

Q2

2026

TRANSCRIPT

Atea ASA Earnings Presentation

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ATEA

Corporate participants

Steinar Sønsteby Atea ASA - CEO

Robert Giori Atea ASA – CFO

PRESENTATION

Steinar Sønsteby Atea ASA – CEO

Welcome, welcome to the Q2 presentation of the ATEA number here in beautiful summerly Oslo. This time we actually did something we have never done before. We moved the presentation from Thursday morning to this afternoon. This is how Oslo looked after being beaten by England in the quarter final of the World Cup. Think how it would have looked if we had beaten Argentina this night. I would probably have been doing this presentation alone and that would not be good even without Robert. But friends, I am so happy to share the numbers with you. They are equally good as the Norwegian World Cup. After all the buts and ifs in the market, I am so proud to say that revenue this quarter came in at NOK 18.9 billion, up 12.5%. EBIT at NOK 320 million, up 19.2%, and net profit at NOK 218 million, up almost 40%. But I am so happy to also this time have with me Robert so he can give you all the good news.

Robert Giori Atea ASA – CFO

Thank you, Steinar. ATEA reported rapid growth in sales and profitability during the second quarter, driven by strong demand for hardware and software. Gross sales in Q2 were NOK 18.9 billion, up 12.5% from last year. Organic growth in constant currency was 19.4%. Currency fluctuations had a negative impact on sales growth of 5.8% as sales in foreign currencies were translated into a stronger Norwegian krona compared with last year. Hardware sales increased by 21.2% with high demand across all major categories and particularly strong growth in data center and networking solutions. Software and cloud sales increased by 11.7%, driven by strong growth within security and productivity applications. Services sales fell by 4.7% from last year. After adjusting for the impact of currency changes, services sales were slightly ahead of last year. Net revenue, according to IFRS, was NOK 10.4 billion, up 14.1% from last year. Gross profit increased by 3.5% to NOK 2.9 billion. Gross margin was lower than last year due to a higher proportion of hardware in the revenue mix. Operating expenses grew by 1.8% to NOK 2.6 billion. The average number of full-time employees was down sequentially from last quarter but was 2.1% higher than last year. Based on strong sales performance and relatively low growth in operating costs, EBIT increased by 19.2% to NOK 320 million. Net profit after tax was NOK 218 million, up from NOK 157 million last year. We will now take a closer look at sales and profit performance across the countries in which we operate.

ATEA's financial performance was driven by rapid sales growth across all countries in the second quarter of 2026. In Norway, gross sales increased by 26.0% to NOK 4.1 billion, with very high growth in sales of hardware and software. EBIT was NOK 108.5 million in line with last year due to a lower margin sales mix compared with Q2 2025. In Sweden, gross sales grew by 17.5% to SEK 7.8 billion, with strong sales of hardware across all major categories. EBIT was SEK 156 million, up 24.5% from last year. In Denmark, gross sales increased by 16.0% to DKK 3.5 billion, based on high demand for networking and data center solutions. EBIT grew by 30.4% to DKK 14 million. In Finland, gross sales increased by 11.2% to EUR 119 million, driven by strong sales of hardware and cloud solutions. EBIT increased by 15.0% to EUR 3.0 million. In the Baltics, gross sales increased by 16.7% to EUR 60 million, with high growth in sales of software and services. EBIT grew by 19.4% to EUR 2.1 million. ATEA Group Functions, which include shared services and group costs, was a net operating expense of NOK 22 million, compared with an expense of NOK 40 million last year. The improvement was mainly due to significantly higher profitability in ATEA Logistics.

Now we are on our cash flow and balance sheet. ATEA's cash flow from operations was an outflow of NOK 727 million in the second quarter of 2026. This compares with an outflow of NOK 111 million last year. As you can see from this chart, ATEA's cash flow from operations has a strong seasonal pattern with very high cash inflow in the fourth quarter. In Q2 2026, cash flow from operations was below the typical seasonal trend. Working capital was affected by higher inventory levels as ATEA increased inventory to secure customer deliveries during a period of supply constraints in the IT industry. This was also discussed during the last quarterly presentation and was a clear strategy in the face of the current supply constraints. Now, ATEA plans to reduce its inventory balance with hardware deliveries in the second half of 2026. This will result in improved cash flow during the remainder of the year.

Now onto our balance sheet. At the end of Q2 2026, ATEA had a net debt of NOK 1.3 billion, as defined by ATEA's loan covenants. This corresponds to a net debt EBITDA ratio of 0.5. ATEA's net debt balance at the end of Q2 2026 was NOK 4.7 billion below the maximum allowed by his loan covenants. ATEA has a strong balance sheet and significant additional debt capacity before its loan covenants would be reached. That concludes the presentation of the second quarter results. I will now hand the podium back over to Steinar to discuss the outlook for ATEA's business as we look forward to the second half of the year.

