**-**	**-629**	**-765**	**-1,394**
Changes from prior years	-	-	0	0
Amortisation	-	-31	-90	-121
Disposals [1]	-	397	9	407
Currency translation effects	-	-1	-3	-4
Accumulated value at 31 December 2018	**-**	**-264**	**-849**	**-1,112**

NOK in million	Goodwill	Contracts and customer relationships	Computer software and rights	Total other intangible assets
Accumulated value at 1 January 2017	**-**	**-**	**-31**	**-31**
Write-down additions	-	-	-1	-1
Currency translation differences write-down	-	-	-2	-2
Accumulated value at 31 December 2017	**-**	**-**	**-35**	**-35**
Write-down additions	-	-	0	0
Currency translation differences write-down	-	-	-0	-0
Accumulated value at 31 December 2018	**-**	**-**	**-34**	**-34**
Acquisition cost	3,845	663	1,039	1,702
Accumulated amortisation and write-downs	-	-629	-799	-1,428
Book value at 31 December 2017	**3,845**	**34**	**239**	**273**
Acquisition cost	3,901	275	1,109	1,383
Accumulated amortisation and write-downs	-	-264	-883	-1,147
Book value at 31 December 2018	**3,901**	**11**	**226**	**237**

[1] Gain/loss on the disposal of intangible assets accounted for insignificant amounts in 2017 and 2018.

Allocations of goodwill

NOK in million	2018	2017
Norway	1,130	1,068
Sweden	658	678
Denmark	1,579	1,566
Finland	178	176
The Baltics	242	240
The Group Shared Services	114	117
Total	**3,901**	**3,845**

The Group does not have any significant research expenses.
Development costs related to internal systems are capitalised in the balance sheet with NOK 56 million (NOK 36 million in 2017).

Goodwill impairment test

Goodwill and other assets are allocated to the Group's cash-generating units. Atea allocates goodwill to the actual country of operation (segment) where the operations are located.

Goodwill has an indefinite useful life and is not amortised, but impairment losses are recognised if the recoverable amount is less than the book value.

Recoverable amounts for cash-generating units are estimated based on calculating the asset's value in use. Cash flow forecasts are used based on the budget for revenues, product/service mix, profit margins, costs and capital employment. Revenue growth for 2019 is based on budget approved by the Board of Directors and growth estimates for 2020-2023 varies between 0% and 5% based on management estimates and expected market growth in every country. Cash flows beyond these five years are based on an expected growth rate of 1.2% -2.5% for an indefinite period (determined primarily by external market analyses).

Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its Weighted Average Cost of Capital (WACC). The WACC rates used in discounting the future cash flows are based on a 10-year government bond rate in the respective countries, adjusted for weighted average interest margin on external Group facilities. A market risk premium and a country risk premium is added. The discount rates also take into account the gearing, corporate tax rate, and asset beta.The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying beta factor. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Sensitivity analysis:

In addition to impairment testing using the base case assumptions above, two separate sensitivity analyses were performed for each cash-generating units:
1) A discount rate analysis where the discount rate was increased by 5%.
2) Revenue growth in 2020-2023 is 1- 5% below estimated growth, 2019 as budgeted.

Management believes that any reasonably possible change in the key assumptions above, will not cause the aggregate carrying amount to exceed the aggregate recoverable amount of any of the cash generating unit.

WACC (Weighted Average Cost of Capital) used [1]:

	2018	2017
Norway	9.0%	7.1%
Sweden	7.1%	6.0%
Denmark	6.9%	5.6%
Finland	7.1%	5.6%
The Baltics [2]	7.5%	5.9%

[1] At 30 September.
[2] Volume-weighted average for Estonia, Latvia and Lithuania.

NOTE 14 – INVESTMENTS IN ASSOCIATED COMPANIES

The Group had one investment associated company as at 31 December 2018. Erate AS, aquired in April 2017 provides a platform which facilitates the setup of virtual mobile operators in the telecom industry. Their customers benefit from already established network operator agreements and economies of scale. The acquisition will strengthen Atea's ability to drive innovation, and product and service development to the mobile market.

Entity	Country	Industry	Ownership interest
Erate AS	Norway	Virtual mobile operator	16.6%

The investment is recognized on the balance sheet using the equity method, because Atea is represented on the Board of DIrectors in Erate AS. The investment is initially recorded at cost, and subsequently adjusted to reflect the investor's share of the net assets of the associate.

Reconciliation of summmarised financial information NOK in million	Erate AS
Book value at 1 January 2018	12
Sale of shares	-1
Share of profit after tax in 2018 (included in Net Financial items)	2
Book value at 31 December 2018	**13**

NOTE 15 – INVENTORIES

NOK in million	2018	2017
Cost of inventories	870	632
Accumulated provisions for write-downs	-39	-42
Book value at 31 December	**830**	**591**
Provision for write-downs at 1 January	**-42**	**-46**
Additional provisions	-5	3
Used provisions	6	3
Foreign exchange effects on inventory write-downs	0	-1
Provision for write-downs at 31 December	**-39**	**-42**
Write-down of inventories recognised as an expense and included in cost of goods sold	6	5
Inventories recognised as an expense during the period	-16,336	-15,619

Inventory of spare parts are written-down over the average length of the service contracts.

NOTE 16 – TRADE AND OTHER RECEIVABLES

NOK in million	2018	2017
Trade receivables	6,472	6,677
Provisions for bad debts	-27	-30
Net book value of trade receivables	**6,445**	**6,648**
Prepaid expenses	819	752
Accrued revenue (Note 6)	255	238
Other current receivables	466	309
Other receivables	**1,541**	**1,299**
Total trade and other receivables	**7,986**	**7,947**
Other long-term receivables	28	6
Total other long-term receivables	**28**	**6**
Provisions for bad debts at 1 January	**-30**	**-24**
Additional provisions	-3	-8
Used provisions	5	3
Amount written off as uncollectable	0	1
Amount collected during the year	0	-1
Foreign exchange effect on bad debts	0	-1
Provisions for bad debts at 31 December	**-27**	**-30**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers spread across several countries. Maximum exposure to receivables corresponds to NOK 6,700 million (NOK 6,886 million in 2017).

As of 31 December 2018 the Group has a maximum limit of NOK 1,040 million through an overdraft facility secured by receivables (NOK 1,452 million at the end of 2017). All trade receivables up to this limit have been pledged as security for overdraft facility. See Note 19 for additional information.

As of 31 December 2018, Atea Norway sold receivables of NOK 350 million under the securitization facility. See Note 19 for more information.

The Group has recognised a loss of NOK 4 million related to trade receivables in 2018 (NOK 6 million in 2017). See Note 8 for more information.

See otherwise Note 3.1.2 with regard to credit risk.

Maturity analysis for trade receivables not due

NOK in million	2018	2017
Non-due < 30	5,369	5,644
Non-due 31-90	313	407
Non-due > 91	14	6
Total	**5,696**	**6,056**

Maturity analysis for trade receivables due

NOK in million	2018	2017
Maturity < 30 days	673	577
Maturity 31-90 days	82	40
Maturity > 91 days	21	5
Total	**776**	**621**

NOTE 17 – SHARE CAPITAL AND PREMIUM, OPTIONS AND SHAREHOLDERS

	Number of shares		Share capital			
NOK in million, except number of shares	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total paid-in equity
At 1 January 2017	**105,769,672**	**-7,844**	**106**	**0**	**163**	**269**
Issue of share capital	1,812,273	-	2	-	84	86
At 31 December 2017	**107,581,945**	**-7,844**	**108**	**0**	**247**	**355**
At 1 January 2018	**107,581,945**	**-7,844**	**108**	**0**	**247**	**355**
Issue of share capital	1,108,572	-	1	-	55	56
At 31 December 2018	**108,690,517**	**-7,844**	**109**	**0**	**302**	**410**

Shares and share capital

In 2018 the nominal value of shares was NOK 1 per share. All the shares issued by the company are fully paid.

Treasury shares

Atea ASA holds 7,844 treasury shares at 31 December 2018 (7,844 at 31 December 2017).

Share options

Share options have been allotted to the management and selected employees. Each share option allows for the subscription of one share in Atea ASA. The fair value of the options is calculated when they are allotted and expensed over the vesting period. A cost of NOK 54 million has been charged as an expense in the income statement in 2018 relating to the share option programmes (NOK 16 million in 2017). In addition, National Insurance contribution expenses of NOK 7 million have been charged as an expense in 2018 (NOK 21 million in 2017).

	2018		2017	
	Number of options	Weighted average exercise price (NOK)	Number of options	Weighted average exercise price (NOK)
Outstanding at 1 Jan	3,351,509	57	4,945,467	54
Granted	5,800,501	115	549,000	101
Exercised	-1,208,572	51	-37,001	34
Lapsed/terminated	-303,587	96	-293,684	58
Outstanding at 31 Dec	7,639,851	93	3,351,509	57
Vested options	1,645,350	43	1,030,162	43

The weighted average value of the share options granted in 2018 was NOK 24 (NOK 21 in 2017). The share options were valued by a third party according to the Black-Scholes valuation model. The conditions for exercising the different share option programmes are set for each programme on an individual basis.

