

Q1

2024



Interim Report

Revenue of NOK 7.6 billion,
down 12.5% y-o-y

Gross profit of NOK 2.6 billion,
up 1.9% y-o-y

EBIT of NOK 256 million,
up 2.2% y-o-y

Net profit of NOK 192 million,
up 9.6% y-o-y



ATGA

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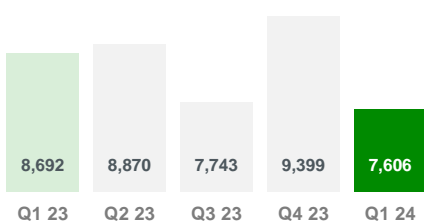
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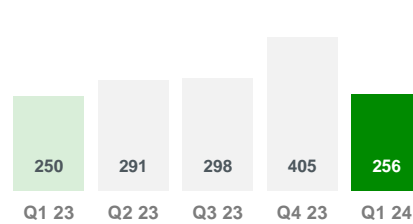
NOK in million	Q1 2024	Q1 2023	Full year 2023
Gross sales	11,399	12,201	51,938
Revenue	7,606	8,692	34,704
Gross profit	2,556	2,508	10,249
EBIT	256	250	1,244
EBIT margin (%)	3.4%	2.9%	3.6%
Net profit	192	175	800
Earnings per share (NOK)	1.72	1.58	7.22
Diluted earnings per share (NOK)	1.71	1.57	7.14
Cash flow from operations	-903	205	1,878
Free cash flow	-983	132	1,558

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Net financial position	-117	535	961
Liquidity reserve	4,758	5,283	5,791
Working capital	-878	-1,696	-2,169
Working capital in relation to last 12 months gross sales (%)	-1.7%	-3.5%	-4.2%
Adjusted equity ratio (%)	30.9%	27.4%	24.4%
Number of full-time employees, end of period	8,118	8,202	8,152

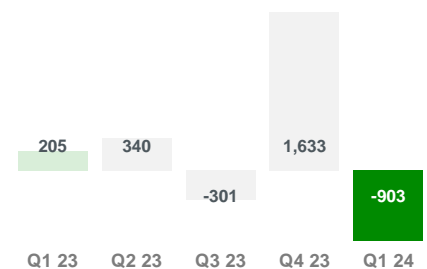
Revenue
NOK in million



EBIT
NOK in million



Cash Flow
NOK in million



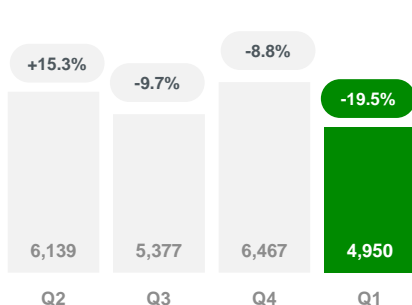
* Alternative performance measures (APM) presented in the key figures table are described in [Note 11](#) of this report.

Financial Review Q1 2024

Group

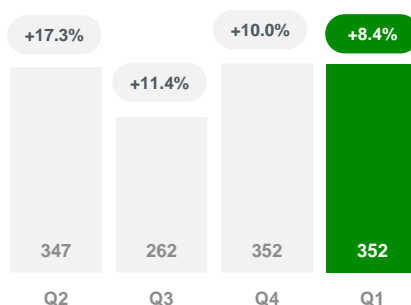
Hardware revenue and growth

NOK in million



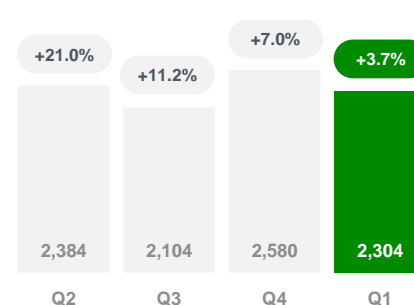
Software revenue and growth

NOK in million



Service revenue and growth

NOK in million



Atea reported higher operating profit in the first quarter of 2024, driven by growth in its software and services business and by improved gross margins in all business lines.

Revenue was NOK 7.6 billion, down 12.5% from an exceptionally strong comparable period last year. In Q1 2023, demand for office IT infrastructure was abnormally strong, as organizations returned to on-premise work following the COVID pandemic. At the same time, supply chain constraints in the electronics industry eased, enabling Atea to deliver a high volume of hardware orders which had been held up in backlog.

In addition, revenue in Q1 2024 was negatively impacted by two large public sector frame agreements in Denmark which were inactive due to ongoing tender processes. Atea won both frame agreements during the quarter. See page 7 and page 13 for further information.

As a result of these factors, hardware revenue fell by 19.5% from an extraordinary sales period last year. Over a two-year period since Q1 2022, hardware revenue has grown at a rate of 1.4% per year (CAGR).

Software revenue grew by 8.4% from last year, driven by higher demand from the public sector. Services revenue grew by 3.7% from last year, mostly based on strong sales of managed service agreements. Currency translation differences had a positive impact of 3.5% on Group revenue in Q1 2024.

Gross profit increased by 1.9% to NOK 2,556 million. Gross margin was 33.6% in Q1 2024, up from 28.9% last year, due to improved hardware margin and a higher proportion of software and services in the revenue mix.

Total operating expenses increased by 1.9% from last year to NOK 2,300 million. The average number of full-time employees fell by 49 (-0.6%) from last year.

Based on solid growth in software and services and a higher hardware gross margin, EBIT in Q1 2024 grew by 2.2% to NOK 256 million. The EBIT margin was 3.4%, up from 2.9% last year.

Net financial items were an expense of NOK 10 million, down from NOK 26 million last year, with interest costs partly offset by foreign currency gains. See Note 5 for more information.

Profit before tax was NOK 245 million, up from NOK 224 million in Q1 last year. Net profit after tax increased by 9.6% compared with last year, to NOK 192 million.

