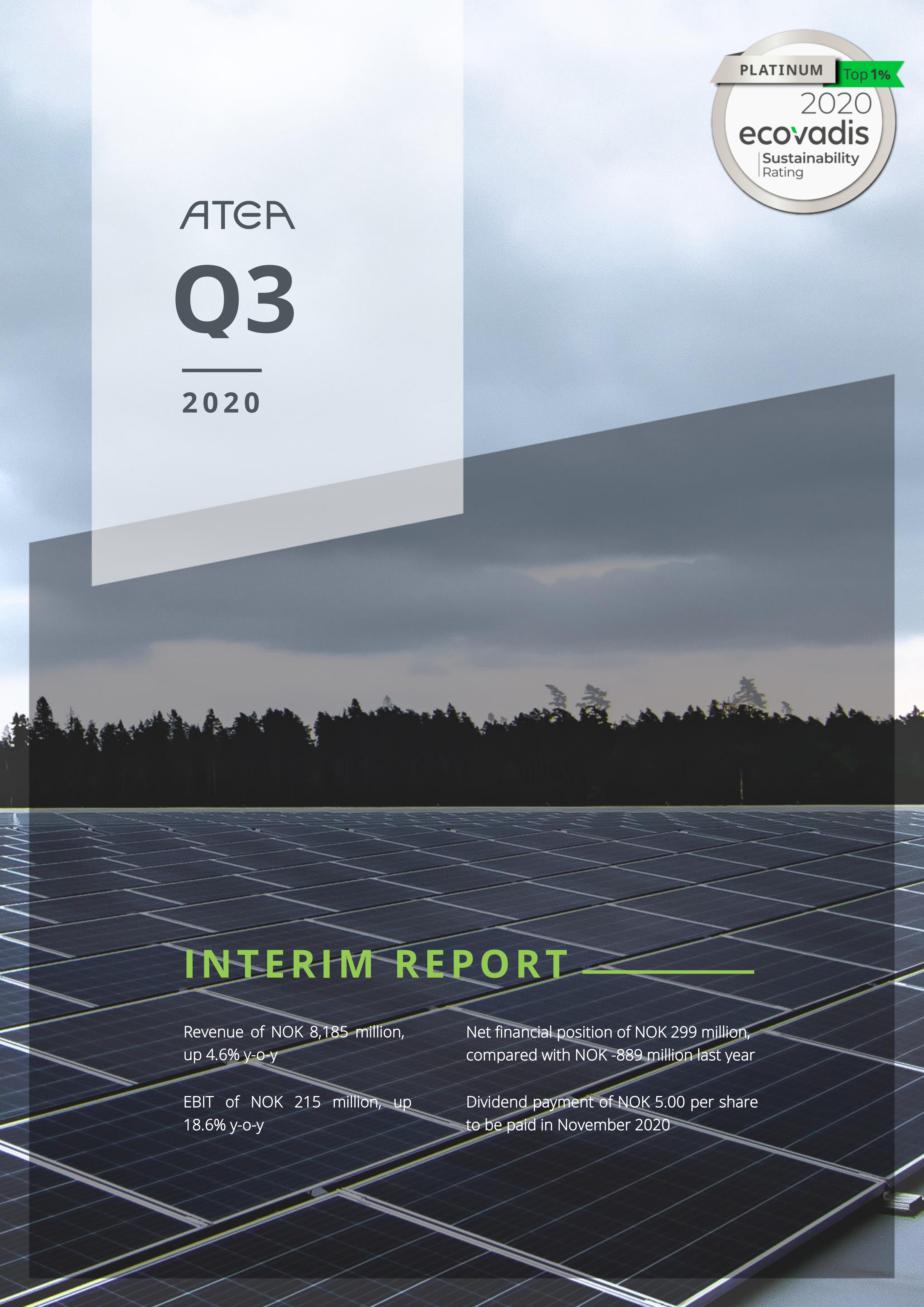


PLATINUM Top 1%
2020 ecovadis Sustainability Rating

ATEA

Q3

2020

INTERIM REPORT

Revenue of NOK 8,185 million, up 4.6% y-o-y

EBIT of NOK 215 million, up 18.6% y-o-y

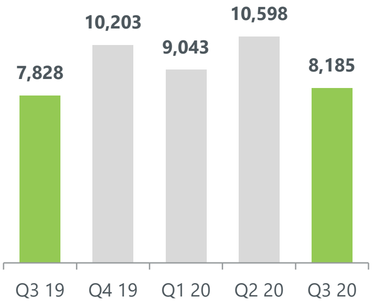
Net financial position of NOK 299 million, compared with NOK -889 million last year

Dividend payment of NOK 5.00 per share to be paid in November 2020

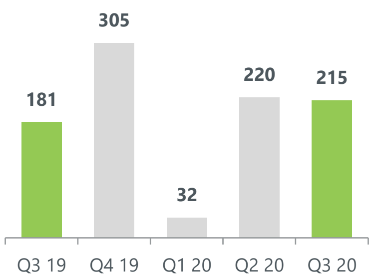
KEY FIGURES* | Q3 | 2020

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Group revenue	8,185	7,828	27,827	26,451	36,655
Gross profit	1,847	1,755	5,909	5,596	7,758
Gross margin (%)	22.6%	22.4%	21.2%	21.2%	21.2%
EBIT	215	181	466	442	747
EBIT margin (%)	2.6%	2.3%	1.7%	1.7%	2.0%
Net profit	149	135	306	312	530
Earnings per share (NOK)	1.36	1.24	2.78	2.85	4.84
Diluted earnings per share (NOK)	1.35	1.23	2.76	2.83	4.78
Cash flow from operations	-7	-434	-195	-43	1,897
Free cash flow	-73	-500	-420	-275	1,644

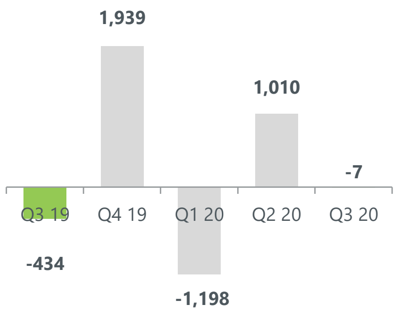
	30 Sep 2020	30 Sep 2019	31 Dec 2019
Net financial position	299	-889	657
Liquidity reserve	3,811	2,307	3,995
Working capital	-1,692	-814	-2,412
Working capital in relation to annualized revenue (%)	-4.6%	-2.3%	-6.6%
Adjusted equity ratio (%)	31.2%	25.2%	22.4%
Number of full-time employees	7,295	7,450	7,585



REVENUE | NOK in million



EBIT | NOK in million



CASH FLOW | NOK in million
FROM OPERATIONS

*Alternative perfomance measures (APM) presented in the key figures table are described in Note 13 of this report

FINANCIAL REVIEW | Q3 | 2020

GROUP

In Q3 2020, Atea reported record high operating profit for the third quarter despite an adverse economic environment. The company's record EBIT was driven by increased revenue, improved gross margin and a reduction in headcount and other operating costs.

Total revenue increased by 4.6% to NOK 8,185 million in Q3 2020. Currency fluctuations had a positive impact of 7.3% on revenue growth. Hardware revenue was up 0.5%, software revenue was up 16.0% and services revenue was up 3.5%. During the last few years, an increased proportion of Atea's revenue has come from software and services, a development which is attributed to general industry trends.

Gross profit grew by 5.3% to NOK 1,847 million. Gross margin increased to 22.6% compared to 22.4% last year. The improvement in gross margin was driven by a more profitable customer mix in hardware sales and a shift in software sales toward higher margin cloud subscriptions.