Terms of the outstanding options are as follows:

	Outstanding options			Vested options	
Exercise price	Outstanding options at 31 Dec 2018	Weighted average contractual life (Year)	Weighted average exercise price (NOK)	Vested options at 31 Dec 2018	Weighted average exercise price (NOK)
50.00 - 60.00	480,000	0.92	57	480,000	57
60.00 - 70.00	999,203	0.82	68	999,203	68
70.00 - 80.00	150,000	1.16	73	50,000	73
80.00 - 90.00	-	-	-	-	-
90.00 - 100.00	116,000	2.24	97	-	-
100.00 - 110.00	270,000	2.41	101	90,000	101
110.00 - 120.00	5,624,648	3.95	115	26,147	114
Total	**7,639,851**	**3.21**	**104**	**1,645,350**	**68**

Variables in the model for the allotment of options in 2018:

Weighted average volatility	28%
Weighted average risk-free interest rate	1.1%
Weighted average expected life (years)	3.4

10 largest shareholders at 31 December 2018 [1]	Shares	%
Systemintegration APS [2]	27,246,398	25.1%
Folketrygdfondet	9,399,129	8.6%
Odin Norden	3,256,029	3.0%
State Street Bank & Trust Co. [3]	3,251,761	3.0%
Handelsbanken Norden Selektiv	3,200,000	2.9%
State Street Bank and Trust Co. [3]	2,898,578	2.7%
State Street Bank & Trust Co. [3]	2,452,613	2.3%
Odin Norge	2,447,198	2.3%
Didner and Gerge Smabolag	2,163,180	2.0%
RBC Investor Services Trust	2,073,650	1.9%
Other	50,301,981	46.3%
Total number of shares	**108,690,517**	**100.0%**

Number of shareholders:	7,263
Percentage of foreign shareholders:	71%

[1] Source: Norwegian Central Securities Depository (VPS).
[2] Includes shares owned by Ib Kunøe.
[3] Includes client nominee accounts.

Shares and options owned by key employees who are Board Members at 31 December 2018

Key employees in the Atea Group		Shares [1]	Options	Maturity date for options
Steinar Sønsteby	CEO of Atea ASA	2,000	1,505,000	15 December 2022
Robert Giori	CFO of Atea ASA	14,327	476,667	15 December 2022
August Baumann	Senior Vice President of Atea ASA	2,200	280,000	15 December 2022
Lorna Margaret Stangeland	VP Supply Chain Management	-	150,000	15 December 2022
Michael Jacobs	Managing Director of Atea AS (Norway)	-	350,000	15 December 2022
Carl-Johan Hultenheim	Managing Director of Atea AB (Sweden)	14,000	375,000	15 December 2022
Morten Felding	Managing Director of Atea A/S (Denmark)	-	300,000	15 December 2022
Juha Sihvonen	Managing Director of Atea Oy (Finland)	-	190,000	15 December 2022
Arunas Bartusevicius	Managing Director of Atea Baltic UAB (Baltics)	100,194	190,000	15 December 2022
Board Members of Atea ASA				
Ib Kunøe	Board Chairman	27,370,593	-	-
Morten Jurs	Member of the Board	-	-	-
Sven Madsen	Member of the Board	-	-	-
Lisbeth Toftkær Kvan	Member of the Board	-	-	-
Saloume Djoudat	Member of the Board	1,200	-	-
Marianne Urdahl	Member of the Board (employee elected)	767	-	-
Truls Berntsen	Member of the Board (employee elected)	-	-	-
Marthe Dyrud	Member of the Board (employee elected)	6,500	-	-

[1] Direct and indirect ownership.

Share option allotment, redemption and holdings for key employees:

	Holdings at 1 Jan 2018	Granted in 2018	Exersised in 2018	Holdings at 31 Dec 2018	Exercise price (NOK)
Steinar Sønsteby	830,000	675,000	-	1,505,000	67.18
Robert Giori	176,667	300,000	-	476,667	83.85
August Baumann	210,000	70,000	-	280,000	93.12
Lorna Margaret Stangeland	150,000	50,000	-50,000	150,000	91.83
Michael Jacobs	250,000	200,000	-100,000	350,000	84.93
Carl-Johan Hultenheim	100,000	375,000	-100,000	375,000	108.50
Morten Felding	66,667	300,000	-66,667	300,000	110.05
Juha Sihvonen	66,667	190,000	-66,667	190,000	108.50
Arunas Bartusevicius	33,333	190,000	-33,333	190,000	108.50

NOTE 18 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2018	2017
Trade payables	**7,125**	**6,755**
Public fees payable	721	889
Prepayments from customers	912	813
Accrued holiday payments	547	524
Deferred income	169	317
Other accrued expenses (supplier of goods)	426	229
Other current liabilities	129	317
Total other current liabilities	**2,904**	**3,088**
Total trade payables and other current liabilities	**10,029**	**9,843**

Maturity analysis trade payable:

NOK in million	2018	2017
Due < 30	5,503	5,098
Due 31-90	1,582	1,655
Due > 91	40	1
Total	**7,125**	**6,755**

NOTE 19 – BORROWINGS

NOK in million	2018	2017
Long-term loans		
Long-term interest-bearing loans	483	14
Financial leases expiring more than one year in the future	73	106
Total long-term loans	**557**	**120**
Short-term loans		
Short-term interest-bearing loans	197	863
Financial leases expiring less than one year in the future	27	40
Total short-term loans	**224**	**903**
Total loans	**781**	**1,022**

Securitization
In December 2018, Atea ASA and its subsidiaries in Norway, Sweden and Denmark entered into a securitization contract organized by a bank, consisting of 2 facilities. The first facility enables Atea to sell specified receivables of up to NOK 1,500 million. The facility has a three year term, and has an implicit discount rate of IBOR 3M + 0.60%. The second facility is an uncommitted revolving credit facility of NOK 800 million secured by other receivables.

EIB loan
Atea ASA has entered into a loan agreement for NOK 475 million with the European Investment Bank in May 2018. The loan is unsecured, and will be repaid in a single installment following a term of five years.

Overdraft facility
The Group has an overdraft facility of NOK 400 million provided by Nordea Bank Norge ASA. None of this facility had been utilised at 31 December 2018 and 31 December 2017. Amounts drawn on this facility are classified as short-term debt. The facility has standard terms and conditions for this type of financing.

Overdraft facility secured by receivables
The Group has an overdraft facility agreement with Nordea Finans in Norway, Sweden and Denmark secured by trade receivables. The Group can borrow up to a maximum of 80% of the outstanding trade receivables through this agreement. The facility limit was NOK 1,040 million in total as of 31 December 2018 (NOK 1,452 million in total as of 31 December 2017). The actual drawdown available based on this agreement is based on the size of the trade receivables. As of 31 December 2018, the total drawdown available under this facility was NOK 780 million (NOK 1,329 million as of 31 December 2017). Drawings on the facility are classified as short-term debt.

Trade receivables in Atea AS, Atea Sverige AB and Atea A/S up to NOK 1,040 million as of 31 December 2018 (NOK 1,452 million as of 31 December 2017) are pledged as security for the facility. The loan is secured by a down-stream guarantee by Atea ASA. The facility has standard terms and conditions for this type of financing.

Long-term bank loan, DKK 500 million
The loan was entered into in June 2013 and arranged by Nordea Bank, Denmark. The loan was secured by a down-stream guarantee by Atea ASA. As maturity was June 2018, the facility was classified as short-term debt at 31 December 2017. Loan was paid back in December 2018.

Unsecured bond loan, NOK 300 million
The loan was entered into in June 2013 and arranged by Norsk Tillitsmann. The loan was listed on Oslo Stock Exchange and was traded as of September 2013. As maturity was June 2018, the facility was classified as short-term debt at 31 December 2017. Bond loan was paid back in June 2018.

Financial covenant
The financial covenant which applies to the above EIB loan facility and the Nordea facilities is a Leverage Ratio for the Group of 2.5x. Leverage Ratio means the ratio of net interest-bearing Debt to EBITDA. EBITDA in this calculation is pro forma, i.e. adjusted for acquisition of businesses, and sale of existing business units in the Group. The financial covenant is measured end of each quarter. The Group is compliant with the covenant at the balance date (see Note 21 and Alternative Performance Measures section).

The Group is exposed to interest rate changes with respect to loans based on the following repricing structure:

NOK in million	2018	2017
6 months or less	112	20
6-12 months	112	883
1-5 years	557	120
Total	**781**	**1,022**

Interest on the date of the balance sheet was as follows:

NOK in million	2018	2017
Long-term loans		
EIB loan	2.3%	-
Securitization facility	1.7%	-
Financial leases - duration more than 1- year	2.9%	2.9%
Bank loan	-	2.6%
Bond	-	3.0%
Short-term loans		
Overdraft facility	1.4%	1.4%
Overdraft facility secured by receivables	1.1%	1.1%
Financial leases - duration less than 1- year	2.9%	2.9%
Average weighted interest rate	**1.5%**	**1.8%**

Maturity analysis for loans 2018 [1]

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Financial leases	9	9	9	73	100
Long-term financing	1	2	8	522	533
Short-term financing	-	-	197	-	197
Total	**10**	**11**	**214**	**595**	**830**

Maturity analysis for loans 2017 [1]

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Financial leases	13	13	13	106	145
Long-term financing	-	-	-	14	14
Short-term financing	2	4	882	12	900
Total	**15**	**17**	**895**	**132**	**1,060**

[1] Includes interest payable.