Steinar Sønsteby Atea ASA – CEO

Thank you, Robert. Glad I had you with me. As the market is developing, I normally tell you a little bit about pieces of ATEA in this second part, and so also this time. Every year for several years, ATEA has conducted a survey among the CIOs of our customers. This year's survey is found in this CIO analytics report for 2026. 1,478 CIOs have actually answered, and the data that they have answered is in this report. If you would like to have access to the report or a link to the digital data, please send an email to the IR mail account of ATEA Group. I am not going to go through all of them, of course, all the data in this report, but one or two very interesting data points I want to give you. First of all, 55% of the CIOs that have answered say that their IT budget will go up with more than 10% in 2026 over 2025. Only 18% say that they so far have invested and got positive results from AI. It is all ahead of us, guys, and maybe even more interesting for us, only 23% of the CIOs say they are positive or their organization are positive to public cloud going forward. They contribute the more negative attitude toward public cloud to sovereignty and data protection. So, for that reason, let us look at what we can offer in the way of data centers.

ATEA's data center structure looks like this. There are 16 data centers all in all, some of them just virtually separated from the other. They are all connected and they have sovereign capability. They are fully redundant and interconnected. They all have connections to the public cloud and ability to connect to customers' data centers. That gives us the ability to provide a true hybrid cloud capability. They have Tier 3 capabilities, and for those that do not understand or know data centers, data centers are categorized in four different categories from Tier 1 (being the lowest) to Tier 4 (being the maximum). We have Tier 3, which is all that is needed for the most demanding customers in the Nordics. We have an AI platform up running and we have also a strong presence in the Baltics to do the same things as we do in the Nordics.

Five of the 16 data centers are built by us, and one of them, the one we have in the Baltics, is actually owned lock, stock and barrel by ATEA. This is not the size of the humongous data centers you read about that Meta and Microsoft and others have, but the size of this data center is bigger than anything any of our competitors or anyone else can offer our end user customers in this region. We have access for the next 10 years to the grid for power and secured low power prices to the data centers. So, as you understand, ATEA is well prepared to work with our customers to give them a redundant, sovereign, protected data capabilities in this region.

So, there you have it. Solid numbers. And for first half summary, gross sales of NOK 33.7 billion, up 12%, EBIT up from NOK 549 to NOK 796 million, up 45%, net profit up more than 90% to NOK 607 million. It has been a difficult but rewarding first half. So, let us just briefly look ahead.

Visibility is difficult when the world changes and it certainly changes almost week by week, but we see very clearly that Q3 will be more of the same and we expect that to be the case also for the quarters to come. We base it on strong demand in our dialogue with customers. We base it on the backlog, which has never been higher. And we base it on our understanding and dialogue with our partners and how they see the future for infrastructure. Hardware is clearly in demand. It is actually sometimes even something that are difficult to get. ATEA, though, are able to because of the position, because of the history, because of the volume, because of who we are in this region. So, with that, I open for questions and we will try to do our best, as always, to answer your questions.

Questions and answers

Unidentified Company Representative

Thank you, Robert and Steinar, for the presentation. The first question here is how much of the hardware growth comes from the supply chain and price situation?

Steinar Sønsteby Atea ASA – CEO

So that is actually a pretty large question. So, I have to concentrate my answer a little bit. It is very difficult to mathematically calculate how much of the orders we delivered in Q2 were pulled forward. It is pretty difficult to calculate exactly how much is contributed to price increases. Our judgment is that half of the hardware growth of 21% comes from the supply chain situation and the price situation. If we look at the rest of the business, probably nothing.

Unidentified Company Representative

Thank you. Second question here. Services seem to have had a weak first half. What do you think is the contributor to this?

Steinar Sønsteby Atea ASA – CEO

Yes, in constant currency, pretty flat. So, not exactly what we expected six months ago. So, we contributed it to specifically two reasons. First of all, I think everybody out there know that last year was extraordinary on services, so, it is tough comparisons. Secondly, we have to believe with the price increases that some of our customers has to prioritize their budget and hardware has been on top of their list. We do not see this as a trend. We do not see that we have lost many or any orders. And I have to say none of this has to do with AI taking our work. That is not the type of services that we have. On the contrary, we expect AI to contribute to our services business in the months and quarters to come.

Unidentified Company Representative

Thank you for that. Our final question here for today. Denmark seems to be on the right track. Can you comment, please?

Steinar Sønsteby Atea ASA – CEO

Yes, as they say, I am happy but not satisfied. We see clear improvement in Denmark. And I just want to say thank you to everybody in Denmark. It has been a rough 12 months to change to what we are to become. We have changed the sales organization to have better and more focused account management. This has led to private business growing much faster than public. And I am very happy to see that mix changing in Q2. It has led to us winning some large projects. We were good at winning large product orders, but now we are winning projects and that is good. And we see, even though it is going slower, that we are taking business on the services side. We have just started and the numbers are not what we expect them to become, but we are happy, even not satisfied. So, friends, I hope you will enjoy summer. This concludes our presentation of the Q2 numbers from Oslo. Thank you.
