ATEA

Q3

2021

INTERIM REPORT

Revenue of NOK 8.5 billion, up 6.0% y-o-y in constant currency

EBIT of NOK 261 million, up 21.5% y-o-y

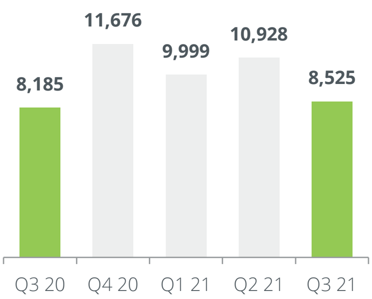
Net profit of NOK 186 million, up 25.1% y-o-y

Net financial position of NOK -268 million, compared with NOK 299 million last year

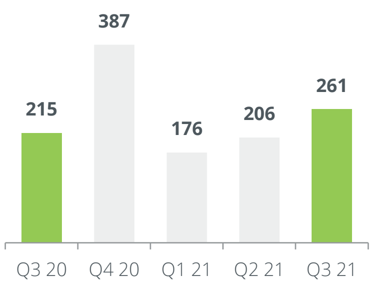
KEY FIGURES* | Q3 | 2021

NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Group revenue	8,525	8,185	29,452	27,827	39,503
Gross profit	1,917	1,847	6,090	5,909	8,236
Gross margin (%)	22.5%	22.6%	20.7%	21.2%	20.8%
EBIT	261	215	643	466	854
EBIT margin %	3.1%	2.6%	2.2%	1.7%	2.2%
Net profit	186	149	456	306	590
Earnings per share (NOK)	1.66	1.36	4.10	2.78	5.37
Diluted earnings per share (NOK)	1.63	1.35	4.01	2.76	5.32
Cash flow from operations	-503	-7	-561	-195	1,388
Free cash flow	-577	-73	-780	-420	1,067

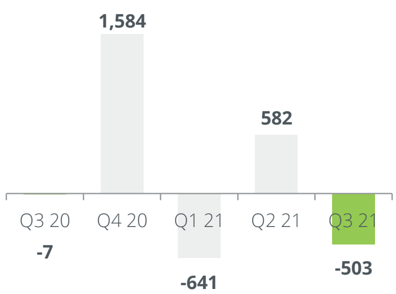
	30 Sep 2021	30 Sep 2020	31 Dec 2020
Net financial position	-268	299	1,067
Liquidity reserve	3,859	3,811	4,808
Working capital	-987	-1,692	-2,738
Working capital in relation to annualized revenue (%)	-2.5%	-4.6%	-6.9%
Adjusted equity ratio (%)	30.8%	31.2%	22.4%
Number of full-time employees	7,521	7,295	7,337



REVENUE | NOK in million



EBIT | NOK in million



CASH FLOW FROM OPERATIONS | NOK in million

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

FINANCIAL REVIEW | Q3 | 2021

GROUP

Atea reported record high revenue in the third quarter of 2021, with strong growth in sales of services across all countries. EBIT was also at a record high level for the third quarter, with all countries reporting higher profit.

Group revenue in Q3 2021 increased by 4.2% to NOK 8,525 million. Revenue growth in constant currency was 6.0%. Currency fluctuations had a negative impact of 1.7% on revenue growth, as revenue in foreign currencies was translated into a stronger Norwegian krone. All revenue growth was organic.

Hardware revenue grew by 4.7%, driven by high demand for workplace solutions from the private sector. Software revenue was up 1.5% from a very strong comparable period last year. Services revenue increased by 5.9%, with solid growth in sales of both consulting and managed services.

Total operating expenses were NOK 1,656 million, up 1.4% from last year. The average number of full-time employees increased by 164 (2.2%) from last year.

As a result of higher revenue and relatively low growth in operating expenses, EBIT grew by 21.5% to NOK 261 million, up from NOK 215 million last year.

Net financial items were an expense of NOK 25 million, in line with last year. Additional information can be found in Note 5 of this report.

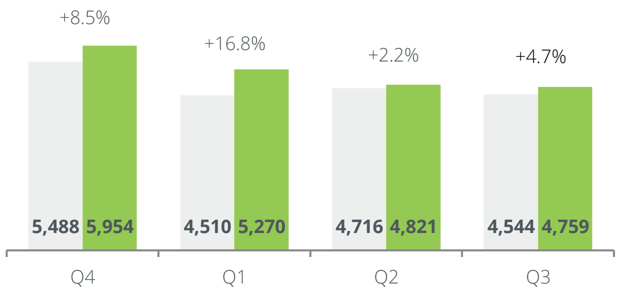
Profit before tax was NOK 236 million, up from NOK 189 million last year. Net profit after tax was NOK 186 million, an increase of 25.1% from last year.

