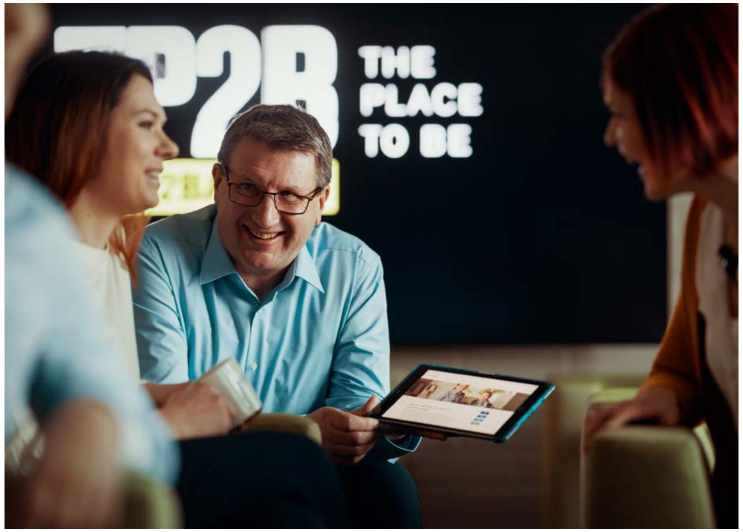
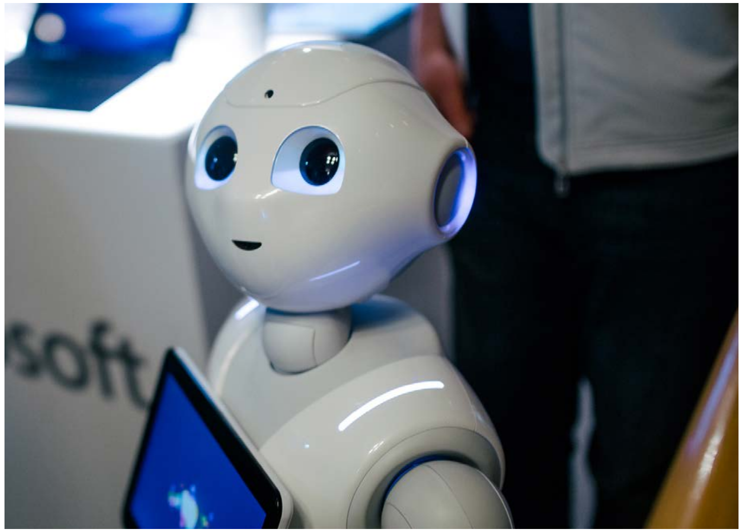
ATEA

Annual report 2017





CREATING TOMORROW'S DIGITAL SOLUTIONS

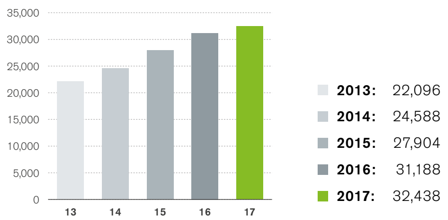
Content

Atea's office locations

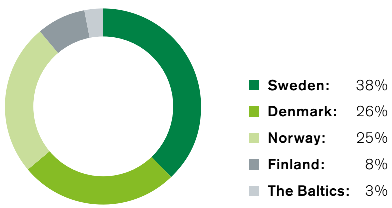
Key Figures Group 2013 – 2017

NOK in million (unless stated otherwise)	2013	2014	2015	2016	2017
Revenue	22,096	24,588	27,904	31,188	32,438
Gross Profit	5,320	5,717	6,403	6,939	7,218
Gross margin (%)	24.1	23.3	22.9	22.2	22.3
Operating profit (EBIT)	355	584	514	677	799
EBIT-margin (%)	1.6	2.4	1.8	2.2	2.5
Earnings per share (NOK)	3.33	4.14	3.76	4.87	5.10
Diluted earnings per share (NOK)	3.31	4.10	3.71	4.80	5.00
Dividend per share (NOK)	9.50	6.00	6.50	6.50	6.50
Net financial position	-419	-829	-750	-350	102
Cash flow from operations	874	959	1,287	1,404	1,238
Liquidity reserve	1,326	1,628	1,573	2,362	3,040
Equity ratio (%)	31.6	28.1	25.3	23.8	22.6
Number of full-time employees at the year end	6,280	6,504	6,779	6,882	6,904

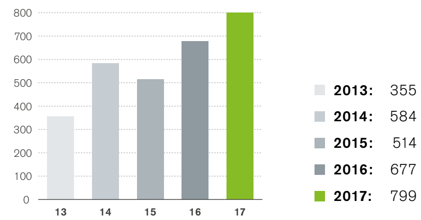
Revenue
2013 – 2017 (NOK in million)

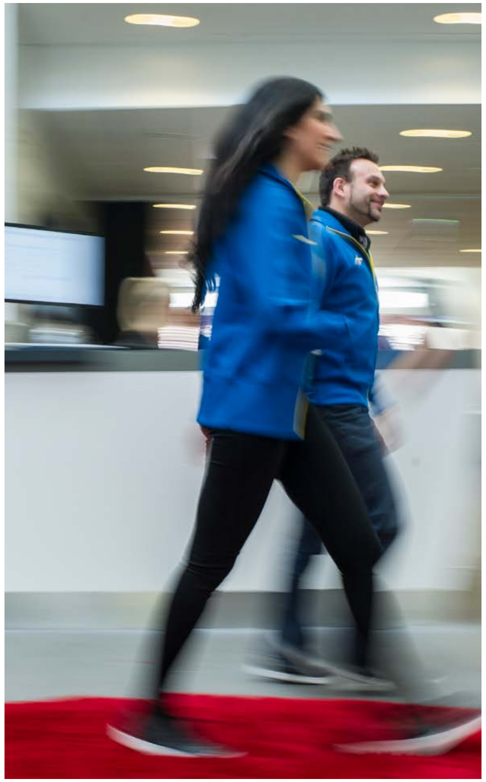


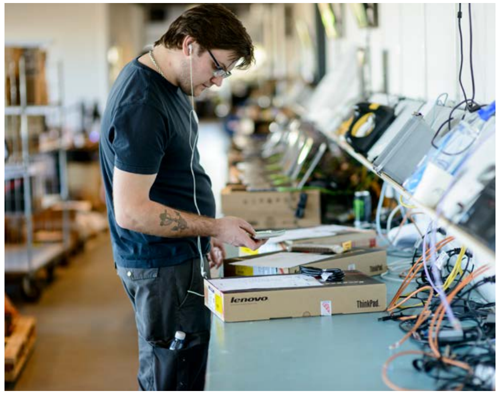
Revenue per country
2017

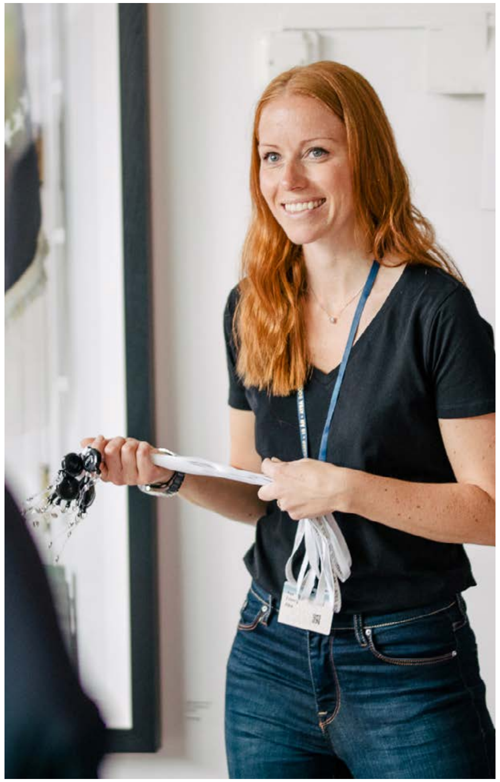


EBIT
2013 – 2017 (NOK in million)









WE ARE ATEA

More than **6,900** 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 more than 6,900 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 Inc, 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 get maximum productivity from their IT investments. 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 2017, Atea reported revenue of NOK 32.4 billion: up 4.0 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.


Atea
Action

A letter from the CEO

Creating tomorrow's digital solutions

Dear shareholders –
2017 was an incredibly exciting year for Atea. Since I joined Atea (then Merkantildata) twenty years ago, I have never experienced a time with such abundant opportunities to expand our position in the market and strengthen our relationships with customers.

From a financial perspective, I am pleased to report that 2017 was another record year. Our revenue reached a new high of NOK 32.4 billion, and our operating profit (EBIT) increased by 18 percent from last year's record level to NOK 799 million.

The financial markets recognized and rewarded this performance. Our total return to shareholders during 2017 was over 53 percent, based on a 45 percent increase in the share price and an 8 percent dividend yield from the start of 2017.

I am very proud of the contribution of all our employees in achieving these results. But even more rewarding than the financial performance of our company has been the steps that our team has taken to position Atea for the growth opportunities ahead.

If there is one word which has come to define the current era of enterprise IT, it is "digitalization". Across private enterprise and throughout the public sector, organizations are converting vast and increasing amounts of data into a digital format.

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 they now control.

As a consequence of this "digital transformation", 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 see this digital transformation taking shape every day. 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.

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.

Most of our customers are just at the start of their digital transformation journey. But the progress we have seen is incredibly encouraging when it comes to new market opportunities for Atea.

As customers undertake digital transformation initiatives to capture new opportunities, they require significant investments in IT infrastructure to capture, process and utilize new forms of data. These are not only the same investments customers were already making to expand their capacity. In addition, customers are also demanding an increased volume of higher value-added software and services from Atea.

The need for higher value-added software and services is partly driven by the increased complexity of customer's IT environments as they undertake digital transformation initiatives — with ever more data crossing more applications and devices, both central and remote. The need is partly driven by the fact that as IT becomes more essential for our customers' operations, they require a higher degree of security and stability in their IT infrastructure.

The need is also partly driven by technological trends which are changing the relationship between custom IT applications and more standardized IT infrastructure. Previously, major IT initiatives like digital transformation projects would require a high degree of custom development work from programmers and application consultants. Now more of these initiatives are being undertaken on technology platform offerings from our largest vendors – including Microsoft, Cisco, HP Inc., Hewlett Packard Enterprise, IBM, Apple, Lenovo, VMware, Citrix, and Dell EMC.

Atea's largest IT infrastructure partners have invested billions of dollars to develop technology platforms for our customers to undertake major projects within digitalization. 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.

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 initiatives. 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, these projects demand 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 competence and capabilities in numerous areas of technology to support our customers' digital initiatives.

I am very pleased with how our organization has responded to develop our capabilities in higher value-added products and services during 2017. In particular, I would like to mention our work in the following areas which are critical to our customers' digital transformation projects.

Even **more rewarding** than the financial performance we have achieved are the steps we have taken to position Atea for the growth opportunities ahead.

– Steinar Sønsteby

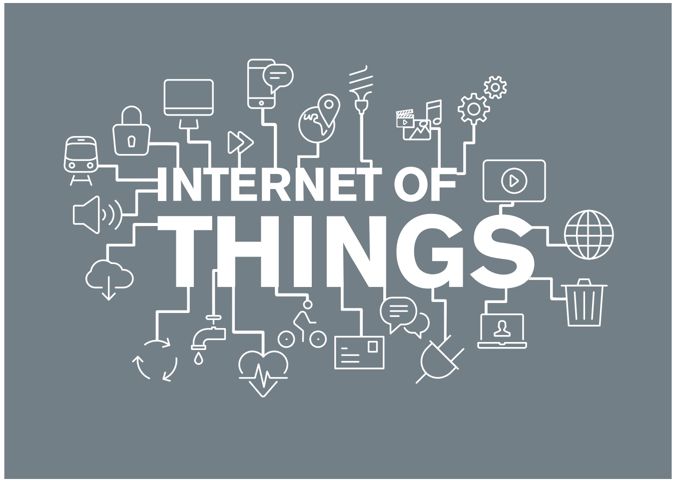
Internet of Things (IoT):
Many digital transformation projects involve installing a large number of new electronic devices (or "things") to collect data, which are then connected to networks directly or via the internet. Collectively, these new connected devices are called the "Internet of Things", or IoT.

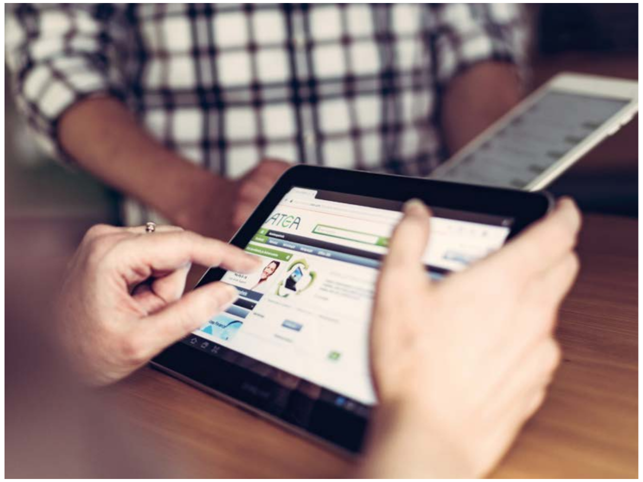
These connected "things" are often small sensor devices which capture and process environmental data, and transfer it to a control center. They may also be actuators which respond to commands provided from the control center. Or they might be a smart device combining sensors and actuators, which can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

Atea is working with many industrial, retail and government customers on IoT projects, in partnership with its largest technology vendors. In all of these projects, one of the biggest challenges which the customer faces is how to enable hundreds or even thousands of new connected devices to communicate with each other and with a control center in a coordinated and reliable manner.

Our technology partners provide critical platform solutions to address this challenge. In particular, Atea is implementing IoT technologies from Cisco, Microsoft and IBM to connect a wide variety of new devices such as sensors to a standard IoT platform or "hub". This "hub" then transfers data to and from a control center which operates in a public or private cloud. Based on the technologies and platforms of our major partners, Atea is able to implement IoT projects connecting a wide range of devices in a highly efficient and reliable manner.





Communications and networking:

As organizations require more devices to be connected to networks, the demands on the performance of the network become ever greater. This is especially true within wireless connectivity, in which the strength of RF signals, limitations on capacity, and prevention of interference become critical.

As a result, customers need to upgrade their networks so that more devices can connect reliably. In addition, customers require intelligent solutions to monitor network traffic and performance, enhance security, and support network administration. Atea is working closely with key technology partners such as Cisco and Hewlett Packard Enterprise to address the needs of its customers within advanced and intelligent networking solutions.