Total operating expenses were NOK 1,632 million, up 3.7% from last year. Adjusted for currency movements, operating expenses were lower than last year. The average number of full time employees fell by 114 (-1.5%) from last year as management reduced staff and implemented strict controls on new hires during the COVID-19 pandemic. Additional information on Atea's cost reduction programs can be found on page 13 of this report.

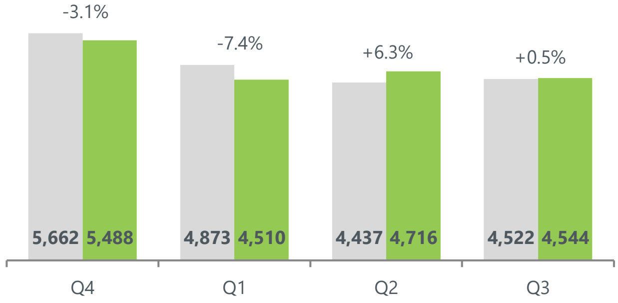
As a result of higher revenue, improved gross margin and relatively low growth in operating expenses, EBIT grew by 18.6% to NOK 215 million, up from NOK 181 million last year.

Net financial items were an expense of NOK 26 million, compared with an expense of NOK 10 million last year. The growth in financial expenses was primarily driven by changes in foreign currency rates.

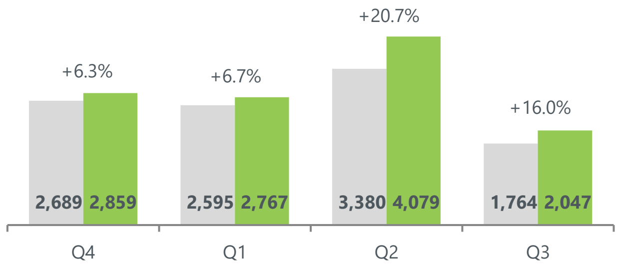
Profit before tax was NOK 189 million, up from NOK 171 million last year. Income tax expense was NOK 40 million, an effective tax rate of 21.1%.

Net profit after tax increased to NOK 149 million, up from NOK 135 million last year.

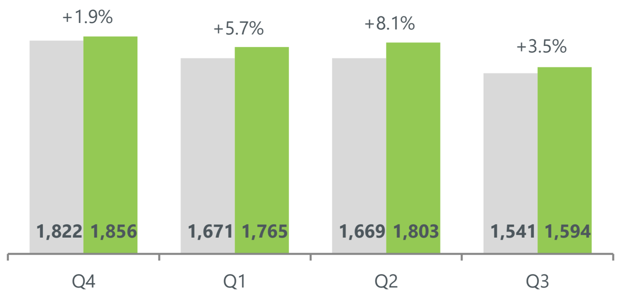
Based on strong performance in the year-to-date 2020, the Board has resolved to use the power of attorney granted by the annual general meeting to pay a dividend of NOK 5.00 to shareholders in November 2020.



HARDWARE REVENUE AND GROWTH | NOK in million



SOFTWARE REVENUE AND GROWTH | NOK in million



SERVICES REVENUE AND GROWTH | NOK in million

FINANCIAL REVIEW | Q3 | 2020

NORWAY

NOK in million	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Products revenue	1,726	1,683	2.6%	5,148	5,236	-1.7%
Services revenue	474	512	-7.3%	1,601	1,577	1.5%
Total revenue	2,200	2,194	0.3%	6,748	6,813	-1.0%
Gross profit	513	528	-3.0%	1,634	1,641	-0.4%
Gross margin %	*23.3%*	*24.1%*	*-0.8%*	*24.2%*	*24.1%*	*0.1%*
OPEX	430	451	-4.7%	1,426	1,455	-2.0%
EBIT	83	77	7.3%	208	186	11.6%
EBIT %	*3.8%*	*3.5%*	*0.2%*	*3.1%*	*2.7%*	*0.3%*

Atea Norway reported higher EBIT in the third quarter of 2020, based on lower personnel and other operating expenses compared with last year.

Revenue in Q3 2020 was NOK 2,200 million, an increase of 0.3% from last year. Hardware revenue was down 2.0%, software revenue was up 15.5% and services revenue was down 7.3%.

The decline in hardware revenue was due to lower demand for datacenter and communication equipment. Software revenue grew based on increased demand from the public sector. The decline in services revenue was mostly driven by lower sales of hardware support agreements and onsite consulting services.

Total gross margin was 23.3%, compared with 24.1% last year. Product margin declined to 11.6% from 12.0% last year, due to lower margin on hardware sales. Services margin increased to 66.1% compared with 63.7% last year, due to lower direct costs on consulting services and support agreements.

Total operating expenses were NOK 430 million, down 4.7% from last year. The decline in operating expenses was due to a reduction in the number of full-time employees by 46 (-2.7%) from last year, and due to lower sales and operating costs.

Based on lower operating expenses, EBIT in Q3 2020 grew by 7.3% to NOK 83 million. The EBIT margin was 3.8%, up from 3.5% last year.

FINANCIAL REVIEW | Q3 | 2020

SWEDEN

SEK in million	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Products revenue	2,520	2,681	-6.0%	9,214	9,541	-3.4%
Services revenue	566	581	-2.6%	1,921	1,893	1.5%
Total revenue	3,086	3,262	-5.4%	11,134	11,433	-2.6%
Gross profit	659	696	-5.4%	2,244	2,296	-2.3%
Gross margin %	*21.3%*	*21.3%*	*0.0%*	*20.2%*	*20.1%*	*0.1%*
OPEX	558	566	-1.3%	1,929	1,923	0.3%
EBIT	100	131	-23.2%	315	373	-15.6%
EBIT %	*3.3%*	*4.0%*	*-0.8%*	*2.8%*	*3.3%*	*-0.4%*

Atea Sweden reported lower EBIT in the third quarter of 2020, due to lower demand for hardware and consulting services.

Revenue decreased by 5.4% from last year to SEK 3,086 million. Hardware revenue was down 10.5%, software revenue was up 6.4% and services revenue was down 2.6%.

Hardware revenue fell due to lower sales of PCs and datacenter equipment. Software revenue grew based on increased demand from the public sector. The decline in services revenue was mostly driven by lower sales of hardware support agreements and onsite consulting services.

Total gross margin was 21.3% in Q3 2020, the same level as last year. Product margin improved to 12.6% in Q3 2020 from 11.6% last year, driven by a more profitable customer mix in hardware sales and a shift in software sales toward higher margin cloud subscriptions. Services margin fell to 60.3% compared to 66.1% last year, due to a lower proportion of revenue from Atea's consultants and higher direct costs on managed service agreements.

Total operating expenses were SEK 558 million, down 1.3% from last year. The decline in operating expenses was due to a reduction in the number of full-time employees by 35 (-1.4%) from last year, and due to lower sales and operating costs.

EBIT in Q3 2020 was SEK 100 million, down 23.2% from last year. The EBIT margin was 3.3%, down from 4.0% last year.

FINANCIAL REVIEW | Q3 | 2020

DENMARK

DKK in million	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Products revenue	910	989	-8.0%	3,406	3,583	-4.9%
Services revenue	281	281	0.0%	846	918	-7.9%
Total revenue	1,191	1,270	-6.2%	4,252	4,501	-5.5%
Gross profit	265	268	-1.3%	796	862	-7.7%
Gross margin %	*22.2%*	*21.1%*	*1.1%*	*18.7%*	*19.2%*	*-0.4%*
OPEX before reorganization costs	263	283	-7.1%	841	927	-9.3%
EBIT before reorganization costs	2	-15	N/a	-45	-65	N/a
EBIT %	*0.2%*	*-1.2%*	*1.3%*	*-1.1%*	*-1.4%*	*0.4%*

Atea Denmark returned to profitability in the third quarter of 2020, based on higher gross margins and a major reduction in operating expenses. The return to profitability marks another step forward in the company's turnaround.