YEAR TO DATE Q3 2021

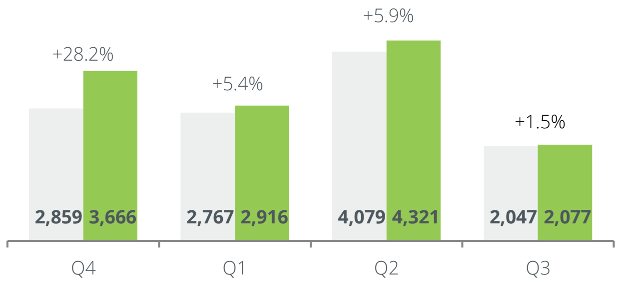
Group revenue in the year-to-date 2021 was NOK 29,452 million, an increase of 5.8% from last year. Revenue growth in constant currency was 7.9%. All revenue growth was organic.

EBIT in the year-to-date 2021 was NOK 643 million, up 37.9% from last year. Net profit after tax was NOK 456 million, up 49.2% from last year.

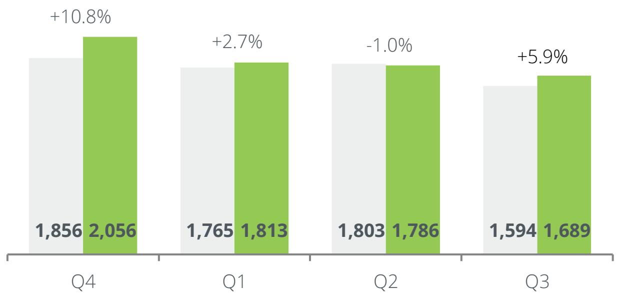
As resolved in the Annual General Meeting on April 29, 2021, the Board of Directors has authorized the distribution of a dividend payment of NOK 2.50 per share to shareholders in November 2021, see Note 12 for more details.



HARDWARE REVENUE AND GROWTH | NOK in million



SOFTWARE REVENUE AND GROWTH | NOK in million



SERVICES REVENUE AND GROWTH | NOK in million

FINANCIAL REVIEW | Q3 | 2021

NORWAY

NOK in million	Q3 2021	Q3 2020	Change %	YTD 2021	YTD 2020	Change %
Products revenue	1,673	1,726	-3.0%	5,184	5,148	0.7%
Services revenue	520	474	9.6%	1,635	1,601	2.1%
Total revenue	2,193	2,200	-0.3%	6,819	6,748	1.0%
Gross profit	527	513	2.8%	1,670	1,634	2.2%
Gross margin %	*24.0%*	*23.3%*	*0.7%*	*24.5%*	*24.2%*	*0.3%*
OPEX	442	430	2.7%	1,450	1,426	1.6%
EBIT	86	83	3.3%	220	208	5.8%
EBIT %	*3.9%*	*3.8%*	*0.1%*	*3.2%*	*3.1%*	*0.1%*

Atea Norway reported strong growth in sales of services and higher EBIT in the third quarter of 2021.

Revenue in Q3 2021 was NOK 2,193 million, in line with last year. Hardware revenue fell by 6.9%, mainly due to lower sales to the public sector. Software revenue was up by 6.5%, with increased demand from both the private and public sectors. Services revenue grew by 9.6% from last year, driven by strong growth in demand for IT consulting and managed services.

Gross profit was NOK 527, up 2.8% from last year. Gross margin increased to 24.0%, up from 23.3% last year, based on a higher proportion of services in the revenue mix.

Total operating expenses were NOK 442 million, up 2.7% from last year. The increase in operating expenses was primarily driven by higher personnel costs. The average number of full-time employees increased by 76 (4.6%) from last year.

EBIT in Q3 2021 was NOK 86 million, up 3.3% from last year. The EBIT margin was 3.9%, up 0.1% from last year.