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Norway

NOK in million	Q1 2024	Q1 2023	Change %
Products revenue	1,305	1,288	1.3%
Services revenue	595	586	1.4%
Total revenue	1,900	1,875	1.4%
Gross profit	684	666	2.6%
Gross margin %	36.0%	35.5%	0.4%
OPEX	624	611	2.1%
EBIT	60	55	8.8%
EBIT %	3.2%	2.9%	0.2%

Atea Norway reported higher revenue and EBIT in Q1 2024, with growth across all lines of business.

Revenue in Q1 2024 was NOK 1,900 million, up 1.4% from last year. Hardware revenue grew by 1.2%, driven by increased shipments of data center and AV equipment. Software revenue grew by 3.5%, with higher demand from the public sector. Services revenue was up 1.4%, driven by increased sales of managed services.

Gross profit grew by 2.6% to NOK 684 million, due to higher sales and improved margins. Gross margin was 36.0% in Q1 2024, up from 35.5% last year.

Total operating expenses grew by 2.1% to NOK 624 million, mainly due to higher personnel and IT costs. The average number of full-time employees fell by 17 (-1.0%) from last year.

EBIT grew by 8.8% to NOK 60 million in Q1 2024. The EBIT margin was 3.2%, compared with 2.9% last year.

Financial Review Q1 2024

Sweden

SEK in million	Q1 2024	Q1 2023	Change %
Products revenue	2,008	2,391	-16.0%
Services revenue	867	843	2.8%
Total revenue	2,875	3,234	-11.1%
Gross profit	960	945	1.7%
Gross margin %	33.4%	29.2%	4.2%
OPEX	778	772	0.8%
EBIT	182	173	5.4%
EBIT %	6.3%	5.3%	1.0%

Atea Sweden reported higher EBIT during the first quarter of 2024, driven by higher sales of software and services and by improved gross margins.

Revenue in Q1 2024 was SEK 2,875 million, down 11.1% from last year. Hardware revenue fell by 18.0% from an exceptionally strong comparable period last year - see page 13 for more information on recent demand trends. Software revenue grew by 16.8%, driven by increased demand from the public sector. Services revenue grew by 2.8%, based on increased sales of managed services.

Gross profit was SEK 960 million, up 1.7% from last year. Gross margin was 33.4% in Q1 2024, up from 29.2% last year, due to improved hardware margin and to a higher proportion of software and services in the revenue mix.

Total operating expenses were SEK 778 million, up 0.8% from last year. The average number of full-time employees fell by 44 (-1.6%) from last year.

EBIT grew by 5.4% to SEK 182 million in Q1 2024. The EBIT margin was 6.3%, compared with 5.3% last year.

Financial Review Q1 2024

Denmark

DKK in million	Q1 2024	Q1 2023	Change %
Products revenue	679	1,183	-42.6%
Services revenue	377	383	-1.5%
Total revenue	1,056	1,565	-32.5%
Gross profit	327	357	-8.4%
Gross margin %	30.9%	22.8%	8.1%
OPEX	334	347	-3.7%
EBIT	-7	10	N/A
EBIT %	-0.7%	0.6%	-1.3%

Atea Denmark reported lower financial results in Q1 2024, compared with a very strong comparable period last year.

Revenue fell by 32.5% to DKK 1,056 million, primarily due to slower sales to the public sector. Hardware revenue fell by 43.8%, software revenue by 11.7%, and services revenue by 1.5%.

In Q1 2024, two major public sector frame agreements (SKI 50.03 Servers and Storage and SKI 50.40 Computers and Accessories, part 1) were inactive due to ongoing tender processes. Both frame agreements were awarded to Atea during the first quarter. Based on the new frame agreements, Atea Denmark expects to return to revenue growth from next quarter.

Gross profit was DKK 327 million, down 8.4% from last year. Gross margin was 30.9% in Q1 2024, up from 22.8% last year, primarily due to higher margins on hardware sales and an increased proportion of services in the revenue mix.

Total operating expenses fell by 3.7% to DKK 334 million, mostly due to lower personnel costs. The average number of full-time employees fell by 15 (-1.0%) from last year.

EBIT was a loss of DKK 7 million in Q1 2024, compared with an EBIT of DKK 10 million last year.

Financial Review Q1 2024

+ Finland

EUR in million	Q1 2024	Q1 2023	Change %
Products revenue	63.2	76.9	-17.8%
Services revenue	11.9	11.6	2.8%
Total revenue	75.1	88.5	-15.1%
Gross profit	16.3	16.8	-3.0%
Gross margin %	21.8%	19.0%	2.7%
OPEX	14.4	14.7	-1.9%
EBIT	2.0	2.2	-10.4%
EBIT %	2.6%	2.5%	0.1%

Atea Finland reported lower revenue and EBIT in Q1 2024 due to a softer hardware market.

Revenue in Q1 2024 fell by 15.1% to EUR 75.1 million. Hardware revenue declined by 19.1% from an exceptionally strong period last year - see page 13 for more information on recent demand trends. Software revenue grew by 34.1%, mainly due to higher demand from public sector customers. Services revenue increased by 2.8%, based on growth in subcontracted services.

Gross profit was down 3.0% from last year to EUR 16.3 million. Total gross margin was 21.8% in Q1 2024, up from 19.0% last year, primarily due to improved product margins and due to a higher proportion of software and services in the revenue mix.

Total operating expenses fell by 1.9% to EUR 14.4 million, due to lower variable compensation and overhead costs. The average number of full-time employees grew by 17 (3.2%) from last year.

EBIT in Q1 2024 was EUR 2.0 million, compared with EUR 2.2 million last year. The EBIT margin was 2.6%, compared with 2.5% last year.

Financial Review Q1 2024



EUR in million	Q1 2024	Q1 2023	Change %
Products revenue	17.4	20.3	-14.7%
Services revenue	13.1	12.5	4.9%
Total revenue	30.4	32.8	-7.2%
Gross profit	12.0	11.3	6.1%
Gross margin %	39.4%	34.4%	4.9%
OPEX	10.6	10.0	6.0%
EBIT	1.4	1.3	7.1%
EBIT %	4.4%	3.8%	0.6%

Atea Baltics reported steady growth in operating profit during the first quarter of 2024, driven by strong performance in its service business.