In addition, organizations are implementing many new IoT devices remotely and are relying on broadband cellular networks (4G, etc.) to connect these devices to their operations via the internet. When this occurs, the mobile data connection becomes a critical component of the customer's IoT implementation.

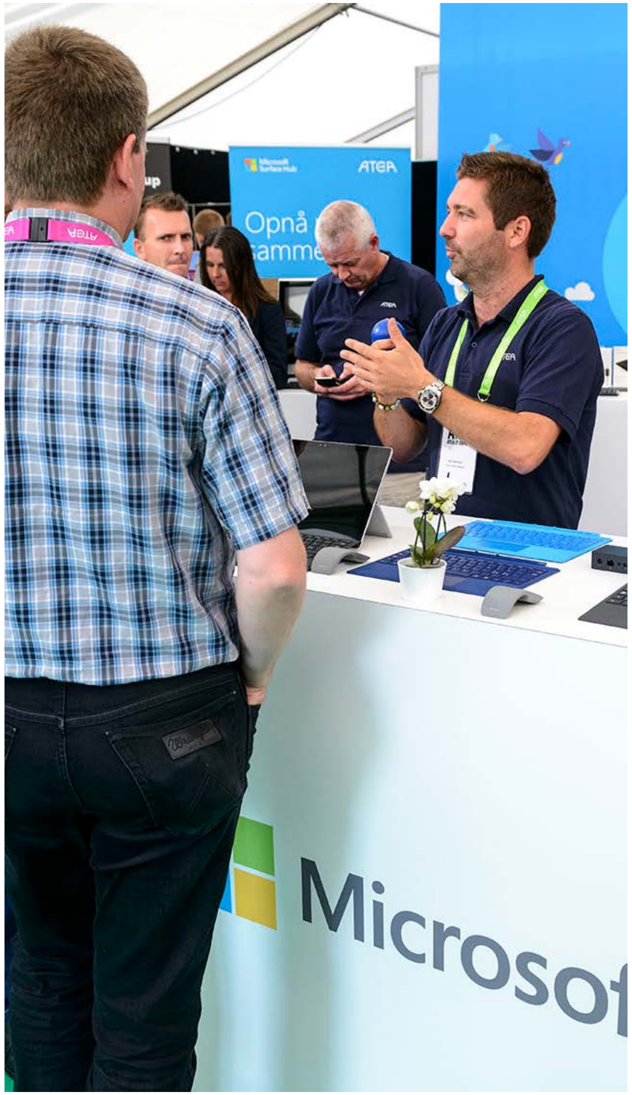
In Norway, Atea launched a virtual mobile operator (VMO) service in 2017 to provide its customers with access to the cellular network and mobile data. Atea purchases broadband capacity from Telenor and resells this capacity as a service to its customers. Atea expects much of the future growth of this VMO service to come from customer implementations of IoT devices.

"Hybrid" computing:

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 this 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 the diverse compute requirements of their applications, 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. Under this model of hybrid computing, the customer requires an integration solution which can flexibly allocate workloads across multiple data centers and serve as a point of access for the end user.



Atea's technology partners – including Cisco, Dell EMC, Hewlett Packard Enterprise, Microsoft, IBM, and VMWare – provide state-of-the-art solutions for computing at the edge, in the private cloud, and in the public cloud. Atea integrates solutions from multiple vendors to provide its customers with a hybrid computing offering which can flexibly allocate workloads across multiple compute resources. Given the importance and complexity of this area, Atea has invested heavily to develop its competence within hybrid computing during the last years.

Data analytics:

Digitalization projects frequently result in the conversion of a very large sets of data into digital form. The data collected may far exceed the human capacity to derive meaning from the data.

For this reason, digitalization projects often 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.

Data analytics software has historically been closely linked to application consulting projects, such as enterprise systems. Today, data analytics software is connected to so many unique sources that it has become a core part of the infrastructure in which the source data is managed.

Atea has developed a close partnership with Microsoft and IBM on data analytics solutions, based on the growing importance of these solutions for our customers' digital transformation projects. Atea has been involved in a growing number of large data analytics projects during the last year, including a major project with the Norwegian tax authority based on an IBM cognitive computing platform.

Security:

As organizations add new devices to their networks and handle ever greater volumes of data, the risk of unauthorized access to information has grown dramatically. It has become routine for the media to report on major Information security incidents at large corporations or branches of government, and most IT security breaches are never even detected or known to the public.

The European Union has prioritized the growing risk of data breach and misuse through its new General Data Protection Regulation (GDPR), approved by the EU parliament in 2016 and to be enforced from May 2018. The GDRP places high compliance requirements on organizations which hold personal data involving citizens within the EU. Organizations which do not comply with the new requirements or are subject to breach face heavy penalties under the new regulation.

Traditional models for preventing a breach of IT systems, such as access control, firewalls and antivirus solutions, are vital but not sufficient to manage today's threat landscape. Organizations need a comprehensive strategy for IT security, including systems for protecting access points, networks, data and applications, as well as solutions for intrusion detection, incident response and business recovery.

All of Atea's major technology partners offer solutions which address some but not all of the challenges of IT security. Atea's role is to help customers understand their threat landscape and implement solutions from multiple partners to most effectively address their security needs. Atea also offers services within outsourcing and cloud computing, in which security is a primary feature.

Atea has seen extremely strong demand for IT security consultants during the last year, and has accelerated its recruitment and training of specialists in IT security and data protection. Due to the highly dispersed nature of IT security products, customers greatly appreciate Atea's specialist role as an advisor and systems integrator for security solutions across the IT environment.

Cloud commerce:

Atea's support for digital transformation projects does not only focus on large industries or public sector organizations. Atea has also developed a proprietary solution to enable software companies and resellers to transform their business from traditional licensing to new software-as-a-service delivery models.

Software companies and resellers can expand their reach into new markets, strengthen customer relationships and reduce costs by transitioning to subscription- or consumption-based service delivery from the cloud. However, to effectively capture these opportunities, these companies require significant investments to redesign their software architecture and commercial platform for a new business model.

In 2017, Atea launched its AppXite cloud commerce solution for enabling software vendors and service providers to transition to subscription- or consumption-based service delivery. AppXite provides a transformation service and commercial platform for migrating software companies to a software-as-a-service model operated on the Microsoft Azure cloud solution.

The transformation service includes APIs, software tools and consulting for adapting traditional software architecture to a cloud-based software-as-a-service model. The commercial platform is a fully functional marketplace for reselling software-as-a-service, and includes automated provisioning, price management, advanced usage analysis, and invoicing capabilities.

The AppXite cloud commerce solution has been developed in close collaboration with Microsoft and has commercial potential outside of the Nordic region. If successful, AppXite has the potential to develop into a significant new business area for Atea.

Looking ahead

Atea enters 2018 with key trends in our favor. Customers are investing more in their IT infrastructure based on new opportunities to transform their operations and enhance productivity through digitalization. As a result, customers require more complex and integrated IT environments and seek a partner with the competence to advise and support their IT operations.

This creates a very favorable market environment for Atea, as a specialist in IT infrastructure. Atea has a unique competitive position in the Nordic and Baltic region, where Atea is by far the largest player in the IT infrastructure market and has the closest partnership to key technology vendors. With the support of our vendors, Atea is investing heavily on improving its competence in key areas which are essential for our customers' digital transformation initiatives.

Based on our unique competitive advantages in a favorable market environment, and on the investments we are making to enhance our competence in key growth areas, we enter the new year in a very strong position to capture new market share and increase profitability. We wish all of you an excellent 2018.

Oslo, 15 March 2018

Report from the Board of Directors

2017 was an excellent year for the Atea Group, with record high revenue and operating profit. Total revenue grew by 4.0 percent, with increased sales across all the company's major lines of business (hardware, software and services). The Group's EBIT was up by 17.9 percent from last year, based on higher sales, stable margins and relatively lower growth in operating expenses.

Cash conversion continued to be very strong. This enabled Atea to eliminate its net debt while paying dividends of NOK 692 million, or NOK 6.50 per share. At the end of 2017, the Group had a positive net financial position of NOK 102 million (cash, less net interest-bearing debt). This compares with a negative net financial position of NOK -350 million at the end of 2016.

The Board of Atea ASA would like to thank all Atea employees for their contribution to the Group's strong financial performance during 2017.

Company overview

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The Group has more than 6,900 employees and is located in 87 cities across Norway, Sweden, Denmark, Finland, Latvia, Lithuania and Estonia. Roughly 60 percent 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 its local markets, and is the second largest provider in Europe. The company has an estimated 18% 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 2007, the company has averaged an organic revenue growth rate of 5-6% per year, compared with a market growth rate of approximately 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 Inc., 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 2017, revenue for the Group increased by 4.0 percent to NOK 32,438 million. Hardware revenue, which is Atea's largest business area, grew 1.3 percent, software revenue grew 10.5 percent, and services revenue grew 4.0 percent.

Changes in currency rates impacted Atea's revenue negatively by 0.4 percent in 2017 compared with 2016. Therefore, Atea's revenue growth in constant currency was 4.4 percent in 2017.

The Group's operating profit (EBIT) increased by 17.9 percent to NOK 799 million in 2017, compared with NOK 677 million in 2016. The improved EBIT reflects higher revenue and gross profit, in combination with relatively lower growth in personnel expenses and a decline in depreciation expense.

In April 2017, Atea acquired a 17.5 percent ownership interest in the company Erate AS based in Oslo, Norway. Erate provides a proprietary solution for consumption-based data collection and invoicing. Atea Norway uses the Erate platform to facilitate billing management for its operations as a virtual mobile operator. The investment in Erate has been recognized on the balance sheet using the equity method, and therefore had no impact on the Group's revenue or operating profit during 2017.

Net financial items were NOK -75 million for the year, compared with NOK -60 million in 2016. The increase was caused by the impact of currency fluctuations on foreign currency assets and liabilities. Profit before tax was NOK 724 million in 2017, compared with NOK 617 million in 2016.

Tax expenses were NOK -181 million in 2017, compared with NOK -105 million in 2016. The increase in tax expenses was primarily driven by changes in the valuation of deferred tax assets in Norway. In 2016, the value of deferred tax assets in Norway increased by NOK 68 million, based on a revaluation of tax loss carryforwards (all carryforward loss was recognized on the balance sheet). All changes in the valuation of deferred tax assets are recognized in the income statement as a tax expense.

The net profit for the year was NOK 543 million in 2017, compared with NOK 512 million in 2016. This represents a basic earnings per share of NOK 5.10 in 2017 compared with NOK 4.87 in 2016.

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 on Note 5 of the Group financial report. A brief summary of business performance follows:

Sweden is Atea's largest market, representing 38 percent of Group revenue. In 2017, the Swedish business reported revenue growth of 5.5 percent and EBIT growth of 20.9 percent. The increase in EBIT in Sweden has been driven by higher gross margin on product sales and an increase in services revenue from Atea's own consultants. Atea Sweden has made significant changes to its services business during the last year, focusing on growth areas such as cloud, security and managed infrastructure solutions.

Denmark is Atea's second largest market, representing 26 percent of Group revenue. In 2017 the Danish business reported a revenue decline of 1.2 percent and a decline in EBIT of 27.8 percent. The decrease in EBIT in Denmark has been driven by lower sales from hardware and decrease in services margin. Hardware sales has fallen primarily due to a lower demand from a few major customers. Services revenue and gross margin have fallen due to pricing pressure in several key service areas.

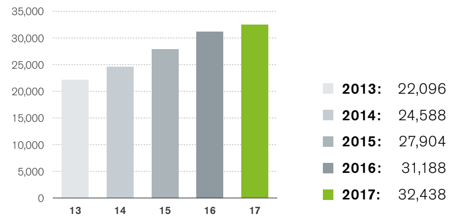
In order to improve profitability, Atea Denmark has restructured its business and reduced its headcount during the past year. A new organization structure was launched in the beginning of January 2018. The new organization is built around customer segments with a focus on solution selling. In combination with reduced staffing levels, the reorganization is expected to drive improved profitability in the Danish business during 2018.

Norway is Atea's third largest business unit, with 25 percent of the Group's revenue. In 2017 the Norwegian business reported revenue growth of 5.6 percent and EBIT growth of 40.3 percent. EBIT growth in Norway has been driven by improved sales and efficiency in its services business. During the last year, management has implemented measures to increase consultant utilization and billing rates. At the same time, the organization has reduced staff by 2.5 percent in 2017 compared with 2016.

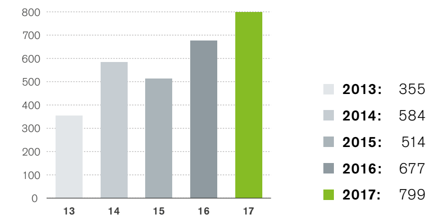
Finland represented 8 percent of Group revenue. In 2017, the Finnish business reported revenue growth of 15.6 percent and EBIT growth of 232.6 percent. During the last two years, Atea has aggressively captured market share in Finland, and won several major public-sector frame agreements. At the same time, headcount remained almost flat in 2017 compared with 2016. This combination of high revenue growth and low growth in personnel expense drove improved EBIT in Finland in 2017.

The Baltic region represented 3 percent of Group revenue. In 2017 the Baltic business grew by 5.4 percent while EBIT fell by 2.5 percent. Revenue growth was driven by higher demand for products and services from the private sector, which offset lower sales to the public sector. The decline in EBIT was due to higher operating expenses compared with last year.

Revenue
2013 – 2017 (NOK in million)



EBIT
2013 – 2017 (NOK in million)



Public sector IT spending in the Baltics is heavily dependent on EU funding programs for large IT projects. The timing of when funding programs will be made available for large public IT investments is unclear. In response to the uncertain market conditions in the public sector, management in the Baltics reduced staff during the fourth quarter of 2017 to lower its operating expenses.

Balance Sheet and Cash Flow

As of 31 December 2017, the Group had total assets of NOK 14,915 million. Current assets such as cash, receivables and inventory represented NOK 9,663 million of this total. Non-current assets represented NOK 5,252 million of this total, and primarily consisted of goodwill (NOK 3,845 million), deferred tax assets (NOK 487 million), and property, plant and equipment (NOK 628 million).

The Group had total liabilities of NOK 11,541 million as of 31 December 2017, of which NOK 11,133 million were current liabilities. Shareholders' equity was NOK 3,373 million at the end of 2017, compared with NOK 3,200 million at the end of the previous year. The equity ratio was 22.6 percent, compared with 23.8 percent for the previous year, due to payment of dividends.