Total revenue in Denmark fell by 6.2% to DKK 1,191 million. Hardware revenue was down 13.2%, driven by lower demand from the private sector for PCs, mobile phones and datacenter equipment. Software revenue was up 4.6%, based on higher sales to both the public and private sector. Services revenue was in line with last year as growth in consulting services was offset by lower sales of managed service agreements.

Total gross margin increased to 22.2% in Q3 2020 compared with 21.1% last year. Product margin was 10.9% in Q3 2020, up from 9.9% last year, driven by an improved margin on hardware sales. Services margin decreased to 59.0% from 60.5% last year, based on a higher proportion of third party consulting services in the revenue mix.

Total operating expenses were DKK 263 million, a decline of 7.1% from Q3 2019. The decline in operating expenses was due to a reduction in the number of full-time employees by 78 (-5.4%) from last year, and due to lower sales and operating costs.

As a result of lower operating costs, EBIT in Q3 2020 was DKK 2 million, compared with an operating loss of DKK -15 million in Q3 2019.

FINANCIAL REVIEW | Q3 | 2020

FINLAND

EUR in million	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Products revenue	70.1	64.6	8.6%	245.7	228.9	7.3%
Services revenue	7.5	7.5	-0.5%	23.2	21.0	10.5%
Total revenue	77.6	72.1	7.6%	268.9	249.9	7.6%
Gross profit	11.5	10.9	5.7%	37.1	34.6	7.0%
Gross margin %	*14.8%*	*15.1%*	*-0.3%*	*13.8%*	*13.9%*	*-0.1%*
OPEX	9.5	9.6	-0.8%	31.7	30.9	2.7%
EBIT	2.0	1.3	53.9%	5.3	3.8	41.8%
EBIT %	*2.6%*	*1.8%*	*0.8%*	*2.0%*	*1.5%*	*0.5%*

In Q3 2020, Atea Finland had all time high revenue and EBIT for the third quarter. The profit improvement was driven by very strong growth in hardware sales.

Revenue in Q3 2020 was EUR 77.6 million, up 7.6% from last year. Hardware revenue increased by 11.5%, due to strong sales of PCs and network equipment to the public sector. Software revenue was up 4.3%, based on higher sales of licenses and cloud subscriptions to both private and public sector. Services revenue was in line with last year as growth in datacenter outsourcing services was offset by lower demand for third party consulting services.

Total gross margin was 14.8% in Q3 2020, compared with 15.1% last year, mostly due to increased proportion of product sales in the revenue mix. Product margin was 10.3%, the same level as last year. Service margin increased to 56.9% compared with 56.1% last year, due to improved billing rates on Atea's own consultants.

Total operating expenses were 0.8% lower than last year. The decline in operating expenses was primarily driven by lower travel costs. The average number of full-time employees increased by 13 (3.3%) from last year. Atea Finland has increased staffing during the past year to develop its services business, but has put additional recruitment plans on hold as a result of the COVID-19 pandemic.

Based on higher hardware revenue, EBIT in Q3 2020 increased by 53.9% to EUR 2.0 million. The EBIT margin increased to 2.6%, from 1.8% last year.

FINANCIAL REVIEW | Q3 | 2020

THE BALTICS

EUR in million	Q3 2020	Q3 2019	Change %	YTD 2020	YTD 2019	Change %
Products revenue	18.0	18.8	-3.8%	60.1	62.1	-3.1%
Services revenue	8.9	8.4	5.3%	25.4	26.1	-2.7%
Total revenue	26.9	27.2	-1.0%	85.6	88.2	-3.0%
Gross profit	7.7	7.2	7.1%	23.1	22.1	4.5%
Gross margin %	*28.7%*	*26.5%*	*2.2%*	*27.0%*	*25.1%*	*1.9%*
OPEX	6.9	6.7	3.9%	20.5	20.0	2.4%
EBIT	0.8	0.6	45.3%	2.6	2.1	24.7%
EBIT %	*3.0%*	*2.1%*	*1.0%*	*3.1%*	*2.4%*	*0.7%*

Atea Baltics reported higher EBIT in the third quarter of 2020, based on increased sales of contracted services and improved margin on products.

Revenue in Q3 2020 was EUR 26.9 million, down 1.0% compared with last year. Hardware revenue was up 1.0%, software revenue was down 23.6% and services revenue was up 5.3%.

Hardware revenue increased slightly due to higher demand from the public sector. Software revenue fell from a very strong corresponding quarter last year when Atea Baltics had major software implementation projects to both the private and public sector. Services revenue growth was mostly driven by higher demand for managed cloud services.

Total gross margin improved to 28.7% in Q3 2020, compared with 26.5% last year. Product margin was 11.5%, up from 9.4% last year, mostly due to improved hardware margin and a lower proportion of revenue from low margin software agreements. Services margin was 63.8%. compared to 64.8% last year, based on higher direct costs on consulting services.

Total operating expenses were EUR 6.9 million in Q3 2020, an increase of 3.9% from last year. An increase in operating expenses was primarily driven by salary inflation in the Baltic labor markets. The average number of full-time employees increased by 7 (1.0%) from last year.

EBIT in Q3 2020 was EUR 0.8 million, up by 45.3% from last year. The EBIT margin was 3.0%, up from 2.1% last year.

BALANCE SHEET

As of 30 September 2020, Atea had total assets of NOK 13,931 million. Current assets such as cash, receivables and inventory represented NOK 7,031 million of this total. Non-current assets represented NOK 6,900 million of this total, and primarily consisted of goodwill (NOK 4,219 million), property, plant and equipment (NOK 535 million), right-of-use leased assets (NOK 1,366 million) and deferred tax assets (NOK 367 million).

Atea had total liabilities of NOK 10,075 million, and shareholders' equity of NOK 3,856 million as of 30 September 2020. Atea's policy is to maintain an equity ratio above 20%, adjusting for the impact of IFRS 16 ("adjusted equity ratio"). The adjusted equity ratio at the end of Q3 2020 was 31.2%. The calculation of this metric can be found in Note 13 of this report.

Atea's net financial position was cash positive of NOK 299 million at the end of Q3 2020 as defined by Atea's debt covenants. The calculation of this metric can be found in the Note 13 of this report. Atea's debt covenants require that the Group maintains a maximum net interest bearing debt of 2.5x pro forma EBITDA over the last twelve months. Based on the calculation of the debt covenants, Atea's net interest bearing debt is -0.2 pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 3,811 million before the debt covenant would be reached. See additional information on the liquidity reserve in Note 13 of this report.

In order to reduce the volatility of its working capital and debt balances throughout the year, Atea sells specified accounts receivable through a securitization program organized by its bank. At the end of Q3 2020, Atea had sold receivables of NOK 1,039 million under the securitization program. Additional information on the securitization program can be found in Note 6 of this report.

CASH FLOW

Cash flow from operations was an outflow of NOK 7 million in the third quarter of 2020, compared with an outflow of NOK 434 million last year. The difference was primarily due to a lower seasonal adjustment in working capital levels during Q3 2020 compared with last year.

Working capital was at an unusually low level at the end of Q3 2020. Atea reduced its balance of overdue receivables through strict collection routines. In addition, many IT vendors extended payment terms to Atea and other large resellers to provide short-term support during the COVID-19 pandemic. These extended payment terms are scheduled to return to normal by the first quarter of 2021.