Total revenue fell by 7.2% from last year to EUR 30.4 million. Hardware revenue was down 12.4%, mainly due to lower sales of PCs and data center equipment. Software revenue fell by 56.4% from last year, when Atea had very large project deliveries to the public sector. Services revenue grew by 4.9%, with higher sales of both consulting and managed services.

Gross profit grew by 6.1% from last year to EUR 12.0 million. Gross margin increased to 39.4% in Q1 2024, compared with 34.4% last year, mainly due to an improved hardware margin and a higher proportion of services in the revenue mix.

Total operating expenses grew by 6.0% to EUR 10.6 million in Q1 2024, based on growth in the services workforce. The average number of full-time employees grew by 40 (5.7%) from last year.

EBIT in the first quarter of 2024 grew by 7.1% to EUR 1.4 million. The EBIT margin was 4.4%, compared with 3.8% last year.

Balance Sheet

As of 31 March 2024, Atea had total assets of NOK 16,116 million. Current assets such as cash, receivables and inventory represented NOK 8,793 million of this total. Non-current assets represented NOK 7,323 million of this total, and primarily consisted of goodwill (NOK 4,429 million), right-of-use leased assets (NOK 1,368 million) property, plant and equipment (NOK 518 million), and deferred tax assets (NOK 223 million).

Atea had total liabilities of NOK 11,604 million, and shareholders' equity of NOK 4,511 million as of 31 March 2024. Atea's policy is to maintain an equity ratio above 20%, adjusting for the impact of IFRS 16 ("adjusted equity ratio"). The adjusted equity ratio at the end of Q1 2024 was 30.9%.

Atea's had a net debt of NOK 117 million at the end of Q1 2024 as defined by Atea's loan covenants. Atea's loan covenants require that the Group maintains a maximum net interest bearing debt of 2.5x pro forma EBITDA over the last twelve months. Based on the calculation of the debt covenants, Atea's net interest-bearing debt is 0.1x pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 4,758 million before the debt covenant would be reached. See additional information on the liquidity reserve in [Note 11](#) of this report.

In order to reduce the volatility of its working capital and debt balances throughout the year, Atea sells specified accounts receivable through a securitization program organized by its bank. At the end of Q1 2024, Atea had sold receivables of NOK 1,875 million under the securitization program, compared with NOK 1,849 million last year. Additional information on the securitization program can be found in [Note 6](#) of this report.

Cash Flow

Cash flow from operations was an outflow of NOK 903 million in the first quarter of 2024. Atea's cash flow from operations is highly impacted by seasonal fluctuations in working capital during the year. This results in high cash flow from operations in the fourth quarter of the year when working capital requirements fall, and negative cash flow in the first half of the year when working capital requirements increase. In Q1 2024, cash collection was also temporarily delayed by the Easter public holidays, which coincided with the quarter end.

Cash flow from investing activities was an outflow of NOK 79 million in Q1 2024, in line with last year's level.

Cash flow from financing activities was an inflow of NOK 220 million in Q1 2024, as Atea increased its utilization of revolving credit lines during the quarter. See additional information on Atea's debt balances in [Note 6](#) of this report.

Shares

Atea had 9,445 shareholders on 31 March 2024 compared with 8,319 shareholders on 31 March 2023.

The 10 largest shareholders as of 31 March 2024 were:

Main Shareholders*	Shares	%
Systemintegration APS **	31,391,063	27.9%
Folketrygdfondet	8,210,886	7.3%
State Street Bank and Trust Co. ***	5,798,403	5.2%
State Street Bank and Trust Co. ***	3,970,961	3.5%
Verdipapirfond Odin Norden	3,656,029	3.3%
State Street Bank and Trust Co. ***	2,725,967	2.4%
State Street Bank and Trust Co. ***	2,647,978	2.4%
RBC Investor Services Trust ***	2,629,627	2.3%
Verdipapirfond Odin Norge	2,287,192	2.0%
J.P. Morgan Bank Luxembourg ***	1,911,571	1.7%
Other	47,154,416	42.0%
Total number of shares	112,384,093	100.0%

* Source: Verdipapirsentralen

** Includes shares held by Lone Schøtt Kunøe

*** Includes client nominee accounts

As of 31 March 2024, Board Member Lone Schøtt Kunøe and close associates controlled a total of 28.5% of the shares, including the shares held by Systemintegration APS.

As of 31 March 2024, Atea's senior management team held 438,180 shares.

Business Overview

Background

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The company is the largest player by far in its local markets, with a market share of approximately 20%. About 65% of Atea's sales are to the public sector, with the remainder of sales to private companies.

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

Atea's market share in the Nordic and Baltic regions far exceeds that of other IT infrastructure providers. Today, the company has offices in 88 cities in the Nordic and Baltic regions and over 8,000 employees. This scale provides Atea with critical competitive advantages in purchasing, local market presence, breadth and depth of product offering, system integration competence, and efficient shared services and logistics functions.

The market for IT infrastructure in the Nordic and Baltic regions has grown steadily during the last several years. Since 2020, the market for IT infrastructure and related services grew by approximately 8% per year, according to preliminary estimates from IDC*.

Atea's competence and leading market position in IT infrastructure has enabled the company to grow at a rate higher than that of the market. Since 2020, Atea has averaged an organic sales growth rate of approximately 9%.

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

Digital Transformation

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

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

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

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

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

* International IT research company, International Data Corporation

Business Overview

Business Strategy

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

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

Atea's solution offering:

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

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

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

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

Atea's service portfolio:

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

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

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

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

Sustainability

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

In March 2024, Atea published its first Integrated Financial and Sustainability Report. This report provides a holistic view of Atea's company's performance, encompassing both financial results and sustainability initiatives. For more information see www.atea.com/esg-overview/.

