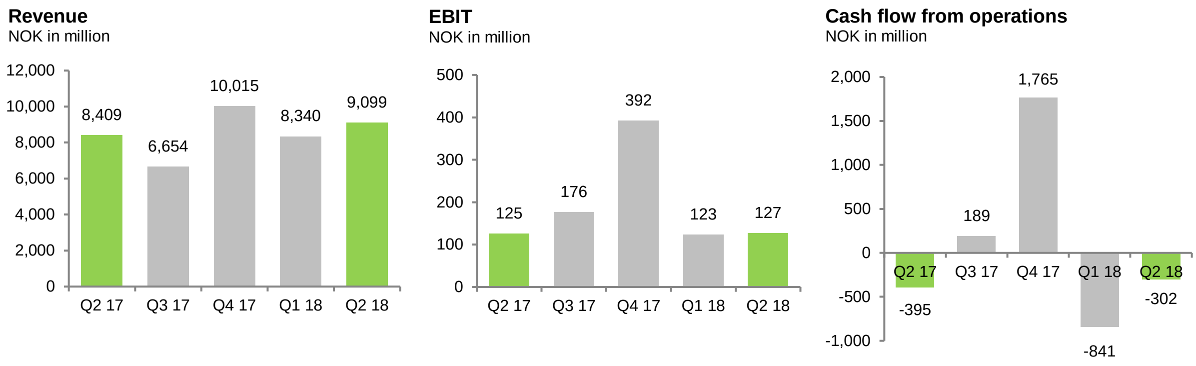
Q2 2018 Interim Report

Atea continued to deliver strong growth in revenue during Q2, despite challenges in its Danish subsidiary. Operating profit also improved, driven by outstanding performance in Norway, Sweden and the Baltics.

Steinar Sønsteby
CEO of ATEA

Highlights

- Revenue of NOK 9,099 million, up 8.2% y-o-y
- EBIT of NOK 127 million, up 1.4% y-o-y
- EBIT margin of 1.4%, down from 1.5% last year
- Cash flow from operations of NOK -302 million, up from NOK -395 million last year



Key figures*

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Group revenue	9,099	8,409	17,439	15,769	32,438
Gross margin (%)	20.8%	21.2%	21.4%	22.1%	22.3%
EBIT	127	125	250	231	799
EBIT margin (%)	1.4%	1.5%	1.4%	1.5%	2.5%
Net profit	84	84	171	153	543
Earnings per share (NOK)	0.78	0.79	1.59	1.44	5.10
Diluted earnings per share (NOK)	0.77	0.78	1.56	1.42	5.00
Cash flow from operations	(302)	(395)	(1,143)	(716)	1,238
Free cash flow	(383)	(464)	(1,313)	(845)	976

	30 Jun 2018	30 Jun 2017	31 Dec 2017
Net financial position	(1,595)	(1,494)	102
Liquidity reserve	1,386	1,271	3,040
Working capital	(115)	(345)	(1,692)
Working capital in relation to annualized revenue (%)	-0.3%	-1.1%	-5.2%
Equity ratio (%)	23.6%	25.8%	22.6%
Number of full-time employees	7,225	6,892	6,904

* Alternative perfomance measures (APM) presented in the key figures table are described in APM section on page 21-23

Financial review Q2 2018

Group

Atea continued to deliver strong growth in revenue during Q2, despite challenges in its Danish business. Operating profit also improved, driven by outstanding performance in Norway, Sweden and the Baltics.

Group revenue increased by 8.2% to NOK 9,099 million in Q2 2018, based on the strong sales of hardware and services. Hardware revenue was up 12.6%, software revenue was up 2.3% and services revenue was up 7.1%. Revenue growth in constant currency was 9.3%. Currency fluctuations had a negative impact of 1.0% in Q2 2018.

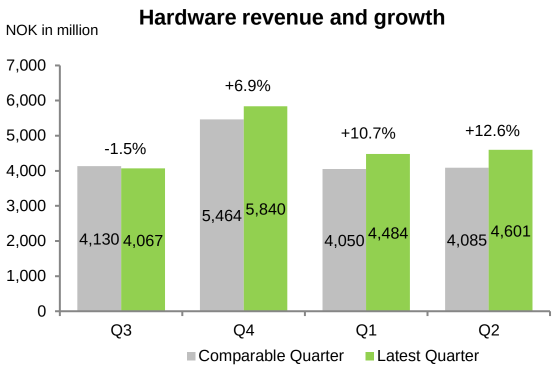
Hardware and software revenue growth was driven by increased sales of client and collaboration solutions. Services revenue growth was based on improved billing of Atea's consultants and growth in contracted services, such as datacenter and outsourcing agreements.

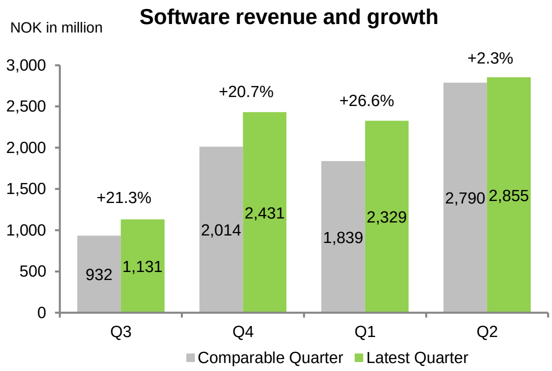
EBIT in Q2 2018 increased by 1.4% to NOK 127 million. Excluding the impact of a one-time penalty due to a court conviction in Denmark, EBIT in Q2 2018 increased by 11.7% to NOK 140 million. Additional information on the court case is provided in Note 10 of the financial statements.

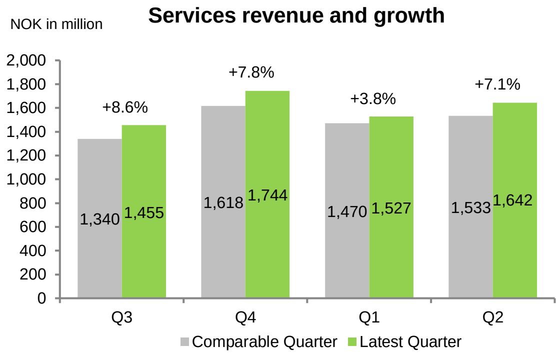
Atea also incurred operating losses in a new business unit called AppXite, a software and services start up venture which was launched in January 2018. The business is described on Page 10 of this report. The AppXite business is expected to operate at a loss during its initial ramp-up. During Q2 2018, AppXite had an EBIT loss of NOK 5 million. Excluding both the one-time legal penalty and the start-up loss in AppXite, Atea Group EBIT was NOK 145 million, an increase of 15.7% compared with Q2 2017.