Due to lower working capital requirements, Atea sold fewer of its accounts receivable into a securitization program during Q3 2020. The lower utilization of the securitization program had a negative impact of NOK 145 million on cash flow from operations in Q3 2020 (compared with a negative impact of NOK 383 million in Q3 2019). Additional information regarding the securitization program can be found in Note 6 of this report.

Cash flow from investing activities was an outflow of NOK 66 million in Q3 2020, down from NOK 87 million in the corresponding quarter last year. In Q3 2019, Atea acquired DatabaseForum AS for a cash payment of NOK 20 million. Excluding this acquisition, capital expenditure was on the same level as last year.

Cash flow from financing activities was an inflow of NOK 163 million in Q3 2020, down from NOK 475 million in the corresponding quarter last year. The positive cash flow from financing activities was based on increased utilization of credit lines during the quarter.

SHARES

Atea had 7,166 shareholders on 30 September 2020 compared with 7,161 shareholders on 30 September 2019.

The 10 largest shareholders as of 30 September 2020 were:

Main Shareholders*	Shares	%
Systemintegration APS**	27,512,073	25.0%
Folketrygdfondet	9,385,600	8.5%
State Street Bank & Trust Co.***	6,772,117	6.2%
State Street Bank and Trust Co.***	4,028,320	3.7%
RBC Investor Services Trust	3,913,500	3.6%
Verdipapirfond Odin Norden	3,336,029	3.0%
State Street Bank and Trust Co.***	2,427,322	2.2%
J.P. Morgan Bank Luxembourg	2,325,000	2.1%
Verdipapirfond Odin Norge	2,297,198	2.1%
State Street Bank and Trust Co.***	2,137,081	1.9%
Other	45,846,806	41.7%
Total number of shares	109,981,046	100.0%

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

As of 30 September 2020, Atea's Chairman Ib Kunøe and close associates controlled a total of 25.4% of the shares, including the shares held by Systemintegration APS.

As of 30 September 2020, Atea's senior management team held 132,721 shares.

BUSINESS OVERVIEW

BACKGROUND

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The company is the largest player by far in its local markets, with an estimated 19% market share in 2019. Approximately 60% of Atea's sales are to the public sector, with the remainder of sales to private companies.

The market for IT infrastructure in the Nordic and Baltic regions has grown steadily during the last several years. According to estimates from IDC*, the market for IT infrastructure and related services has grown at an average rate of 3.3% per year from 2007 – 2019.

Atea's competence and leading market position in IT infrastructure has enabled the company to grow at a rate significantly higher than that of the market. Since 2007, the company has averaged an organic revenue growth rate of 5.5% per year.

In addition to organic growth, Atea has successfully pursued an M&A strategy to 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, Finland and the Baltics in 2006 and 2007. Since 2007, Atea has acquired more than 50 companies, at valuation multiples significantly below the Group.

Atea's market share in the Nordic and Baltic regions far exceeds that of other IT infrastructure providers. Today, the company has offices in 85 cities in the Nordic and Baltic region and over 7,000 employees. This scale provides Atea with critical competitive advantages in purchasing, local market presence, breadth and depth of product offering, system integration competence, and efficient shared service and logistics functions.

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

IT 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 "digitization" enables public and private organizations to completely redefine how they provide goods and services, and how these goods and services are consumed and shared.

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

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

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

*International IT research company, International Data Corporation

BUSINESS OVERVIEW

BUSINESS STRATEGY

As the IT market evolves, Atea needs to develop its capabilities in numerous areas to support its customers' digital transformation projects. Therefore, Atea has updated its business strategy to broaden its range of IT solutions and expand its value proposition to customers.

This renewal of Atea's business strategy has involved extensive discussions with its customers' CIOs and with management across the company. The result is very much an evolution of the direction Atea has been taking for many years, but is now clarified in a new statement of business strategy and value creation for customers.

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

"Hybrid Platforms" are the data center and network infrastructure through which organizations process, store, and distribute information from applications and databases.

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

"Information management" consists of all the tools through which organizations collect data, and then extract intelligence or automate processes from this information. This is a relatively new growth area for Atea.

By offering a range of solutions across these three areas, Atea can help customers significantly improve their productivity and redefine how work is completed in their organizations.

Atea's value proposition to the customer:
As Atea expands its solution offering, its service value proposition to customers is also evolving. In particular, Atea is continuing to develop its competence and add a higher services component to every solution it sells.

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

"Reseller": Atea has for many years been the leading reseller of IT infrastructure in the Nordic and Baltic regions. This market position is what gives Atea a unique partnership with the largest global vendors of IT infrastructure.

"System integrator": Atea is also rapidly expanding its service offering as an integrator of IT infrastructure. Through its breadth of competency and depth of expertise, Atea provides consulting support in solution architecture, integration and information management to help customers address the continuous growth and increased complexity of their IT environments.

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

SUSTAINABILITY FOCUS

In Q3 2020 Atea has been awarded the highest rating in environmental and social performance by EcoVadis. This achievement ranks Atea in the top 1% of 65,000 organizations evaluated globally and follows after Atea earned EcoVadis gold-level ranking in three successive years.

The company was recently awarded with Sustainability Index Fair Trade Award by the Government of Latvia, and has previously been ranked as Excellent Sustainable Supplier by the Swedish Competition Authority. Atea was also recognized as Industry Leader within sustainability by Sustainable Brand Index and the Global Child Forum.

Earlier this year, Atea launched Vision 2030: a 10-year plan- the next stage in the company's long-term strategy of building a better, more sustainable future with IT. This will be reflected in the 2020 sustainability report, which will feature a new structure consistent with the goals defined in the Vision 2030.

BUSINESS OVERVIEW

BUSINESS OUTLOOK

Based on its competitive advantages and leading market position in the Nordic and Baltic regions, Atea is well-positioned to maintain a long-term growth rate faster than the IT infrastructure market.

At the same time, Atea expects to steadily increase its operating profit through a combination of revenue growth, expansion in higher margin products and services, and tight control of operating expenses.

Since the start of 2020, the COVID-19 pandemic has resulted in a sharp slowdown in the global economy. While all businesses face uncertainty with the COVID-19 pandemic, Atea is structurally well-suited for the current economic environment.

Atea has a stable revenue base, with over 60% of its sales to the public sector and a majority of its remaining revenue from large corporate customers in the Nordic region. These organizations are highly dependent on information technology, and are likely to maintain spending on their IT infrastructure throughout an economic downturn.

The COVID-19 pandemic is forcing many customers to invest in IT solutions to enable their employees to be productive from remote work locations and to collaborate in virtual settings during travel restrictions. Many customers have told Atea that the COVID-19 pandemic has forced them to rethink the design and operation of their IT infrastructure, and have initiated discussions with Atea on future investments. Over the long-term, Atea sees that the pandemic may result in an acceleration of the digitalization trend in the workplace.

Market trends:
Recent trends in the global economy and IT infrastructure market have impacted Atea as follows:

Atea's hardware business has been negatively impacted by a weaker economy, particularly within the private sector. This has also driven intensified competition in the market.

In addition, the hardware market faces structural headwinds as software and services delivered from the cloud have captured a greater share of IT infrastructure spending. This trend has been most strongly felt in the market for servers and storage, which represent 15% of Atea's hardware sales.

Atea expects that the market for hardware will improve in 2021, consistent with estimates from market research. Although customers are able to postpone some hardware investments during an economic downturn, eventually hardware needs to be upgraded and replaced. In addition the hardware market will continue to be driven by long-term growth in demand for digital workplace solutions as organizations expand their use of IT.