The Group's cash flow from operations was NOK 1,238 million in 2017, compared with NOK 1,404 million in 2016. The Group's strong cash conversion in 2016 and 2017 reflects improvements in working capital management. During 2017, Atea increased its days payable outstanding and reduced inventory levels compared with last year.

Cash flow from investments was negative NOK 229 million in 2017, compared with negative NOK 285 million in 2016. The difference was caused by lower capital expenditure on data center hosting environments compared with last year.

Cash flow from financing was negative NOK 868 million in 2017. The negative cash flow from financing was primarily due to dividend payments of NOK 692 million in 2017. Otherwise, the Group issued new equity of MNOK 86 million through the exercise of share options and reduced its debt by MNOK 262.

The Group's net cash flow was NOK 142 million in 2017. Currency fluctuations increased the cash balance by NOK 103 million during the year. The Group's cash balance was NOK 1,125 million at 31 December 2017, compared with NOK 880 million at 31 December 2016.

At the end of 2017, Atea had a net financial position (cash, less net interest-bearing debt) of positive NOK 102 million. Atea's interest-bearing debt primarily consists of a bank loan of DKK 500 million and an unsecured bond of NOK 300 million. These debts are due to mature in June 2018, and are classified as short-term liabilities. Atea is in the process of refinancing these lending facilities with new long-term debt facilities.

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 18 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 a rate of approximately 3 percent since 2007. Since 2007, 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 and competitive advantages, the company develops stable long-term relations with its customers. Approximately 60 percent 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 second largest IT infrastructure provider in Europe, the company has strong relations 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 percent, as well as maximum operational gearing (net interest-bearing debt divided by pro forma EBITDA) of 2.5.

The company 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 parts of the company's debt have floating interest rates.

Credit risk
Historically, the Group has seen very few losses on receivables. The Group has not experienced materially greater losses on receivables in 2017 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 2017, Atea had a positive net financial position of NOK 102 million, resulting in an available liquidity reserve of NOK 3,040 million before the debt covenant is reached.

The Group's net debt balance has strong seasonal fluctuations. At the end of the second quarter 2017, Atea reported a net debt of NOK 1,494 million, resulting in an available liquidity reserve of NOK 1,271 million before the debt covenant would be reached.

Personnel and Organization
The Group had 6,904 full-time employees at 31 December 2017, a net increase of 22 from 1 January 2017. The average number of full-time equivalents employed by the Group was 6,886 in 2017, compared with 6,806 in 2016. The largest increase in headcount was within the Swedish organization, which has had very strong revenue growth for the last several years.

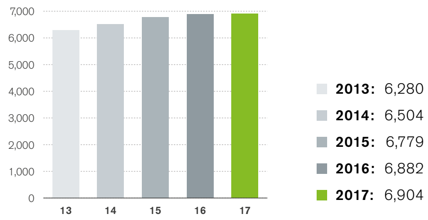
Atea's long-term success is dependent on recruiting skilled IT professionals, and providing its employees with a work environment in which they can develop and contribute with their talents. The work environment and culture are central to Atea's vision of being "The Place to Be" for its employees, customers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

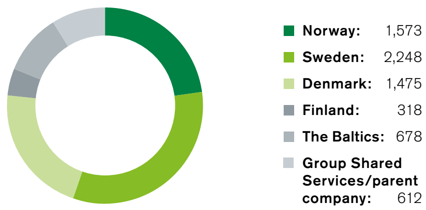
An introduction program has been implemented in every country to quickly integrate new employees. This includes training in Atea's business systems, values, ethical guidelines and corporate culture. All employees are required to successfully complete an examination on Atea's Code of Conduct, and sign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

Change in number of full-time employees
2013 – 2017



Number of employees
At 31 December 2017



participation in athletics through Atea-sponsored sporting events.

For the Group, absence due to illness was 3.0 percent, up from 2.2 percent in 2016. Absence due to illness was 3.2 percent in Norway, 1.1 percent in Sweden, 5.9 percent in Denmark, 2.1 percent in Finland, 2.0 percent in the Baltics and 4.1 percent in Shared Services. No absence due to illness was registered for the parent company in 2017, the same as in 2016.

The risk of occupational injury is very low. In 2017, 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 2017, women represented 20.6 percent of the Group's employees, compared with 21.2 percent at the end of the previous year. In the parent company, women represented 22.2 percent of the Group's employees, compared with 11.1 percent at the end of the previous year. There are nine employees in the parent company, and seven 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 30 October 2014, 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, 2018, Atea will adopt two new accounting standards: IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”. These new standards are not expected to have a significant impact on the financial statements of the Group.

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.

More information on the company’s social responsibility policies and initiatives are available within this annual report, and within a separate annual Corporate Sustainability report on Atea’s website.

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 Växsjö, Sweden, Atea operates the largest electronic recycling-and-reuse operation in the Nordic and Baltic region. Through its innovative “Go IT loop” program with customers, Atea processed 343,000 personal computers and mobile devices for recycling and reuse in 2017. 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.

Based on its efforts in reducing the environmental impact of IT infrastructure, Atea was awarded “Excellent Sustainable Supplier” in 2015 by the Swedish Competition Authority. In 2016, Atea was honored as “Green Role Model” by the environmental organization Gröna Bilister in recognition of its efforts to protect the environment. In 2017, Atea received a gold rating for corporate social responsibility by EcoVadis, a highly respected evaluator of supplier sustainability, ranking Atea in the top 5% of all suppliers evaluated.

Atea participates in a number of recognized national and international environmental initiatives, including the UN Global Compact and Carbon Disclosure Project. The company's environmental work is further described within the annual Corporate Sustainability report on Atea’s website.

Allocation of Net Profit

Atea ASA is the parent company of the Group. The parent company has a total of 9 employees, including the Group's CEO, CFO and associated staff functions. The net profit for 2017 of Atea ASA was NOK 765 million in 2017, compared with a profit of NOK 326 million in 2016. 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 2018. Based on the number of shares outstanding at the end of 2017, this would represent a dividend payment of NOK 699 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.

As a result the “digital transformation” is driving innovation in all sectors of the economy and all public services, including health, welfare, education, defense, policing and infrastructure management. This innovation is likely to 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.

Further information regarding how Atea is investing to strengthen its capabilities to support customers through the “digital transformation” can be found in the CEO letter section of this Annual Report.

Financial objectives / 2018 Outlook

Atea has clear financial objectives for its business which cover revenue growth, market share, operating margins and cash flow. 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.

During 2017, Atea achieved its key financial objectives within revenue, market share, operating margins and cash flow. Atea’s revenue grew to a record NOK 32.4 billion, a growth rate which is estimated to be in line with or above the IT infrastructure market, according to available market research. EBIT margins improved from 2.2 to 2.5 percent, as gross margin improved and operating expenses grew at a lower rate than revenue. Finally, cash flow from operations was NOK 1,238 million, reflecting very strong cash conversion and improved working capital management.

The Group expects that it will continue to increase revenue faster than the market in 2018 while improving its EBIT margins. Cash conversion is also expected to remain strong, enabling the company to maintain its dividend payout to shareholders.

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 advanced networking, IT security, collaboration and data management solutions. The Group will further centralize supply chain and purchasing activities during 2018, in order to better exploit its scale advantages in procurement.

The Group will continue to focus on cost efficiency. In 2017, Atea's operating expenses grew at a much lower rate than revenue. Each business is continuously reviewed for opportunities to reduce personnel costs and other operating expenses. 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.

Since the change in management of Atea at the start of 2014, Atea has reported annualized revenue growth of 10.1 percent per year and annualized EBIT growth of 22.5 percent per year. At the same time, Atea has generated sufficient cash to pay nearly NOK 2.7 billion in dividends to shareholders while eliminating the Group's net debt balance.

The Board is very pleased with the Group's financial performance since the reorganization. As we enter a new year, Atea is once again well positioned to meet its key financial objectives of revenue and profit growth, with strong cash conversion and a high dividend payout.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that;

- the consolidated financial statements for 2017 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 2017 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, 15 March 2018

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, and X-Yachts A/S. Ib Kunøe has participated in 7 of 7 board meetings in 2017. 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 FinansA/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 7 of 7 board meetings in 2017. 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 7 out of 7 board meetings in 2017. 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 7 of 7 board meetings in 2017.

Lisbeth Toftkær Kvan (born 1967)

Member of the Board

Lisbeth Toftkær Kvan is Nordic Marketing and Insurance Manager in Ford Credit Nordic. She has more than 20 years experience as a financial services executive and has 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 7 board meetings in 2017. 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 7 board meetings in 2017.

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. Urdahl has graduated from high school. Marianne Urdahl has participated in 5 of 7 board meetings in 2017.

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 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 5 of 5 board meetings since she joined the board in April 2017.

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 2017, 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 2018, the Board proposes that the AGM 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 2017, the Company had NOK 102 million in net cash, compared with net debt NOK 350 million at the end of 2016. The Company has NOK 300 million in unsecured bonds outstanding, with 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 debt covenant during 2017.

FINANCIAL CALENDAR 2018

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

1st quarter 2018: **Thursday 26 April 2018**

2nd quarter 2018: **Friday 13 July 2018**

3rd quarter 2018: **Thursday 18 Oct 2018**

4th quarter 2018 and provisional accounts for 2018: **Thursday 7 February 2019**

Annual General Meeting:
Thursday 26 April 2018

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 2017, the VPS registered share capital in the company was NOK 107,581,945, divided into 107,581,945 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 25.1 per cent of the shares at the end of 2017. Otherwise, Atea ASA has a diversified shareholder structure, with a total of 7,343 shareholders at the end of the year.

Share performance

- At the end of 2017, Atea's share price was NOK 115.50 compared with NOK 79.50 end of 2016.
- During 2017, a dividend payout of NOK 6.50 per share was made to shareholders, yielding a direct return of 8.2 per cent compared to the share price at the end of 2016.
- The total return on the Company's shares during 2017 was 53.5 percent, including the dividend yield and share price appreciation from NOK 79.50 to NOK 115.50.
- The share's highest close price during 2017 was NOK 117.00 on 19 December and its lowest close price was NOK 78.00 on 24 January.
- At the end of 2017, the number of shareholders was 7,343, up from 7,105 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 2017 - 29 December 2017

Main Shareholders [1)]
at 31 December 2017

Name	Shares	% of total
Systemintegration APS	26,658,510	24.8 %
Folketrygdfondet	10,160,395	9.4 %
State Street Bank & Trust Co. (nominee)	6,037,993	5.6 %
Odin Norden	3,302,977	3.1 %
Handelsbanken Norden Selektiv	3,182,214	3.0 %
RBC Investor Services Trust (nominee)	2,541,947	2.4 %
State Street Bank and Trust Co. (nominee)	2,452,613	2.3 %
Odin Norge	2,447,458	2.3 %
JP Morgan Chase Bank, NA (nominee)	2,406,190	2.2 %
Skandinaviske Enskilda Banken AB (nominee)	2,345,848	2.2 %
Other	46,045,800	42.8 %
Total number of shares	**107,581,945**	**100.0 %**

[1)] Source: Verdipapirsentralen

Analysts following Atea:

Company	Name	Telephone
ABG Sundal Collier	Aksel Engebakken	+47 22016111
Arctic Securities	Henriette Trondsen	+47 21013211
Handelsbanken	Erik Elander	+46 87013141
Carnegie	Håvard Nilsson	+47 22009378
Danske Bank	Martin Stenshall	+47 85407073
DnB	Christoffer Wang Bjørnsen	+47 24169143
SEB	Eirik Rafdal	+47 21008301
Beringer Finance	Nicoleta Rosu	+47 48683152
SB1	Petter Kongslie	+47 24147496
Pareto Securities	Espen Klette	+47 24133935
	Fredrik Steinslien	+47 24132154

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

Ownership structure by number of shares:

Number of shares held	Number of shareholders	Proportion of share capital	Total shares held
1 - 100	4,020	0.1 %	140,552
101 - 1 000	2,317	0.8 %	899,483
1001 - 10 000	708	2.1 %	2,265,028
10 001 - 100 000	210	6.3 %	6,764,009
100 001 - 500 000	55	12.6 %	13,592,930
500 001 -	33	78.0 %	83,919,943
	7,343	**100.0 %**	**107,581,945**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Atea Group Financial Statements

Content

Consolidated Income statement

NOK in million	Note	2017	2016
Revenue	5	32,438	31,188
Cost of goods sold		-25,221	-24,249
Employee benefits expense	6	-5,068	-4,957
Depreciation and amortisation	11, 12	-376	-407
Other operating costs	7	-975	-897
Operating profit		**799**	**677**
Financial income	8, 13	6	14
Financial expenses	8	-81	-74
Net financial items		**-75**	**-60**
Profit before tax		**724**	**617**
Tax	9	-181	-105
Profit for the period		**543**	**512**
Profit for the period attributable to:			
Shareholders of Atea ASA		543	512
Profit for the year after shareholder distributions		**543**	**512**
Earnings per share			
- earnings per share	10	5.10	4.87
- diluted earnings per share	10	5.00	4.80

Consolidated statement of Comprehensive Income

NOK in million		2017	2016
Profit for the period		**543**	**512**
Currency translation differences		213	-206
Forward contracts - cash flow hedging		11	1
Income tax OCI relating to items that may be reclassified to profit or loss	9	-4	21
Items that may be reclassified subsequently to profit or loss		**220**	**-184**
Other comprehensive income		**220**	**-184**
Total comprehensive income for the period		**763**	**328**
Total comprehensive income for the period attributable to:			
Shareholders of Atea ASA		763	328
Profit for the year after shareholder distributions		**763**	**328**

Consolidated statement of Financial Position

NOK in million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Property, plant and equipment	11	628	682
Deferred tax assets	9	487	563
Goodwill	12	3,845	3,658
Other intangible assets	12	273	294
Shares in associated companies	13	12	-
Other long-term receivables	15, 19	6	7
Non-current assets		**5,252**	**5,205**
Inventories	14	591	608
Trade receivables	15, 22	6,886	5,975
Other receivables	15, 22	1,061	785
Other financial assets		1	3
Cash and cash equivalents	20, 22	1,125	880
Current assets		**9,663**	**8,251**
Total assets		**14,915**	**13,456**
EQUITY AND LIABILITIES			
Share capital and premium	16	355	269
Other reserves		2,259	2,039
Retained earnings		760	892
Equity		**3,373**	**3,200**
Interest-bearing long-term liabilities	18, 19, 22	120	1,079
Other long-term liabilities	22	13	17
Deferred tax liabilities	9	275	253
Non-current liabilities		**408**	**1,348**
Trade payables	17, 22	6,755	5,835
Interest-bearing current liabilities	18, 19, 22	903	152
Tax payable		121	118
Provisions	21	258	233
Other current liabilities	17, 22	3,088	2,561
Other financial liabilities	22	8	9
Current liabilities		**11,133**	**8,908**
Total liabilities		**11,541**	**10,256**
Total equity and liabilities		**14,915**	**13,456**

Oslo, 15 March 2018

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 2016	**1,046**	**134**	**766**	**-7**	**517**	**140**	**884**	**3,480**
Other comprehensive income	-	-	-	1	-184	-	-	-184
Profit for the period	-	-	-	-	-	-	512	512
Reduction of the par value of the company's shares	-947		947	-	-	-	-	-
Issue of share capital	1	29	-	-	-	-	-	30
Employee share-option schemes	-	-	-	-	-	24	-	24
Dividends	-	-	-	-	-	-	-682	-682
Changes related to own shares	6	-	-	-	-	-	15	21
Balance at 31 December 2016	**106**	**163**	**1,713**	**-6**	**332**	**163**	**729**	**3,200**
Balance at 1 January 2017	**106**	**163**	**1,713**	**-6**	**332**	**163**	**729**	**3,200**
Other comprehensive income	-	-	-	8	211	-	-	220
Profit for the period	-	-	-	-	-	-	543	543
Issue of share capital	2	84	-	-	-	-	-	86
Employee share-option schemes	-	-	-	-	-	16	-	16
Dividends	-	-	-	-	-	-	-692	-692
Balance at 31 December 2017	**108**	**247**	**1,713**	**2**	**544**	**180**	**581**	**3,373**

[1] See Note 16.