Net financial items were an expense of NOK 18 million, compared with an expense of NOK 19 million last year. Profit before tax grew by 3.0% to NOK 109 million, compared with NOK 106 million last year.

Income tax expense was NOK 25 million in Q2 2018, an effective tax rate of 23.2%. Net profit after tax was NOK 84 million, on the same level as last year.







<u>First half of 2018</u>

Group revenue increased by 10.6% to NOK 17,439 million in H1 2018. Hardware revenue was up 11.7%, software revenue was up 12.0% and services revenue was up 5.5%. Currency effects had a positive impact of 1.1% in H1 2018. Revenue growth was 9.4% in constant currency.

EBIT in H1 2018 was NOK 250 million, an increase of 8.2% from last year. The EBIT improvement was primarily driven by higher sales of products and relatively lower growth in operating expenses compared with last year.

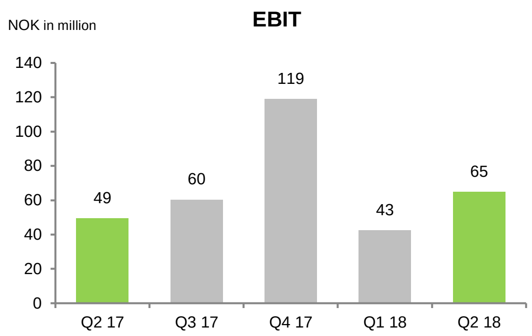
EBIT in H1 2018 was negatively impacted by the legal penalty in Denmark and by operating losses during the start-up of the new AppXite business unit, which was launched in January 2018. Excluding these items, the Atea business had an EBIT of NOK 272 million, an increase of 17.9% from last year.

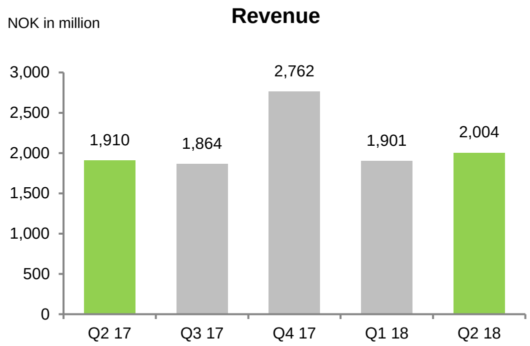
Norway

Atea Norway increased its revenue and profitability in Q2 2018 based on high growth in sales of hardware and consulting services.

Revenue in Q2 2018 was NOK 2,004 million, an increase of 4.9% from last year. Hardware revenue was up 11.7%, software revenue was down 13.8% and services revenue was up 6.0%.

Hardware revenue growth was primarily driven by increased sales of clients to public sector customers. The decline in software revenue was primarily due to a very large delivery in the same quarter last year. Growth in services revenue was driven by higher demand for consulting services.





Total gross margin was 26.6% in Q2 2018, up from 25.2% last year, based on higher product margins and an increased proportion of consulting services in the revenue mix. Product margin increased to 14.1% in Q2 2018 compared with 13.1% last year, as both hardware and software margins improved. Services margin increased to 66.5%, from 64.4% last year, due to higher sales of consulting services.

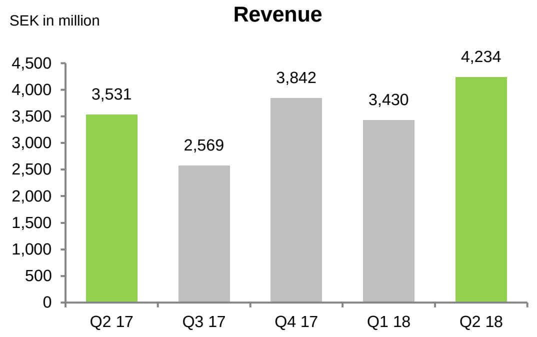
EBIT grew by 31.4% to NOK 65 million, based on increased revenue and improved gross margins. Total operating expenses were 8.5% higher than last year. The EBIT margin increased to 3.2%, up from 2.6% last year.

Sweden

Atea Sweden had rapid growth in revenue and profitability in the second quarter of 2018 based on strong demand from both the public and private sectors.

Revenue in Q2 2018 was SEK 4,234 million, up 19.9% compared with last year. Hardware revenue was up 24.8%, software revenue was up 15.5% and services revenue was up 16.3%.

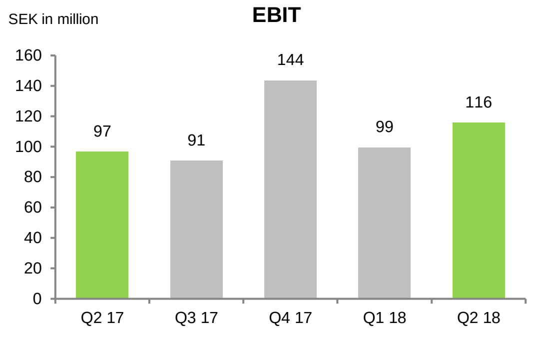
Growth in hardware and software revenue was driven by a high volume of orders on recently renewed frame agreements to public sector customers. Demand from large corporate customers was also very strong. Services revenue growth was based on higher sales of consulting services.



Total gross margin was 18.5% in Q2 2018, compared with 19.6% last year. Product margin fell to 10.4% in Q2 2018 compared with 10.9% last year, due to lower margins on new frame agreements. Services margin fell to 65.6% from 68.0% last year, due to lower margin on consulting services.

Total operating expenses increased by 12.4% to SEK 669 million, based on an increase in the average number of full-time employees by 222 (10.4%) from last year. Atea Sweden has significantly increased its consulting workforce from last year, based on a strong market demand for infrastructure services.

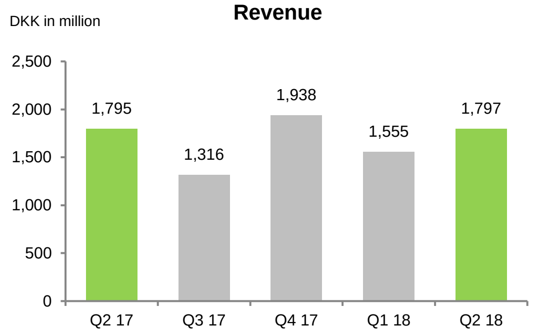
EBIT increased by 19.6% to SEK 116 million, reflecting higher revenue and relatively lower growth in operating expenses. The EBIT margin remained flat at 2.7%, in line with last year.



Denmark

Atea Denmark reported weaker EBIT in the second quarter of 2018 due to lower gross margins and a one-time legal penalty resulting from a court conviction.