NOTE 20 – CHANGES IN FINANCIAL LIABILITIES

NOK in million	Other long term loans	Interest-bearing long-term liabilities	Interest-bearing current liabilities	Total
Balance at 1 January 2018	**6**	**-120**	**-903**	**-1,016**
Bond loan paid back	-	-	300	300
Bank loan paid back	-	-	644	644
Preceeds from EIB loan	-	-475	-	-475
Other cash payments	20	21	-259	-217
Deferred interest expenses	-	5	3	7
Other non-cash items	-	12	-13	-1
Currency effect	1	1	4	5
Balance at 31 December 2018	**27**	**-557**	**-224**	**-753**

NOK in million	Other long term loans	Interest-bearing long-term liabilities	Interest-bearing current liabilities	Total
Balance at 1 January 2017	**7**	**-1,079**	**-152**	**-1,223**
Cash payments	-	32	230	262
Non-cash items	-2	948	-945	2
Currency effect	0	-20	-36	-56
Balance at 31 December 2017	**6**	**-120**	**-903**	**-1,016**

NOTE 21 – LIQUIDITY RESERVE

NOK in million	2018	2017
Cash and cash equivalents		
Cash and bank deposits	764	1,125
– of which restricted funds	154	3
Unrestricted cash	**609**	**1,128**
Unutilised short-term overdraft facilities	3,206	1,729
Draft limitation, financial covenant [1]	-1,160	208
Liquidity reserve	**2,655**	**3,065**

Loan facilities (see Note 19 for more information)

NOK in million	2018	2017
Long term		
Unsecured EIB loan	475	-
-of which utilised	475	-
Commited securitization facility	1,500	-
-of which utilised	350	-
Short term		
Uncommited securitization facility	800	-
-of which utilised	-	-
Overdraft facility	400	400
-of which utilised	-	-
Overdraft facility secured by receivables	1,040	1,452
-of which utilised	184	123
Bank loan	-	661
-of which utilised	-	661
Unsecured bond loan	-	300
-of which utilised	-	300

[1] Limited by a bond covenant ratio in 2018 and 2017 of 2.5x EBITDA (net debt/last twelve months pro forma EBITDA)

NOTE 22 – PROVISIONS

NOK in million	Restructuring	Profit-sharing and bonuses	Legal and tax claims	Losses on fixed price contracts	Total
At 1 January 2018	**2**	**233**	**4**	**19**	**258**
Recognised during the year:					
Additional provision during the year	3	191	-	2	196
Unutilised provision reversed	-	-1	-	-7	-9
Used during the year	-3	-179	-4	-8	-194
Currency translation effects	-0	-3	0	-0	-4
At 31 December 2018	**1**	**240**	**-**	**5**	**247**

NOK in million	Restructuring	Profit-sharing and bonuses	Legal and tax claims	Losses on fixed price contracts	Total
At 1 January 2017	**7**	**210**	**-**	**15**	**233**
Recognised during the year:					
Additional provision during the year	2	811	-	13	826
Unutilised provision reversed	-1	-6	-	-	-6
Used during the year	-7	-790	4	-10	-804
Currency translation effects	0	8	-	1	9
At 31 December 2017	**2**	**233**	**4**	**19**	**258**

NOTE 23 – CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

2018:

NOK in million	FVTOCI	Amortised cost	Fair value [1]
Financial assets			
Trade receivables		6,445	6,445
Other receivables [2]		466	466
Cash and cash equivalents		764	764
Derivative contracts	1		1
Financial liabilities			
Interest-bearing long-term liabilities		557	557
Other long-term liabilities [3]		8	8
Trade payables		7,125	7,125
Interest-bearing current liabilities		224	224
Other financial liabilities		10	10
Other current liabilities [3]		2,588	2,588
Derivative contracts	-2		-2

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses and accrued revenue.
[3] Less other provision.

2017:

NOK in million	FVTOCI	Amortised cost	Fair value [1]
Financial assets			
Trade receivables		6,648	6,648
Other receivables [2]		309	309
Cash and cash equivalents		1,125	1,125
Financial liabilities			
Interest-bearing long-term liabilities		120	120
Other long-term liabilities [3]		13	13
Trade payables		6,755	6,755
Interest-bearing current liabilities		903	903
Other financial liabilities		8	8
Other current liabilities [3]		2,686	2,686
Derivative contracts	-2		-2

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses and accrued revenue.
[3] Less other provision.

NOTE 24 – CORPORATE STRUCTURE OF THE ATEA GROUP

	From date	Local currency	Voting rights/ ownership (%)	Primary activity
Holding				
Atea ASA		NOK	Listed	Holding
Norway				
Atea AS		NOK	100%	IT infrastructure
Sherpa Consulting AS	11.09.2018	NOK	100%	IT infrastructure
Atea Finans AS		NOK	100%	Leasing
Sweden				
Atea Holding AB		SEK	100%	Holding
Atea Sverige AB		SEK	100%	IT infrastructure
Atea Finans AB		SEK	100%	Leasing
Denmark				
Atea Danmark Holding A/S		DKK	100%	Holding
Atea A/S		DKK	100%	IT infrastructure
DTK Audio Produkter A/S		DKK	100%	IT infrastructure
Atea Danmark A/S		DKK	100%	IT infrastructure
AT Vision ApS		DKK	100%	IT infrastructure
Axcess Holding ApS		DKK	100%	IT infrastructure
Atea Inc		USD	100%	IT infrastructure
Atea Finans A/S		DKK	100%	Leasing
Finland				
Atea Holding Oy		EUR	100%	Holding
Atea Oy		EUR	100%	IT infrastructure
BCC Finland Oy		EUR	100%	IT infrastructure
Atea Finance Finland Oy		EUR	100%	Leasing
Topnordic Finland Oy		EUR	100%	IT infrastructure

	From date	Local currency	Voting rights/ ownership (%)	Primary activity
The Baltics				
Atea Baltic UAB		EUR	100%	Holding
Atea UAB		EUR	100%	IT infrastructure
Atea AS		EUR	100%	IT infrastructure
Atea Finance OÜ		EUR	100%	Leasing
Atea Finance Lithuania UAB		EUR	100%	Leasing
Solver UAB		EUR	100%	IT infrastructure
EIT Sprendimai UAB		EUR	100%	IT infrastructure
BMK UAB		EUR	100%	IT infrastructure
Baltnetos Komunikacijos UAB		EUR	100%	IT infrastructure
CRC SIA		EUR	100%	IT infrastructure
Atea SIA		EUR	100%	IT infrastructure
AppXite				
AppXite SIA		EUR	100%	Software distribution
AppXite AS	08.03.2018	NOK	100%	Software distribution
AppXite AB	12.03.2018	SEK	100%	Software distribution
AppXite B.V.	01.01.2018	EUR	100%	Software distribution
Group Shared Services				
Atea Logistics AB		SEK	100%	Group Shared Services
Atea Global Services AB		SEK	100%	Group Shared Services
Atea Global Services SIA		EUR	100%	Group Shared Services
Atea Service Center AB	15.06.2018	SEK	100%	Group Shared Services
Atea Group Functions A/S [1]		DKK	100%	Group Shared Services

[1] In 2018 Atea Group IT A/S changed the name to Atea Group Functions A/S.

For Investments in associated companies, see Note 14.

NOTE 25 – BUSINESS COMBINATIONS

2018
Acquisitions in 2018
Atea has acquired one company during 2018. The financial performance from the acquisition date to the end of the year for the acquired company is considered to be immaterial from a Group perspective.

Sherpa Consulting AS:
Atea acquired Sherpa Consulting AS in September 2018. The acquisition will strengthen Atea's position within business intelligence and data analytics in Norway.

Allocation of purchase price
Due to the high knowledge and low capital requirements for operating an IT sales and consulting organization, acquisitions within this sector will typically result in a goodwill balance. This goodwill balance represents the surplus of the purchase price compared with the fair value of the net identifyable assets of the acquired company.

The fair values have been determined on provisional basis because new information may occur.

Breakdown of the acquired net assets and goodwill in 2018 is as follows:

NOK in million	Sherpa Consulting AS
Acquisition date	11 Sep 2018
Country	Norway
Voting rights/ownership interest	100%
Acquisition cost:	
Consideration [1]	61.6
Adjustment of cost price	-
Contingent consideration	26.1
Total acquisition cost	87.7
Book value of equity (see table below)	18.1
Identification of excess value:	
Contracts and customer relationships	9.4
Deferred tax	-2.1
Net excess value	7.3
Fair value of net assets acquired, excluding goodwill	25.5
Controlling ownership interests	25.5
Goodwill	**62.2**

[1] Consideration that is dependent on future results is recognised as an obligation based on the fair value at the time of acquisition.

Assets and liabilities associated to the acquisitions in 2018 are as follows:

NOK in million	Sherpa Consulting AS
Deferred tax assets	-
Goodwill	-
Computer software and rights	-
Property, plant and equipment	0.2
Other long-term interest-bearing receivables	-
Inventories	-
Trade receivables	14.9
Other receivables	0.8
Cash and cash equivalents	14.9
Total asset	**30.9**
Non-current liabilities	-
Current liabilities	-12.8
Short-term interest-bearing liabilities	-
Total liabilities	-12.8
Net assets acquired	**18.1**

Net cash payments in connection with the acquisitions are as follows:

NOK in million	Sherpa Consulting AS
Considerations and costs in cash and cash equivalents	61.6
Cash and cash equivalents in acquired companies	-14.9
Net cash payments for the acquisitions	**46.7**

If the acquired entity had been consolidated from 1 January 2017, the consolidated pro forma income statements for 2018 and 2017 would show revenue and profit as follows:

NOK in million	2018	2017
Operating revenue	34,761	32,504
Operating profit/loss (EBIT)	698	809

NOTE 26 – CONTIGENT LIABILITIES AND ASSETS

Ordinary course of business
The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to NOK 4,815 million (NOK 4,176 in 2017) to external parties (see Note 27).

Legal disputes
Atea (the Group) is involved in lawsuits in various jurisdictions. The outcome for a number of these cases is uncertain. In management's opinion these cases will be resolved without significantly weakening the Group's financial standing. If the disputes nevertheless end with a negative outcome, Atea is insured in most cases.

NOTE 27 – COMMITMENTS

NOK in million	2018	2017
Guarantees to financial institutions [1]	296	403
Guarantees to business associates [2]	4,388	3,693
Residual value obligations related to leasing activities [3]	132	80
Total guarantees	**4,815**	**4,176**

[1] In addition to facilities disclosed in Note 19, Atea ASA issued guarantees for sublease facility. At the end of 2018, the Group had subleasing commitments related to sales of products of NOK 296 million (NOK 403 million at the end of 2017) to financial institutions, which are not reported on balance sheet.