Consolidated statement of Cash Flow

NOK in million	Note	2017	2016
Profit before tax		724	617
Taxes paid		-128	-128
Depreciation and amortisation	11, 12	376	407
Options		16	30
Gains/losses on the sale of subsidiaries		-2	-2
Change in inventories		51	100
Change in trade receivables		-553	-373
Change in trade payables		575	506
Change in other accruals		178	247
Net cash flow from operational activities		**1,238**	**1,404**
Acquisition of subsidiaries/businesses		-1	-14
Payments related to acquisitions in previous years		0	-1
Sale of subsidiaries/businesses		0	11
Purchase of property, plant and equipment and intangible assets	11, 12	-230	-282
Sale of property, plant and equipment and intangible assets		2	1
Net cash flow from investment activities		**-229**	**-285**
Purchase/sale of treasury shares		0	14
Proceeds from new issues		86	30
Dividend paid		-692	-682
Repayment of loans	19	-262	-150
Net cash flow from financing activities		**-868**	**-788**
Net change in cash and cash equivalents for the year		142	331
Cash and cash equivalents at the start of the year		880	630
Foreign exchange effect on cash held in a foreign currency		103	-81
Cash and cash equivalents at the end of the year	20	**1,125**	**880**

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 7,343 shareholders as of 31 December 2017, compared with 7,105 shareholders at the start of the year.

These consolidated accounts were approved by the Board of Directors on the 15 March 2018.

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

No standards adopted by the Group for the first time for the financial year beginning on or after 1 January 2017 have a material impact on the Group.

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 2018. None of these is expected to have significant effect on the consolidated statements of the Group, except the following set out below:

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 is to fully replace 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".

All financial instruments for which the cash flow condition (contractual cash flow characteristics test) is not met are automatically accounted for at fair value through profit or loss, (see 2.11 below). By way of exception, changes of the fair value of equity instruments not held for trading can be recognised in other comprehensive income. If the cash flow condition is deemed met and the financial instrument is held for the purpose of collecting the contractual cash flows, the financial instrument shall be accounted for at amortised cost.

The standard is effective for accounting periods beginning on or after 1 January 2018.

IFRS 9 doesn't change the basic accounting model for financial liabilities under IAS 39. Two measurement categories continue to exist: fair value through profit or loss and amortised cost. 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, the measurement of financial liabilities shall continue at amortised cost as previously.

There are no indications that this standard will have a 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.

Disclosures: IFRS 15 adds several disclosure requirements to the annual and interim reports, e.g. capitalization of contract costs and disclosures of contract balances.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

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 will be recognised when a customer obtains control of the products. Currently, the Group recognizes revenue when the products are delivered to the customer. The Group does not expect any significant impact on the timing of the revenue recognition from the sale of products.

Consulting services (see 2.22.2 below)
Under IFRS 15, revenue will be recognised when the customer can obtain the benefits from the service. Currently, consulting services billed on an hourly basis are recognized as income as the services are rendered. The Group does not expect 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 will be 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 does not expect 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 will be recognised when the customer can obtain the benefits from the service contracts. Currently, service revenues are 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 does not expect any significant impact on the timing of the revenue recognition from service contracts.

Multiple element arrangements or "IT as a Service" (see 2.22.5 below)
Although most of the Group's contracts with customers are not complex, the Group has identified a few contracts that need to be analysed more thoroughly. In particular, multiple element arrangements or "IT as a Service" agreements (see 2.22.5 below) have been analysed using the five-step model. The following possible effects have been identified so far:

The revenue in multiple element arrangements, i.e. deliveries of equipment combined with services, is currently recognised when the products are delivered, while the services are recognised when provided over time. Our initial 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 does not expect any significant impact on the timing of the revenue recognition from Multiple element arrangements or "IT as a Service"

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 obligations related to installation projects of digital 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 decided to use the modified approach.

Based on its assessment, the Group does not expect the application of IFRS15 to have a significant impact on its consolidated financial statements. The scope of the disclosures in the notes will increase.

Practical expedients: The Group intends to use following practical expedients:

- The Group will not disclose information about remaining performance obligations that have original expected durations of one year or less (paragraph 121 of IFRS 15).
- The Group will apply the practical expedients in paragraph C5(c) of IFRS 15 and 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 will recognize 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 (paragraph 94 of IFRS 15.)
- The Group will apply the practical expedients in paragraph 63 of IFRS 15 and 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.

The Group will consider using other practical expedients available.

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. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, instead of recognising the expenses as today in Other operating costs. The standard was issued in January 2016 and is effective for annual reports beginning on or after 1 January 2019, with earlier application permitted.

The Group has conducted an initial assessment of the impact of the new IFRS 16. The assessment is based on preliminary effects identified so far and might be changed later. The primary impact is in three areas and is based on using a preliminary estimate of the Group's incremental borrowing rate and a preliminary assessment of the probabilities that the Group will exercise or not exercise certain options in the lease contract.

Leased premises: The estimated net present value of future lease payments for office and premise contracts under the new IFRS 16 is NOK 632 million as of 31 December 2017 (NOK 616 million as of 31 December 2016). Under the new IFRS 16, the net present value of these obligations will be reported as a lease liability and as a corresponding right-of-use asset, assuming the Group's lease commitments remain at this level.

Vehicles and equipment leases: Most of Atea's auto and equipment leases are now reported as operating leases under the current IAS 17 leasing standard. The estimated net present value of these future lease payments is NOK 153 million as of 31 December 2017 (NOK 153 million as of 31 December 2016). Under the new IFRS 16, the net present value of these operating lease obligations will be reported as a lease liability and as a corresponding asset, assuming the Group's lease commitments remain at this level

Subleases: Under IFRS 16, the Group as a lessor will classify its subleases as either operating or finance leases by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset as currently applied IAS 17. As of 31 December 2017, the Group had a net present value of NOK 403 million in sublease contracts. These agreements are reported as commitments to lenders in Note 25 – Commitments.

Transition methods: IFRS 16 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 decided to use the modified approach, and therefore will only recognise leases on balance sheet as at 1 January 2019.

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 depreciation of property, plant and equipment and intangible assets, valuation of goodwill, valuations associated with acquisitions, valuation of deferred tax assets, and provisions. 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 assets and 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.

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 classifies financial instruments in the following categories:

2.11.1 At fair value through profit and loss

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss. Financial instruments at fair value through profit or loss are classified as current assets, and are carried at fair value at the balance sheet date. Changes in the fair value are recognized in the income statement and included in the net financial income/expenses. Derivatives are also classified under this group when not part of a hedge according to IAS 39.

2.11.2 Financial assets available-for-sale

All other financial instruments, with the exception of loans and receivables originally issued by the company, are classified as available for sale. Financial instruments that are available for sale are presented as current assets if the management has decided to sell the instruments within 12 months of the balance sheet date. Available for sale financial instruments are carried at fair value at the balance sheet date. The gain or loss resulting from changes in the fair value, are recognized directly in OCI until the investment has been disposed of. The accumulated gain or loss on financial instruments that has previously been recognized in OCI, will then be reversed, and the gain or loss will be recognized in the income statement. Impairment losses and foreign exchange gains and losses on available-for-sale financial assets are recognized in profit or loss.

2.12 Hedging

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.

The Group's criteria for classifying a derivative or other financial instrument as a hedging instrument are as follow:

i) The hedge is expected to be very effective in that it counteracts changes in the fair value of or cash flows from an identified object – and the efficiency of the hedge is expected to be within the range of 80-125 %,
ii) the effectiveness of the hedge can be reliably measured,
iii) adequate documentation is established when the hedge is entered into, showing, for example, that the hedge is effective,
iv) for cash flow hedges, that the forthcoming transaction must be highly probable; and
v) the hedge is evaluated regularly and has proven to be effective.

Fair value hedges

Derivatives designated as hedging instruments are assessed at fair value and changes in fair value are recognized in the profit and loss account. Correspondingly, a change in the fair value of the hedged item attributable to the hedged risk is recognized in the profit and loss account.

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

2.14 Trade receivables

Trade receivables, including deferred revenue, are recognized at a discounted value. The interest element is disregarded if it is insignificant. Provisions for losses are accounted for when there are objective indicators that Atea will not receive settlement in accordance with the original terms and conditions.

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.

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 to a known amount, 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 IAS 39, 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.

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

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Atea recognize revenue when the products are delivered to the customer. Products delivered directly from the distributor to the customer are at Atea's own risk and expense, and therefore presented as gross sales in the income statement.

2.22.2 Consulting services

Consulting services billed on an hourly basis are recognized as income as the services are rendered.

2.22.3 Fixed price projects

Fixed price projects include both fixed price consulting projects and combined consulting and product deliveries. Project revenue and costs related to earned revenue are recognized according to the stage of completion of the project. The stage of completion is determined based on the accrued cost related to services rendered, compared to total estimated cost for the project. Earned revenue for the period is earned revenue at the balance sheet date, less earned revenue in prior periods. Costs related to earned revenue for the period, equals the accrued costs in the period. Any expected total project costs that exceed the total project revenue are recognized as a liability in the period they are identified.

2.22.4 Service contracts

Service contracts include time-limited service & support and outsourcing contracts, or contracts running until termination by either party. Service revenues are 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.

2.22.5 Multiple element arrangements or "IT as a Service"

"IT 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 deliveries of equipment's are combined with deliveries of services. The service provider 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 components. Revenue will only be recognized when all the revenue recognition criteria in IAS 18.14 (for goods) and IAS 18.20 (for services) are met.

2.23 Costs of goods sold

Under costs of goods sold all expenses for supplies, goods directly connected to the sales process shall be presented. In addition, all direct costs related to sales of services (e.g. subcontracted cost, spare parts), hosting, outsourcing, freight etc. should be included. Differences in the inventory and the valuation arising from inventory shrinkage, reduced market prices, and other reasons shall be recorded here. Changes in work in progress is also classified under cost of goods sold.

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 2017 and 31 December 2016.

	2017				2016			
Forward currency contracts	Average exchange rate	Contract value	Contract value	Fair value	Average exchange rate	Contract value	Contract value	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	1.0125	65	66	1	1.0141	97	99	1
3 to 6 months	0.9945	1	1	0	0.9976	6	6	0
Buy currency SEK								
Less than 3 months	0.9995	1	1	1	0.9303	650	605	14
Buy currency DKK								
Less than 3 months	1.3295	1	1	3	1.2227	350	428	-0
Sell currency DKK								
Less than 3 months	1.3200	24	31	0	1.2390	38	47	1
3 to 6 months	1.3235	2	2	0	1.2252	2	3	-0
Buy currency EUR								
Less than 3 months	9.8848	11	113	-1	9.2883	9	86	-1
3 to 6 months	9.4820	1	11	0	9.1314	0	0	-0
Sell currency EUR								
Less than 3 months	9.8849	10	95	0	9.2546	4	35	1
3 to 6 months	-	-	-	-	-	-	-	-
Buy currency USD								
Less than 3 months	8.3600	57	473	-6	10.9874	76	832	6
3 to 6 months	-	-	-	-	8.3639	13	109	0
Sell currency USD								
Less than 3 months	8.2681	19	158	2	8.5509	8	65	0
3 to 6 months	8.3044	2	15	0	8.6960	0	0	0

[1] 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.

[2] At the end of 2016 Atea (Atea ASA) additionally had a forward contract, which is not specified in above table, buying USD 30 million and selling EUR 28 million, in less than three months, at the exchange rate of 1.0605 with an estimated fair value of NOK 2 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 2017 the Group had a net financial position (cash, less net interest bearing debt) of NOK 102 million (NOK -350 million in 2016). 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. Part of the long term financing has fixed interest rate for the whole period.

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 IAS 39 are satisfied. Change in carrying amount of financial contracts that are temporarily entered under other comprehensive income totals NOK 11 million as of 31 December 2017 (NOK 1 million in 2016). 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 2017 the Group had an equity ratio of 22.6% (23.8% in 2016).

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 on next page illustrate how fluctuations in these two risks will affect the Group's earnings and equity after tax.

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.

Sensitivity analysis 2016:	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	718	14	-	-14	-	110	11	-	-11	-
-SEK	63	1	-	-1	-	699	-1	71	1	-71
-DKK	154	3	-	-3	-	71	7	-	-7	-
-EUR	189	4	-	-4	-	239	24	-	-24	-
-USD	-244	-5	-	5	-	382	38	-	-38	-
Effect on financial assets before tax		**18**	**-**	**-18**	**-**		**79**	**71**	**-79**	**-71**
Tax expense (25%)		-4	-	4	-		-19	-17	19	17
Effect on financial assets after tax		**13**	**-**	**-13**	**-**		**60**	**54**	**-60**	**-54**
Financial liability items [3]										
-NOK	388	-8	-	8	-	-	-	-	-	-
-SEK	111	-2	-	2	-	-	-	-	-	-
-DKK	701	-14	-	14	-	-	-	-	-	-
-EUR	31	-1	-	1	-	-	-	-	-	-
Effect on financial assets before tax		**-25**	**-**	**25**	**-**		**-**	**-**	**-**	**-**
Tax expense (25%)		6	-	-6	-		-	-	-	-
Effect on financial assets after tax		**-19**	**-**	**19**	**-**		**-**	**-**	**-**	**-**
Total increase/reduction		**-5**	**-**	**5**	**-**		**60**	**54**	**-60**	**-54**

[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 2017 is NOK 3,845 million, other intangible assets is NOK 273 million, and property, plant and equipment is NOK 628 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 2017 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 12.