Revenue in Q2 2018 was DKK 1,797 million, flat from last year. Hardware revenue was up 3.0%, due to increased demand for clients from the public sector. Software revenue was down 4.8%, based on a large implementation of data center software to the public sector last year. Services revenue increased by 2.7%, based on higher sales of third party managed services.



Revenue was also impacted by a court case against Atea Denmark for bribery by former employees during a period of 2009 – 2014. The case had a very negative impact on the business environment. Atea focused its efforts on retaining market share, particularly to the public sector. The company was successful in holding Q2 revenue in line with last year, although at reduced margins.

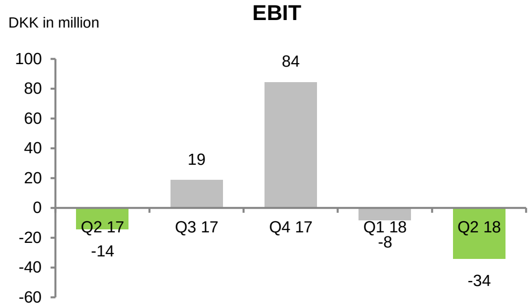
Atea Denmark received a guilty verdict in the case on June 27. Following the court verdict, the two largest Danish public procurement organizations informed customers that they were reviewing Atea Denmark's “self-cleaning” actions to prevent future misconduct. They further recommended that customers wait until this review was completed before continuing to purchase from Atea Denmark, or make purchases conditional on the review and acceptance of Atea’s self-cleaning program. This recommendation had a negative impact on sales at the end of the quarter. Additional information on the bribery case and the response from the public purchasing authorities can be found in Note 10 of this report.

Total gross margin was 18.2% in Q2 2018, compared with 19.7% last year, based on price pressure in both hardware and services. Product margin fell from 7.9% to 7.3% in Q2 2018 due to a shift in the revenue mix toward lower margin client sales. Services margin decreased to 59.0% from 65.2% last year, due to lower margin on service and support agreements.

Total operating expenses fell by 1.7% in Q2 2018 compared with Q2 2017. Operating expenses in Q2 2018 were impacted by a one-time legal penalty of DKK 10 million resulting from the verdict in the bribery case. Excluding this legal penalty, operating expenses were 4.4% lower than in Q2 2017.

Operating expenses fell due to staff reductions in Atea Denmark during the past year. The average number of full time employees in Q2 2018 was 55 (3.5%) lower than in Q2 2017.

EBIT in Q2 2018 was an operating loss of DKK -34 million, compared with an operating loss of DKK -14 million last year.

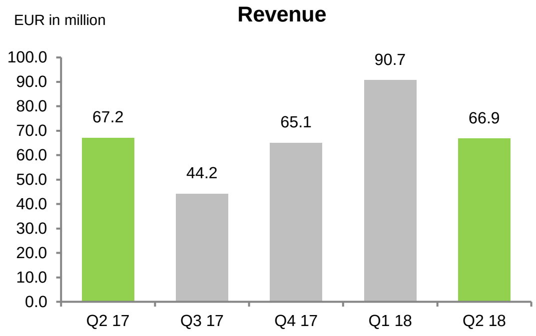


Finland

Atea Finland reported a slight EBIT growth in the second quarter of 2018, while revenue was on the same level as last year.

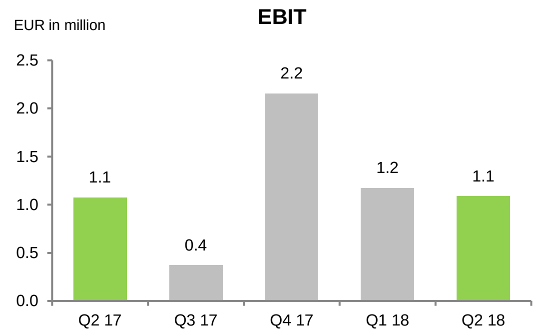
Revenue in Q2 2018 was EUR 66.9 million, approximately flat from last year. Hardware revenue was up 2.4%, software revenue was down 3.5% and services revenue was down 3.9%.

Growth in hardware revenue was driven by higher sales of clients. Software revenue fell due to a lower sales of software licenses to the public sector. The decline in services revenue was based on lower sales of consulting.



Total gross margin improved to 15.0% in Q2 2018, from 14.7% last year. The increase in gross margin was based on a higher margin on software sales.

EBIT in Q2 2018 increased by 1.4% to EUR 1.1 million, based on an improved gross margin. Total operating expenses were 1.9% higher than last year. The EBIT margin remained flat at 1.6%, in line with last year.

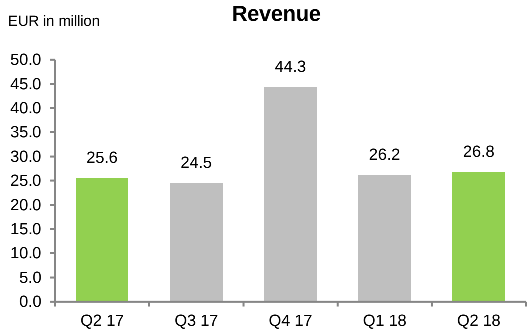


The Baltics

Atea Baltics had strong EBIT growth in the second quarter of 2018, based on higher sales of hardware and relatively lower growth in operating expenses.

Revenue in Q2 2018 was EUR 26.8 million, up 4.9% compared with last year. Hardware revenue was up 14.3%, software revenue was down 23.7% and services revenue was up 2.6%.

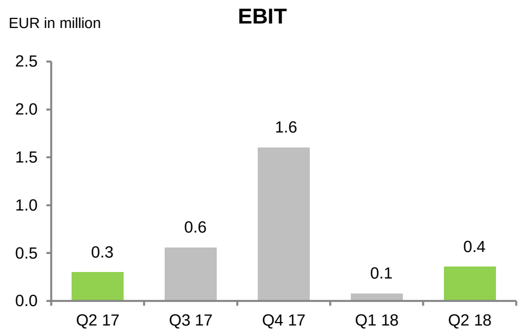
Hardware revenue growth was driven by a large implementation project within public schools. Software revenue fell from a strong second quarter last year, when sales were positively impacted by a large delivery to a corporate customer. Services revenue growth was driven by increased sales of datacenter services.



Total gross margin was 25.2% in Q2 2018 compared with 25.6% last year, based on a higher proportion of product sales in the revenue mix.

The average number of full-time employees decreased by 50 (7.0%) from last year. Total operating expenses were EUR 6.4 million in Q2 2018, an increase of 2.7% from last year, primarily due to high salary inflation and a change in the employee mix towards more high-end consultants.

Based on solid revenue growth and lower growth in operating expenses, EBIT increased by 19.2% in Q2 2018 to EUR 0.4 million. The EBIT margin was 1.3%, up from 1.2% last year.