[2] As part of the ordinary operations, parent company guarantees are furnished to suppliers and partners on behalf of subsidiaries.

[3] The leasing companies have a residual value obligation of NOK 132 million (NOK 80 million in 2017) on the outstanding leasing contracts. No losses have been incurred as result of this, and the risk of incurring losses is considered being low.

Pledged assets
Trade receivables in Atea AS (Norway), Atea A/S (Denmark) and Atea Sverige AB (Sweden) are pledged under overdraft facility secured by receivables (see Note 19). The book value of trade receivables pledged as security is NOK 1,040 million at the end of 2018 (NOK 1,452 million at the end of 2017).

NOTE 28 – RELATED PARTIES

Atea has ongoing transactions with related parties. All the transactions are in accordance with the arm's length principle and as part of the ordinary operations. The most important transactions are listed below.

The transactions have been carried out by companies controlled by Ib Kunøe, who is the Board Chairman and largest shareholder of Atea ASA thorugh the company Systemintegration ApS and Managing Director of Atea Baltic UAB, Arunas Bartusevicius.

Remuneration of Key Group employees is disclosed in Note 7.
Remuneration to the Board of Directors is disclosed in Note 8.

	Sales to(+)/from(-) related parties		Credit (+)/debit (-) balances with related parties	
NOK in million	2018	2017	2018	2017
Leasing of property or equipment	1	2	-	-
Development of software	-0	-0	-0	-0
Other	-1	-1	1	1

NOTE 29 – EVENTS AFTER THE BALANCE SHEET DATE

On February 6, 2019 the Board of Atea ASA resolved to propose a dividend of NOK 6.50 per share at the next Annual General Meeting to be held on April 30, 2019. The dividend will be split into two equal payments of NOK 3.25 which will take place in May and November 2019. For Norwegian tax purposes, the dividend shall be considered as repayment of paid in capital. Further details on the dividend payment will be provided in the Notice to the Annual General Meeting.

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

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:

EBITDA

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

Pro forma revenue and EBITDA

Pro forma revenue and EBITDA includes revenue and EBITDA from companies acquired during 2018 and 2017 in both the current and prior full year. Pro forma financial results are used to calculate organic growth as well as bond 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	2018	2017
Revenue	34,709	32,438
Adjustment for acquisitions	52	66
Pro forma revenue	34,761	32,504
Pro forma revenue on last year currency	34,912	32,631
Pro forma growth in constant currency	**7.4%**	**4.6%**

NOK in million	2018	2017
EBITDA	1,061	1,175
Adjustment for acquisitions	8	10
Pro forma EBITDA	**1,069**	**1,185**

Operating expenses

Operating expenses include personnel costs, depreciation and amortization, other operating expenses.

NOK in million	2018	2017
Employee benefit expense	-5,457	-5,068
Depreciation and amortization	-370	-376
Other operating expenses	-1,018	-975
Total operating expenses	**-6,845**	**-6,419**

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.

NOK in million	31 Dec 2018	31 Dec 2017
Interest-bearing long-term liabilities	-557	-120
Interest-bearing current liabilities	-224	-903
Cash and cash equivalents	764	1,125
Net financial position	**-17**	**102**

Liquidity reserve

Liquidity reserve is calculated as cash and cash equivalents including unutilized credit facilities from financial institutions.

The liquidity reserve is limited by the Group's leverage covenant in the EIB loan agreement and bank facility agreements, which states a maximum leverage ratio of 2.5x EBITDA (net debt/last twelve months pro forma EBITDA). Twelve months pro forma EBITDA below presents data at the respective reporting date.

NOK in million	31 Dec 2018	31 Dec 2017
Last 12 months pro forma EBITDA	1,069	1,185
Bond covenant ratio	2.5	2.5
Net debt limit	**2,672**	**2,963**
Net financial position	-17	102
Liquidity reserve	**2,655**	**3,065**

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 and indicates how much funding is needed for business operations.

NOK in million	31 Dec 2018	31 Dec 2017
Inventories	830	591
Trade receivables	6,445	6,648
Other receivables	1,541	1,299
Other financial assets	1	1
Trade payables	-7,125	-6,755
VAT, taxes and government fees	-952	-1,010
Provisions	-247	-258
Other current liabilities	-2,183	-2,199
Other financial liabilities	-10	-8
Working capital	**-1,699**	**-1,692**

Equity ratio

Equity ratio is defined as equity proportion of total asset and shows financial leverage. In accordance with Atea's risk management guidelines equity ratio should be above 20%.

NOK in million	31 Dec 2018	31 Dec 2017
Equity	3,237	3,373
Total assets	14,778	14,915
Equity ratio (%)	**21.9%**	**22.6%**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NÅ-SITUASJON
ØNSKET SITUASJON

Atea ASA Financial Statements and Notes

Content

Income Statement Atea ASA

NOK in million	Note	2018	2017
Revenue	1	52	43
Employee benefits expense	3	-50	-43
Depreciation and amortisation		-2	-2
Other operating costs		-30	-25
Operating profit		**-30**	**-27**
Financial income	4	620	865
Financial expenses	4	-76	-76
Net financial items	4	**544**	**788**
Profit before tax		**514**	**761**
Tax	5	0	3
Profit for the period		**515**	**765**

Statement of Comprehensive Income Atea ASA

NOK in million	2018	2017
Profit for the period	**515**	**765**
Items that may be reclassified subsequently to profit or loss	**-**	**-**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**515**	**765**

Statement of Financial Positions Atea ASA

NOK in million	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Deferred tax assets	5	172	172
Other intangible assets		0	3
Other long-term receivables	10, 12	800	800
Investments in subsidiaries	6	3,690	3,650
Non-current assets		**4,662**	**4,625**
Trade receivables	7, 12	31	53
Other receivables	7, 12	49	20
Cash and cash equivalents	11, 12	538	930
Current assets		**618**	**1,002**
Total assets		**5,280**	**5,627**
EQUITY AND LIABILITIES			
Share capital and premium	8	410	355
Other reserves		879	879
Retained earnings		808	945
Equity		**2,098**	**2,179**
Interest-bearing long-term liabilities	10, 12	475	-
Non-current liabilities		**475**	**-**
Trade payables	9, 12	4	3
Other current liabilities	9, 10	61	325
Other financial liabilities	9, 12	2,642	3,120
Current liabilities		**2,708**	**3,448**
Total liabilities		**3,183**	**3,448**
Total equity and liabilities		**5,280**	**5,627**

Oslo, 20 March 2019

Ib Kunøe
Chairman of the Board

Morten Jurs

Sven Madsen

Saloume Djoudat

Lisbeth Toftkær Kvan

Marianne Urdahl

Truls Berntsen

Marthe Dyrud

Steinar Sønsteby
CEO

Statement of Cash Flow Atea ASA

NOK in million	Note	2018	2017
Profit before tax		514	761
Adjustment for:			
Net interest expenses		24	18
Depreciation and amortization		2	2
Share-based compensation		9	5
Interest received		36	43
Interest paid		-60	-61
Change in trade and other receivables		-7	-166
Change in trade payables		1	-1
Change in other accruals		35	5
Net cash flow from operational activities		**555**	**607**
Purchase of property, plant and equipment and intangible assets		-	-5
Payment of group contribution		-	200
Net cash flow from investment activities		**-**	**195**
Proceeds from new issues	8	56	86
Dividends paid		-700	-692
Bond loan paid back		-300	-
Proceeds from EIB loan		475	-
Changes in other financial liabilities		-477	24
Net cash flow from financing activities		**-947**	**-582**
Net change in cash and cash equivalents for the year		**-392**	**220**
Cash and cash equivalents at the start of the year	11	930	710
Cash and cash equivalents at the end of the year	11	**538**	**930**

Statement of Changes in Equity Atea ASA

	Share capital and premiums		Other reserves	Retained earnings		
NOK in million	Share capital [1]	Share premium	Other paid-in capital	Option programmes	Retained earnings	Total equity
Balance at 1 January 2017	**106**	**163**	**1,245**	**164**	**326**	**2,004**
Profit for the year	-	-	-	-	765	765
Issue of share capital	2	84	-	-	-	86
Employee share option programmes, value of employee contributions	-	-	-	16	-	16
Dividend	-	-	-365	-	-326	-692
Equity at 31 December 2017	**108**	**247**	**879**	**180**	**765**	**2,179**
Balance at 1 January 2018	**108**	**247**	**879**	**180**	**765**	**2,179**
Profit for the year	-	-	-	-	515	515
Issue of share capital	1	55	-	-	-	56
Employee share option programmes, value of employee contributions	-	-	-	49	-	49
Dividend	-	-	-	-	-700	-700
Equity at 31 December 2018	**109**	**302**	**879**	**229**	**579**	**2,098**

[1] See also Note 8.

NOTE 1 – GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

About Atea ASA

These are the financial statements of Atea ASA, which is the holding company for the Group and includes the Group's top management and associated staff functions (10 employees). See also Note 1 in the Group's consolidated financial statements.

Revenue

Atea ASA charges group costs to subsidiaries. As a holding company, Atea ASA is a purely administrative unit offering services for the subsidiaries in all the countres.

Accounting principles

The accounts have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

The explanation of the accounting policies also apply to the parent company, and the notes to the consolidated financial statements will in some cases cover the parent company. See Note 2 in the Group's consolidated financial statements.