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 the exercise of judgment. Atea recognizes deferred tax assets on its balance sheet only when it has been deemed adequately probable that the operations in the individual country will generate a taxable profit which can be offset by tax loss carryforwards in the country.

The main part of the NOK 487 million in recognized deferred tax assets is related to tax loss carryforwards in Norway. Atea considers the future taxable profit as probable, as tax loss carryforwards are expected to be utilized within 5-7 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.

"IT 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 "IT 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 more than 6,900 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 and Atea Global Services) 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.

2017:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	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

2016:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Revenue	7,830	11,902	8,483	2,100	1,022	4,777	-4,926	31,188
Cost of goods sold and operating expenses	-7,574	-11,516	-8,093	-2,075	-963	-4,748	4,865	-30,103
Depreciation and amortisation	-67	-56	-223	-12	-35	-13	-1	-407
Operating profit (EBIT)	**189**	**331**	**166**	**13**	**23**	**16**	**-61**	**677**
Net financial items								-60
Profit before tax								**617**
Number of full-time employees at 31 December	1,558	2,077	1,580	336	736	586	9	6,882

2017:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	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

2016:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Assets	4,727	3,637	3,745	348	334	978	-312	13,456
Liabilities	3,472	3,805	3,423	430	277	970	-2,122	10,256
Investments to PPE and Intangible assets	89	31	173	7	16	9	-	325

Operating revenues by category:

NOK in million	2017	2016
Product revenue	26,234	25,222
Services revenue	6,203	5,965
Other income	1	1
Total revenue	**32,438**	**31,188**

NOTE 6 – EMPLOYEE BENEFIT EXPENSE AND REMUNERATION

NOK in million	2017	2016
Wages and salaries to employees	-3,790	-3,713
Total social security costs	-637	-626
Option plans for the management and employees	-37	-39
Pension costs	-311	-294
Other personnel costs	-293	-285
Total employee compensation and benefit expenses	**-5,068**	**-4,957**
Average number of full time employees	6,886	6,806

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 16.

CEO of Atea ASA (Group)

In 2017 ,Steinar Sønsteby received a salary of NOK 4,295,000 (NOK 3,543,000 in 2016), as well as a performance-based bonus of NOK 2,499,000, (NOK 4,760,000 in 2016), and an option gain of NOK 17,630,000, (NOK 0 in 2016). The value of payments in kind was NOK 320,000 (NOK 404,000 in 2016). Benefits related to pension plans totalled NOK 38,000 (41,000 in 2016). 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 2017, Robert Giori received a salary of NOK 2,306,000 (NOK 2,233,000 in 2016), a performance-based bonus of NOK 877,000 (NOK 681,000 in 2016), an option gain of NOK 4,181,000 (NOK 0 in 2016), as well as an installment on sign-on bonus of NOK 300,000 (NOK 300,000 in 2016). The value of payments in kind was NOK 10,000 (NOK 10,000 in 2016). Benefits related to pension plan totalled NOK 38,000 (NOK 41,000 in 2016). 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 2017, August Baumann received a salary of NOK 1,222,000, a performance-based bonus of NOK 481,000, The value of payments in kind was NOK 131,000. Benefits related to pension plan totalled NOK 25,000. 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 2017, Lorna Stangeland received a salary of NOK 1,665,000. The value of payments in kind was NOK 146,000. Benefits related to pension plan totalled NOK 28,000. Upon the termination of his 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 2017, Michael Jacobs received a salary of NOK 2,827,000 (NOK 1,769,000 in 2016), a performance-based bonus of NOK 1,904,000 (NOK 718,000 in 2016).The value of payments in kind was NOK 364,000 (NOK 303,000 in 2016). Benefits related to pension plans totalled NOK 41,000 (NOK 33,000 in 2016). 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. Michael Jacobs started in his position in March 2016.

Managing Director of Atea AB (Sweden)

In 2017, Carl-Johan Hultenheim received a salary of SEK 2,470,000 (SEK 2,400,000 in 2016), a performance-based bonus of SEK 1,252,000 (SEK 1,000,000 in 2016), and an option gain of SEK 5,103,000, (SEK 1,677,000 in 2016). In 2017 the value of payments in kind was SEK 88,000 (SEK 89,000 in 2016). Benefits related to pension plans totalled SEK 545,000 (SEK 489,000 in 2016). 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 2017, Morten Felding received a salary of DKK 2,500,000 (DKK 2,400,000 in 2016), a performance-based bonus of DKK 828,000 (DKK 1,255,000 in 2016), and an option gain of DKK 3,435,000 (DKK 1,734,000 in 2016). Benefits related to pension plan totalled DKK 132,000 (DKK 145,000 in 2016). 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 2017, Juha Sihvonen received a salary of EUR 242,000 (EUR 212,000 in 2016). The value of payments in kind for 2017 was EUR 14,000 (EUR 28,000 in 2016) and an option gain of EUR 113,000 (EUR 0 in 2016). Benefits related to a defined contribution pension plan totalled EUR 10,000 (EUR 10,000 in 2016). 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 2017, Arunas Bartusevicius received a salary of EUR 56,000 (EUR 56,000 in 2016), and an option gain of EUR 185,000 (EUR 138,000 in 2016). The value of payments in kind was EUR 3,000 (EUR 5,000 in 2016). 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 Public Limited Liability Companies Act

Pursuant to Section 5-6 of the 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 Director's 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 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:

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 of 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.

This policy for determining executive compensation was valid during 2017 and remains valid for the coming financial year. A more detailed description of the executive compensation paid in 2017 is provided in Note 6 in the Group's annual accounts.

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.

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. This cash bonus is based on the organization's operating profit relative to a target. The target is approved by the Board of Directors following an evaluation of market conditions, and the cash bonus is subject to an individual absolute limit.

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 following specific limitations apply with respect to grant of stock options in Atea ASA: (i) As a general rule, the stock options vest during a 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 (in 2017, this was 1.0 percent). (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 6 of the Group financial statements.

NOTE 7 – OTHER OPERATING EXPENSES

NOK in million	2017	2016
Car and travel costs	-249	-242
Communication and IT costs	-271	-238
Premises costs	-279	-279
Marketing costs	-88	-54
Bad debts	-6	-3
Acquisition costs	-	-5
Other costs [1), 2)]	-82	-75
Total other operating expenses	**-975**	**-897**

[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	2017	2016
Auditor's fees	-7	-6
Assurance services	-1	-1
Tax advisory services	-1	-0
Other non-audit services	-1	-2
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 2017 (NOK 1.2 million in 2016). 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 2017,or NOK 100,000 to each of the members. This is the same as in 2016.

NOTE 8 – NET FINANCIAL ITEMS

NOK in million	2017	2016
Interest income [1)]	5	5
Other financial income	2	9
Total financial income	**6**	**14**
Interest costs on loans [1)]	-34	-42
Interest costs on financial leases [1)]	-10	-14
Foreign exchange effects	-30	-16
Other financial expenses	-7	-3
Total financial expenses	**-81**	**-74**
Total net financial items	**-75**	**-60**

[1)] Interest paid in 2017 totals NOK 44 million (NOK 56 million in 2016).
Interest received in 2017 totals NOK 5 million (NOK 5 million in 2016).

Foreign exchange effects included in operating profit total NOK 10 million in 2017 (NOK 4 million in 2016).

Management has decided to review the presentation of financial items and did the following changes:
- Positive and negative foreign exchange effects were netted
- Intercompany income and expenses have been reclassified

Effect on 2016 financial income and expenses are presented below, however these changes do not affect Total net financial items result.

NOK in million	2016 Before adjustments	Foreign exchange effects	Interest reclassification	2016 After adjustments
Interest income	52		-47	5
Foreign exchange effects	142	-142		-
Other financial income	9			9
Total financial income	**203**	**-142**	**-47**	**14**
Interest costs on loans	-89		47	-42
Foreign exchange effects	-157	142		-16
Other financial expenses	-16			-16
Total financial expenses	**-263**	**142**	**47**	**-74**
Total net financial items	**-60**	**-**	**-**	**-60**

NOTE 9 – TAXES

Income tax recognized in profit or loss:

NOK in million	2017	2016
Current tax		
Norway	-	-
Other countries	-101	-97
Deferred tax		
Origination and reversal of temporary differences	15	-30
Net losses utilised	-94	-46
Change in deferred tax assets due to tax losses previously unrecognized	-1	68
Total income tax expenses	**-181**	**-105**

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

NOK in million	2017	2016
Profit before tax	**724**	**617**
Income tax expense calculated at 24% (2016: 25%) [2]	-174	-154
Effect of income non-taxable and expenses non-deductible [3]	1	12
Effect of previously unrecognized and unused tax losses and deductable temporary differences now recognized as deferred tax assets	1	70
Effect of different tax rates of subsidiaries operating in other jurisdictions [4]	12	16
Effect of deferred tax balances due to the change in income tax rates [4]	-21	-23
Effect of deferred tax changes recognised in other comprehensive income or directly in equity	4	-23
Total	**-177**	**-102**
Adjustments recognised in the current year in relation to the current tax of prior years	-4	-3
Income tax expense recognised in profit or loss	**-181**	**-105**
Effective tax rate	25.0%	17.0%

Income tax recognised in other comprehensive income

NOK in million	2017	2016
Current tax	-	-
Deferred tax		
Relating to currency effect on equity loans	-1	21
Relating to forward contracts	-3	-
Total income tax expenses recognized in other comprehensive income	**-4**	**21**

Income tax recognised directly in equity

NOK in million	2017	2016
Current tax	-	-
Deferred tax		
Relating to forward contracts	1	1
Total income tax expenses recognized directly in equity	**1**	**1**

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

NOK in million	31 Dec 2017	31 Dec 2016
Deferred tax assets related to carryforward losses [1]	441	536
Deferred tax assets related to temporary differences [1]	46	27
Deferred tax liabilities	-275	-253
Net deferred tax assets (liabilities)	**212**	**311**

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**

Deferred tax assets (liabilities)

	2016						
NOK in million	Book value at 1 Jan 2016	Recognized in P/L	Recognized in other compr. income	Recognized in equity	Business combin./ disposals	Currency translation differences	Book value at 31 Dec 2016
Temporary differences							
Property, plant and equipment	-18	2	-	-	-	2	-14
Intangible assets [5)]	-210	14	-	-	-1	15	-182
Inventories	10	-4	-	-	-	0	7
Trade and other receivables	-3	-0	-	-	-	0	-3
Provisions and accruals	10	2	-	-	-	-1	11
Capital gain/loss accounts	-49	-12	-	-	-	5	-56
Financial leases	25	-8	-	-	-	-1	16
Other financial liabilities	-2	-23	21	1	-	-0	-3
Other differences	-0	-2	-	-	-	-0	-3
Total	**-236**	**-30**	**21**	**1**	**-1**	**19**	**-225**
Unused tax losses and credits							
Tax loss carryforward	584	-46	-	-	-	-1	537
Deferred tax assets not recognized on statement of financial position	-69	68	-	-	-	-	-1
Deferred tax assets recognized on the statement of financial position	**515**	**22**	**-**	**-**	**-**	**-1**	**536**
Net deferred tax assets recognized on the statement of financial position	**279**	**-8**	**21**	**1**	**-1**	**18**	**311**

The Group's tax losses expires as follows:

NOK in million	2021 and later	No expiration deadline	Total at 31 Dec 2017
Norway	-	1,909	1,909
Sweden	-	-	-
Denmark	-	3	3
Finland	3	-	3
The Baltics	-	16	16
Total	**3**	**1,929**	**1,932**

1) 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 tax asset of NOK 487 million is related to tax loss carry forward in Norway. Taking into account the stable historical gain, the management consider the future taxable profit as probable.

2) The tax rate used for the 2017 reconciliations above is the corporate tax rate of 24% (2016: 25%) 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 2017 by country:
Norway - 24% (23% from 1 January 2018) , Sweden - 22%, Finland - 20%, Denmark - 22%, The Baltic - 0-15%.
Nominal tax rates in 2016 by country:
Norway - 25% (24% from 1 January 2017) , Sweden - 22%, Finland - 20%, Denmark - 22%, The Baltic - 0-15%.

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

NOTE 10 – 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	2017	2016
Profit for the period	543	512
Weighted average number of outstanding shares (in million)	107	105
Basic earnings per share (NOK)	5.10	4.87

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	2017	2016
Profit for the period	543	512
Weighted average number of outstanding shares (in million)	109	107
Diluted earnings per share (NOK)	5.00	4.80

NOTE 11 – 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 2016	**109**	**19**	**140**	**280**	**1,591**	**2,139**
Changes from prior years	-	-	-	-	-0	-0
Additions						
Ordinary additions	2	-	7	11	221	240
Business combinations	-	-	-	1	6	7
Disposals [1]	-0	-	-8	-3	-98	-109
Currency translation effects	-5	-1	-7	-18	-73	-104
Book value at 31 December 2016	**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**

[1] Gain/loss on the disposal of property, plant and equipment accounted for insignificant amounts in 2016 and 2017.

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 2016	**-28**	**-**	**-109**	**-197**	**-1,064**	**-1,397**
Changes from prior years	-	-	-0	-	-0	-0
Depreciation	-4	-	-7	-21	-237	-269
Business combinations	-	-	-	-0	-5	-5
Disposals [1]	0	-	7	3	98	108
Currency translation effects	1	-	3	13	56	72
Book value at 31 December 2016	**-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**
Book value at 1 January 2016	**-0**	**-**	**-**	**-0**	**-0**	**-0**
Write-downs	-	-	-	-0	-	-0
Book value at 31 December 2016	**-0**	**-**	**-0**	**-0**	**-0**	**-0**
Write-downs	-	-	-0	-0	-	-0
Book value at 31 December 2017	**-1**	**-**	**-0**	**-0**	**-3**	**-4**
Acquisition cost	106	18	132	272	1,646	2,173
Accumulated depreciation and write downs	-31	-	-106	-202	-1,152	-1,492
Book value at 31 December 2016	**75**	**18**	**26**	**69**	**494**	**682**
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**

[1] Gain/loss on the disposal of property, plant and equipment accounted for insignificant amounts in 2016 and 2017.