FINANCIAL REVIEW | Q3 | 2021

SWEDEN

SEK in million	Q3 2021	Q3 2020	Change %	YTD 2021	YTD 2020	Change %
Products revenue	2,820	2,520	11.9%	10,004	9,214	8.6%
Services revenue	598	566	5.8%	1,999	1,921	4.1%
Total revenue	3,419	3,086	10.8%	12,003	11,134	7.8%
Gross profit	696	659	5.6%	2,317	2,244	3.3%
Gross margin %	*20.3%*	*21.3%*	*-1.0%*	*19.3%*	*20.2%*	*-0.8%*
OPEX	573	558	2.6%	1,959	1,929	1.6%
EBIT	123	100	22.6%	358	315	13.7%
EBIT %	*3.6%*	*3.3%*	*0.3%*	*3.0%*	*2.8%*	*0.2%*

Atea Sweden reported high growth in revenue and EBIT in the third quarter of 2021, based on strong sales across all lines of business and tight control of operating expenses.

Revenue in Q3 2021 was SEK 3,419 million, an increase of 10.8% from last year. Hardware revenue grew by 9.8%, due to higher sales of digital workplace solutions to the private sector. Software revenue was up 16.7%, driven by increased demand from the public sector. Services revenue was up 5.8%, based on higher sales of managed service contracts and lifecycle management solutions.

Gross profit was SEK 696 million, up 5.6% from last year. Gross margin was 20.3% in Q3 2021, down from 21.3% last year, due to a higher proportion of low margin products in the revenue mix.

Total operating expenses were SEK 573 million, up 2.6% from last year, due to increased workplace activity as social distancing restrictions ended and employees returned to the office. The average number of full-time employees increased by 16 (0.7%) from last year.

Based on higher sales and low growth in operating expenses, EBIT in Q3 2021 grew by 22.6% to SEK 123 million. The EBIT margin increased to 3.6%, up from 3.3% last year.

FINANCIAL REVIEW | Q3 | 2021

DENMARK

DKK in million	Q3 2021	Q3 2020	Change %	YTD 2021	YTD 2020	Change %
Products revenue	984	910	8.2%	4,284	3,406	25.8%
Services revenue	305	281	8.5%	923	846	9.1%
Total revenue	1,289	1,191	8.3%	5,208	4,252	22.5%
Gross profit	285	265	7.5%	901	796	13.1%
Gross margin %	*22.1%*	*22.2%*	*-0.1%*	*17.3%*	*18.7%*	*-1.4%*
OPEX	277	263	5.2%	892	892	0.0%
EBIT	8	2	319.5%	9	-96	N/A
EBIT %	*0.6%*	*0.2%*	*0.5%*	*0.2%*	*-2.3%*	*2.4%*

Atea Denmark continued make progress with its turnaround during the third quarter of 2021. Revenue growth was very strong across both products and services, and EBIT improved despite a one-time cost related to a change in Danish employment regulations.

Total revenue in Denmark grew by 8.3% to DKK 1,289 million. Hardware revenue increased by DKK 113 million, or 18.5%, driven by higher demand from private sector customers. Software revenue was down by 12.8%, due to lower sales to the public sector. Sales of services were up 8.5%, with higher revenue from managed service agreements.

Gross profit was DKK 285, an increase of 7.5% from last year. Gross margin was 22.1%, in line with last year.

Total operating expenses increased by 5.2% to DKK 277 million, primarily due to higher personnel costs. Growth in personnel costs was driven by higher salary and bonuses, and a change in the employee mix towards more high-end consultants. In addition, Atea Denmark took a one-time cost of DKK 7 million to comply with a change in Danish labor law relating to employee vacations. The average number of full-time employees fell by 5 (-0.4%) from last year.

EBIT in Q3 2021 increased to DKK 8 million from DKK 2 million last year, as strong sales growth was partly offset by higher operating expenses. The EBIT margin increased to 0.6%, up from 0.2% last year.

FINANCIAL REVIEW | Q3 | 2021

FINLAND

EUR in million	Q3 2021	Q3 2020	Change %	YTD 2021	YTD 2020	Change %
Products revenue	67.7	70.1	-3.5%	232.1	245.7	-5.5%
Services revenue	8.6	7.5	14.9%	25.9	23.2	11.3%
Total revenue	76.3	77.6	-1.7%	257.9	268.9	-4.1%
Gross profit	12.0	11.5	4.2%	37.9	37.1	2.3%
Gross margin %	*15.7%*	*14.8%*	*0.9%*	*14.7%*	*13.8%*	*0.9%*
OPEX	9.9	9.5	4.1%	32.0	31.7	1.0%
EBIT	2.1	2.0	4.3%	5.9	5.3	10.0%
EBIT %	*2.7%*	*2.6%*	*0.2%*	*2.3%*	*2.0%*	*0.3%*

Atea Finland reported strong growth in sales of services and record high EBIT in the third quarter of 2021.