Critical accounting estimates and assessments in applying the group's accounting policies is mainly related to the valuation of assets (investment in subsidiaries with a book value of NOK 3,690 million, as well as deferred tax assets of NOK 172 million at 31 December 2018).See also Note 4 in the Group's consolidated financial statements. There may be figures and percentages that do not always add up correctly due to rounding differences

NOTE 2 – SENSITIVITY ANALYSIS

Sensitivity analysis 2018:		Interest rate risk					Foreign currency risk			
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets										
- NOK	1,665	33	-	-33	-	-	-	-	-	-
- SEK	264	5	-	-5	-	264	26	-	-26	-
- DKK	19	0	-	-0	-	19	2	-	-2	-
- EUR	252	5	-	-5	-	252	25	-	-25	-
- USD	-95	-2	-	2	-	-95	-10	-	10	-
Effect on financial assets before tax		**42**	**-**	**-42**	**-**		**44**	**-**	**-44**	**-**
Tax expense (23%)		-10	-	10	-		-10	-	10	-
Effect on financial assets after tax		**32**	**-**	**-32**	**-**		**34**	**-**	**-34**	**-**
Financial liability items										
- NOK	476	-10	-	10	-		-	-	-	-
Effect on financial liability items before tax		**-10**	**-**	**10**	**-**		**-**	**-**	**-**	**-**
Tax expense (23%)		2	-	-2	-		-	-	-	-
Effect on financial liability items after tax		**-7**	**-**	**7**	**-**		**-**	**-**	**-**	**-**
Total increase/reduction		**25**	**-**	**-25**	**-**		**34**	**-**	**-34**	**-**

[1] Basis points.

At the end of 2018 Atea ASA had a forward contracts:
- buying USD 16 million and selling EUR 14 million, in less than three months, at the exchange rate of 1.1470 with an estimated fair value of NOK 0,4 million.
- buying SEK 400 million and selling NOK 385,8 million, in less than three months, at the exchange rate of 0.9645 with an estimated fair value of NOK 3 million.
- buying SEK 200 million and selling EUR 19,5 million, in less than three months, at the exchange rate of 10.2723 with an estimated fair value of NOK 0,7 million.

Sensitivity analysis 2017:

	Interest rate risk					Foreign currency risk				
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets										
- NOK	1,642	33	-	-33	-	-	-	-	-	-
- SEK	82	2	-	-2	-	82	8	-	-8	-
- DKK	8	0	-	-0	-	8	1	-	-1	-
- EUR	153	3	-	-3	-	153	15	-	-15	-
- USD	-138	-3	-	3	-	-138	-14	-	14	-
Effect on financial assets before tax		**35**	**-**	**-35**	**-**		**10**	**-**	**-10**	**-**
Tax expense (24%)		-8	-	8	-		-3	-	3	-
Effect on financial assets after tax		**27**	**-**	**-27**	**-**		**8**	**-**	**-8**	**-**
Financial liability items										
- NOK	300	-6	-	6	-	-	-	-	-	-
Effect on financial liability items before tax		**-6**	**-**	**6**	**-**		**-**	**-**	**-**	**-**
Tax expense (24%)		1	-	-1	-		-	-	-	-
Effect on financial liability items after tax		**-5**	**-**	**5**	**-**		**-**	**-**	**-**	**-**
Total increase/reduction		**22**	**-**	**-22**	**-**		**8**	**-**	**-8**	**-**

[1] Basis points.

At the end of 2017 Atea ASA had a forward contracts:
- buying USD 33 million and selling EUR 28 million, in less than three months, at the exchange rate of 1.1870 with an estimated fair value of NOK 3 million.
- buying SEK 800 million and selling NOK 799 million, in less than three months, at the exchange rate of 0.99953 with an estimated fair value of NOK 0,5 million.
- buying DKK 500 million and selling NOK 665 million, in less than three months, at the exchange rate of 1.32948 with an estimated fair value of NOK 3,5 million.

NOTE 3 – EMPLOYEE COMPENSATION AND AUDIT FEE

NOK in million	2018	2017
Wages and salaries to employees	-27	-22
Total social security costs	-4	-7
Option plans for the management and employees	-17	-13
Pension costs	-1	-1
Total employee compensation and benefit expenses	**-50**	**-43**
Average number of full time employees	10	9

Wages and remuneration to the CEO, CFO, Board of Directors and the employees' share option plans are described in Note 7 in the Group's consolidated financial statements.

Deloitte is the auditor of Atea ASA. The table below shows Deloitte's total charges for auditing and other services in 2018 and 2017. All amounts are exclusive of VAT.

NOK in million	2018	2017
Auditor's fees	-1	-1
Tax advisory services	-0	-0
Other non-audit services	-0	-0
Total	**-1**	**-1**

NOTE 4 – NET FINANCIAL ITEMS

NOK in million	2018	2017
Dividend from subsidiaries	574	611
Group contribution and other financial income [1)]	10	211
Interest income from subsidiaries	18	25
Other interest income	18	18
Total financial income	**620**	**865**
Foreign exchange effects	-14	-13
Interest expenses from other loans	-60	-61
Other financial expense	-2	-2
Total financial expenses	**-76**	**-76**
Total net financial items	**544**	**788**

[1)] Group contribution from Atea AS (Norway) in 2017, NOK 200 million.

NOTE 5 – TAXES

Income tax recognised in profit or loss:

NOK in million	2018	2017
Deferred tax	0	3
Total income tax expenses	**0**	**3**

The income tax expense for the year can be reconciled to the accounting profit as follows:

NOK in million	2018	2017
Profit before tax	514	761
Income tax expense calculated at 23% (2017: 24%)	-118	-183
Tax effect of:		
- income non taxable and expenses non deductible	127	194
- effect of deferred tax balances due to the change in income tax rate [1)]	-8	-7
Total income tax expenses	**0**	**3**
Effective tax rate	**0.1%**	**0.4%**

Atea ASA does not have any tax payable because the company has a tax loss carryforward.

Deferred tax balances are presented in the statement of financial position as follows:

NOK in million	2018	2017
Deferred tax assets related to carryforward losses [2)]	174	169
Deferred tax assets related to temporary difference	1	1
Deferred tax liabilities	-1	1
Deferred tax asset not recognized on balance sheet	-2	-
Net deferred tax assets	**172**	**172**

[1)] The income tax rate in Norway changed from 24% in 2017 to 23% in 2018.
The income tax rate in Norway will be changed from 23% in 2018 to 22% in 2019.

[2)] Atea ASA tax loss carryforwards amounted to NOK 789 million at the end of 2018 (NOK 734 million at the end of 2017).
There are no time restrictions on the utilisation of tax loss carryforwards.

NOTE 6 – SHARES IN SUBSIDIARIES

Financial year 2018

NOK in million	Head office	Ownership and voting share (%)	Equity at 31 December	Book value	Primary activity
Atea AS (Norway)	Oslo, Norway	100	1,105	445	IT infrastructure
Atea Holding AB (Sweden)	Stockholm, Sweden	100	1,165	1,047	IT infrastructure
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	909	1,563	IT infrastructure
Atea Holding OY (Finland)	Helsinki, Finland	100	357	298	IT infrastructure
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	210	211	IT infrastructure
Atea Global Services SIA [1]	Riga, Latvia	100	8	1	Services
AppXite SIA [1]	Riga, Latvia	100	89	126	IT infrastructure
Atea Service Center AB	Stockholm, Sweden	100	0	0	Services
Total shares in subsidiaries				**3,690**	

Financial year 2017

NOK in million	Head office	Ownership and voting share (%)	Equity at 31 December	Book value	Primary activity
Atea AS (Norway)	Oslo, Norway	100	1,146	436	IT-infrastruktur
Atea Holding AB (Sweden)	Stockholm, Sweden	100	1,292	1,034	IT-infrastruktur
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	912	1,553	IT-infrastruktur
Atea Holding OY (Finland)	Helsinki, Finland	100	348	294	IT-infrastruktur
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	194	206	IT-infrastruktur
Atea Global Services SIA [1]	Riga, Latvia	100	-	0	Services
AppXite SIA [1]	Riga, Latvia	100	19	127	IT-infrastruktur
Total shares in subsidiaries				**3,650**	

[1] In 2017 Atea changed the name of Atea Global Services SIA to AppXite SIA. In addition, a new company, Atea Global Services SIA was established.

NOTE 7 – TRADE AND OTHER RECEIVABLES

NOK in million	2018	2017
Prepaid expenses	10	2
Receivables from subsidaries	71	70
Total trade and other current receivables	**80**	**73**

NOTE 8 – PAID-IN CAPITAL, SHAREHOLDERS AND OPTIONS

	Number of shares		Share capital			
NOK in million, except number of shares	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total share capital and premiums
At 1 January 2017	**105,769,672**	**-7,844**	**106**	**0**	**163**	**269**
Issue of Share capital [1]	1,812,273	-	2	-	84	86
At 31 December 2017	**107,581,945**	**-7,844**	**108**	**0**	**247**	**355**
At 1 January 2018	**107,581,945**	**-7,844**	**108**	**0**	**247**	**355**
Issue of Share capital [1]	1,108,572	-	1	-	55	56
At 31 December 2018	**108,690,517**	**-7,844**	**109**	**0**	**302**	**410**

All the shares have equal rights. All the shares issued by the company are fully paid.
Atea ASA holds 7,844 treasury shares at 31 December 2018 (7,844 at 31 December 2017).

[1] Issue of Share capital is related to Share options for the Management and selected employees.
Share options have been allotted to the management and selected employees. Each share option allows for the subscription of one share in Atea ASA.
The fair value of the options is calculated when they are allotted and expensed over the vesting period.
A cost of NOK 15 million has been charged as an expense in the income statement in 2018 relating to the share option programmes (NOK 5 million in 2017).
In addition, National Insurance contribution expense of NOK 3 million has been charged as an expense in 2018 (NOK 5 million in 2017).