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	2017	2016
Recognised historical cost of financial leases	612	627
Accumulated depreciation	-489	-434
Book value at 31 December	**121**	**193**

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

NOK in million	2017	2016
Recognised historical cost of financial leases	26	25
Accumulated depreciation	-15	-14
Book value at 31 December	**11**	**11**

The maturity of the financial leases are presented in Note 18.

Operating leases:

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

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**

2016	Maturity within 1 year	1-5 years	Maturity after more than 5 years
Payment for leased premises (gross)	174	535	80
Subleasing of premises	-22	-101	-18
Net payments after deduction of subleasing	**153**	**434**	**62**
Vehicles and equipment leases	89	110	-
Total future lease payments	**241**	**544**	**62**

NOTE 12 – 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 2016	**3,815**	**654**	**952**	**1,606**
Changes from prior years	16	-	1	1
Additions				
Ordinary additions	-	-	84	84
Business combinations	5	5	-	5
Disposals [1]	-0	-	-93	-93
Currency translation effects	-178	-32	-46	-78
Accumulated value at 31 December 2016	**3,658**	**626**	**899**	**1,526**
Changes from prior years	-1	-	4	4
Additions				
Ordinary additions	-	-	87	87
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**
Accumulated amortisation and write-downs				
Accumulated value at 1 January 2016	**-**	**-550**	**-668**	**-1,218**
Changes from prior years	-	-	-	-
Amortisation	-	-42	-94	-136
Disposals [1]	-	-	92	92
Currency translation effects	-	28	34	62
Accumulated value at 31 December 2016	**-**	**-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**

NOK in million	Goodwill	Contracts and customer relationships	Computer software and rights	Total other intangible assets
Accumulated value at 1 January 2016	**-**	**-**	**-31**	**-31**
Write-down additions	-	-	-2	-2
Currency translation differences write-down	-	-	2	2
Accumulated value at 31 December 2016	**-**	**-**	**-31**	**-31**
Write-down additions	-	-	-1	-1
Currency translation differences write-down	-	-	-2	-2
Accumulated value at 31 December 2017	**-**	**-**	**-35**	**-35**
Acquisition cost	3,658	626	899	1,526
Accumulated amortisation and write-downs	-	-564	-668	-1,231
Book value at 31 December 2016	**3,658**	**63**	**232**	**294**
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**

[1] Gain/loss on the disposal of intangible assets accounted for insignificant amounts in 2016 and 2017.

Allocations of goodwill

NOK in million	2017	2016
Norway	1,068	1,068
Sweden	678	645
Denmark	1,566	1,448
Finland	176	163
The Baltics	240	223
The Group Shared Services	117	111
Total	**3,845**	**3,658**

The Group does not have any significant research expenses.
Development costs related to internal systems are capitalised in the balance sheet with NOK 36 million (NOK 27 million in 2016).

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 the 2018 is based on budget approved by the Board of Directors and growth estimates for 2019-2022 varies between 3% and 5% based on management estimates and expected market growth in every country.

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. Cash flows beyond these five years are based on an expected growth rate of 1.1% -2.5% for an indefinite period (determined primarily by external market analyses).

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 2019-2022 is 1- 5% below estimated growth, 2018 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]:

	2017	2016
Norway	7.1 %	7.0 %
Sweden	6.0 %	5.9 %
Denmark	5.6 %	5.1 %
Finland	5.6 %	5.1 %
The Baltics [2]	5.9 %	5.3 %

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

NOTE 13 – INVESTMENTS IN ASSOCIATED COMPANIES

The Group had one investment associated company as at 31 December 2017. 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	Viritual mobile operator	17.5 %

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 2017	-
Investments/disposals	10
Share of profit after tax in 2017 (included in Net Financial items)	1
Book value at 31 December 2017	**12**

NOTE 14 – INVENTORIES

NOK in million	2017	2016
Cost of inventories	632	654
Accumulated provisions for write-downs	-42	-46
Book value at 31 December	**591**	**608**
Provision for write-downs at 1 January	**-46**	**-55**
Additional provisions	3	2
Used provisions	3	5
Foreign exchange effects on inventory write-downs	-1	1
Provision for write-downs at 31 December	**-42**	**-46**
Write-down of inventories recognised as an expense and included in cost of goods sold	5	-5
Inventories recognised as an expense during the period	-15,619	-15,315

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

NOTE 15 – TRADE AND OTHER RECEIVABLES

NOK in million	2017	2016
Trade receivables	6,916	5,999
Provisions for bad debts	-30	-24
Net book value of trade receivables	**6,886**	**5,975**
Prepaid expenses	752	541
Other current receivables	309	244
Other receivables	**1,061**	**785**
Total trade and other receivables	**7,947**	**6,760**
Other long-term receivables	6	7
Total other long-term receivables	**6**	**7**
Provisions for bad debts at 1 January	**-24**	**-26**
Additional provisions	-8	-4
Used provisions	3	3
Amount written off as uncollectable	1	2
Amount collected during the year	-1	0
Foreign exchange effect on bad debts	-1	1
Provisions for bad debts at 31 December	**-30**	**-24**

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 6,886 million (NOK 5,975 million in 2016).

The Group has a maximum limit of NOK 1,452 million (NOK 1,388 million in 2016) through a factoring agreement. All trade receivables up to maximum factoring limit have been pledged as security for this facility. See Note 18 for additional information.

The Group has recognised a loss of NOK 6 million related to trade receivables in 2017 (NOK 3 million in 2016). See Note 7.

See otherwise Note 3.1.2 with regard to credit risk.

Maturity analysis for trade receivables not due

NOK in million	2017	2016
Non-due < 30	5,882	5,401
Non-due 31-90	407	225
Non-due > 91	6	0
Total	**6,295**	**5,626**

Maturity analysis for trade receivables due

NOK in million	2017	2016
Maturity < 30 days	577	283
Maturity 31-90 days	40	67
Maturity > 91 days	5	23
Total	**621**	**372**

NOTE 16 – PAID-IN EQUITY, 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 2016	**105,170,711**	**-576,479**	**1,052**	**-6**	**134**	**1,180**
Issue of share capital	598,961	-	1	-	29	30
Reduction of the par value of the company's shares	-	-	-947	-	-	-947
Changes related to own shares	-	568,635	-	6	-	6
At 31 December 2016	**105,769,672**	**-7,844**	**106**	**0**	**163**	**269**
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**

Shares and share capital
In 2017 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 2017 (7,844 at 31 December 2016).

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 16 million has been charged as an expense in the income statement in 2017 relating to the share option programmes (NOK 30 million in 2016). In addition, National Insurance contribution expenses of NOK 21 million have been charged as an expense in 2017 (NOK 8 million in 2016).

	2017		2016	
	Number of options	Weighted average exercise price (NOK)	Number of options	Weighted average exercise price (NOK)
Outstanding at 1 Jan	4,945,467	54	6,125,610	57
Granted	549,000	101	300,000	73
Exercised	-37,001	34	-1,374,266	43
Lapsed/terminated	-293,684	58	-105,877	57
Outstanding at 31 Dec	3,351,509	57	4,945,467	54
Vested options	1,030,162	43	1,140,122	45

The weighted average value of the share options granted in 2017 was NOK 21 (NOK 15 in 2016). 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 2017	Weighted average contractual life (Year)	Weighted average exercise price (NOK)	Vested options at 31 Dec 2017	Weighted average exercise price (NOK)
20.00 - 30.00	50,000	1.92	28	50,000	28
30.00 - 40.00	430,000	1.92	32	430,000	32
40.00 - 50.00	110,000	1.92	47	110,000	47
50.00 - 60.00	2,222,509	1.77	53	430,162	53
60.00 - 70.00	-	-	-	-	-
70.00 - 80.00	-	-	-	-	-
80.00 - 90.00	150,000	3.24	90	-	-
90.00 - 100.00	279,000	3.15	97	10,000	94
100.00 - 110.00	65,000	3.23	103	-	-
110.00 - 120.00	45,000	3.95	113	-	-
Total	**3,351,509**	**2.03**	**57**	**1,030,162**	**43**

Variables in the model for the allotment of options in 2017:	
Weighted average share price at the time of allotment (NOK)	106
Weighted average exercise price (NOK)	72
Weighted average fair value (NOK)	21
Weighted average volatility	28 %
Weighted average risk-free interest rate	0.7 %
Weighted average expected life (years)	2.4

10 largest shareholders at 31 December 2017 [1]	Shares	%
Systemintegration APS [2]	26,658,510	24.8 %
Folketrygdfondet	10,160,395	9.4 %
State Street Bank & Trust Co. [3]	6,037,993	5.6 %
Odin Norden	3,302,977	3.1 %
Handelsbanken Norden Selektiv	3,182,214	3.0 %
RBC Investor Services Trust [3]	2,541,947	2.4 %
State Street Bank and Trust Co. [3]	2,452,613	2.3 %
Odin Norge	2,447,458	2.3 %
JP Morgan Chase Bank, NA [3]	2,406,190	2.2 %
Skandinaviske Enskilda Banken AB [3]	2,345,848	2.2 %
Other	46,045,800	42.8 %
Total number of shares	**107,581,945**	**100.0 %**

Number of shareholders:	7,343
Percentage of foreign shareholders:	70 %

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

As of 31 December 2017, Atea's Chairman Ib Kunøe and close associates controlled a total of 25.1 % of the shares, including the shares held by Systemintegration APS.

Shares and options owned by key employees who are Board Members at 31 December 2017

Key employees in the Atea Group		Shares [1]	Options	Expiration date for options
Steinar Sønsteby	CEO of Atea ASA	2,000	830,000	30 September 2019
Robert Giori	CFO of Atea ASA	12,327	176,667	30 September 2019
August Baumann	Senior Vice President of Atea ASA	2,200	210,000	24 April 2021
Lorna Margaret Stangeland	VP Supply Chain Management	-	150,000	27 March 2021
Michael Jacobs	Managing Director of Atea AS (Norway)	-	250,000	29 February 2020
Carl-Johan Hultenheim	Managing Director of Atea AB (Sweden)	10,000	100,000	4 September 2019
Morten Felding	Managing Director of Atea A/S (Denmark)	-	66,667	4 September 2019
Juha Sihvonen	Managing Director of Atea Oy (Finland)	-	66,667	4 September 2019
Arunas Bartusevicius	Managing Director of Atea Baltic UAB (Baltics)	23,587	33,333	4 September 2019
Board Members of Atea ASA				
Ib Kunøe	Board Chairman	27,015,326	-	-
Morten Jurs	Member of the Board	-	-	-
Sven Madsen	Member of the Board	117,500	-	-
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 2017	Allotted in 2017	Exersised in 2017	Holdings at 31 Dec 2017	Exercise price (NOK)
Steinar Sønsteby	1,100,000	-	-270,000	830,000	40.09
Robert Giori	266,667	-	-90,000	176,667	48.48
August Baumann	-	210,000	-	210,000	97.74
Lorna Margaret Stangeland	-	150,000	-	150,000	90.00
Michael Jacobs	300,000	-	-50,000	250,000	60.00
Carl-Johan Hultenheim	200,000	-	-100,000	100,000	51.75
Morten Felding	133,334	-	-66,667	66,667	39.41
Juha Sihvonen	100,000	-	-33,333	66,667	52.13
Arunas Bartusevicius	66,667	-	-33,334	33,333	51.75

NOTE 17 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2017	2016
Trade payables	**6,755**	**5,835**
Public fees payable	889	664
Prepayments from customers	813	567
Accrued holiday payments	524	489
Deferred income	317	406
Other accrued expenses (supplier of goods)	229	129
Other current liabilities	317	306
Total other current liabilities	**3,088**	**2,561**
Total trade payables and other current liabilities	**9,843**	**8,396**

Maturity analysis trade payable:

NOK in million	2017	2016
Due < 30	5,098	4,775
Due 31-90	1,655	1,063
Due > 91	1	-3
Total	**6,755**	**5,835**

NOTE 18 – BORROWINGS

NOK in million	2017	2016
Long-term loans		
Long-term interest-bearing loans	14	924
Financial leases expiring more than one year in the future	106	155
Total long-term loans	**120**	**1,079**
Short-term loans		
Short-term interest-bearing loans	863	98
Financial leases expiring less than one year in the future	40	53
Total short-term loans	**903**	**152**
Total loans	**1,022**	**1,231**

Bank loan, DKK 500 million

The loan was entered into in June 2013 and arranged by Nordea Bank, Denmark. The loan is secured by a down-stream guarantee by Atea ASA. As maturity is June 2018, the facility is classified as short-term debt at 31 December 2017 (long-term debt at 31 December 2016). Atea is in the process of refinancing this lending with new long-term debt facilities.

Unsecured bond loan, NOK 300 million

The loan was entered into in June 2013 and arranged by Norsk Tillitsmann. The loan is listed on Oslo Stock Exchange and was traded as of September 2013. As maturity is June 2018, the facility is classified as short-term debt at 31 December 2017 (long-term debt at 31 December 2016). Atea is in the process of refinancing this lending with new long-term debt facilities.

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 2017 and 31 December 2016. 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 1,452 million in total as of 31 December 2017 (NOK 1,388 million in total as of 31 December 2016). The actual drawdown available based on this agreement is based on the size of the trade receivables. As of 31 December 2017, the total drawdown available under this facility was NOK 1,329 million (NOK 1,301 million as of 31 December 2016). 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 1,452 million as of 31 December 2017 (NOK 1,388 million as of 31 December 2016) 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.

Money market line

The Group does not have active money market line at the end of 2017. The Group had a money market line of NOK 845 million provided by Nordea Bank Norge ASA at the end of 2016. None of this facility had been utilised at 31 December 2016. Amounts drawn on this facility are classified as short-term debt. The facility has standard terms and conditions for this type of financing.

Financial covenant

The financial covenant which applies to the above bond 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 20 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	2017	2016
6 months or less	20	76
6-12 months	833	76
1-5 years	120	1,079
Total	**1,022**	**1,231**

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

NOK in million	2017	2016
Long-term loans		
Bank loan	2.6 %	2.6 %
Bond	3.0 %	3.3 %
Financial leases - duration more than 1- year	2.9 %	2.1 %
Short-term loans		
Overdraft facility	1.4 %	1.1 %
Money market line	-	2.3 %
Overdraft facility secured by receivables	1.1 %	1.1 %
Last year instalments for financial leases	2.9 %	2.1 %
Average weighted interest rate	**1.8 %**	**1.8 %**

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	-	-	863	-	863
Total	**13**	**13**	**876**	**120**	**1,022**

[1)] Includes interest payable.