Balance sheet

As of 30 June 2018, Atea had total assets of NOK 12,939 million. Current assets such as cash, receivables and inventory represented NOK 7,905 million of this total. Non-current assets represented NOK 5,033 million of this total, and primarily consisted of goodwill (NOK 3,706 million), deferred tax assets (NOK 474 million), and property, plant and equipment (NOK 597 million).

Atea had total liabilities of NOK 9,881 million as of 30 June 2018, of which NOK 9,034 million were current liabilities. See Note 6 for more details about interest-bearing liabilities. Total shareholder's equity was NOK 3,057 million, corresponding to an equity ratio of 23.6%.

At the end of Q2 2018, Atea's net financial position was NOK -1,595 million compared with NOK -1,494 million at the end of Q2 2017. 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. Atea is currently well within this limit, and maintains liquidity reserves, including unutilized credit facilities, of NOK 1,386 million as of 30 June 2018.

Cash flow

Atea had cash flow from operating activities of NOK -302 million in the second quarter of 2018, compared with NOK -395 million in Q2 2017. The second quarter is seasonally a negative quarter for cash flow, as working capital levels increase. The improved cash flow in Q2 2018 was driven by higher profitability and a smaller increase in working capital levels compared with the second quarter last year.

Atea aims to maintain a working capital balance in line or below the same period last year. The net working capital balance at the end of Q2 2018 was NOK -115 million compared with NOK -345 million last year. The increase in the net working capital balance was due to higher inventory and prepaid expenses (reported as other receivables) compared with last year. The increase in inventory was primarily due to customer projects in Sweden to be delivered in the third quarter. The increase in prepaid expenses was based on specific customer projects which will be invoiced later in 2018.

Cash flow from investing activities were NOK -68 million in Q2 2018, up from NOK -55 million in the corresponding quarter last year. The increased level of capital expenditure is related to investments in equipment related to an expansion and automation of the distribution center in Växjö, Sweden.

Cash flow from financing activities was NOK 158 million in Q2 2018. During Q2 2018, Atea entered into a five years loan agreement for NOK 475 million with the European Investment Bank. At the same time, Atea repaid debt principal on a bond of NOK 300 million which matured in June 2018.

Shares

Atea had 7,183 shareholders on 30 June 2018 compared with 6,948 shareholders on 30 June 2017.

The 10 largest shareholders as of 30 June 2018 were:

Main Shareholders *	Shares	%
Systemintegration APS **	27,124,748	25.2%
Folketrygdfondet	9,819,129	9.1%
State Street Bank & Trust Co. ***	4,435,991	4.1%
Odin Norden	3,302,977	3.1%
Handelsbanken Norden Selektiv	2,832,214	2.6%
State Street Bank and Trust Co. ***	2,452,613	2.3%
Odin Norge	2,447,198	2.3%
Didner and Gerge Smabolag	2,085,364	1.9%
JP Morgan Chase Bank, NA ***	1,854,773	1.7%
VPF Nordea Kapital	1,779,312	1.7%
Other	49,657,293	46.1%
Total number of shares	**107,791,612**	**100.0%**

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

As of 30 June 2018, Atea's Chairman Ib Kunøe and close associates controlled a total of 25.2% of the shares, including the shares held by Systemintegration APS.

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 approximately 18% market share in 2017. Roughly half 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% per year from 2007 – 2017.

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 5.4% 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 87 cities in the Nordic and Baltic region and more than 7,200 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 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. 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 "digitalization" enables public and private organizations to completely redefine how they provide goods and services, and how these goods and services are consumed and shared.

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

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

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

* International IT research company, International Data Corporation

Business overview (cont'd)

Business outlook

Group:
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 in general.

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, internal efficiencies, and tight control of operating expenses.

Investment in AppXite:

As part of its growth strategy, Atea works with its key technology partners to develop innovative IT infrastructure solutions for customers. During 2018, Atea will commercialize a solution which Atea has developed in close collaboration with its technology partners.

The solution is 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 solution is called AppXite (appxite.com) and has commercial potential outside of the Nordic region. If successful, the AppXite solution has the potential to develop into a significant new business area for Atea.

Atea has established a fully-owned subsidiary in Latvia called AppXite SIA which will continue to develop and commercialize the cloud commerce platform and related services. The subsidiary is expected to be loss-making during 2018. At present, losses are expected to be approximately EUR 2.5 – 3.0 million during 2018. Losses for H1 2018 were EUR 1.0 million. Additional financial guidance will be provided on AppXite on a quarterly basis. Further financial information on AppXite can be found in Note 2 of the financial statements.

Sweden:
Sweden is Atea's largest market, representing 41% of Group revenue in the first half of 2018.

During the last several years, Atea Sweden has leveraged Atea's market strength to aggressively win new customer agreements, particularly within the public sector. At the same time, Atea Sweden has been building its services organization to pursue growth opportunities in areas such as cloud, security and managed infrastructure solutions.

Atea expects continued revenue and EBIT growth from its Swedish business during 2018, driven by increased product sales and a higher services revenue within key growth segments.

Denmark:
Denmark is Atea's second largest market, representing 25% of Group revenue in the first half of 2018.

During the last year, Atea Denmark has had declining sales and has faced margin pressure in hardware and services. In order to improve profitability, Atea Denmark has restructured its business and reduced its headcount.

A new organization structure was launched in Denmark at the start of Q1 2018. The new organization is built around customer segments with a focus on driving solution selling and cross-selling of products and services to customers.

On 27 June 2018, Atea Denmark was found guilty as the legally responsible entity for bribery conducted by four former leading employees. The following day, the two largest Danish public procurement organizations informed customers that they were reviewing Atea Denmark's self-cleaning actions to prevent future misconduct and recommended that customers wait until this review was completed before continuing to purchase from Atea Denmark, or make purchases conditional on the review and acceptance of Atea's self-cleaning program.

The short-term outlook in Atea Denmark will be significantly impacted by this review from the public purchasing authorities. It is Management's expectation that the review will be completed within August and that the self-cleaning documentation will be accepted at this time.

Based on this assumption, Management estimates that Atea Group EBIT during Q3 2018 will be approximately NOK 160 – 175 million, before the costs of a legal settlement on the bribery case (NOK 3.8 million) agreed on July 12 and the operating losses in the AppXite business venture.

Additional information on the bribery case and the response from the public purchasing authorities can be found in Note 10 of this report.

Business overview (cont'd)

Business outlook (cont'd)

Norway:
Norway represented 22% of Group revenue in the first half of 2018.

Since the end of last year, Atea Norway has seen strong demand for products from both the public and private sectors. At the same time, Atea Norway has been developing its service organization for future growth opportunities in markets such as IT security, business intelligence and the internet of things. Atea Norway expects market demand to remain healthy in 2018, driving increased revenue and EBIT.