The Science Based Target initiative (SBTi) has approved Atea's updated short-term and long-term science-based emissions reduction targets. More information can be found at <https://sciencebasedtargets.org/target-dashboard>.

In February, Atea was recognized for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP, securing a place on its annual 'A List'.

In January, Atea reaffirmed its status as one of the world's foremost sustainable corporations, securing a position in Corporate Knights' "Global 100" ranking. Atea's overall standing improved from 49th in 2023 to 41st in 2024, consistently maintaining its top position within the IT Services industry for the third consecutive year.

During the past year:

- Atea was ranked among Europe's Diversity Leaders by The Financial Times and Statista.
- Atea earned the highest rating in environmental and social performance by EcoVadis for the fourth consecutive year: a platinum-level ranking Atea among the top 1% of more than 100,000 companies evaluated globally.
- Atea was recognized by the Financial Times and Statista as a European "Climate Leader", based on efforts to reduce greenhouse gas emissions, publication of data and transparency in reporting Scope 3 emissions.
- Atea maintained "Prime" (highest) status by ISS ESG, one of the world's leading rating agencies in the field of sustainable investment.
- Atea was recognized as a "Transparency Partner" by Nasdaq, an initiative focusing on improving the ESG information flow between listed companies and the investor community.

Business Outlook

Market trends

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

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

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

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

Since the end of Q2 2023, temporary factors which drove surplus revenue growth during the "post-COVID pandemic" period eased. During the past three quarters (Q3 2023 – Q1 2024), Atea's revenue fell by 7% from the exceptionally high levels of the "post-COVID pandemic" period. Hardware revenue fell by 12%, while software revenue grew by 10% and services grew by 7%.

The recent decline in Atea's revenue since the end of the "post-COVID pandemic" period represents a return to the long-term growth trendline of Atea's business. Atea's revenue during the past three quarters has grown at a CAGR of 7% per year, compared with the same period two years ago. This is in line with Atea's long-term revenue trend.

Outlook

During the remainder of 2024, Atea expects revenue growth to return to a higher rate as there will no longer be a comparison with the exceptionally strong revenue levels of the "post-COVID pandemic" period. This growth expectation is also supported by the market forecasts of leading technology research companies and IT infrastructure vendors.

Atea's growth forecast is further supported by an improving economic outlook and by the following demand drivers:

- *New frame agreements in Denmark:* During Q1 2024, Atea won two very large public sector frame agreements (SKI 50.03 Servers and Storage and SKI 50.40 Computers and Accessories, part 1).

The SKI 50.03 frame agreement has a term of 2 years with an option to extend for an additional two years, and has a maximum contract value of DKK 3.7 billion. The SKI 50.40 frame agreement has a term of 2 years with an option to extend for an additional two years, and has a maximum contract value of DKK 4.3 billion.

The SKI 50.40 frame agreement was won from a competitor and is new business for Atea. The SKI 50.03 frame agreement has been inactive since Q2 2023 due to delays in the tendering process and will therefore also generate incremental revenue growth for Atea during the coming year. Atea will start to deliver new orders from these frame agreements during Q2 2024.

- *Increased public spending on defense:* Nordic and Baltic countries are increasing public spending on defense following Russia's invasion of Ukraine. Sweden and Finland have recently joined the NATO alliance and will need to expand communication and coordination with the alliance.

In addition to their integration within NATO, the Nordic countries have initiated activities to further coordinate military command, control and operations across the Nordic region. All of these trends will drive higher spending on information technology by Atea's customers in national security and defense.

- *IT security / NIS 2 regulation:* IT security has become a top investment priority for organizations as threats of cyberattacks and data breaches continue to grow.

An additional driver of IT security investment is the EU Network and Information Systems 2 (NIS 2) directive, which must be adopted into local law by EU countries by October 2024. The NIS 2 directive sets a new regulatory baseline of cybersecurity requirements to be implemented in public and private sector organizations which provide vital functions for society.

A large percentage of Atea's customers fall within the scope of the NIS 2 regulation and will be required to register and confirm that they have implemented the cybersecurity measures of NIS 2 by early 2025. Noncompliance with the NIS2 directive can result in heavy penalties against these organizations and directly against their management bodies.

Business Outlook

Outlook (CONT'D)

- *Windows 10 end-of-life:* Microsoft has announced that they will end support for Windows 10 by October 14, 2025. From this date, Microsoft will no longer provide users with security updates, feature updates or assisted support.

Nearly 70% of Windows PCs worldwide are presently running the Windows 10 operating system. Users can upgrade their PC to Windows 11 free of charge, but many existing PCs do not meet the strict hardware compatibility requirements of Windows 11 and are unable to make the upgrade.

Atea expects the end of Windows 10 support to lead to a large PC refresh cycle, as many organizations will purchase new PCs with Windows 11 preinstalled in order to migrate users to a new operating system.

- *New AI-driven software releases:* Artificial intelligence is now being embedded in a broad range of new and updated software applications, including Microsoft Windows 11 and M365 Copilot. The new AI-enabled features are driving customer interest in purchasing new software upgrades and releases.

As organizations purchase new software applications with embedded AI features, this will drive additional spending on a broad range of IT infrastructure and support services - including hardware, software, consultancy services and managed services.

In sum, the Nordic market for IT infrastructure is expected to return to steady growth during 2024, as organizations invest further in information technology.