Maturity analysis for loans 2016 [1)]

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Financial leases	18	18	18	155	208
Long-term financing	-	-	-	924	924
Short-term financing	-	-	98	-	98
Total	**18**	**18**	**116**	**1,079**	**1,231**

[1)] Includes interest payable.

NOTE 19 – CHANGES IN FINANCIAL LIABILITIES

NOK in million	Other long-term receivables	Interest-bearing long-term liabilities	Interest-bearing current liabilities	Total
Balance at 1 January 2017	**7**	**1,079**	**152**	**1,238**
Cash payments	-	-32	-230	-262
Non-cash items	-2	-948	945	-5
Currency effect	0	20	36	57
Balance at 31 December 2017	**6**	**120**	**903**	**1,029**

NOK in million	Other long-term receivables	Interest-bearing long-term liabilities	Interest-bearing current liabilities	Total
Balance at 1 January 2016	**3**	**1,182**	**197**	**1,383**
Cash payments	-	-44	-105	-150
Non-cash items	4	-18	61	48
Currency effect	-0	-41	-1	-43
Balance at 31 December 2016	**7**	**1,079**	**152**	**1,238**

NOTE 20 – LIQUIDITY RESERVE

NOK in million	2017	2016
Cash and cash equivalents		
Cash and bank deposits	1,125	880
Unrestricted cash	**1,125**	**880**
Unutilised short-term overdraft facilities	1,729	2,546
Draft limitation, financial covenant [1]	186	-1,064
Liquidity reserve	**3,040**	**2,362**

Loan facilities (see Note 18)

NOK in million	2017	2016
Long term		
Bank loan	-	611
-of which utilised	-	611
Unsecured bond loan	-	300
-of which utilised	-	300
Short term		
Bank loan	661	-
-of which utilised	661	-
Unsecured bond loan	300	-
-of which utilised	300	-
Overdraft facility	400	400
-of which utilised	-	-
Money market line	-	845
-of which utilised	-	-
Overdraft facility secured by receivables	1,452	1,388
-of which utilised	123	87

[1] Limited by a bond covenant ratio in 2017 and 2016 of 2.5x EBITDA (net debt/last twelve months pro forma EBITDA).

NOTE 21 – PROVISIONS

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**

NOK in million	Restructuring	Profit-sharing and bonuses	Legal and tax claims	Losses on fixed price contracts	Total
At 1 January 2016	**3**	**193**	**4**	**28**	**227**
Recognised during the year:					
Additional provision during the year	23	147	-	3	172
Unutilised provision reversed	-	-1	-	-	-1
Used during the year	-18	-117	-4	-13	-152
Currency translation effects	-0	-11	-0	-2	-14
At 31 December 2016	**7**	**210**	**-**	**15**	**233**

NOTE 22 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

2017:

NOK in million	Loans and receivable	Amortized cost	Fair value [1]
Financial assets			
Trade receivables	6,886		6,886
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 [4]		903	903
Other financial liabilities		8	8
Other current liabilities [3]		2,686	2,686

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses.
[3] Less other provision.
[4] Interest-bearing long-term liabilities mainly includes unsecured bond loan, NOK 300 million and bank loan, DKK 500 million. Both loans are maturing in June 2018 and therefore were classified as short-term liabilities as of 31 December 2017. Atea is presently going through a refinancing process, and these loans will be refinanced with long term liabilities. See Note 18.

2016:

NOK in million	Loans and receivable	Amortized cost	Fair value [1]
Financial assets			
Trade receivables	5,975		5,975
Other receivables [2]	244		244
Cash and cash equivalents	880		880
Financial liabilities			
Interest-bearing long-term liabilities [4]		1,079	1,079
Other long-term liabilities [3]		17	17
Trade payables		5,835	5,835
Interest-bearing current liabilities		152	152
Other financial liabilities		9	9
Other current liabilities [3]		2,190	2,190

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical
[2] Less prepaid expenses
[3] Less other provision
[4] Interest-bearing long-term liabilities mainly includes unsecured bond loan, NOK 300 million and Long term bank loan, DKK 500 million. See Note 18.

NOTE 23 – 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
Imento Norge AS		NOK	100	IT infrastructure
Atea Finans AS		NOK	100	Leasing
Sweden				
Atea Holding AB		SEK	100	Holding
Atea Sverige AB		SEK	100	IT infrastructure
Zednet 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 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 (Estonia)		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
Kauno BMK UAB		EUR	100	IT infrastructure
KSC UAB		EUR	100	IT infrastructure
Prezentaciju spektras 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 [1)]	25.10.2017	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 [1)]		EUR	100	Group Shared Services
Atea Group IT A/S	06.11.2017	DKK	100	Group Shared Services

[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.

For Investments in associated companies, see Note 13.

NOTE 24 – CONTINGENT 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 4,176 million (NOK 3,866 in 2016) to external parties (see Note 25).

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.

Possible bribery case in Atea Denmark

On March 2, 2017, Atea A/S ("Atea Denmark") was presented with a formal prosecution (norsk: tiltale) as the legally responsible entity, of bribery and embezzlement carried out by four former employees in the company, in a time period from 2008-2014.

The four persons were employed at Atea Denmark at the time the actions took place. No current employees of Atea are charged or under prosecution in connection with the possible corruption case.

In the summer of 2014, Morten Felding and Steinar Sønsteby, both newly appointed in their roles as CEO of Atea Denmark and CEO of Atea ASA respectively, were informed that former employees had made decisions, approved expenditures and conducted themselves in an unacceptable manner that was in conflict with Atea's internal regulations. These actions affected the client Region Sjælland, which was notified, and that marked the start of a comprehensive police investigation in Denmark.

In addition to the former employees, number of public officials in Denmark have also been charged as a result of the police investigation.

Since the summer of 2015, Atea has implemented a series of measures:

- In accordance with EU anti-corruption and tendering legislation, Atea Denmark has performed a thorough self-cleaning process
- Atea Denmark has received the highest international anti-bribery certification (ISO 37001 Anti-Bribery Systems)
- The Atea Group has established a thorough compliance system, including comprehensive control procedures
- The Code of Conduct of Atea has been updated and strengthened
- All employees of the Atea Group are required to complete a training program in ethics and the Code of Conduct
- The anonymous whistle-blower system has been strengthened for those who wish to report violations of the Code of Conduct or of relevant law
- A compliance committee has been established in the Board of Directors (Atea ASA)
- The CFO of Atea ASA, Robert Giori, has been appointed as Group Compliance Officer
- All business units report on compliance quarterly in order to make sure that the governance systems are working.

A first instance court case regarding the possible corruption commenced on October 10, 2017. The court is expected to give its verdict in May 2018.

Because Atea Denmark has gone through a self-cleaning process in accordance with EU legislation, any prosecution or verdict will not automatically exclude Atea Denmark from competing in public tenders in Denmark. A verdict against Atea Denmark will not have any legal consequences for Atea's business in other countries.

Atea has made no accruals for penalties as a result of a guilty verdict in the case.

NOTE 25 – COMMITMENTS

NOK in million	2017	2016
Guarantees to financial institutions [1]	403	396
Guarantees to business associates [2]	3,693	3,401
Residual value obligations related to leasing activities [3]	80	69
Total guarantees	**4,176**	**3,866**

[1] In addition to facilities disclosed in Note 18, Atea ASA issued guarantees for sublease facility. At the end of 2017, the Group had subleasing commitments of NOK 403 million (NOK 396 million at the end of 2016) 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 80 million (NOK 69 million in 2016) 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 as security for the factoring facility (see Note 18). The book value of trade receivables pledged as security is NOK 1,452 million at the end of 2017 (NOK 1,388 million at the end of 2016).

NOTE 26 – 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.

	Sales to(+)/from(-) related parties		Credit (+)/debit (-) balances with related parties	
NOK in million	2017	2016	2017	2016
Leasing of property or equipment	2	2	-	-
Development of software	-0	-1	-0	-0
Other	-1	-1	1	1

NOTE 27 – EVENTS AFTER THE BALANCE SHEET DATE

On February 6, 2018 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 26, 2018. The dividend will be split into two equal payments of NOK 3.25 which will take place in May and November 2018. 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 2017 and 2016 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	2017	2016
Revenue	32,438	31,188
Adjustment for acquisitions	-0	9
Pro forma revenue	32,438	31,197
Pro forma revenue on last year currency	32,570	30,422
Pro forma growth in constant currency	**4.4 %**	**8.8 %**

NOK in million	2017	2016
EBITDA	1,175	1,085
Adjustment for acquisitions	-0	1
Pro forma EBITDA	**1,175**	**1,085**

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 2017	31 Dec 2016
Interest-bearing long-term liabilities	-120	-1,079
Interest-bearing current liabilities	-903	-152
Cash and cash equivalents	1,125	880
Net financial position	**102**	**-350**

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 bond 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 2017	31 Dec 2016
Last 12 months pro forma EBITDA	1,175	1,085
Bond covenant ratio	2.5	2.5
Liquidity reserve	**3,040**	**2,362**

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.

Net working capital in relation to annualized revenue indicates effectiveness in working capital management. Annualized revenue is estimated based on year to date results.

NOK in million	31 Dec 2017	31 Dec 2016
Inventories	591	608
Trade receivables	6,886	5,975
Other receivables	1,061	785
Other financial assets	1	3
Trade payables	-6,755	-5,835
VAT, taxes and government fees	-1,010	-783
Provisions	-258	-233
Other current liabilities	-2,199	-1,897
Other financial liabilities	-8	-9
Working capital	**-1,692**	**-1,385**
Year to date revenue	32,438	31,188
Annualized revenue	32,438	31,188
Working capital in relation to annualized revenue (%)	**-5.2 %**	**-4.4 %**

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 2017	31 Dec 2016
Equity	3,373	3,200
Total assets	14,915	13,456
Equity ratio (%)	**22.6 %**	**23.8 %**


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Atea ASA
Financial Statements and Notes

Content

Income Statement Atea ASA

NOK in million	Note	2017	2016
Revenue	1	43	35
Employee benefits expense	3	-43	-36
Depreciation and amortisation	6	-2	-1
Other operating costs		-25	-25
Operating profit		**-27**	**-27**
Financial income	4	865	499
Financial expenses	4	-76	-163
Net financial items	4	**788**	**336**
Profit before tax		**761**	**310**
Tax	5	3	16
Profit for the period		**765**	**326**

Statement of Comprehensive Income Atea ASA

NOK in million	2017	2016
Profit for the period	**765**	**326**
Items that may be reclassified subsequently to profit or loss	**-**	**-**
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**765**	**326**

Statement of Financial Positions Atea ASA

NOK in million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Property, plant and equipment	6	0	0
Deferred tax assets	5	172	168
Other intangible assets	6	3	-
Other long-term receivables	11, 13	800	1,507
Investments in subsidiaries	7	3,650	2,926
Non-current assets		**4,625**	**4,601**
Trade receivables	8, 13	53	35
Other receivables	8, 13	20	71
Cash and cash equivalents	12, 13	930	710
Current assets		**1,002**	**816**
Total assets		**5,627**	**5,417**
EQUITY AND LIABILITIES			
Share capital and premium	9	355	269
Other reserves		1,644	1,571
Retained earnings		180	164
Equity		**2,179**	**2,004**
Interest-bearing long-term liabilities	11, 13	-	300
Non-current liabilities		**-**	**300**
Trade payables	10, 13	3	3
Provisions		-	1
Other current liabilities	10, 11	325	19
Other financial liabilities	10, 13	3,120	3,090
Current liabilities		**3,448**	**3,113**
Total liabilities		**3,448**	**3,413**
Total equity and liabilities		**5,627**	**5,417**

Oslo, 15 March 2018

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	2017	2016
Profit before tax		761	310
Depreciation and amortization		2	1
Options		5	5
Change in trade and other receivables		-166	10
Change in other accruals		5	1
Net cash flow from operational activities		**607**	**327**
Acquisition of subsidiary		-	-126
Purchase of property, plant and equipment and intangible assets	6	-5	-
Payment of Group Contribution		200	200
Net cash flow from investment activities		**195**	**74**
Purchase/sale of treasury shares	9	-	14
Proceeds from new issues	9	86	30
Dividends paid		-692	-682
Proceeds from raising loans		24	585
Net cash flow from financing activities		**-582**	**-53**
Net change in cash and cash equivalents for the year		**220**	**347**
Cash and cash equivalents at the start of the year	12	710	362
Cash and cash equivalents at the end of the year	12	**930**	**710**

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 2016	**1,046**	**134**	**766**	**140**	**203**	**2,289**
Profit for the year	-	-	-	-	326	326
Reduction of the par value of the company's shares	-947	-	947	-	-	-
Issue of share capital	1	29	-	-	-	30
Employee share option programmes, value of employee contributions	-	-	-	24	-	24
Dividend	-	-	-142	-	-544	-685
Changes related to own shares	6	-	-	-	15	21
Equity at 31 December 2016	**106**	**163**	**1,571**	**164**	**-**	**2,004**
Balance at 1 January 2017	**106**	**163**	**1,571**	**164**	**0**	**2,004**
Profit for the year	-	-	73	-	692	765
Issue of share capital	2	84	-	-	-	86
Employee share option programmes, value of employee contributions	-	-	-	16	-	16
Dividend	-	-	-	-	-692	-692
Equity at 31 December 2017	**108**	**247**	**1,644**	**180**	**-**	**2,179**

[1] See also Note 9.

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 (9 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 company has changed the principle of accounting for group contributions and dividends in 2017. This has the following effects for the Financial figures for 2016:

NOK in million	2016 Before adjustments	Group contribution	Accrued dividend payment	2016 After adjustments
Financial income	699	-200	-	499
Profit for the period	526	-200	-	326
Other receivables	271	-200	-	71
Other current liabilities	707	-	-688	19
Equity	1,516	-200	688	2,004

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.

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 3,650 million, long-term receivables from subsidiaries of NOK 800 million, as well as deferred tax assets of NOK 172 million at 31 December 2017). 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 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	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	-	8	-	-8	-
- DKK	8	0	-	-0	-	1	-	-1	-
- EUR	153	3	-	-3	-	15	-	-15	-
- USD	-138	-3	-	3	-	-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.