Finland:
Finland represented 9% of Group revenue in the first half of 2018.

In recent years, Atea has won several large frame agreements to the public sector. Private sector demand has also been strong, driven by an improved economy in Finland following a long period of recession.

In 2018, Atea Finland expects growth in revenue and profitability to continue based on new public frame agreements, investments in services and a strengthening market environment.

The Baltics:
The Baltic region represented 3% of Group revenue in the first half of 2018.

During the last few years, revenue growth in the Baltics has been driven by higher sales to the private sector. In particular, Atea Baltics has had strong growth in its cloud services business.

Higher sales to the private sector have offset weaker demand from the public sector. In the Baltic countries, large public sector IT projects are heavily dependent on EU funding programs. A new EU funding program has recently been launched but relatively few IT projects have been approved for funding so far under the program.

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 has taken action to lower its cost base in the Baltics by reducing headcount.

Condensed financial information for the 6 months ended 30 June 2018

Consolidated income statement

NOK in million	Note	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Revenue	**2,3,8**	9,099	8,409	17,439	15,769	32,438
Gross profit		1,888	1,785	3,726	3,479	7,218
Personnel costs		(1,393)	(1,318)	(2,739)	(2,569)	(5,030)
Other operating costs	**10**	(261)	(236)	(519)	(466)	(975)
Share based compensation		(15)	(11)	(32)	(25)	(37)
EBITDA		**220**	**220**	**436**	**419**	**1,175**
Depreciation and amortization		(85)	(87)	(171)	(172)	(345)
Amortization related to acquisitions		(8)	(8)	(15)	(16)	(32)
Operating profit (EBIT)	**2**	**127**	**125**	**250**	**231**	**799**
Net financial items	**5**	(18)	(19)	(29)	(38)	(75)
Profit before tax		**109**	**106**	**221**	**192**	**724**
Tax	**7**	(25)	(22)	(50)	(39)	(181)
Profit for the period		**84**	**84**	**171**	**153**	**543**
Earnings per share						
- earnings per share		0.78	0.79	1.59	1.44	5.10
- diluted earnings per share		0.77	0.78	1.56	1.42	5.00

Consolidated statement of comprehensive income

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Profit for the period	**84**	**84**	**171**	**153**	**543**
Currency translation differences	(59)	120	(175)	148	213
Forward contracts - cash flow hedging	(1)	2	(3)	4	11
Income tax OCI relating to items that may be reclassified to profit or loss	0	(0)	1	(2)	(4)
Items that may be reclassified subsequently to profit or loss	**(60)**	**122**	**(177)**	**149**	**220**
Other comprehensive income	(60)	122	(177)	149	220
Total comprehensive income for the period	**24**	**206**	**(6)**	**303**	**763**

Consolidated statement of financial position

NOK in million	Note	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS				
Property, plant and equipment		597	656	628
Deferred tax assets	**7**	474	557	487
Goodwill		3,706	3,789	3,845
Other intangible assets		239	293	273
Investment in associated companies		12	10	12
Other long-term receivables		6	8	6
Non-current assets		**5,033**	**5,313**	**5,252**
Inventories		789	691	591
Trade receivables		5,730	5,391	6,886
Other receivables		1,326	983	1,061
Other financial assets		0	2	1
Cash and cash equivalents		59	16	1,125
Current assets		**7,905**	**7,083**	**9,663**
Total assets		**12,939**	**12,396**	**14,915**
EQUITY AND LIABILITIES				
Share capital and premium	**4**	368	298	355
Other unrecognised reserves		2,082	2,188	2,259
Retained earnings		608	709	760
Equity		**3,057**	**3,196**	**3,373**
Interest-bearing long-term liabilities	**6**	581	144	120
Other long-term liabilities		8	14	13
Deferred tax liabilities		258	264	275
Non-current liabilities		**847**	**422**	**408**
Trade payables		5,161	4,596	6,755
Interest-bearing current liabilities	**6**	1,073	1,367	903
VAT, taxes and government fees		673	738	1,010
Provisions		143	152	258
Other current liabilities		1,978	1,915	2,199
Other financial liabilities		6	11	8
Current liabilities		**9,034**	**8,778**	**11,133**
Total liabilities		**9,881**	**9,200**	**11,541**
Total equity and liabilities		**12,939**	**12,396**	**14,915**

Consolidated statement of changes in equity

NOK in million	30 Jun 2018	30 Jun 2017	31 Dec 2017
Equity at start of period - 1 January	**3,373**	**3,200**	**3,200**
Currency translation differences	(175)	147	211
Forward contracts - cash flow hedging	(2)	3	8
Other comprehensive income	(177)	149	220
Profit for the period	171	153	543
Total recognised income for the year	**(6)**	**303**	**763**
Employee share-option schemes	27	9	16
Dividends	(350)	(345)	(692)
Issue of share capital	13	29	86
Equity at end of period	**3,057**	**3,196**	**3,373**

Consolidated statement of cash flow

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Profit before tax	109	106	221	192	724
Taxes paid	(6)	(6)	(73)	(79)	(128)
Depreciation and amortisation	93	95	187	188	376
Share based compensation	16	3	27	9	16
Other corrections	(0)	(0)	0	(0)	(2)
Cash earnings	**212**	**198**	**361**	**310**	**987**
Change in trade receivables	(1,238)	(1,036)	842	801	(553)
Change in inventories	(28)	(69)	(244)	(56)	51
Change in trade payables	717	479	(1,272)	(1,433)	575
Other changes in working capital	35	33	(830)	(338)	178
Cash flow from operating activities	**(302)**	**(395)**	**(1,143)**	**(716)**	**1,238**
Capital expenditure	(68)	(55)	(148)	(111)	(228)
Purchase/sale of subsidiaries	-	-	-	-	(1)
Cash flow from investing activities	**(68)**	**(55)**	**(148)**	**(111)**	**(229)**
Dividend paid	(350)	(348)	(350)	(345)	(692)
Other equity transactions	7	12	15	29	86
Change in debt	501	299	657	232	(262)
Cash flow from financing activities	**158**	**(37)**	**322**	**(83)**	**(868)**
Net cash flow	**(213)**	**(487)**	**(969)**	**(911)**	**142**
Cash and cash equivalents at the start of the period	294	465	1,125	880	880
Foreign exchange effect on cash held in a foreign currency	(22)	38	(96)	47	103
Cash and cash equivalents at the end of the period	**59**	**16**	**59**	**16**	**1,125**

NOTES

NOTE 1 – General information and accounting policies

The condensed interim financial statements for the six months ending 30 June 2018 were approved for publication by the Board of Directors on 12 July 2018. 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 2017, which has been prepared according to IFRS as adopted by EU. Assessment of effects of the new and revised International Financial Reporting Standards (IFRS) from 1 January 2018 are described in Note 2 – Summary of significant accounting principles – in the Annual report for 2017. The changes in these accounting policies, IFRS 15, 'Revenue from Contracts with Customers' and IFRS 9, 'Financial instruments' do not have any material impact on the Group accounts.