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

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

Condensed Financial Information

For the 3 months ended 31 March 2024

Consolidated statement of comprehensive income

NOK in million	Note	Q1 2024	Q1 2023	Full year 2023
Revenue	2, 3, 8, 11	7,606	8,692	34,704
Cost of sales	11	-5,050	-6,184	-24,455
Gross profit		2,556	2,508	10,249
Payroll and related costs		-1,919	-1,870	-7,396
Other operating costs	11	-201	-220	-921
EBITDA	11	436	418	1,932
Depreciation and amortization		-180	-168	-688
Operating profit (EBIT)	2	256	250	1,244
Net financial items	5	-10	-26	-223
Profit before tax		245	224	1,021
Tax	7	-54	-49	-221
Profit for the period		192	175	800
Earnings per share				
Earnings per share (NOK)	4	1.72	1.58	7.22
Diluted earnings per share (NOK)	4	1.71	1.57	7.14
Profit for the period		192	175	800
Currency translation differences		117	310	289
Items that may be reclassified subsequently to profit or loss		117	310	289
Other comprehensive income		117	310	289
Total comprehensive income for the period		308	485	1,090
Total comprehensive income for the period attributable to:				
Shareholders of Atea ASA		308	485	1,090

Consolidated statement of financial position

NOK in million	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets				
Property, plant and equipment		518	553	514
Right-of-use assets		1,368	1,296	1,314
Deferred tax assets	7	223	211	209
Goodwill		4,429	4,367	4,336
Other intangible assets		590	501	572
Other long-term receivables		195	168	182
Non-current assets		7,323	7,096	7,127
Inventories		894	1,266	785
Trade receivables		4,522	4,676	6,946
Other receivables		2,546	2,746	2,191
Cash and cash equivalents		830	1,053	1,587
Current assets		8,793	9,740	11,509
Total assets		16,116	16,836	18,636
Equity and liabilities				
Share capital and premium	4	680	680	680
Other reserves		1,923	1,828	1,806
Retained earnings		1,908	1,707	1,712
Equity		4,511	4,214	4,199
Interest-bearing long-term liabilities	6	588	-	588
Long-term leasing liabilities		1,144	1,110	1,093
Other long-term liabilities		176	148	168
Deferred tax liabilities		153	155	151
Non-current liabilities		2,061	1,413	2,000
Trade payables		5,148	6,999	8,045
Interest-bearing current liabilities	6	327	484	5
Current leasing liabilities		470	411	418
Tax payable		103	71	200
Provisions		54	45	55
Other current liabilities		3,442	3,199	3,715
Current liabilities		9,544	11,208	12,437
Total liabilities		11,604	12,622	14,437
Total equity and liabilities		16,116	16,836	18,636

Consolidated statement of cash flow

NOK in million	Q1 2024	Q1 2023	Full year 2023
Profit before tax	245	224	1,021
Adjusted for:			
Depreciation and amortisation	180	168	688
Share based compensation	15	12	64
Gains/Losses on disposals of PPE and intangible assets	-2	0	0
Net interest expenses	36	43	196
Taxes paid	-99	-82	-251
Net interest paid	-36	-43	-196
Cash earnings	339	321	1,521
Change in trade receivables	2,482	2,407	193
Change in inventories	-96	14	487
Change in trade payables	-2,964	-1,541	-567
Other changes in working capital	-664	-996	243
Cash flow from operating activities	-903	205	1,878
Purchase of PPE and intangible assets	-82	-73	-322
Sale of PPE and intangible assets	2	0	2
Cash flow from investing activities	-79	-73	-320
Dividend paid	-	-	-693
Proceeds(+)/Payments (-) from changes in treasury shares	9	0	27
Payments of lease liabilities	-95	-82	-362
Change in debt	306	-97	-55
Cash flow from financing activities	220	-179	-1,082
Net cash flow	-763	-47	476
Cash and cash equivalents at the start of the period	1,587	922	922
Foreign exchange effect on cash held in a foreign currency	6	179	190
Cash and cash equivalents at the end of the period	830	1,053	1,587

Consolidated statement of changes in equity

NOK in million	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
Equity at start of period - 1 January		4,199	3,728	3,728
Currency translation differences		117	310	289
Other comprehensive income		117	310	289
Profit for the period		192	175	800
Total recognised income for the year		308	485	1,090
Employee share-option schemes		-5	1	33
Dividend		-	-	-693
Changes related to own shares	4	9	0	42
Equity at end of period		4,511	4,214	4,199

Note 1

General information and accounting policies

The condensed interim financial statements for the three months ending 31 March 2024 were approved for publication by the Board of Directors on 24 April 2024. These Group financial statements have not been subject to audit or review.

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

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 "Interim Financial Reporting". The condensed interim financial statements do not include all information and disclosures required in the annual financial statement and should be read in accordance with the Group's Annual Report for 2023, which has been prepared according to IFRS as adopted by EU. There are no changes in accounting policy effective from 1 January 2024, which has an impact on the Group accounts.

In the interim financial statements for 2024, judgements, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2024 and the major sources of uncertainty in the statements are similar to those found in the Annual accounts for 2023.

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

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

Note 2

Operating segment information

Atea is located in 88 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with over 8,000 employees. For management and reporting purposes, the Group is organized by these geographical areas. The performance of these geographical areas is evaluated on a regular basis by Atea's Executive Team, consisting of among others the Managing Directors of each geographical segment.

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

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

Revenue

NOK in million	Q1 2024	Q1 2023	Full year 2023
Norway	1,900.1	1,874.7	8,288.2
Sweden	2,909.4	3,171.3	12,844.8
Denmark	1,615.9	2,310.0	8,105.4
Finland	857.9	971.9	3,788.3
The Baltics	347.5	360.4	1,709.6
Group Shared Services	1,917.4	2,081.0	8,799.1
Eliminations*	-1,942.7	-2,077.8	-8,831.4
Atea Group	7,605.6	8,691.6	34,704.0

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

Note 2

Operating segment information (CONT'D)

EBIT

NOK in million	Q1 2024	Q1 2023	Full year 2023
Norway	60.1	55.2	332.4
Sweden	184.7	169.6	649.5
Denmark	-11.0	14.4	122.7
Finland	22.5	24.0	140.2
The Baltics	15.5	13.9	81.8
Group Shared Services	7.1	6.9	37.3
Group cost	-23.1	-33.7	-119.7
Operating profit (EBIT)	255.7	250.3	1,244.2
Net financial items	-10.3	-26.2	-223.1
Profit before tax	245.4	224.0	1,021.1