Atea's software business has been its strongest area of growth in recent years, in accordance with trends in the IT infrastructure market. This growth is also in line with Atea's overall strategy to address new opportunities within "Hybrid Platforms", "Digital "Workplace" and "Information Management". These new growth areas are more dependent on advanced software than traditional IT infrastructure.

These growth areas enable Atea to sell more high-value consulting and managed services, as customers need expertise to implement and derive value from advanced software solutions. In some cases, Atea will resell a large software project at low margin in order to establish a customer relationship which enables Atea to sell in its consulting and managed service offering.

While Atea's software resale business has grown rapidly over the last several years, the business has at the same time experienced margin compression. This is driven both by competitive pressures and by changes in IT vendors' incentive programs to channel partners such as Atea. This margin compression is contributing to a consolidation of the market toward fewer resellers, a trend which favors Atea. Over time, the negative impact of margin compression on Atea's software business is expected to be offset by a higher market share and by creating opportunities for Atea to sell consulting and managed services.

Atea's services business encompasses a broad range of IT advisory services, onsite implementation and technical support services, and long-term managed service agreements.

Each of these business areas has been impacted differently by the current market environment, with some areas seeing slower demand.

- Demand for Atea's IT advisory services has generally held up in the current economic environment, as customers require expertise to undertake digitalization initiatives and manage the increased complexity of their IT environments.

- Demand for onsite implementation and technical support services has been negatively impacted by a slower hardware market, and by restricted access and reduced staffing at the customers' workplace.

- Demand for Atea's managed service agreements has held up in most countries. These service agreements have a term of one year or more, and are less directly impacted by short-term changes in the economic environment.

Atea expects that the services business will return to a higher growth rate in 2021, with stronger demand for IT advisory and managed services. Demand for onsite implementation and technical services is also expected to improve with increased hardware sales and renewed access to the customers' workplace.

BUSINESS OVERVIEW

BUSINESS OUTLOOK (CONT'D)

Cost reduction program:

Atea has taken active measures to reduce its operating expenses during 2020 in order to enhance productivity and adapt to a more challenging economic environment.

In January 2020, Atea implemented a major reorganization of its Danish business. A new managing director was appointed to lead the business, and new sales directors have been appointed in each customer segment and services area. The reorganization also involved a cost reduction program resulting in the severance of over 90 employees during Q1. Since the reorganization, Atea Denmark has seen a major improvement in profitability from the prior year.

In March 2020, after the onset of the COVID-19 pandemic, strict controls on hiring were implemented across Atea, and budgets for travel, marketing and facility operations were greatly reduced. Salary increases were put on hold, and senior management in all regions accepted voluntary salary reductions during the second quarter. Several hundred employees were placed on partial or full time leave (furlough) during much of the second quarter, with a portion of their salary costs reimbursed through national government programs to support business during the pandemic.

In the third quarter, nearly all furloughed employees returned to work. Since August, Atea has implemented additional staff reductions in areas of the business which are seen as having low growth potential or in areas which could be reorganized to operate more efficiently. By the start of 2021, Atea expects to have 3-4% fewer full time employees than at the start of 2020, or approximately 250 fewer employees.

Based on a reduced cost base and an expected growth in the market for IT infrastructure, management expects a strong improvement in operating profit during 2021. Atea has managed to operate successfully with a lower cost base, and has delivered record high results during the second and third quarters. All areas of the organization have adapted to become more productive during this time.

Going forward, Atea will continue to take active measures to drive productivity across its business, with particular focus on capturing economies of scale across the Group. At the same time, Atea will adjust staffing in each country as necessary to respond to fluctuations in customer demand across the business.

CONDENSED FINANCIAL INFORMATION

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK in million	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Revenue	2, 3, 8	8,185	7,828	27,827	26,451	36,655
Cost of goods sold		-6,338	-6,073	-21,917	-20,855	-28,897
Gross profit	13	1,847	1,755	5,909	5,596	7,758
Employee benefits expense	1,11	-1,300	-1,234	-4,357	-4,105	-5,584
Other operating costs	13	-145	-175	-538	-567	-766
Restructuring costs	9	0	0	-37	0	0
Share based compensation		-27	-16	-32	-48	-73
EBITDA	13	376	330	946	876	1,335
Depreciation and amortization		-160	-148	-477	-430	-584
Amortization related to acquisitions		-1	-1	-3	-3	-5
Operating profit (EBIT)	2	215	181	466	442	747
Net financial items	5	-26	-10	-82	-48	-90
Profit before tax		189	171	385	394	657
Tax	7	-40	-36	-79	-82	-127
Profit for the period		149	135	306	312	530
Earnings per share						
- earnings per share (NOK)	4	1.36	1.24	2.78	2.85	4.84
- diluted earnings per share (NOK)	4	1.35	1.23	2.76	2.83	4.78
Profit for the period		149	135	306	312	530
Currency translation differences		55	51	413	-69	-58
Forward contracts - cash flow hedging		0	0	0	-1	0
Income tax OCI relating to items that may be reclassified to profit or loss		0	0	0	0	0
Items that may be reclassified subsequently to profit or loss		54	51	413	-70	-58
Other comprehensive income		54	51	413	-70	-58
Total comprehensive income for the period		203	186	718	242	472
Total comprehensive income for the period attributable to:						
Shareholders of Atea ASA		203	186	718	242	472

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK in million	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Property, plant and equipment		535	549	498
Right-of-use assets		1,366	892	996
Deferred tax assets	7	367	404	354
Goodwill		4,219	3,855	3,881
Other intangible assets		286	231	237
Investment in associated companies		16	14	15
Long-term subleasing receivables		82	79	102
Other long-term receivables		28	27	25
Non-current assets		6,900	6,051	6,108
Inventories		863	813	798
Trade receivables		3,107	2,727	4,380
Other receivables		1,788	1,838	1,752
Short term subleasing receivables		135	176	149
Other financial assets		2	2	1
Cash and cash equivalents		1,136	706	1,769
Current assets		7,031	6,262	8,849
Total assets		13,931	12,313	14,957
EQUITY AND LIABILITIES				
Share capital and premium	4	491	446	464
Other reserves		1,773	1,348	1,360
Retained earnings		1,591	1,019	1,251
Equity		3,856	2,813	3,075
Interest-bearing long-term liabilities	6	474	485	472
Long-term sublease liabilities		82	79	102
Long-term leasing liabilities		1,072	746	768
Other long-term liabilities		7	4	8
Deferred tax liabilities		207	226	185
Non-current liabilities		1,842	1,541	1,534
Trade payables		4,180	3,548	6,113
Interest-bearing current liabilities	6	299	1,042	575
Current sublease liabilities		135	176	149
Current leasing liabilities		348	186	273
VAT, taxes and government fees		993	799	952
Provisions		147	107	111
Dividend payable		-	356	-
Other current liabilities		2,131	1,738	2,167
Other financial liabilities		1	7	8
Current liabilities		8,233	7,959	10,348
Total liabilities		10,075	9,500	11,882
Total equity and liabilities		13,931	12,313	14,957

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK in million	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity at start of period - 1 January		3,075	3,237	3,237
Impact of change in accounting policy		0	-38	-35
Adjusted equity		3,075	3,199	3,203
Currency translation differences		413	-69	-58
Forward contracts - cash flow hedging		0	0	0
Other comprehensive income		413	-70	-58
Profit for the period		306	312	530
Total recognised income for the year		718	242	472
Employee share-option schemes		35	47	57
Dividends		0	-710	-710
Issue of share capital	4	28	35	53
Equity at end of period		3,856	2,813	3,075