Total revenue was EUR 76.3 million in Q3 2021 compared with EUR 77.6 million last year. Hardware revenue increased by 3.2%, due to strong demand for digital workplace solutions. Software revenue was down 13.8%, due primarily to the loss of a large public frame agreement at the beginning of 2021. Services revenue was up 14.9%, with very strong growth in sales of consulting services.

Gross profit was EUR 12.0 million, up 4.2% from last year. Gross margin increased to 15.7% from 14.8% last year, due to a higher proportion of services in the revenue mix.

Total operating expenses increased by 4.1% to EUR 9.9 million in Q3 2021, primarily due to higher personnel costs. The average number of full-time employees increased by 19 (4.6%) from last year.

EBIT in Q3 2021 increased by 4.3% to EUR 2.1 million from a very strong comparable period last year. The EBIT margin improved to 2.7%, up from 2.6% last year.

FINANCIAL REVIEW | Q3 | 2021

THE BALTICS

EUR in million	Q3 2021	Q3 2020	Change %	YTD 2021	YTD 2020	Change %
Products revenue	21.4	18.0	18.5%	62.2	60.1	3.4%
Services revenue	10.2	8.9	15.5%	28.8	25.4	13.4%
Total revenue	31.6	26.9	17.5%	91.0	85.6	6.4%
Gross profit	9.3	7.7	20.9%	26.8	23.1	15.7%
Gross margin %	*29.6%*	*28.7%*	*0.8%*	*29.4%*	*27.0%*	*2.4%*
OPEX	8.2	6.9	18.0%	23.6	20.5	15.0%
EBIT	1.2	0.8	46.1%	3.2	2.6	21.5%
EBIT %	*3.7%*	*3.0%*	*0.7%*	*3.5%*	*3.1%*	*0.4%*

Atea Baltics reported very high growth in revenue and EBIT in the third quarter of 2021, with increased demand for both products and services.

Total revenue was EUR 31.6 million, an increase of 17.5% from last year. Product revenue was up 18.5%, driven by large orders from the public sector. Services revenue was up 15.5%, driven by strong growth in sales of managed cloud solutions.

Gross profit was EUR 31.6 million, compared with EUR 26.9 million last year. Gross margin increased to 29.6% in Q3 2021 from 28.7% last year, due to improved margins on product sales and service agreements.

Total operating expenses were EUR 8.2 million in Q3 2021 compared with EUR 6.9 million last year. The increase in operating expenses was primarily driven by higher personnel costs and extraordinary costs resulting from global supply constraints. The average number of full-time employees increased by 13 (1.9%) from last year.

EBIT in Q3 2021 was EUR 1.2 million, up 46.1% from last year. The EBIT margin was 3.7%, up from 3.0% last year.

BALANCE SHEET

As of 30 September 2021, Atea had total assets of NOK 12,885 million. Current assets such as cash, receivables and inventory represented NOK 6,549 million of this total. Non-current assets represented NOK 6,336 million of this total, and primarily consisted of goodwill (NOK 3,993 million), property, plant and equipment (NOK 506 million), right-of-use leased assets (NOK 1,159 million) and deferred tax assets (NOK 280 million).

Atea had total liabilities of NOK 9,311 million, and shareholders' equity of NOK 3,574 million as of 30 September 2021. 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 2021 was 30.8%.

Atea net debt balance was NOK 268 million at the end of Q3 2021 as defined by Atea's loan covenants. Atea's loan covenants require that the Group maintains a maximum net interest bearing debt of 2.5x pro forma EBITDA over the last twelve months. Based on the calculation of the debt covenants, Atea's net interest bearing debt is 0.2x pro forma EBITDA. Atea therefore maintains liquidity reserves of NOK 3,859 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. Due to increased working capital requirements, Atea sold more of its accounts receivable into a securitization program during Q3 2021 than in the previous year.

At the end of Q3 2021, Atea had sold receivables of NOK 1,706 million under the securitization program, compared with NOK 1,039 million last year. Additional information on the securitization program can be found in Note 6 of this report.

CASH FLOW

Cash flow from operations was an outflow of NOK 503 million in the third quarter of 2021, compared with an outflow of NOK 7 million last year. Cash flow from operations in Q3 2021 was lower than last year, mostly due to increase in the balance of inventories and other receivables during the quarter.