Quarterly revenue and gross profit

NOK in million	Q1 2024	Q1 2023	Full year 2023
Product revenue	5,301.7	6,470.9	25,415.9
Services revenue	2,303.8	2,220.8	9,288.0
Total revenue	7,605.6	8,691.6	34,704.0
Gross profit	2,555.5	2,507.5	10,249.3

Quarterly revenue and gross profit

NOK in million	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Product revenue	5,301.7	6,819.4	5,639.5	6,486.2	6,470.9
Services revenue	2,303.8	2,579.8	2,103.8	2,383.6	2,220.8
Total revenue	7,605.6	9,399.2	7,743.4	8,869.8	8,691.6
Gross profit	2,555.5	2,803.7	2,282.2	2,655.9	2,507.5

Note 2

Operating segment information (CONT'D) – Local Currency

Revenue

Local currency in million		Q1 2024	Q1 2023	Full year 2023
Norway	NOK	1,900.1	1,874.7	8,288.2
Sweden	SEK	2,874.5	3,233.7	12,896.4
Denmark	DKK	1,056.1	1,565.3	5,286.6
Finland	EUR	75.1	88.5	331.6
The Baltics	EUR	30.4	32.8	149.6
Group Shared Services	NOK	1,917.4	2,081.0	8,799.1
Eliminations*	NOK	-1,942.7	-2,077.8	-8,831.4
Atea Group	NOK	7,605.6	8,691.6	34,704.0

EBIT

Local currency in million		Q1 2024	Q1 2023	Full year 2023
Norway	NOK	60.1	55.2	332.4
Sweden	SEK	182.4	173.0	652.1
Denmark	DKK	-7.3	9.7	80.0
Finland	EUR	2.0	2.2	12.3
The Baltics	EUR	1.4	1.3	7.2
Group Shared Services	NOK	7.1	6.9	37.3
Group cost	NOK	-23.1	-33.7	-119.7
Operating profit (EBIT)	NOK	255.7	250.3	1,244.2
Net financial items	NOK	-10.3	-26.2	-223.1
Profit before tax	NOK	245.4	224.0	1,021.1

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

Note 3

Disaggregation of revenue

Information about the main revenue streams and the timing of the revenue recognition is described in Note 5 – Revenue recognition, cost of sales and contract balances – in the Annual report for 2023.

The Group has disclosed geographical information about revenue from external customers.

In addition, the Group has disclosed revenue based on two main categories: products (hardware and software) and services.

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

Hardware revenue

Local currency in million		Q1 2024	Q1 2023	Full year 2023
Norway	NOK	1,212.5	1,198.6	5,643.0
Sweden	SEK	1,849.4	2,255.3	8,841.9
Denmark	DKK	638.0	1,136.1	3,525.6
Finland	EUR	60.7	75.0	275.6
The Baltics	EUR	16.9	19.3	93.1
Group Shared Services	NOK	1,620.0	1,841.4	7,743.2
Eliminations*	NOK	-1,614.8	-1,817.7	-7,680.6
Atea Group	NOK	4,950.1	6,146.4	24,130.0

Software revenue

Local currency in million		Q1 2024	Q1 2023	Full year 2023
Norway	NOK	92.7	89.6	335.8
Sweden	SEK	158.5	135.7	541.4
Denmark	DKK	41.0	46.4	183.0
Finland	EUR	2.5	1.9	8.2
The Baltics	EUR	0.5	1.1	2.9
Group Shared Services	NOK	1.2	1.3	4.6
Eliminations*	NOK	0.4	0.1	-1.2
Atea Group	NOK	351.7	324.4	1,285.9

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

Note 3

Disaggregation of revenue (CONT'D)

Services revenue

Local currency in million		Q1 2024	Q1 2023	Full year 2023
Norway	NOK	594.9	586.5	2,309.5
Sweden	SEK	866.6	842.8	3,513.1
Denmark	DKK	377.2	382.8	1,578.0
Finland	EUR	11.9	11.6	47.8
The Baltics	EUR	13.1	12.5	53.7
Group Shared Services	NOK	296.2	238.3	1,051.3
Eliminations*	NOK	-328.3	-260.1	-1,149.7
Atea Group	NOK	2,303.8	2,220.8	9,288.0

Note 4

Share capital and premium

NOK in million, except number of shares	Number of shares		Share capital			
	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total
At 1 January 2024	112,384,093	-1,233,053	112	-1	569	680
Changes related to own shares**		327,195	-	0	-	0
At 31 March 2024	112,384,093	-905,858	112	-1	569	681

Average number of shares outstanding

The average number of shares outstanding during the first quarter of 2024 was 111,320,031. This number is used in the calculation of Basic Earnings per Share.

When calculating Fully Diluted Earnings per Share, the average number of shares outstanding during the first quarter of 2024 was 112,255,601. The difference relates to the dilution effect of the Employee Share Option program and Employees share savings program.

Based on the number of share options outstanding, the strike price of the options, the average share price during the first quarter of 2024 and the remaining vesting period of the options, the dilution impact of the share option program and Employee Share Option program is 935,570 shares. This calculation is in accordance with IAS 33 Earnings per Share.

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

** This is related to share based compensation for the employees.

Note 4

Share capital and premium (CONT'D)

31 March 2024	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				111,320,031
<u>Dilution effect of share options</u>				
Total share options				
Fully vested, with adjusted strike price below share price	1,012,123	77	77	584,153
Unvested*, with adjusted strike price below share price	2,110,832	101	115	246,999
Unvested*, with adjusted strike price above share price	4,174,664	118	134	-
All Share options	7,297,619	107	108	831,152
Dilution effect of Employees share savings program:				104,418
Total dilution effect:				935,570
Fully diluted EPS calculation**				112,255,601

Note 5

Net financial items

NOK in million	Q1 2024	Q1 2023	Full year 2023
Interest income	10	5	24
Other financial income	0	-1	0
Total financial income	10	4	24
Interest costs on loans	-28	-30	-146
Interest costs on leases	-18	-18	-74
Foreign exchange effects	28	18	-21
Other financial expenses	-2	-1	-7
Total financial expenses	-21	-31	-247
Total net financial items	-10	-26	-223