IFRS 15, 'Revenue from Contracts with Customers': 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 2017. The operating segment information in Note 2 is disaggregated to the main categories of revenue in Note 3 "Disaggregation of revenue:".

In the interim financial statements for 2018, 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 2018 and the major sources of uncertainty in the statements are similar to those found in the annual accounts for 2017.

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 87 cities in Norway, Sweden, Denmark, Finland, and the Baltic countries of Lithuania, Latvia and Estonia, with more than 7,200 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 and Atea Group IT) and central administration. These costs are reported separately as Group Shared Service and Group cost.

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

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

NOTE 2 – Operating segment information (cont'd)

Operating segment information – NOK

Revenue NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	2,004.4	1,910.0	3,905.7	3,644.8	8,270.9
Sweden	3,932.0	3,408.7	7,246.4	6,098.7	12,379.2
Denmark	2,306.3	2,257.7	4,317.6	4,268.5	8,418.6
Finland	637.9	632.7	1,511.8	1,393.2	2,436.9
The Baltics	256.1	238.7	508.3	431.9	1,080.9
Group Shared Services	1,311.8	1,091.7	2,565.4	2,118.2	4,758.1
AppXite	3.7	-	8.4	-	-
Eliminations *	(1,353.4)	(1,130.7)	(2,624.8)	(2,186.6)	(4,907.4)
Atea Group	**9,098.6**	**8,408.7**	**17,438.7**	**15,768.6**	**32,438.1**

EBIT NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	64.9	49.4	107.4	86.5	265.7
Sweden	107.5	93.5	203.6	164.5	393.6
Denmark	(43.9)	(17.5)	(54.6)	(8.5)	120.7
Finland	10.4	10.0	21.7	19.1	42.9
The Baltics	3.4	2.7	4.1	2.8	22.9
Group Shared Services	9.6	4.8	18.3	2.8	22.1
AppXite	(5.1)	-	(9.4)	-	-
Group cost	(20.0)	(17.7)	(41.6)	(36.5)	(69.4)
Operating profit (EBIT)	**126.9**	**125.2**	**249.6**	**230.6**	**798.6**
Net financial items	(17.5)	(19.0)	(28.9)	(38.4)	(74.8)
Profit before tax	**109.4**	**106.2**	**220.7**	**192.2**	**723.7**

Quarterly revenue and gross margin NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Product revenue	7,456.0	6,875.0	14,269.0	12,764.3	26,233.8
Services revenue	1,642.4	1,533.5	3,169.3	3,003.9	6,203.0
Other income	0.2	0.2	0.4	0.5	1.3
Total revenue	**9,098.6**	**8,408.7**	**17,438.7**	**15,768.6**	**32,438.1**
Gross contribution	1,888.4	1,784.8	3,726.4	3,478.8	7,217.6
Product margin	10.9%	10.9%	11.3%	11.4%	11.8%
Services margin	65.6%	67.7%	66.7%	67.2%	66.4%
Gross margin	**20.8%**	**21.2%**	**21.4%**	**22.1%**	**22.3%**

Quarterly revenue and gross margin NOK in million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Product revenue	7,456.0	6,812.9	8,271.1	5,198.4	6,875.0	5,889.3
Services revenue	1,642.4	1,527.0	1,743.9	1,455.2	1,533.5	1,470.4
Other income	0.2	0.2	0.5	0.3	0.2	0.2
Total revenue	**9,098.6**	**8,340.1**	**10,015.5**	**6,653.9**	**8,408.7**	**7,360.0**
Gross contribution	1,888.4	1,838.0	2,127.9	1,610.9	1,784.8	1,694.0
Product margin	10.9%	11.8%	11.9%	12.6%	10.9%	12.1%
Services margin	65.6%	67.8%	65.6%	65.8%	67.7%	66.8%
Gross margin	**20.8%**	**22.0%**	**21.2%**	**24.2%**	**21.2%**	**23.0%**

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

NOTE 2 – Operating segment information (cont'd)

Operating segment information – local currency

Revenue Local currency in million		Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	NOK	2,004.4	1,910.0	3,905.7	3,644.8	8,270.9
Sweden	SEK	4,234.1	3,531.1	7,664.0	6,377.4	12,788.4
Denmark	DKK	1,797.0	1,794.9	3,351.9	3,459.1	6,712.3
Finland	EUR	66.9	67.2	157.6	151.8	261.2
The Baltics	EUR	26.8	25.6	53.0	47.1	115.9
Group Shared Services	NOK	1,311.8	1,091.7	2,565.4	2,118.2	4,758.1
AppXite	EUR	0.4	-	0.9	-	-
Eliminations *	NOK	(1,353.4)	(1,130.7)	(2,624.8)	(2,186.6)	(4,907.4)
Atea Group	**NOK**	**9,098.6**	**8,408.7**	**17,438.7**	**15,768.6**	**32,438.1**

EBIT Local currency in million		Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	NOK	64.9	49.4	107.4	86.5	265.7
Sweden	SEK	115.9	96.9	215.4	172.1	406.7
Denmark	DKK	(34.1)	(14.4)	(42.4)	(6.9)	96.2
Finland	EUR	1.1	1.1	2.3	2.1	4.6
The Baltics	EUR	0.4	0.3	0.4	0.3	2.5
Group Shared Services	NOK	9.6	4.8	18.3	2.8	22.1
AppXite	EUR	(0.5)	-	(1.0)	-	-
Group cost	NOK	(20.0)	(17.7)	(41.6)	(36.5)	(69.4)
Operating profit (EBIT)	**NOK**	**126.9**	**125.2**	**249.6**	**230.6**	**798.6**
Net financial items	NOK	(17.5)	(19.0)	(28.9)	(38.4)	(74.8)
Profit before tax	**NOK**	**109.4**	**106.2**	**220.7**	**192.2**	**723.7**

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 2017.