Sensitivity analysis 2016:

		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	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets									
- NOK	1,883	38	-	-38	-	-	-	-	-
- SEK	5	0	-	-0	-	0	-	-0	-
- DKK	1,116	22	-	-22	-	112	-	-112	-
- EUR	176	4	-	-4	-	18	-	-18	-
- USD	-270	-5	-	5	-	-27	-	27	-
Effect on financial assets before tax		**58**	**-**	**-58**	**-**	**103**	**-**	**-103**	**-**
Tax expense (25%)		-15	-	15	-	-26	-	26	-
Effect on financial assets after tax		**44**	**-**	**-44**	**-**	**77**	**-**	**-77**	**-**
Financial liability items									
- NOK	300	-6	-	6	-	-	-	-	-
Effect on financial liability items before tax		**-6**	**-**	**6**	**-**	**-**	**-**	**-**	**-**
Tax expense (25%)		2	-	-2	-	-	-	-	-
Effect on financial liability items after tax		**-5**	**-**	**5**	**-**	**-**	**-**	**-**	**-**
Total increase/reduction		**40**	**-**	**-40**	**-**	**78**	**-**	**-78**	**-**

[1] Basis points.

At the end of 2016 Atea ASA had a forward contracts:
- buying USD 30 million and selling EUR 28 million, in less than three months, at the exchange rate of 1.0605 with an estimated fair value of NOK 2 million
- buying SEK 650 million and selling NOK 605 million, in less than three months, at the exchange rate of 0.93025 with an estimated fair value of NOK 13,7 million
- buying DKK 350 million and selling NOK 428 million, in less than three months, at the exchange rate of 1.2227 with an estimated fair value of NOK 0,1 million.

NOTE 3 – EMPLOYEE COMPENSATION AND AUDIT FEE

NOK in million	2017	2016
Wages and salaries to employees	-22	-22
Total social security costs	-7	-4
Option plans for the management and employees	-13	-8
Pension costs	-1	-1
Other personnel costs	0	-2
Total employee compensation and benefit expenses	**-43**	**-36**
Average number of full time employees	9	9

Wages and remuneration to the CEO, CFO, Board of Directors and the employees' share option plans are described in Note 6 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 2017. All amounts are exclusive of VAT.

NOK in million	2017	2016
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	2017	2016
Dividend from subsidiaries	611	408
Group contribution and other financial income [1]	211	10
Interest income from subsidiaries	25	68
Other interest income [2]	18	13
Total financial income	**865**	**499**
Foreign exchange effects [2]	-13	-102
Interest expenses from other loans [2]	-61	-59
Other financial expense	-2	-2
Total financial expenses	**-76**	**-163**
Total net financial items	**788**	**336**

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

[2] Management has decided to review the presentation of financial items and did the following changes:
- Positive and negatice foreign exchange effects were netted
- Intercompany income and expenses have been reclassified

Effect on 2016 financial income and expenses are presented below, however these changes do not affect Total net financial items.

NOK in million	2016 Before adjustments	Foreign exchange effects	Interest adjustment	2016 After adjustments
Foreign exchange effects [2]	170	-170		-
Dividend from subsidiaries	408			408
Group contribution and other financial income	10			10
Interest income from subsidiaries	68			68
Other interest income [2]	47		-34	13
Total financial income	**703**			**499**
Foreign exchange effects	-272	170		-102
Interest expenses from other loans	-92		34	-58
Other financial expenses	-2			-2
Total financial expenses	**-366**			**-163**
Total net financial items	**336**			**336**

NOTE 5 – TAXES

Income tax recognised in profit or loss:

NOK in million	2017	2016
Deferred tax	3	16
Total income tax expenses	**3**	**16**

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

NOK in million	2017	2016
Profit before tax	761	310
Income tax expense calculated at 24% (2016: 25%)	-183	-77
Tax effect of:		
- income non taxable and expenses non deductible	194	101
- effect of deferred tax balances due to the change in income tax rate [1]	-7	-7
Total income tax expenses	**3**	**16**
Effective tax rate	**0.4 %**	**5.2 %**

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	2017	2016
Deferred tax assets related to carryforward losses [2]	169	170
Deferred tax assets related to temporary difference	1	1
Deferred tax liabilities	1	-4
Net deferred tax assets	**172**	**168**

[1] The income tax rate in Norway changed from 25% in 2016 to 24% in 2017.
The income tax rate in Norway will be changed from 24% in 2017 to 23% in 2018.

[2] Atea ASA tax loss carryforwards amounted to NOK 734 million at the end of 2017 (NOK 710 million at the end of 2016).
There are no time restrictions on the utilisation of tax loss carryforwards.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

	PPE	Intangible assets	
NOK in million	Machinery,furniture/fittings and computer equipment	IT systems, rights etc.	Total
Acquisition cost			
Additions	-	-	-
Disposals	-	-	-
Book value at 31 December 2016	**2**	**1**	**3**
Additions	0	5	5
Disposals	-	-	-
Book value at 31 December 2017	**2**	**6**	**8**
Accumulated depreciation and write-downs			-
Write-downs for the year	1	0	1
Depreciation and amortizationfor the year	-0	-0	-1
Book value at 31 December 2016	**-2**	**-1**	**-3**
Write-downs for the year	1	0	1
Depreciation and amortizationfor the year	-0	-2	-2
Book value at 31 December 2017	**-2**	**-3**	**-5**
Write-downs	-	-	-
Disposals, write-down	-	-	-
Currency translation differences write-down	-	-	-
Book value at 31 December 2016	**-**	**-0**	**-0**
Write-downs	-	-	-
Disposals, write-down	-	-	-
Currency translation differences write-down	-	-	-
Book value at 31 December 2017	**-**	**-0**	**-0**
At 31 December 2016			
Acquisition cost	2	1	3
Accumulated depreciation and amortization	-2	-1	-3
Book value at 31 December 2016	**0**	**0**	**0**
At 31 December 2017			
Acquisition cost	2	6	8
Accumulated depreciation and amortization	-2	-3	-5
Book value at 31 December 2017	**0**	**3**	**3**

NOTE 7 – SHARES IN SUBSIDIARIES

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 infrastructure
Atea Holding AB (Sweden)	Stockholm, Sweden	100	1,292	1,034	IT infrastructure
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	912	1,553	IT infrastructure
Atea Holding OY (Finland)	Helsinki, Finland	100	348	294	IT infrastructure
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	194	206	IT infrastructure
Atea Global Services SIA [1)]	Riga, Latvia	100	-	0	Services
AppXite SIA [1)]	Riga, Latvia	100	19	127	IT infrastructure
Total shares in subsidiaries				**3,650**	

Financial year 2016

NOK in million	Head office	Ownership and voting share (%)	Equity at 31 December	Book value	Primary activity
Atea AS (Norway)	Oslo, Norway	100	1,273	432	IT infrastructure
Atea Holding AB (Sweden)	Stockholm, Sweden	100	502	318	IT infrastructure
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	701	1,550	IT infrastructure
Atea Holding OY (Finland)	Helsinki, Finland	100	386	293	IT infrastructure
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	183	205	IT infrastructure
Atea Global Services SIA	Riga, Latvia	100	21	127	Software distribution
Total shares in subsidiaries				**2,926**	

[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 8 – TRADE AND OTHER RECEIVABLES

NOK in million	2017	2016
Prepaid expenses	2	4
Receivables from subsidaries	70	103
Total trade and other current receivables	**73**	**106**

NOTE 9 – 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 2016	**105,170,711**	**-576,479**	**1,052**	**-6**	**134**	**1,180**
Reduction of the par value of the company's shares [2]	-	-	-947	-	-	-947
Issue of Share capital [1]	598,961	-	1	-	29	30
Changes related to own shares [3]	-	568,635	-	6	-	6
At 31 December 2016	**105,769,672**	**-7,844**	**106**	**0**	**163**	**269**
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**

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 2017 (7,844 at 31 December 2016).

[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 5 million has been charged as an expense in the income statement in 2017 relating to the share option programmes (NOK 5 million in 2016).
In addition, National Insurance contribution expense of NOK 5 million has been charged as an expense in 2017 (NOK 3 million in 2016).

[2] The Company's share capital is reduced by NOK 947 million from NOK 1 052 million to NOK 105 million by a reduction of the par value of the company's shares from NOK 10 to NOK 1 in 2016.
The amount of the share capital reduction has been transferred to Other unrecognised reserves.

[3] The sales price for the Treasury shares in 2016 was NOK 21 million (with remaining NOK 15 million affecting Retained earnings), and related to exercise of options in 2016.

NOTE 10 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2017	2016
Trade payables	1	2
Trade payables in the same group	2	1
Total trade payables	**3**	**3**
Other current liabilities	23	17
Accrued holiday payments	2	2
Government withholdings and taxes	0	1
Current interest-bearing liabilities	300	0
Total other current liabilities	**325**	**19**
Total other financial liabilities	**3,120**	**3,090**

NOTE 11 – BORROWINGS

NOK in million	2017	2016
Long-term receivables [1]		
Long-term receivables from subsidiaries	800	1,507
Total receivables	**800**	**1,507**
Long-term loans		
Other long-term debt [2]	-	300
Interest-bearing long-term liabilities	**-**	**300**
Short-term loans		
Short-term loan facility [2]	300	0
Interest-bearing current liabilities	**300**	**0**

[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] **Unsecured bond loan, NOK 300 million**
The loan was entered into in June 2013 and arranged by Norsk Tillitsmann.The loan is listed on Oslo Stock Exchange. The loans is maturing in June 2018 and therefore classified as short-term liabilities at the year-end 2017. Atea is going through a refinancing process, and the loan will be refinanced with long term liabilities.

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
Long-term financing	-	-	-	-	-
Other interest-bearing loans	-	-	-	-	-
Total	**-**	**-**	**300**	**-**	**300**

Maturity analysis for loans 2016

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Short-term financing	-	0	-	-	0
Long-term financing	-	-	-	-	-
Other interest-bearing loans	-	-	-	300	300
Total	**-**	**0**	**-**	**300**	**300**

NOTE 12 – LIQUIDITY RESERVE

Atea Group liquidity reserve is limited by a bond covenant ratio in 2017 and 2016 of 2.5x Atea Group EBITDA (net debt/last twelve months pro forma EBITDA). See Note 18 in Atea Group Financial Statements and Notes. Atea ASA (as standalone company) liquidity is not limited by any covenants.

See Note 20 in Atea Group Financial Statements and Notes.

NOTE 13 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

2017

NOK in million	Loans and receivable	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.

2016

NOK in million	Loans and receivable	Amortised cost	Fair value [1]
Financial assets			
Interest-bearing long-term receivables	1,507		1,507
Trade receivables	35		35
Other receivables [2]	67		67
Cash and cash equivalents	710		710
Financial liabilities			
Interest-bearing long-term liabilities [4]		300	300
Trade payables		2	2
Trade payables in the same group		1	1
Other current liabilities [3]		2,419	2,419

[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.
[4] Interest-bearing long-term liabilities consist of unsecured bond loan, NOK 300 million (see Note 11).

NOTE 14 – COMMITMENT

NOK in million	2017	2016
Guarantees to financial institutions [1]	2,516	2,395
Guarantees to business associates [2]	3,693	3,401
Total commitments	**6,209**	**5,796**

[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 18 in Atea Group Financial Statements and Notes). In addition to facilities disclosed in Note 18 in Atea Group Financial Statements and Notes, Atea ASA issued guarantees for sublease facility amounting NOK 403 million at the end of 2017 (NOK 396 million at the end of 2016). 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 15 – EVENTS AFTER THE BALANCE SHEET DATE

See Note 27 in Atea Group Financial Statements and Notes.

Deloitte.

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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. The financial statements comprise:

- The financial statements of the parent company, which comprise the statement of financial position as at 31 December 2017, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2017, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow 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 parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, 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, included 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 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 12 the carrying amount of goodwill amounted to NOK 3 845 million as at 31 December 2017. 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 12 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 the information included in the annual report, but does not include 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 and fair presentation of the financial statements of the parent 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 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, included International Standards on Auditing (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 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'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 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 and on statements on Corporate Governance and Corporate Social Responsibility

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 statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Deloitte.

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) 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, 15 March 2018
Deloitte AS

Sylvi Bjørnslett

Sylvi Bjørnslett
State Authorised Public Accountant

Statement of Corporate Governance

The Board of Directors and management of Atea ASA ("Atea" or 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.

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 (hereafter referred to as the "Code") published by the Norwegian Corporate Governance Board on October 30, 2014. The company's and its subsidiaries' (the "Group") policy on corporate governance are published each year in the annual report, and described in detail below.

1. Ethical Guidelines and Corporate Social Responsibility

Ethical Guidelines

The Group's business operations depend on trust and a good reputation. It is a requirement that all of the Group's employees safeguard and foster the Group's reputation by acting responsibly vis-à vis co-workers, business contacts and society at large. The Group provides a policy for corporate ethics to employees to ensure that all persons acting on behalf of the Group perform their activities in an ethically proper manner at any given time.

Corporate Social Responsibility

Atea supports the UN Global Compact's ten principles of corporate social responsibility within the areas of human rights, labour standards, environment and anti-corruption. Atea has since 2011 reported on activities related to the Global Compact with the main focus on principles regarding environment. Activities related to corporate social responsibility are provided in a separate document on the website, atea.com.

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. Atea has defined goals and strategies for its business, which are described in the annual report.

3. Equity and dividends

Equity

Atea has an equity appropriate to its objectives. The Board of Directors continuously assesses the Group's financial strength and capital requirements in light of the Group's 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 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.

4. Equal treatment of shareholders and transactions with related parties

Equal treatment

Atea has only one class of shares. The Articles of Association do not contain any voting right restrictions. All shares have equal rights.

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.

The company has established routines that ensure that members of the Board of Directors and senior management shall notify the Board of Directors if they have any material direct or indirect interest in an agreement that is entered into by the Group.

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. Free negotiability

Atea's shares are freely negotiable. The Articles of Association do not contain any trading restrictions.

6. The General Meeting

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 summons, supporting information on the resolutions to be considered by the General Meeting, hereunder the recommendations of the Nominating Committee, will be published on Atea's website at least 21 days prior to the date of the General Meeting.

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 sufficient 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.

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 are 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 Nominating Committee's proposals shall be justified.

The General Meeting has adopted guidelines for the composition and work 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 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. Corporate Assembly and 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 shareholders 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 shareholders, Board of Directors, corporate management 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 meetings, and the Board's confidentiality and conflict of interest requirements. 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 are 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.

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.

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 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. 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. All financial reporting within the Group is in accordance with IFRS.

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.

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.

The Board of Directors performs an annual review of the company's most important areas of exposure to risk, including its internal control arrangements.

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 7 and 16, 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 6 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 7 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.

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