NOTE 9 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2018	2017
Trade payables	2	1
Trade payables in the same group	2	2
Total trade payables	**4**	**3**
Other current liabilities	57	23
Accrued holiday payments	2	2
Government withholdings and taxes	1	0
Current interest-bearing liabilities	1	300
Total other current liabilities	**61**	**325**
Deposit in cash pool from subsidiaries	2,642	3,120
Total other financial liabilities	**2,642**	**3,120**

NOTE 10 – BORROWINGS

NOK in million	2018	2017
Long-term receivables [1]		
Long-term receivables from subsidiaries	800	800
Total receivables	**800**	**800**
Long-term loans		
Other long-term debt [2]	475	-
Interest-bearing long-term liabilities	**475**	**-**
Short-term loans		
Short-term loan facility [3]	1	300
Interest-bearing current liabilities	**1**	**300**

[1] Interest is charged on long-term claims against subsidiaries at the 12-month interbank rate plus a company-specific margin calculated based on the subsidiaries' respective creditworthiness. The interest is charged and falls due annually in arrears. The principal amount will not fall due for payment in the foreseeable future.

[2] **European Investment Bank, NOK 475 million**
Atea ASA has entered into a loan agreement with the European Investment Bank in May 2018. The loan is unsecured, and will be repaid in a single installment following a term of five years.

[3] **Unsecured bond loan, NOK 300 million**
The loan was entered into in June 2013 and arranged by Norsk Tillitsmann.The loan was listed on Oslo Stock Exchange. The loan matured in June 2018 and was therefore classified as short-term liabilities at the year-end 2017 and paid in June 2018.

Maturity analysis for loans 2018

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Short-term financing	-		1	-	1
Long-term financing	-	-	-	475	475
Total	**-**	**-**	**1**	**475**	**476**

Maturity analysis for loans 2017

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Short-term financing	-	300	-	-	300
Total	**-**	**300**	**-**	**-**	**300**

NOTE 11 – LIQUIDITY RESERVE

Atea Group liquidity reserve is limited by a bond covenant ratio in 2018 and 2017 of 2.5x Atea Group EBITDA (net debt/last twelve months pro forma EBITDA). See Note 19 in Atea Group Financial Statements and Notes. Atea ASA (as standalone company) liquidity is not limited by any covenants.

See Note 21 in Atea Group Financial Statements and Notes.

NOTE 12 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

2018

NOK in million	Amortised cost	Fair value [1]
Financial assets		
Interest-bearing long-term receivables	800	800
Trade receivables	31	31
Other receivables [2]	39	39
Cash and cash equivalents	538	538
Financial liabilities		
Interest-bearing long-term liabilities	475	475
Trade payables	2	2
Trade payables in the same group	2	2
Other current liabilities [3]	2,701	2,701

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses.
[3] Less provision for restructuring and other provision.

2017

NOK in million	Amortised cost	Fair value [1]
Financial assets		
Interest-bearing long-term receivables	800	800
Trade receivables	53	53
Other receivables [2]	17	17
Cash and cash equivalents	930	930
Financial liabilities		
Trade payables	1	1
Trade payables in the same group	2	2
Interest-bearing current liabilities	300	300
Other current liabilities [3]	3,143	3,143

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses.
[3] Less provision for restructuring and other provision.

NOTE 13 – COMMITMENT

NOK in million	2018	2017
Guarantees to financial institutions [1]	2,236	2,516
Guarantees to business associates [2]	4,388	3,693
Total commitments	**6,624**	**6,209**

[1] Atea ASA has issued guarantees in favor of Nordea Bank and Nordea Finans as security for the facilities provided for the subsidiaries (see Note 19 in Atea Group Financial Statements and Notes). In addition to facilities disclosed in Note 19 in Atea Group Financial Statements and Notes, Atea ASA issued guarantees for sublease facility amounting NOK 296 million at the end of 2018 (NOK 403 million at the end of 2017). It is considered improbable (i.e. < 10%) that Atea ASA will incur any charges as a result of guarantee liabilities the company has incurred on behalf of the subsidiaries. Since the financing companies were established in 2007, no losses have been incurred with respect to the residual value of leasing activities.

[2] As part of the ordinary operations, parent company guarantees are furnished to suppliers and partners on behalf of subsidiaries.

NOTE 14 – EVENTS AFTER THE BALANCE SHEET DATE

See Note 29 in Atea Group Financial Statements and Notes.

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Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Atea ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atea ASA, which comprise:

- The financial statements of the parent company Atea ASA (the Company), which comprise the statement of financial position as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Atea ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition

Key audit matter	How the matter was addressed in the audit
Refer to note 2 and 4 in the financial statements of the Group. Atea delivers IT related products and services. The customer contracts contain varying terms and conditions, and may include bundles of products and services. This impact the timing of revenue recognition. When Atea enters into a new customer contract, judgement is exercised to determine the appropriate accounting policies to be applied to each contract. This is a manual process. Due to the manual process of applying the appropriate accounting policies to contracts, and the high number and the variety of the contracts, there is a risk that an inappropriate accounting policy is selected. As a significant proportion of sales and deliveries are made close to year-end, the risk is especially relevant for transactions recorded close to year-end.	We reviewed the Group's accounting policies applicable for revenue recognition and assessed whether those policies were in compliance with IFRS. We evaluated the design and implementation of control activities that management has established to ensure that revenue is recognized in accordance with the Group's accounting policies. For selected control activities, we tested the operating effectiveness for the reporting period. We tested a sample of transactions and contracts, and assessed whether the accounting of the contracts reflected the terms of the contracts and were in accordance with the Group`s accounting policy. An additional sample of transactions before year-end were assessed in respect of the application of the appropriate accounting policy. We also tested a sample of credit notes issued subsequent to the year-end to assess whether revenue was recognised in the correct period.

Impairment of goodwill

Key audit matter	How the matter was addressed in the audit
As disclosed in note 13 the carrying amount of goodwill amounted to NOK 3 901 million as at 31 December 2018. The Group allocates goodwill to the cash-generating units which management has determined are the countries of operation, which also are defined as the Group's segments. Refer to note 4 and 13 in the financial statements of the Group for description of management's impairment testing process and key assumptions. Management's annual impairment testing is based on estimation of recoverable amounts for the cash-generating units.	We challenged the assumptions and judgement used in the impairment model for assessing the recoverability of the carrying amount of goodwill. Our procedures included: • We obtained an understanding of management's process for impairment testing of goodwill. • We assessed the appropriateness of the identification of cash-generating units. • We tested the methodology applied to estimate recoverable amount against the requirements of IAS 36, Impairment of assets. • We obtained an understanding of and assessed the basis for the key assumptions for the estimated cash flows. • We challenged the key assumptions used in the estimation of cash flow including the growth rate. • We assessed the discount rate applied by benchmarking against independent market data. • We tested the mathematical accuracy of management's impairment model.

Impairment of goodwill cont.

Key audit matter	How the matter was addressed in the audit
The estimation of cash flows and the selection of an appropriate discount rate to estimate the recoverable amount are key judgmental areas. The outcome of impairment assessments may vary significantly, dependent on the assumptions applied.	We used Deloitte valuation specialists in our audit of the impairment assessment of goodwill. We also assessed the adequacy of the related notes in the financial statements.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE)*

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3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 20 March 2019
Deloitte AS

Sylvi Bjørnslett

Sylvi Bjørnslett
State Authorised Public Accountant (Norway)

Statement of Corporate Governance

The Board of Directors and management of Atea ASA (the "company") aim to execute their respective tasks in accordance with the highest standards for corporate governance. Atea's standards for corporate governance provide a critical foundation for the company's management. These principles must be viewed in conjunction with the company's efforts to constantly promote a sound corporate culture throughout the organization. The company's core values of respect, trust, accountability and equal treatment are central to the Board's and management's efforts to build confidence in the company, both internally and externally.

The company's and its subsidiaries' ("Atea" or the "Group") policy on corporate governance are provided in the annual report and on the company's website. Atea's principles for corporate governance are based on Norwegian law, regulations by the Oslo Stock Exchange and the Norwegian Code of Practice for Corporate Governance (the “Code”) published by the Norwegian Corporate Governance Board on October 17, 2018. These principles are described in detail below.

1. Implementation and reporting on corporate governance

The Board of Directors is responsible for the implementation of sound corporate governance policies across the Group, in accordance with the Norwegian Code of Practice for Corporate Governance. If Atea does not fully comply with this Code, the company provides an explanation of the reason for the deviation and what solution it has selected.

2. Business operations

The business objective of Atea as stated in the Articles of Association is as follows: "The objective of the company is the sale of IT services, equipment, systems and related products, hereunder to participate in other companies having financial purposes." The Articles of Association are available on the company's website.

Each year, the Board of Directors conducts a full-day meeting with Management to evaluate the Group's business strategy. During the meeting, clear objectives, strategies and risk profiles for the Group's business activities are defined in order to create value for shareholders. The business strategy provides Management with a basis for carrying out investments and other structural measures.

Atea's sustainability guidelines are an essential component of the Group's business strategy. The sustainability guidelines include an impact assessment of the Group's business strategy on external stakeholders. An annual sustainability report containing these guidelines is published on Atea's website: atea.com.

3. Equity and dividends

Capital structure

The Board of Directors continuously assesses Atea's capital structure, financial strength and capital requirements in light of Atea's business objectives, strategy and risk profile.

Dividend

It is Atea's objective to offer competitive returns to its shareholders through capital appreciation and a high dividend pay-out. The company's policy is to distribute over 70 percent of free cash flow over time (calculated as cash flow from operations minus capital expenditures) to shareholders in the form of a dividend. Any dividends proposed by the Board to the General Meeting shall be justified based on the company's dividend policy and its capital requirements.