CONSOLIDATED STATEMENT OF CASH FLOW

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Profit before tax	189	171	385	394	657
Adjusted for:					
Depreciation and amortisation	161	149	479	434	588
Share based compensation	15	18	35	47	57
Gains/Losses on disposals of PPE and intangible asset	0	0	-1	0	-5
Net interest expenses	25	16	66	52	75
Taxes paid	-30	-9	-185	-136	-150
Net interest paid	-22	-16	-63	-50	-72
Cash earnings	336	330	716	741	1,151
Change in trade receivables	1,067	1,229	1,694	3,521	1,948
Change in inventories	235	243	22	-9	16
Change in trade payables	-1,897	-1,881	-2,440	-3,406	-905
Other changes in working capital	252	-356	-187	-889	-312
Cash flow from operating activities	-7	-434	-195	-43	1,897
Purchase of PPE and intangible assets	-66	-66	-232	-235	-325
Sale of PPE and intangible assets	0	0	8	3	73
Acquisition of subsidiaries/businesses	-	-20	-	-23	-21
Cash flow from investing activities	-66	-87	-224	-255	-274
Dividend paid	-	0	-	-355	-710
Payment from changes in treasury shares	-	-19	-	-19	-
Proceeds from new shares issue	-	-	28	35	53
Proceeds from sublease	27	17	60	54	59
Payments of sublease liabilities	-27	-17	-60	-54	-59
Payments of lease liabilities	-87	-81	-257	-230	-303
Change in debt	250	575	-318	856	346
Cash flow from financing activities	163	475	-547	287	-615
Net cash flow	90	-46	-967	-11	1,008
Cash and cash equivalents at the start of the period	1,024	738	1,769	764	764
Foreign exchange effect on cash held in a foreign currency	22	14	334	-47	-3
Cash and cash equivalents at the end of the period	1,136	706	1,136	706	1,769

NOTE 1

GENERAL INFORMATION AND ACCOUNTING POLICIES

The condensed interim financial statements for nine months ending 30 September 2020 were approved for publication by the Board of Directors on 20 October 2020. These Group financial statements have not been subject to audit or review.

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

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 "Interim Financial Reporting". The condensed interim financial statements do not include all information and disclosures required in the annual financial statement, and should be read in accordance with the Group's Annual Report for 2019, which has been prepared according to IFRS as adopted by EU. There are no changes in accounting policy effective from 1 January 2020 that have impact on the Group accounts.

The Group has received Government grants due to COVID-19 in Q2 2020. The assistance from the governments are related to compensation paid directly from the Government to the Group for employees on furlough. Government grants are reported as a deduction of Employee benefits expense in the Consolidated statement of Comprehensive income. See Note 11 in this report.

In the interim financial statements for 2020, judgements, estimates and assumptions have been applied that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses. Actual values may differ from these estimates. The major assumptions applied in the interim financial statements for 2020 and the major sources of uncertainty in the statements are similar to those found in the Annual accounts for 2019. See Note 10 regarding change in risk factor due to the COVID-19 situation.

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

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

NOTE 2

OPERATING SEGMENT INFORMATION

Atea is located in 85 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with over 7,000 employees. For management and reporting purposes, the Group is organized by these geographical areas. The performance of these geographical areas is evaluated on a regular basis by Atea's Executive Team, consisting of among others the Managing Directors of each geographical segment.

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

From 1 January 2020 Atea is not reporting AppXite as a separate business segment. AppXite provides a cloud platform for enabling software vendors and service providers to transform their business from transactional sales to subscription and consumption-based service delivery. The largest user of the platform is Atea. For management and reporting purposes, AppXite will be included in Group Shared Services from 1 January 2020. The corresponding information from earlier periods is restated.

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

NOK

Revenue NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	2,199.9	2,194.3	6,748.4	6,813.3	9,426.6
Sweden	3,192.2	3,011.8	11,294.7	10,571.3	14,796.4
Denmark	1,705.4	1,680.5	6,109.2	5,891.3	8,088.3
Finland	827.5	711.9	2,881.6	2,441.9	3,269.8
The Baltics	287.0	268.0	916.8	861.6	1,258.6
Group Shared Services*	1,770.5	1,614.1	5,301.1	4,636.2	6,473.7
Eliminations	-1,797.2	-1,652.8	-5,425.3	-4,764.7	-6,658.7
Atea Group	8,185.2	7,827.7	27,826.6	26,451.4	36,654.8

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

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

NOK

EBIT NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	82.7	77.1	207.9	186.3	297.1
Sweden	103.5	120.7	319.3	344.8	483.3
Denmark	3.0	-19.5	-137.5	-85.2	-63.8
Finland	21.2	12.7	57.1	36.7	62.6
The Baltics	8.6	5.5	28.2	20.6	38.1
Group Shared Services	16.9	1.7	46.4	-1.2	11.0
Group cost	-21.1	-17.0	-55.0	-59.9	-81.6
Operating profit (EBIT)	214.9	181.2	466.4	442.1	746.7
Net financial items	-26.3	-9.7	-81.7	-48.2	-89.9
Profit before tax	188.5	171.5	384.7	393.9	656.8

Quarterly revenue and gross margin NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Product revenue	6,591.1	6,286.9	22,663.7	21,571.1	29,918.6
Services revenue	1,594.1	1,540.9	5,162.9	4,880.3	6,736.2
Total revenue	8,185.2	7,827.7	27,826.6	26,451.4	36,654.8
Gross contribution	1,847.3	1,754.8	5,909.2	5,596.3	7,757.8
Product margin	12.2%	11.7%	11.1%	10.9%	11.0%
Services margin	65.2%	66.2%	65.6%	66.3%	66.3%
Gross margin	22.6%	22.4%	21.2%	21.2%	21.2%

Quarterly revenue and gross margin NOK in million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Product revenue	6,591.1	8,795.0	7,277.6	8,347.4	6,286.9	7,816.5	7,467.7
Services revenue	1,594.1	1,803.4	1,765.4	1,855.9	1,540.9	1,668.9	1,670.5
Total revenue	8,185.2	10,598.5	9,043.0	10,203.3	7,827.7	9,485.5	9,138.2
Gross contribution	1,847.3	2,064.6	1,997.3	2,161.6	1,754.8	1,903.6	1,937.8
Product margin	12.2%	10.1%	11.4%	11.2%	11.7%	10.4%	10.9%
Services margin	65.2%	65.4%	66.1%	66.2%	66.2%	65.3%	67.4%
Gross margin	22.6%	19.5%	22.1%	21.2%	22.4%	20.1%	21.2%

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

LOCAL CURRENCY

Revenue Local currency in million		Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	NOK	2,199.9	2,194.3	6,748.4	6,813.3	9,426.6
Sweden	SEK	3,085.8	3,261.9	11,134.4	11,433.4	15,901.5
Denmark	DKK	1,190.8	1,270.1	4,252.3	4,500.9	6,130.8
Finland	EUR	77.6	72.1	268.9	249.9	332.0
The Baltics	EUR	26.9	27.2	85.6	88.2	127.8
Group Shared Services*	NOK	1,770.5	1,614.1	5,301.1	4,636.2	6,473.7
Eliminations	NOK	-1,797.2	-1,652.8	-5,425.3	-4,764.7	-6,658.7
Atea Group	NOK	8,185.2	7,827.7	27,826.6	26,451.4	36,654.8

EBIT Local currency in million		Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	NOK	82.7	77.1	207.9	186.3	297.1
Sweden	SEK	100.4	130.7	314.8	372.9	519.4
Denmark	DKK	2.0	-14.7	-95.7	-65.1	-48.4
Finland	EUR	2.0	1.3	5.3	3.8	6.4
The Baltics	EUR	0.8	0.6	2.6	2.1	3.9
Group Shared Services*	NOK	16.9	1.7	46.4	-1.2	11.0
Group cost	NOK	-21.1	-17.0	-55.0	-59.9	-81.6
Operating profit (EBIT)	NOK	214.9	181.2	466.4	442.1	746.7
Net financial items	NOK	-26.3	-9.7	-81.7	-48.2	-89.9
Profit before tax	NOK	188.5	171.5	384.7	393.9	656.8

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

NOTE 3

DISAGGREGATION OF REVENUE

Information about the main revenue streams and the timing of the revenue recognition are described in Note 2- Summary of significant accounting principles – in the Annual report for 2019.