* Adjusted nominal strike price includes fair value of services to be provided during remainder of vesting period, in accordance with IFRS 2 Share-based Payment

** Based on an average share price of NOK 130 from January 1 – March 31, 2024

Note 6

Borrowing

Credit facilities

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

EIB loan

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

Receivables facility

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

Overdraft facility

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

Overview of facilities used:

NOK in million	Available facility	Utilized facility	
	31 Mar 2024	31 Mar 2024	31 Mar 2023
Long-term			
EIB loan	588	588	-
Long-term interest-bearing leasing liabilities*		25	25
Short-term			
Receivables facility	1,100	313	-
Overdraft facility	300	-	-
Money market line	600	-	-
EIB loan		-	475
Current interest-bearing leasing liabilities*		7	9
Other		14	9
Total debt		947	518
Securitization - sale of receivables	1,900	1,875	1,849
Total borrowing utilized		2,822	2,367

* Total debt does not include incremental net lease liabilities due to the adoption of IFRS 16 from 1 January 2019, as defined by Atea loans covenants. See [Note 11](#) for more information.

Note 7

Taxes

NOK in million	Q1 2024	Q1 2023	Full year 2023
Profit before tax	245	224	1021
Tax payable expenses	-68	-52	-220
Deferred tax asset changes due to tax loss carry forward used	-1	-4	-40
Other deferred tax changes	14	6	39
Total tax expenses	-54	-49	-221
Effective rate	22.0%	22.0%	21.6%

Income tax expense is recognized based on management's estimate of its weighted average tax rate. The estimated effective tax rate during the Q1 of 2024 is 22.0%. Deferred tax changes mainly include tax loss carryforwards used and other deferred tax items which are recognized on the balance sheet during the period.

At the year end of 2023, the tax value of the tax loss carried forward within the Group was NOK 212 million from which NOK 211 million was recognized as Deferred Tax Assets on the balance sheet.

Note 8

Seasonality of operations

Atea's revenue and cash flow are affected by the seasonality of demand for IT infrastructure investments.

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

Note 9

Dividend

On February 7, 2024, the Board of Atea ASA resolved to propose a dividend of NOK 7.00 per share at the next Annual General Meeting to be held on April 25, 2024. The dividend will be split into two equal payments of NOK 3.50 which will take place in May and

November 2024. For Norwegian tax purposes, the dividend shall be considered as repayment of paid-in capital. Further details on the dividend payment are provided in the Notice to the Annual General Meeting.

Note 10

Events after the balance sheet date

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

Note 11

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 ESMA's guidelines on alternative performance measures (APM), an APM is defined as

a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the International Financial Reporting Standards as adopted by EU.

Atea uses the following APMs:

Gross sales and revenue

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

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

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

Q1 2024

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	1,212	1,871	976	693	193	4,950
Software	963	2,086	693	209	98	4,010
Services	617	915	626	155	158	2,439
Gross sales	2,793	4,872	2,295	1,057	449	11,399
Hardware IFRS 15 adjustments	-	-	-	-	-	-
Software IFRS 15 adjustments	871	1,925	631	180	93	3,659
Services IFRS 15 adjustments	22	37	48	19	9	135
Total IFRS 15 adjustments	893	1,963	679	199	101	3,794
Hardware	1,212	1,871	976	693	193	4,950
Software	93	160	63	29	5	352
Services	595	878	578	136	150	2,304
Revenue	1,900	2,909	1,616	858	347	7,606

Note 11

Gross sales and revenue (CONT'D)

Q1 2023

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	1,199	2,212	1,677	824	212	6,146
Software	885	1,733	761	261	137	3,717
Services	611	881	584	135	147	2,337
Gross sales	2,694	4,825	3,022	1,220	496	12,201
Hardware IFRS 15 adjustments	-	-	-	-	-	-
Software IFRS 15 adjustments	795	1,599	692	240	125	3,393
Services IFRS 15 adjustments	24	54	19	8	10	116
Total IFRS 15 adjustments	820	1,654	712	248	135	3,509
Hardware	1,199	2,212	1,677	824	212	6,146
Software	90	133	68	21	12	324
Services	586	827	565	127	137	2,221
Revenue	1,875	3,171	2,310	972	360	8,692

Full year 2023

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Atea Group
Hardware	5,643	8,807	5,406	3,149	1,064	24,130
Software	4,046	8,268	4,082	1,230	303	17,891
Services	2,472	3,763	2,522	597	661	9,917
Gross sales	12,162	20,837	12,009	4,976	2,027	51,938
Hardware IFRS 15 adjustments	-	-	-	-	-	-
Software IFRS 15 adjustments	3,711	7,729	3,801	1,136	270	16,605
Services IFRS 15 adjustments	163	264	103	52	48	629
Total IFRS 15 adjustments	3,874	7,992	3,904	1,188	318	17,235
Hardware	5,643	8,807	5,406	3,149	1,064	24,130
Software	336	539	281	94	33	1,286
Services	2,309	3,499	2,419	546	613	9,288
Revenue	8,288	12,845	8,105	3,788	1,710	34,704

Note 11

Pro forma accounts

Pro forma financial results are used to calculate organic growth as well as loan covenant requirements (see below).

Pro forma gross sales and revenue in constant currency exclude the effect of foreign currency rate fluctuations.

Growth in constant currency is translating gross sales and revenue recognized during the current period using exchange rates for the previous period.