Powers of attorney to the Board of Directors

Powers of attorney granted by the shareholders to the Board of Directors at the General Meeting to increase the company's share capital or to purchase own shares shall be limited to specific purposes, and each purpose shall be treated as a separate issue in the General Meeting. Powers of attorney to the Board of Directors are only provided with a term until the next Annual General Meeting.

The general meeting can approve multiple mandates. In such an instance, the proposals for the mandates should stipulate a limit on the overall amount by which the board shall be permitted to increase the company's share capital.

4. Equal treatment of shareholders and transactions with related parties

Equal treatment

Neither the Board of Directors, Management, or the General Meeting may make any decision that is intended to give an unreasonable advantage to certain shareholders at the expense of other shareholders or the company.

Decisions to waive the shareholders' pre-emption rights

Any proposal to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of share capital increase will be justified. If the Board of Directors has been granted a power of attorney to increase the company's share capital and waive the pre-emption rights of existing shareholders, justification of such resolution will be disclosed in a stock exchange announcement issued in connection with the resolution.

Purchase of own shares

Transactions the company will carry out in its own shares will be made either through the stock exchange or if made otherwise, at a prevailing stock exchange price. In case of limited liquidity in the company's shares, the company will consider other means of such transactions to ensure equal treatment of all shareholders.

Transactions with related parties

In the event of transactions between the company and its related parties that are not immaterial, such as transactions with a shareholder, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board of Directors will arrange for an assessment of the transaction to be obtained from an independent third party, however, this will not apply if the transaction requires approval from the General Meeting pursuant to the Public Limited Liability Companies Act. Further, independent valuations will also be arranged in case of transactions between companies in the Group where any of the companies involved have minority shareholders.

Insider trading

The Board of Directors has adopted instructions for the Group's employees and primary insiders relating to inside information and trading in financial instruments, including the duty of confidentiality, prohibition of trading, investigation and reporting requirements, and ban on giving advice.

5. Shares and negotiability

Atea ASA has only one class of shares. All shares have equal rights. The Articles of Association do not contain any restrictions when it comes to voting rights, ownership or trading of shares.

6. General meetings

The General Meeting guarantees shareholder's participation in the company's highest body. An Annual General Meeting shall be held within June 30 each year. Notice of the General Meeting shall be sent to all the shareholders with a known address.

The right to participate in and vote at the General Meeting may only be exercised when ownership of shares has been recorded in the company's shareholder register (VPS) on the fifth weekday prior to the General Meeting being held, pursuant to Article 9 of the company's Articles of Association. Shareholders that wish to participate in the General Meeting (personally or through proxy) must, pursuant to Article 10 of the Articles of Association, notify the company within a deadline that will be provided in the summons and which shall be no less than 5 days prior to the date on which the General Meeting is held. Registration for the General Meeting is made in writing by letter or through the Internet.

The Notice will provide the agenda for the General meeting, and sufficiently detailed, and specific information on each item on the agenda for the General Meeting so that the shareholders can make a decision on the matters that are to be resolved. The Notice will provide information on direct and proxy voting procedures (including information on a person who will be available to vote on behalf of the shareholders as their proxy), which enable shareholders to vote separately for each individual agenda item or candidate that shall be elected. Shareholders may provide their votes in writing or electronically, although no later than two days in advance of the General Meeting.

At a minimum, the Board Chairman, Chief Executive Officer, Chief Financial Officer, auditor, and a member of the Nominating Committee participate at the General Meeting. The General Meeting is chaired by an independent chairperson elected in the meeting.

In addition to the Annual General Meeting, an Extraordinary General Meeting may be called by the Board. Shareholders who represent at least five percent of the shares may, pursuant to Section 5–7 of the Norwegian Public Limited Companies Act, demand an Extraordinary General Meeting to address a specific matter.

7. The Nominating Committee

The Nominating Committee shall, pursuant to Article 7 of the Articles of Association, consist of the Board Chairman and two members elected by the General Meeting. The members who are elected by the General Meeting have a term of office of two years. The Nominating Committee was re-elected by the Annual General Meeting in 2017.

The Nominating Committee's duties should be to propose candidates for election to the Board of Directors and to propose the fees to be paid to the Board members. The Nominating Committee may also propose new members to the Nominating Committee. The nomination committee should justify its recommendations for each candidate separately.

The General Meeting has has stipulated guidelines for the duties and composition of the Nominating Committee. The guidelines state that elected members of the Nominating Committee should a) be independent of the Board of Directors and the company's main shareholders, b) have competence and experience with respect to the position as Board member, c) have good knowledge and competence within the area of the Group's business and d) be well oriented within the Nordic industry and commerce. The guidelines further state that the Nominating

Committee shall have contact with shareholders, Board members and the CEO as part of its work on proposing candidates for election to the Board of Directors.

Atea has made arrangements on its website (atea.com/investors/) whereby shareholders may submit proposals to the Nominating Committee for candidates for election as members of the Board of Directors.

The Code (article 7) states that; "No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election to the board." The company deviates from the recommendation as the Board Chairman, pursuant to the Articles of Association, is a member of the Nominating Committee and may be re-elected as member of the Board of Directors. The Board is of the opinion that it is an advantage to have continuity in the Nominating Committee and Board of Directors and therefore the Board Chairman should be entitled to stand for re-election as a member of both bodies.

8. Board of directors: composition and independence

Corporate Assembly

An agreement has been entered into with the employees of the Norwegian part of the Group, whereby a Corporate Assembly shall not be established, but the employees shall instead increase their representation in the Board of Directors as provided by the Norwegian Public Limited Companies Act § 6-4 (3).

Election and composition of the Board of Directors

The General Meeting elects the shareholder's representatives to the Board of Directors.

The Nominating Committee prepares the nominations for shareholder-elected Board members prior to the election, as stated in Article 7 above. Resolutions concerning the composition of the Board of Directors are made on the basis of a simple majority. The Board of Directors elects the Board Chairman and deputy chairman. This deviates from the Code, which states that the Board Chairman should be elected by the General Meeting. The reason for such deviation is that it has been agreed with employees and shareholders that a Corporate Assembly shall not be established and then the Board Chairman shall, pursuant to the Norwegian Public Limited Companies Act § 6-1 (2), be elected by the Board of Directors.

Systemintegration ApS is the company's largest shareholder and is represented by two Board members. The other Board members are independent of the company's largest share-holders and the company's management. The Board members are elected for a term of two years and may stand for re-election.

Independence of the Board of Directors

The Board of Directors considers itself to be independent of the Group's management, and free of any conflict of interest between the share-holders, Board of Directors, corporate manage-ment and the company's other stakeholders.

The annual report provides information on the Board member's participation in Board meetings and their competence.

Members of the Board of Directors are encouraged to own shares in Atea.

9. The Board of Director's work

The Board of Director's duties in general

The Board of Directors has primary responsibility for governance of the Group. The function of the Board of Directors is primarily to safeguard the interests of the shareholders. However, the Board of Directors also bears responsibility for the company's other stakeholders.

The Board of Directors shall hire the Chief Executive Officer, direct the Group's strategy, and ensure proper control and risk management of the company's assets, business operations and financial reporting. Matters of importance for these objectives shall be reviewed and, if necessary, approved by the Board of Directors. For example, the Board will formally approve the Group's annual and quarterly reports, business strategy and M&A plans.

Rules of procedure

The work of the Board of Directors is described in guidelines which are approved by the Board. The guidelines relate to the Board's responsibilities and authority, the administration of Board meet-ings, and the Board's confidentiality and conflict of interest requirements.

The Board of Directors has routines in place to ensure that members of the Board and executive personnel make the company aware of any material interests that they may have in items to be considered by the Board of Directors. A member of the Board of Directors or executive team may not participate in the discussion or decision of any matter which is of such particular importance or financial interest to himself or any related party. If the chairman of the Board is or has been personally involved in matters of a material character, the Board's consideration of such matters is chaired by another member of the Board of Directors.

Notice and structure of meetings

The Board of Directors schedules fixed meetings every year. Normally six to eight meetings are held annually. Additional meetings are called as required.

The Board of Directors' discussions and minutes of meetings are kept confidential, unless the Board of Directors determines otherwise or if there is clearly no need for such treatment. In addition to the Board members, the Chief Executive Officer, Chief Financial Officer and the company secretary will regularly participate in the Board meetings. Other participants are invited as required.

Board members receive information on the Group's operational and financial performance, including monthly financial reports. The Board members are free to consult the Group's management if they feel a need to do so. The Board charter can be found in the Corporate Governance document at atea.com.

Audit Committee

The Company has an Audit Committee, that also serves as the Compliance Committee for the Group. The responsibilities of the Audit Committee are amongst other to: (i) conduct the Board of Director's quality assurance of the financial reporting, (ii) monitor the company's internal control and risk management systems, (iii) have contact with the Group's auditor regarding audit of the Group and company accounts, (iv) review and monitor the auditor's independence, including services other than auditing that has been delivered by the auditor and (v) provide its recommendations to the Board of Directors with respect to election of auditor,(vi) establish and enforce procedures for receipt, storage and treatment of complaints regarding accounting, internal accounting controls or auditing matters. (vii) review and monitor the Group's compliance function.

The Audit committee schedules fixed meetings every year. Normally six to eight meetings are held annually. Additional meetings are called as required. The Audit Committee charter can be found in the Corporate Governance document at atea.com.

Use of Board Committees

The Group has a Nominating Committee pursuant to the Articles of Association. The Nominating Committee also serves as the Group's Compensation Committee. The Compensation Committee's responsibility is to prepare to the Board of Director's guidelines for executive compensation and to monitor these compensation guidelines. Details of the company's use of Board Committees are provided in the annual report. The Nomination committee charter can be found in the Corporate Governance document at atea.com.