The Group has disclosed geographical information about revenue from external customers. In addition, the Group has disclosed revenue based on two main categories: products (hardware and software) and services.

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

Hardware Local currency in million		Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	NOK	1,223.0	1,247.5	3,565.9	3,735.1	5,224.2
Sweden	SEK	1,760.7	1,967.4	5,441.4	5,847.8	8,072.5
Denmark	DKK	608.9	701.5	1,883.8	2,234.3	3,118.4
Finland	EUR	42.5	38.1	130.7	126.1	174.5
The Baltics	EUR	15.2	15.1	47.8	52.2	72.4
Group Shared Services*	NOK	1,636.5	1,510.7	4,908.0	4,303.1	6,007.3
Eliminations	NOK	-1,618.3	-1,504.2	-4,843.0	-4,280.1	-5,968.1
Atea Group	NOK	4,544.0	4,522.5	13,770.1	13,832.2	19,320.5

Software Local currency in million		Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	NOK	502.7	435.2	1,581.8	1,501.2	2,078.5
Sweden	SEK	759.2	713.4	3,772.2	3,693.1	5,191.1
Denmark	DKK	301.0	287.6	1,522.3	1,348.4	1,767.4
Finland	EUR	27.7	26.5	115.0	102.8	127.4
The Baltics	EUR	2.8	3.7	12.3	9.8	18.4
Group Shared Services*	NOK	11.6	4.1	23.5	7.9	12.8
Eliminations	NOK	-14.8	-13.6	-89.4	-50.1	-91.6
Atea Group	NOK	2,047.2	1,764.4	8,893.6	7,738.9	10,598.0

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

NOTE 3

DISAGGREGATION OF REVENUE (CONT'D)

Services Local currency in million		Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Norway	NOK	474.2	511.5	1,600.7	1,577.1	2,123.9
Sweden	SEK	565.9	581.1	1,920.8	1,892.6	2,637.9
Denmark	DKK	280.9	281.0	846.2	918.3	1,245.0
Finland	EUR	7.5	7.5	23.2	21.0	30.0
The Baltics	EUR	8.9	8.4	25.4	26.1	37.0
Group Shared Services*	NOK	122.4	99.3	369.6	325.2	453.7
Eliminations	NOK	-164.1	-135.0	-492.9	-434.5	-599.0
Atea Group	NOK	1,594.1	1,540.9	5,162.9	4,880.3	6,736.2

NOTE 4

SHARE CAPITAL AND PREMIUM

NOK in million,	Number of shares		Share capital			
except number of shares	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total
At 1 January 2020	109,708,413	-7,844	110	0	354	464
Issue of Share capital**	272,633		0	-	28	28
At 30 September 2020	109,981,046	-7,844	110	0	381	491

Average number of shares outstanding

The average number of shares outstanding during the first nine months of 2020 was 109,930,417. This number is used in the calculation of Basic Earnings per Share.

When calculating Fully Diluted Earnings per Share, the average number of shares outstanding during the first nine months of 2020 was 110,582,077. The difference relates to the dilution effect of the Employee Share Option program.

Based on the number of share options outstanding, the strike price of the options, the average share price during the first nine months of 2020, and the remaining vesting period of the options, the dilution impact of the share option program is 651,661 shares. This calculation is in accordance with IAS 33 Earnings per Share.

*Most of Atea's internal sales are related to Group Shared Services, which consists of Atea Logistics, Atea Global Services, Atea Group Functions and AppXite
**Issue of share capital is related to share options for the Management and selected employees

NOTE 4

SHARE CAPITAL AND PREMIUM (CONT'D)

30 September 2020	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				109,930,417
Dilution effect of share options				
Total share options				
Fully vested, with adjusted strike price below share price	2,312,145	74	74	649,995
Unvested*, with adjusted strike price below share price	34,000	86	96	1,665
Unvested*, with adjusted strike price above share price	7,669,293	103	117	-
All Share options	10,102,438	97	108	651,661
Fully diluted EPS calculation**				110,582,077

NOTE 5

NET FINANCIAL ITEMS

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Interest income	2	0	7	4	6
Interest income, subleasing	3	7	5	7	9
Other financial income	0	0	2	2	2
Total financial income	6	7	13	12	17
Interest costs on loans	-13	-8	-34	-29	-44
Interest costs on leases	-14	-9	-39	-27	-37
Interest expenses, subleasing	-3	-7	-5	-7	-9
Foreign exchange effects	0	8	-12	7	-8
Other financial expenses	-2	-1	-6	-5	-9
Total financial expenses	-32	-17	-95	-60	-107
Total net financial items	-26	-10	-82	-48	-90

*Adjusted nominal strike price includes fair value of services to be provided during remainder of vesting period, in accordance with IFRS 2 Share-based Payment
**Based on an average share price of NOK 104 from January 1 – September 30, 2020

NOTE 6

BORROWING

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

EIB loan
Atea has entered into an unsecured loan agreement for NOK 475 million with the European Investment Bank in May 2018. The loan has a term of 5 years, and a rate of interest of NIBOR 6M + 0.99%.

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

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

Money market line
Atea ASA has secured access to additional NOK 750 million to a revolving credit line during Q3 2020. At the end Q3 2020 Atea ASA has access to a revolving credit line of NOK 950 million through the money market. The facility has standard terms and conditions for this type of financing.

Term loan
Atea ASA has secured access to the term loan amounting NOK 250 million during Q3 2020. The facility has standard terms and conditions for this type of financing.

Sale of receivables
In December 2018, Atea entered into a securitization contract organized by its primary bank which enables Atea to sell specified accounts receivable at an implicit discount rate of IBOR 3M + 0.60%. This securitization contract is separate from the Receivables facility described above.

The securitization contract has a three-year term, and the maximum balance of accounts receivable which may be sold at any time during the term is NOK 1,900 million.

Overview of facilities used:

	Available facility	Utilized facility	
NOK in million	30 Sep 2020	30 Sep 2020	30 Sep 2019
Long-term			
EIB loan	475	474	485
Long-term interest-bearing leasing liabilities		48	51
Short-term			
Receivables facility	1,100	280	1,030
Overdraft facility	300	-	-
Money market line	950	-	-
Term loan	250	-	-
Current interest-bearing leasing liabilities		16	16
Other		19	13
Total debt		837	1,595
Securitization - sale of receivables	1,900	1,039	1,535
Total borrowing utilized		1,875	3,130

* Total debt does not include incremental net lease liabilities due to the adoption of IFRS 16 from 1 January 2019, as defined by Atea loans covenants. See Note 13 for more information.