Due to global supply constraints in the electronics industry, Atea increased its inventory levels in Q3 2021 in order to secure availability of hardware in the second half of the year, and in some cases prepaid expenses to ensure on-time delivery. This impact on the working capital balance is expected to be temporary and to normalize next year.

Cash flow from investing activities was an outflow of NOK 74 million in Q3 2021, up from NOK 66 million in the corresponding quarter last year, mainly due to higher investments in data center assets.

Cash flow from financing activities was an inflow of NOK 168 million in Q3 2021 up from NOK 163 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 8,955 shareholders on 30 September 2021 compared with 7,166 shareholders on 30 September 2020.

The 10 largest shareholders as of 30 September 2021 were:

Main Shareholders*	Shares	%
Systemintegration APS **	29,324,784	26.2%
Folketrygdfondet	8,262,553	7.4%
State Street Bank & Trust Co. ***	6,777,109	6.0%
Verdipapirfond Odin Norden	3,306,029	2.9%
RBC Investor Services Trust	3,141,934	2.8%
State Street Bank and Trust Co. ***	2,863,992	2.6%
State Street Bank and Trust Co. ***	2,520,533	2.2%
Verdipapirfond Odin Norge	2,272,692	2.0%
Verdipapirfondet Alfred Berg Gamba	2,052,089	1.8%
State Street Bank and Trust Co. ***	1,855,922	1.7%
Other	49,752,972	44.4%
Total number of shares	112,130,609	100.0%

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

As of 30 September 2021, Atea's Chairman Ib Kunøe and close associates controlled a total of 26.8% of the shares, including the shares held by Systemintegration APS.

As of 30 September 2021, Atea's senior management team held 240,521 shares.

BUSINESS OVERVIEW

BACKGROUND

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The company is the largest player by far in its local markets, with a market share of approximately 20%. Over 60% of Atea's sales are to the public sector, with the remainder of sales to private companies.

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. This was followed by a further acquisition and consolidation of 50 companies from 2007 - 2015.

Atea's market share in the Nordic and Baltic regions far exceeds that of other IT infrastructure providers. Today, the company has offices in 84 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 services and logistics functions.

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 approximately 5% per year during the last 5 years.

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. Over the last 5 years, the company has averaged an organic revenue growth rate of approximately 7% per year.

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.

DIGITAL TRANSFORMATION

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

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

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

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

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

* International IT research company, International Data Corporation

BUSINESS OVERVIEW

BUSINESS STRATEGY

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

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

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

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

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

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

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

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

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

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

SUSTAINABILITY

Atea's mission is to build the future with IT, together with its employees, its customers and its vendors. Atea's sustainability agenda is an essential part of the company's mission. The company has received numerous recognitions for its leadership within sustainability.

In 2020, Atea launched a 10-year plan for its sustainability agenda. The plan is described in our latest corporate responsibility report, published in March 2021.

During Q1-Q3 2021, Atea:

- received the highest rating by the Governance Group in the new report "ESG 100 - How the largest 100 companies on the Oslo Stock Exchange report on ESG".
- was awarded the highest rating in environmental and social performance by EcoVadis, an achievement that ranks Atea in the top 1% of 75,000 organizations evaluated globally.
- was among a select group of European companies, that have made the greatest progress curbing their greenhouse gas emissions. The ranking was made by the Financial Times and Statista.
- was recognized as a "Transparency Partner" by Nasdaq, an initiative focusing on improving the ESG information flow between listed companies and the investor community.
- won the Dell Technologies 2021 EMEA Excellence in Social Impact award.

BUSINESS OVERVIEW

MARKET TRENDS

Impact of COVID pandemic on market:
Over the past year, the COVID-19 pandemic has changed how organizations function, as restrictions on travel and social distancing requirements have required employees to work from remote locations. This has accelerated the digital transformation of the workplace.

Organizations have become dependent on IT solutions to facilitate remote work, and have been forced to reconsider how they interact and transact with their customers, vendors and other stakeholders. This is driving innovation and investment in digital technologies to transform business processes and automate operations.

Certain categories of IT products have performed very well during the pandemic. On a global level, demand for notebook PCs has sharply increased, as remote work has accelerated the shift from desktop to notebook PCs and has required organizations to upgrade older PCs to support new applications. This has not had a large impact on the Nordic enterprise market, where organizations upgrade PCs regularly and the shift from desktop to notebook computers was already well advanced.