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Gross sales	11,399	12,201	51,938
Adjustment for acquisitions	-	-	-
Pro forma gross sales	11,399	12,201	51,938
Pro forma gross sales on last year currency	11,047	11,587	48,805
Pro forma growth in constant currency	-9.5%		4.5%

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Revenue	7,606	8,692	34,704
Adjustment for acquisitions	-	-	-
Pro forma revenue	7,606	8,692	34,704
Pro forma revenue on last year currency	7,349	8,238	32,555
Pro forma growth in constant currency	-15.4%		0.3%

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

NOK in million	Q1 2024	Q1 2023	Full Year 2023
EBITDA	436	418	1,932
Adjustment for acquisitions	-	0	0
Pro forma EBITDA	436	418	1,932

Note 11

Gross profit and gross margin

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

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

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

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Revenue	7,606	8,692	34,704
Cost of sales	-5,050	-6,184	-24,455
Gross profit	2,556	2,508	10,249
Gross margin %	33.6%	28.9%	29.5%

Gross sales margin

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

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Gross sales – products	8,960	9,864	42,021
Gross sales – services	2,439	2,337	9,917
Total gross sales	11,399	12,201	51,938
Product gross profit	1,060	1,085	4,444
Total services gross profit	1,495	1,423	5,805
Total products and services gross profit	2,556	2,508	10,249
Product margin	11.8%	11.0%	10.6%
Services margin	61.3%	60.9%	58.5%
Gross sales margin %	22.4%	20.6%	19.7%

Note 11

Operating expenses

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

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Payroll and related costs	1,919	1,870	7,396
Other operating costs	201	220	921
Depreciation and amortization	180	168	688
Total operating expenses	2,300	2,257	9,005

Free cash flow

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

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

NOK in million	Q1 2024	Q1 2023	Full Year 2023
Cash flow from operations	-903	205	1,878
Purchase of PPE and intangible assets	-82	-73	-322
Sale of PPE and intangible assets	2	0	2
Capital expenditures through cash	-79	-73	-320
Free cash flow	-983	132	1,558

Note 11

Net financial position

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

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

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

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Interest-bearing long-term liabilities	-588	-	-588
Interest-bearing long-term leasing liabilities	-25	-25	-25
Interest-bearing current liabilities	-327	-484	-5
Interest-bearing current leasing liabilities	-7	-9	-8
Cash and cash equivalents	830	1,053	1,587
Net financial position	-117	535	961
Long-term ROU assets leasing liabilities	-1,061	-1,021	-1,023
Current ROU assets leasing liabilities	-372	-334	-350
Incremental net lease liabilities due to IFRS 16 adoption	-1,433	-1,356	-1,372

Note 11

Liquidity reserve

Liquidity reserve is a metric used to assess maximum additional borrowing that is allowed by Atea's debt covenants as of the balance sheet date. Liquidity reserve does not show committed loans reserve.

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

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

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Last 12 months pro forma EBITDA	1,950	1,899	1,932
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	4,875	4,748	4,830
Net financial position	-117	535	961
Liquidity reserve	4,758	5,283	5,791
Net debt / pro forma EBITDA	0.1	-0.3	-0.5

Liquidity reserve breakdown:

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Unutilised short-term overdraft facilities	1,687	2,000	2,000
Draft limitation, debt covenant	3,071	3,283	3,791
Liquidity reserve	4,758	5,283	5,791

Note 11

Net working capital

Net working capital is defined as non-interest-bearing current assets net of cash and cash equivalents less non-interest-bearing current liabilities. The net working capital balance impacts how

much funding is needed for business operations. Net working capital is positively affected by the securitization program, see [Note 6](#) for more details.

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Inventories	894	1,266	785
Trade receivables	4,522	4,676	6,946
Other receivables	2,452	2,676	2,115
Trade payables	-5,148	-6,999	-8,045
Tax payable	-103	-71	-200
Provisions	-54	-45	-55
Other current liabilities	-3,442	-3,199	-3,715
Working capital	-878	-1,696	-2,169
Securitization effect	1,875	1,849	1,872
Working capital before securitization	997	153	-296
Year to date gross sales	11,399	12,201	51,938
Proforma gross sales – last 12 months	51,137	48,801	51,938
Working capital in relation to last 12 months gross sales	-1.7%	-3.5%	-4.2%

Note 11

Adjusted equity ratio

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

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

NOK in million	31 Mar 2024	31 Mar 2023	31 Dec 2023
Total assets	16,116	16,836	18,636
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,368	-1,296	-1,314
Long-term subleasing receivables	-58	-64	-46
Short-term subleasing receivables	-92	-68	-60
Adjusted total assets	14,598	15,409	17,216
Equity	4,511	4,214	4,199
Adjusted equity ratio (%)	30.9%	27.4%	24.4%

Q1

2024

Holding

Atea ASA

Karvesvingen 5
Box 6472 Etterstad
NO-0605 Oslo
Tel: +47 22 09 50 00
Org.no 920 237 126
investor@atea.com
atea.com

Denmark

Atea A/S

Lautrupvang Street 6
DK-2750 Ballerup
Tel: +45 70 25 25 50
Org.no 25511484
info@atea.dk
atea.dk

Latvia

Atea SIA

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

Global Shared Services

Atea Global Services SIA

Mukusalas Street 15
LV-1004 Riga
Org.no 50203101431
AGS_info@atea.com
ateaglobal.com

Norway

Atea AS

Karvesvingen 5
Box 6472 Etterstad
NO-0605 Oslo
Tel: +47 22 09 50 00
Org.no 976 239 997
info@atea.no
atea.no

Finland

Atea Finland OY

Rajatorpantie 8
FI-01600 Vantaa
Tel: +358 (0)10 613 611
Org.no 091 9156-0
customer@atea.fi
atea.fi

Estonia

Atea AS

Järvevana tee 7b
EE-10112 Tallinn
Tel: +372 610 5920
Org.no 10088390
info@atea.ee
atea.ee

Group Functions

Atea Group Functions A/S

Lautrupvang Street 6
DK-2750 Ballerup
Org.no 39097060
info@atea.dk

Sweden

Atea Sverige 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

Lithuania

Atea UAB

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

Group Logistics

Atea Logistics AB

Nylandavägen 8A
Box 159
SE-351 04 Växjö
Tel: +46 (0)470 77 16 00
Org.no 556354-4690
customer.care@atea.se

Appxite

Appxite SIA

Matrozu Street 15
LV-1048 Riga
Org.no 40003843899
info@appxite.com
appxite.com