The Board of Directors' self-evaluation

The Board of Directors performs an annual evaluation of how the Board members function individually and as a group.

10. Risk management and internal control

Guidelines for internal control

The Group has established guidelines for internal control which include routines for financial reporting, communication, authorization, risk management, ethics and social responsibility. These guidelines are reviewed annually by the Board of Directors, in a full day meeting with Management to evaluate the Group's business strategy. During the business strategy review, the Board performs an assessment of the Group's most important areas of risk exposure, including its internal control arrangements.

Financial reporting controls

In order to ensure internal control and manage risk, the Group conducts comprehensive financial reporting and reconciliation on a monthly basis, on both a consolidated, segment and subsidiary level.

Immediately after the completion of the monthly financial report, the Group's financial administration holds a meeting with the financial management of each of the business segments. The purpose of the meeting is to follow up on the performance of each business segment and to identify potential errors and omissions in the financial statements. During the meetings, Management analyzes variances between each segment's actual performance and forecast, as well as its performance in the previous year. External market data is also used to analyze business performance across the group. When the financial reporting and analysis is complete, Management reports the monthly financial statements together with a summary of business operations to the Board of Directors and executive team.

All financial reporting within the Group is in accordance with IFRS. All relevant changes to IFRS and their impact on the Group is disclosed in Note 2 to the Group financial statements. In 2019, the most material change to IFRS relates to changes in the accounting of leases. The Group has implemented changes to its accounting policies and systems to adapt to these changes.

When the Group acquires companies, the reporting practices of the acquired company are reviewed and integrated with corporate practices within a month of the acquisition date so that the Group can consolidate the acquired company within the Group accounts by the next quarterly financial report.

Code of Conduct

The personal conduct of every Atea employee shapes the work culture and defines our reputation as a company. Atea employees are expected to demonstrate the highest standards of integrity and professionalism when fulfilling their job responsibilities.

The Atea Code of Conduct sets the principles with which Atea personnel work together and with outside stakeholders. It provides guidelines for our business practices which must be followed by all Atea personnel, and is a source of governance for decision making across Atea. The Code of Conduct Is published on the Atea website: atea.com.

It is the personal responsibility of every Atea employee to review and follow the Code of Conduct. All employees must take an examination on the Code of Conduct and sign an agreement that they will abide by the Code and relevant laws and regulations when acting on behalf of Atea. Violations of the Code or of laws and regulations will not be tolerated.

11. Remuneration of the Board of Directors

The General Meeting determines the annual remuneration to the Board of Directors. The remuneration shall reflect the Board of Directors' responsibility, expertise, time spent and the complexity of the operation. The remuneration is not dependent on results. No stock options have been granted to the Board members.

Members of the Board of Directors and/or companies with which they are associated, do in general not take on assignments for the company. If, however, such assignments are made, the matters are disclosed to the Board of Directors and the Board of Directors approves their remuneration.

If remuneration is provided to Board members in addition to the regular Board remuneration, this will be reported separately in the annual report. For a detailed account of the remuneration paid to Board members and their shareholdings in the company, see Note 8 and 17, respectively, to the annual accounts.

12. Remuneration of executive personnel

The CEO's remuneration is set by the Board of Directors, based on recommendation from the Compensation Committee. The remuneration of the CEO is specified in Note 7 to the annual accounts.

The Board of Directors has established guidelines for remuneration of the company's executives, which are submitted in a separate statement to the General Meeting. The guidelines set out the main principles applied in determining the salary and other remuneration to executives, are linked to value creation for shareholders and the company's earnings performance over time and incentivises performance based on quantifiable factors of which the executives can influence. Atea complies with the Code's requirement that it shall be clear which aspects of the guidelines are advisory and which, if any, are binding. Furthermore, Atea complies with the Code's requirement that the General Meeting shall vote separately on each of these aspects.

Performance related remuneration in the form of share options, bonus programmes or similar, to executive personnel is subject to an absolute limit.

13. Information and communication

Annual and interim reporting

The Group's financial calendar and presentations are published on the company's website (atea.com/investors/financial-calendar/). The Group presents its interim accounts on a quarterly basis and its annual accounts during the month of February. The complete financial statements and Board of Directors' report are published on the company's website at least twenty-one days prior to the General Meeting.

Other market information

The Group aims to increase investor awareness of Atea through an open, transparent and reliable information policy. In this manner, the Group seeks also to promote the liquidity of its shares and ensure that its share price reflects the fair value of Atea.

Open investor presentations are arranged in connection with the publication of the Group's annual and quarterly results. The Chief Executive Officer and Chief Financial Officer present the financial results of the group and each business segment, and present additional information which is relevant to the company's future prospects. When publishing the preliminary annual accounts and the interim reports, the Group is holding public presentations that are simultaneously broadcasted through webcasts. Investor-related information and presentations associated with the annual and quarterly results are available on the Group's website, atea.com/investors.

In addition to the publication of financial results, the Board of Directors has authorized the Chairman, CEO and CFO to conduct regular meetings with analysts and investors. This improves communication and increases the Group's understanding of which matters are of particular concern to shareholders. During meetings, care is taken to ensure equal treatment of all investors. Caution with regard to distribution of non-public information is exercised in investor meetings outside of public presentations.

In the event of an emergency or serious incident at Atea, the Group has established a crisis management plan which provides additional governance and procedures on all communications from the Group.

14. Take-overs

The company's Articles of Association do not contain any defence mechanisms against the acquisition of shares, nor has any measures been taken to restrict the opportunity to acquire shares in the company. In the event of a takeover offer, the Board of Directors will seek expert advice in order to comply with applicable rules and regulations and will otherwise act in a manner to ensure equal treatment of shareholders, seek to avoid that the company's business activities are unnecessary disrupted and to ensure that the shareholders are given sufficient information and time to consider the offer.

The Board of Directors will not seek to hinder or obstruct take-over bids. In the event of a take-over bid for the company, the Board of Directors will seek to comply with the NUES recommendations, including obtaining a valuation from an independent expert and making a recommendation to Atea's shareholders regarding acceptance of the bid. The Board of Directors will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

15. The Auditor

The Auditor's relationship with the Board of Directors

The auditor participates at the Board meeting where the annual accounts are discussed. At this meeting, the Board of Directors is briefed on the annual accounts and any matters of particular concern to the auditor, including matters where there has been disagreement between the auditor and the executive management of the company. The auditor provides the Audit Committee with an annual plan for the audit of the company and he has regular contact with the Audit Committee during the audit process so that the Audit Committee can fulfil its oversight responsibilities. At least once a year the auditor presents to the Audit Committee a review of the company's internal control procedures, including identified weaknesses, if any, and proposals for improvement.

The Board of Directors and the auditor meet at least once per year without management present.

The use of the external Group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the Group Chief Accountant if the total fee for the legal or reporting unit exceeds EUR 10,000. The external Group auditor is responsible for reporting such services to the Audit Committee and to perform an ongoing assessment of independence. Furthermore, the independence of the auditor is continuously monitored by the Audit Committee.

The Auditor's relationship with the Board of Directors

Deloitte has been the company's auditor since 2006. In 2016 the Auditing partner changed according to normal rotation rules. In addition to ordinary auditing, the auditing firm has provided services related to accounting, tax and reporting. Reference is made to Note 8 to the annual accounts. The corporate management holds regular meetings with the auditor. In these meetings the auditor reports on the company's accounting practices, risk areas and internal control routines. The auditor's remuneration is approved by the company's General Meeting, including a breakdown of remuneration between auditing and other services.

Holding
Atea ASA
Atea ASA
Brynsalleen 2
Box 6472 Etterstad
NO-0605 Oslo
Tel: +47 22 09 50 00
Org.no 920 237 126
investor@atea.com
atea.com

Norway
Atea AS
Brynsalleen 2
Box 6472 Etterstad
NO-0605 Oslo
Tel: +47 22 09 50 00
Org.no 976 239 997
info@atea.no
atea.no

Sweden
Atea AB
Kronborgsgränd 1
Box 18
SE-164 93 Kista
Tel: +46 (0)8 477 47 00
Org.no 556448-0282
info@atea.se
atea.se

Denmark
Atea A/S
Lautrupvang st. 6
DK-2750 Ballerup
Tel: +45 70 25 25 50
Org.no 25511484
info@atea.dk
atea.dk

Finland
Atea Oy
Jaakonkatu 2
PL 39
FI-01621 Vantaa
Tel: +358 (0)10 613 611
Org.no 091 9156-0
customercare@atea.fi
atea.fi

Lithuania
Atea UAB
J. Rutkausko st. 6
LT-05132 Vilnius
Tel: +370 5 239 7899
Org.no 122 588 443
info@atea.lt
atea.lt

Latvia
Atea SIA
Unijas iela 15
LV-1039 Riga
Tel: +371 67 819050
Org.no 40003312822
info@atea.lv
atea.lv

Estonia
Atea AS
Pärnu mnt. 139C, 1
EE-1317 Tallinn
Tel: +372 610 5920
Org.no 10088390
info@atea.ee
atea.ee

Group Logistics
Atea Logistics AB
Smedjegatan 12
Box 159
SE-351 04 Växjö
Tel: +46 (0)470 77 16 00
Org.no 556354-4690
customer.care@atea.se

Group Shared Services
Atea Global Services SIA
Mukusalas st. 15
LV-1004 Riga
Tel: +371 67359600
Org.no 50203101431
rigainfo@atea.com
ateaglobal.com

Group Functions
Atea Group Functions A/S
Lautrupvang st. 6
DK-2750 Ballerup
Org.no 39097060
info@atea.dk

AppXite
AppXite SIA
Matrozu st. 15
LV-1048 Riga
Org.no 40003843899
info@appxite.com
appxite.com