The Group has disclosed geographical information about revenues 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		Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	NOK	1,178.9	1,055.7	2,243.9	2,032.9	4,926.7
Sweden	SEK	2,021.7	1,619.5	3,858.0	3,138.2	6,806.4
Denmark	DKK	806.0	782.8	1,641.6	1,748.1	3,610.0
Finland	EUR	36.3	35.4	76.1	73.9	138.2
The Baltics	EUR	16.1	14.1	32.7	26.9	70.9
Group Shared Services	NOK	1,213.1	1,035.9	2,378.8	2,007.1	4,517.9
AppXite	EUR	-	-	-	-	-
Eliminations *	NOK	(1,198.1)	(1,027.2)	(2,343.3)	(1,987.5)	(4,469.3)
Atea Group	**NOK**	**4,601.2**	**4,085.5**	**9,085.3**	**8,135.4**	**18,042.5**

Software Local currency in million		Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	NOK	349.8	405.8	727.5	719.0	1,516.5
Sweden	SEK	1,588.2	1,375.1	2,617.0	2,194.9	3,881.7
Denmark	DKK	612.5	643.4	1,017.6	962.5	1,555.0
Finland	EUR	23.8	24.6	67.5	64.4	95.1
The Baltics	EUR	3.1	4.0	5.0	6.0	14.4
Group Shared Services	NOK	0.7	1.9	1.4	3.1	8.4
AppXite	EUR	-	-	-	-	-
Eliminations *	NOK	(18.3)	(15.4)	(26.1)	(25.1)	(64.1)
Atea Group	**NOK**	**2,854.8**	**2,789.5**	**5,183.7**	**4,628.9**	**8,191.3**

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

NOTE 3 – Disaggregation of revenue (cont'd)

Services Local currency in million		Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Norway	NOK	475.7	448.6	934.3	892.9	1,827.6
Sweden	SEK	624.2	536.5	1,189.1	1,044.3	2,100.3
Denmark	DKK	378.5	368.7	692.7	748.5	1,547.3
Finland	EUR	6.8	7.1	13.9	13.6	27.9
The Baltics	EUR	7.6	7.4	15.3	14.2	30.4
Group Shared Services	NOK	98.0	53.9	185.2	108.1	231.5
AppXite	EUR	0.4	-	0.9	-	-
Eliminations *	NOK	(137.0)	(88.1)	(255.5)	(174.0)	(373.9)
Atea Group	**NOK**	**1,642.4**	**1,533.5**	**3,169.3**	**3,003.9**	**6,203.0**

NOTE 4 – Share capital and premium

	Number of shares		Share capital			
NOK in million, except number of shares	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total
At 1 January 2018	**107,581,945**	**(7,844)**	**108**	**(0)**	**247**	**355**
Issue of Share capital**	209,667	-	0	-	13	13
At 30 June 2018	**107,791,612**	**(7,844)**	**108**	**(0)**	**260**	**368**

NOTE 5 – Net financial items

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Interest income	2	3	3	4	5
Other financial income	1	0	1	0	2
Total financial income	**3**	**3**	**4**	**4**	**6**
Interest costs on loans	(10)	(9)	(18)	(17)	(34)
Interest costs on financial leases	(2)	(2)	(4)	(6)	(10)
Foreign exchange effects	(6)	(9)	(8)	(16)	(30)
Other financial expenses	(2)	(2)	(4)	(4)	(7)
Total financial expenses	**(20)**	**(22)**	**(33)**	**(42)**	**(81)**
Total net financial items	**(18)**	**(19)**	**(29)**	**(38)**	**(75)**

NOTE 6 – Interest-bearing liabilities

Interest-bearing long term liabilities as of 30 June 2018 included an unsecured 5 years loan of NOK 475 million from European Investment Bank issued in May 2018. The rate of interest on the loan is NIBOR 6M + 0.99%.

Interest-bearing current liabilities as of 30 June 2018 included a bank loan of DKK 500 million, which matures in September 2018 following a three month extension of the original term. Atea is presently going through a refinancing process, and will refinance this obligation with new long term credit facilities.

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

NOTE 7 – Taxes

NOK in million	Q2 2018	Effective rate	Q2 2017	Effective rate	Full year 2017	Effective rate
Profit before tax	109		106		724	
Tax payable expenses	(19)	17.3%	(18)	17.4%	(101)	13.9%
Deferred tax asset changes due to tax loss carry forward used	(8)	7.2%	(5)	4.3%	(93)	12.9%
Other deferred tax changes	2	-1.4%	1	-1.0%	13	-1.8%
Total tax expenses	**(25)**	**23.2%**	**(22)**	**20.6%**	**(181)**	**25.0%**

Income tax expense is recognized based on management's estimate of its weighted average tax rate. The estimated tax payable rate during the Q2 of 2018 is 17.3%.

Deferred tax changes include tax loss carryforwards used, currency effects on equity loan and other deferred tax items which are recognized on the balance sheet during the period.

At the year end of 2017, the tax value of the tax loss carried forward within the Group was NOK 443 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. This demand seasonality is based on the procurement cycles of large organizations in the Nordic and Baltic regions, and is particularly strong within the public sector.

NOTE 9 – Commitments

With reference to Note 25 – Commitments – in the Annual report for 2017, Atea ASA has issued guarantees in favor of financial institutions as security for the lending facilities provided to Atea ASA and subsidiaries. Part of these commitments concern sublease facilities. At the end of Q2 2018, the Group had sublease commitments of NOK 337 million to financial institutions, which are not reported on-balance sheet.

Under a new leasing standard, IFRS 16, the sublease commitments referred to above would be reflected as both an asset and liability on the balance sheet. IFRS 16 was issued in January 2016 and effective for annual reports beginning on or after 1 January 2019.

NOTE 10 – Risks and uncertainties

Atea A/S ("Atea Denmark") since June 2015 has been implicated in an investigation regarding alleged bribery undertaken by former employees during a time period from 2009 – 2014. None of the individuals indicted in the case are currently employed at Atea.

Under Danish law, a company can be held legally responsible for actions undertaken by employees. As a result, Atea Denmark has been under prosecution as the legally responsible entity in the bribery cases.

On 27 June 2018, four former Atea employees were found guilty of bribery charges. As a consequence, Atea Denmark was found guilty as the legally responsible entity for the misconduct of these former employees, and was required to pay a penalty of DKK 10 million (NOK 13 million). Atea Denmark has accepted the verdict. The penalty was expensed in full during Q2 2018.

On 3 July 2018, Atea Denmark was informed that it would be prosecuted as the legally responsible entity for bribery conducted by seven former employees. On 12 July 2018, Atea Denmark gave notice that it had reached an agreement with SØIK (state prosecutor for economic crime) that it would not contest the charges and would pay a penalty of DKK 3.0 million (NOK 3.8 million). SØIK has confirmed that no further charges would be brought by SØIK against Atea under this investigation. The penalty will be expensed in full during Q3 2018.

Under the 2014 EU Public Sector Directive, a company which has been found guilty of corruption is subject to mandatory exclusion from public tendering for a period of four years from the time of conviction. A company can avoid exclusion from public tendering by providing evidence to demonstrate its reliability as a fair and trustworthy supplier, despite a prior conviction. The process through which a company provides evidence of its reliability in order to avoid mandatory exclusion from public tendering is commonly called “self-cleaning”.