NOTE 7

TAXES

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Profit before tax	189	171	385	394	657
Tax payable expenses	-29	-31	-90	-86	-123
Deferred tax asset changes due to tax loss carry forward used	10	-5	58	2	-38
Other deferred tax changes	-21	0	-47	2	33
Total tax expenses	-40	-36	-79	-82	-127
Effective rate	21.1%	21.2%	20.6%	20.9%	19.4%

Income tax expense is recognized based on management's estimate of its weighted average tax rate. The estimated effective tax rate during the Q3 of 2020 is 21.1%.

Deferred tax changes mainly include tax loss carryforwards used and other deferred tax items which are recognized on the balance sheet during the period.

At the year end of 2019, the tax value of the tax loss carried forward within the Group was NOK 361 million and the full amount was recognized as Deferred Tax Assets on the balance sheet.

NOTE 8

SEASONALITY OF OPERATIONS

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

NOTE 9

REORGANIZATION COSTS

Atea Denmark implemented a cost efficiency program in January 2020 which involved a reduction of 67 full time employees and change of Managing Director.

The program resulted in severance costs of DKK 26 million (NOK 37 million), which were recognized as a restructuring charge during the first half of 2020.

The program also resulted in additional write-downs and provisions of DKK 25 million (NOK 35 million). These costs are recognized as Other operating costs during the first half of 2020.

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Restructuring costs	-	-	37	-	-
Other write-downs and provisions	-	-	35	-	-
Reorganization costs	-	-	72	-	-
EBIT before reorganization costs	215	181	538	442	747

NOTE 10

RISKS AND UNCERTAINTIES

Reference is made to Board of Directors' report 2019, as included in the 2019 Annual Report. The Annual Report was published on March 17, 2020.

The Board of Directors' report 2019 provides a description of risk factors for Atea, and includes the COVID-19 pandemic as an extraordinary risk factor. An update on the impact and business risk of the COVID-19 pandemic is provided in the Business Outlook section of this report.

NOTE 11

GOVERNMENT GRANTS

Atea has received COVID-19 assistance from the governments of Sweden and Denmark in Q2 2020. The total assistance is approximately NOK 17 million during Q2 2020, and is recognized as a reduction of Employee benefits expense.

NOTE 12

EVENTS AFTER THE BALANCE SHEET DATE

On October 20, 2020, the Board of Atea ASA resolved to use the power of attorney granted by the annual general meeting to pay a dividend of NOK 5.00 to shareholders. The date of record for the dividend is November 12, and payment to shareholders is scheduled to take place on November 19, 2020.

NOTE 13

ALTERNATIVE PERFORMANCE MEASURES

The financial information is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Additionally, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Atea's performance. As defined in ESMAs guidelines on alternative performance measures (APM), an APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the International Financial Reporting Standards as adopted by EU.

Atea uses the following APMs:

PRO FORMA REVENUE AND EBITDA

Pro forma revenue and EBITDA includes revenue and EBITDA from companies acquired during 2020 and 2019 in both the current and prior full year. Pro forma financial results are used to calculate organic growth as well as loan covenant requirements (see below).

Pro forma revenue in constant currency excludes the effect of foreign currency rate fluctuations. Growth in constant currency is translating revenue recognized during the current period using exchange rates for the previous period.

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Revenue	8,185	7,828	27,827	26,451	36,655
Adjustment for acquisitions	-	4	-	12	12
Pro forma revenue	8,185	7,832	27,827	26,463	36,666
Pro forma revenue on last year currency	7,630	7,730	25,948	26,446	36,451
Pro forma growth in constant currency	-2.6%	8.6%	-1.9%	7.5%	4.8%

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

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
EBITDA	376	330	946	876	1,335
Adjustment for acquisitions	-	-2	-	0	0
Pro forma EBITDA	376	328	946	876	1,335

GROSS PROFIT

Gross profit is defined as revenue less cost of goods sold. The Groups revenue is recognized either gross or net depending on revenue streams. Costs of goods sold include products and services bought from suppliers and resold to customers. Costs of goods sold include all direct expenses for goods and services directly connected to the sales. Direct costs related to services include leasing, outsourcing, and freight.

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Revenue	8,185	7,828	27,827	26,451	36,655
Cost of goods sold	-6,338	-6,073	-21,917	-20,855	-28,897
Gross profit	1,847	1,755	5,909	5,596	7,758

NOTE 13

OPERATING EXPENSES

Operating expenses include employee benefits expense, other operating expenses, share based compensation, depreciation and amortization costs.

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Employee benefits expense	1,300	1,234	4,357	4,105	5,584
Other operating costs	145	175	538	567	766
Share based compensation	27	16	32	48	73
Restructuring costs	0	0	37	0	0
Depreciation and amortization	160	148	477	430	584
Amortization related to acquisitions	1	1	3	3	5
Total operating expenses	1,632	1,574	5,443	5,154	7,011

FREE CASH FLOW

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

NOK in million	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Cash flow from operations	-7	-434	-195	-43	1,897
Purchase of PPE and intangible assets	-66	-66	-232	-235	-325
Sale of PPE and intangible assets	0	0	8	3	73
Capital expenditures through cash	-66	-66	-224	-232	-252
Free cash flow	-73	-500	-420	-275	1,644

NOTE 13

NET FINANCIAL POSITION

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

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

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

NOK in million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Interest-bearing long-term liabilities	-474	-485	-472
Interest-bearing long-term leasing liabilities	-48	-51	-45
Interest-bearing current liabilities	-299	-1,042	-575
Interest-bearing current leasing liabilities	-16	-16	-19
Cash and cash equivalents	1,136	706	1,769
Net financial position	299	-889	657
Long-term ROU assets leasing liabilities	-1,025	-695	-723
Current ROU assets leasing liabilities	-332	-170	-253
Long-term subleasing liabilities	-82	-79	-102
Short-term subleasing liabilities	-135	-176	-149
Long-term subleasing receivables	82	79	102
Short-term subleasing receivables	135	176	149
Incremental net lease liabilities due to IFRS 16 adoption	-1,356	-865	-977

LIQUIDITY RESERVE

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

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

NOK in million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Last 12 months pro forma EBITDA	1,405	1,278	1,335
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	3,512	3,196	3,338
Net financial position	299	-889	657
Liquidity reserve	3,811	2,307	3,995
Net debt/pro forma EBITDA	-0.2	0.7	-0.5

NOTE 13

NET WORKING CAPITAL

Net working capital is defined as non-interest-bearing current assets net of cash and cash equivalents less non-interest-bearing current liabilities. The net working capital balance impacts how much funding is needed for business operations. Net working capital is positively affected by the securitization program, see Note 6 for more details.

Atea's net working capital balance has high seasonal fluctuations, with a low balance in the fourth quarter. See Note 8 for additional information regarding seasonality of operations.

NOK in million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Inventories	863	813	798
Trade receivables	3,107	2,727	4,380
Other receivables	1,788	1,838	1,752
Trade payables	-4,180	-3,548	-6,113
VAT, taxes and government fees	-993	-799	-952
Provisions	-147	-107	-111
Other current liabilities	-2,131	-1,738	-2,167
Working capital	-1,692	-814	-2,412
Securitization effect	1,039	1,535	1,862
Working capital before securitization	-654	721	-550
Year to date revenue	27,827	26,451	36,655
Annualized revenue	37,102	35,269	36,655
Working capital in relation to annualized revenue	-4.6%	-2.3%	-6.6%

NOTE 13

ADJUSTED EQUITY RATIO

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

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

NOK in million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Total assets	13,931	12,313	14,957
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,366	-892	-996
Long-term subleasing receivables	-82	-79	-102
Short-term subleasing receivables	-135	-176	-149
Adjusted total assets	12,348	11,167	13,710
Equity	3,856	2,813	3,075
Equity ratio	31.2%	25.2%	22.4%

ATEA

Q3

2020

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