According to Article 57(6) of the Public Sector Directive, the self-cleaning process requires that a company: (a) undertakes to pay compensation in respect to the criminal offence, (b) clarifies the facts and circumstances by actively collaborating with the investigating authorities, and (c) takes concrete technical, organizational and personnel measures as appropriate to prevent further criminal offences or misconduct.

Based on an evaluation of the above criteria, the authorities responsible for public contracting can determine whether to accept that the company has "self-cleaned" and can participate in public tendering processes during the exclusion period. If the public contracting authority considers the company’s self-cleaning measures to be insufficient, the company shall receive a statement of the reasons for its decision.

Since the announcement of the investigation in June 2015, Atea Denmark has undertaken extensive self-cleaning measures to prevent misconduct and demonstrate its reliability as a supplier to the public sector. It is the opinion of Management that Atea Denmark has taken all necessary actions under the self-cleaning criteria of the EU Public Contracts Directive, and therefore should not be excluded from public tendering.

Following the guilty verdict on 27 June 2018, Atea Denmark formally submitted documentation of its self-cleaning measures to the relevant governmental bodies. The Danish public contracting organizations SKI and Moderniseringsstyrelsen are currently reviewing the documentation regarding Atea's self-cleaning process as prescribed by EU law.

SKI and Moderniseringsstyrelsen have recommended to public customers which purchase under their contracts that these customers wait for their final evaluation of Atea Denmark's self-cleaning process before continuing to purchase from Atea Denmark, or make purchases conditional on the review and acceptance of Atea’s self-cleaning program.

Atea Denmark has an ongoing dialog with SKI and Moderniseringsstyrelsen regarding the review of its self-cleaning documentation. It is unknown how long it will take for the evaluation from SKI and Moderniseringsstyrelsen to be completed. The public business in Denmark represents approximately half of Atea Denmark’s revenue.

It is Management’s expectation that the review will be completed within August and that the self-cleaning documentation will be accepted at this time. Based on this assumption, Management estimates that Atea Group EBIT during Q3 2018 will be approximately NOK 160 – 175 million, before the cost of the legal penalty (NOK 3.8 million) and the operating losses in the AppXite business venture.

A verdict against Atea Denmark does not have legal consequences for Atea's business in other countries.

NOTE 11 – Events after the balance sheet date

See Note 10 regarding possible penalty towards Atea Denmark.

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

Alternative Performance Measures

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

Atea uses the following APMs:

EBITDA

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

Pro forma revenue and EBITDA

Pro forma revenue and EBITDA includes revenue and EBITDA from companies acquired during 2018 and 2017 in both the current and prior full year. Pro forma financial results are used to calculate organic growth as well as bond covenant requirements (see below).

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

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Revenue	9,099	8,409	17,439	15,769	32,438
Adjustment for acquisitions	-	(0)	-	-	(0)
Pro forma revenue	**9,099**	**8,409**	**17,439**	**15,769**	**32,438**
Pro forma revenue on last year currency	9,193	8,538	17,252	16,286	32,570
Pro forma growth in constant currency	**9.3%**	**1.1%**	**9.4%**	**3.8%**	**4.4%**

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
EBITDA	220	220	436	419	1,175
Adjustment for acquisitions	(0)	(0)	(0)	0	(0)
Pro forma EBITDA	**220**	**220**	**436**	**419**	**1,175**

Operating expenses

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

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Personnel costs	1,393	1,318	2,739	2,569	5,030
Other operationg costs	261	236	519	466	975
Share based compensation	15	11	32	25	37
Depreciation and amortization	85	87	171	172	345
Amortization related to acquisitions	8	8	15	16	32
Total operating expenses	**1,761**	**1,660**	**3,477**	**3,248**	**6,419**

Alternative Performance Measures (cont'd)

Free cash flow
Free cash flow is defined as cash flow from operations, less capital expenditures. Capital expenditures include assets acquired through cash purchases and through financial leasing agreements.

Atea's policy is to distribute over 70 percent of free cash flow over time to shareholders in the form of a dividend. Any dividends proposed by the Board of directors to the annual general meeting shall be justified based on the company's dividend policy and its capital requirements.

NOK in million	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Cash flow from operations	(302)	(395)	(1,143)	(716)	1,238
Capital expenditures through cash	(68)	(55)	(148)	(111)	(228)
Capital expenditures through financial leasing	(13)	(13)	(22)	(18)	(34)
Free cash flow	**(383)**	**(464)**	**(1,313)**	**(845)**	**976**

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	30 Jun 2018	30 Jun 2017	31 Dec 2017
Interest-bearing long-term liabilities	(581)	(144)	(120)
Interest-bearing current liabilities	(1,073)	(1,367)	(903)
Cash and cash equivalents	59	16	1,125
Net financial position	**(1,595)**	**(1,494)**	**102**

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.

Due to seasonality of operation (see Note 8) Atea's net working capital fluctuates highly with a peak in the fourth quarter. Atea has sufficient debt facilities to finance its working capital fluctuations.

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	30 Jun 2018	30 Jun 2017	31 Dec 2017
Inventories	789	691	591
Trade receivables	5,730	5,391	6,886
Other receivables	1,326	983	1,061
Other financial assets	0	2	1
Trade payables	(5,161)	(4,596)	(6,755)
VAT, taxes and government fees	(673)	(738)	(1,010)
Provisions	(143)	(152)	(258)
Other current liabilities	(1,978)	(1,915)	(2,199)
Other financial liabilities	(6)	(11)	(8)
Working capital	**(115)**	**(345)**	**(1,692)**
Year to date revenue	17,439	15,769	32,438
Annualized revenue	34,877	31,537	32,438
Working capital in relation to annualized revenue	**-0.3%**	**-1.1%**	**-5.2%**

Alternative Performance Measures (cont'd)

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 debt 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	30 Jun 2018	30 Jun 2017	31 Dec 2017
Last 12 months pro forma EBITDA	1,193	1,106	1,175
Debt covenant ratio	2.5	2.5	2.5
Liquidity reserve	**1,386**	**1,271**	**3,040**

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	30 Jun 2018	30 Jun 2017	31 Dec 2017
Equity	3,057	3,196	3,373
Total assets	12,939	12,396	14,915
Equity ratio	**23.6%**	**25.8%**	**22.6%**

Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2018, has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim management report, to the best of our knowledge, includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, any significant related parties' transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Oslo, 12 July 2018

Sven Madsen	Ib Kunøe Chairman of the Board	Saloume Djoudat
Marthe Dyrud	Truls Berntsen	Marianne Urdahl
Morten Jurs	Steinar Sønsteby	Lisbeth T. Kvan

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