The pandemic has driven increased demand for software and infrastructure provided through the public cloud. Organizations have adopted public cloud solutions as a means to rapidly provide software applications and infrastructure to a remote workforce, with low upfront investment. Cloud applications for video conferencing and collaboration have seen dramatic growth as employees have interacted in virtual meeting rooms from remote locations.

IT services related to the integration and use of public cloud solutions have consequently seen strong demand, as have consulting services related to information management and digital transformation projects.

Other categories of IT products have performed less well since the start of the pandemic. With the closure of office locations, many organizations have postponed projects and reduced investment on their on-premise IT infrastructure. This has resulted in lower IT spending on office networks, workplace AV and print devices, and local meeting rooms.

Demand for data center equipment has been impacted by the migration to cloud solutions. IT services linked to maintenance and development of on-premise infrastructure have also seen slower demand.

Finally, the pandemic has driven supply constraints for many hardware products, resulting in longer delivery cycles. Rapid shifts in demand for electronic devices have caused shortages of key components, and semiconductor fabricators do not have surplus capacity to respond. While new semiconductor capacity is now being built, the current supply shortage is expected to continue to impact the IT hardware market for at least 12 months.

Market growth post-COVID:
As more people are vaccinated and the COVID pandemic in the Nordics comes to an end, Atea expects that the Nordic IT infrastructure market will transition to a "new normal" during the coming year.

We expect that most of the workforce in large organizations will return to on-premise work during the coming months. However, some changes from the COVID pandemic will persist. Based on work patterns established during the pandemic, organizations will continue to drive the use of digital communications as a substitute for travel and physical meetings, and further innovate in their use of information technology to transform their operations.

We expect that the transition to a "new normal", in combination with an improved economic outlook, will result in strong customer demand for IT products and services during the coming years. Hardware supply shortages will continue to lead to longer delivery times during the coming year, but this impact should diminish over time.

Specifically, we see the following drivers of demand growth across our three solution areas:

Digital workplace

- Most organizations have postponed major workplace investments since the start of the pandemic, and will need to refresh older equipment.
- To facilitate greater use of virtual meetings from office locations, there will be increased spending on digital collaboration tools and video conference rooms.
- Demand for onsite technical services will increase as customers require support to implement and maintain digital workplace solutions.
- Sustainability and circular economy have become a key purchase criteria for customers, driving demand for asset management and IT recycling services.
- Device lifecycle management concepts - where the customer pays a service fee for the vendor to provide and manage equipment, and take back equipment at the end of life – will continue to grow in popularity.

BUSINESS OVERVIEW

MARKET TRENDS (CONT'D)

Hybrid platforms

• Many office networks are due for upgrades, as on-premise investments were deferred during the pandemic.

• Network upgrades are also necessary to facilitate greater use of virtual meeting rooms, and eventually to support device connectivity with the new WiFi 6 standard.

• Demand for software and infrastructure provided through the public cloud will continue to grow, despite restrictions for use by some public sector customers.

• Hybrid cloud managed services – which integrate IT operations from on-premise data centers and public cloud solutions – will see continued growth in demand. Customers plan to continue to utilize their private data centers while taking advantage of the flexibility and software offerings of the public cloud.

Information management

• The pandemic has increased focus on digital solutions to transform business processes, driving demand for automation solutions and consulting services.

• Data analytics tools and consulting services are also in high demand, as organizations seek to capture insights from data to adapt their business models and improve their operating performance.

• Spending on IT security services and data protection solutions continues to grow as threats of cyberattacks increase.

BUSINESS OUTLOOK

As the Nordic IT infrastructure market continues to grow, Atea is very well-positioned for revenue and profit growth during the coming years, driven by the following key factors:

1. Strong competitive advantages

Atea has a unique competitive position as the largest IT infrastructure provider in the Nordics, and has the highest level of strategic partnership with top IT vendors. This creates critical competitive advantages in purchasing and vendor support, and allows Atea to stay at the forefront of the latest IT trends and product releases.

Atea's position as a full service IT infrastructure partner is also unique in the Nordics. As enterprise IT becomes more business critical and complex, customers increasingly seek a partner with the service competence to support the design, implementation and operations of their IT environments.

With a staff of over 4000 IT service personnel spread across 84 cities in the Nordic and Baltic regions, Atea enables its customers to manage the increasing complexity of their IT environments and successfully transform their enterprise through the use of information technology.

2. Strategy to leverage scale

The Atea Group was formed through the merger of 50 IT companies from 2006 – 2015, which were consolidated into national business units. There remains a significant opportunity for Atea to strengthen its business capabilities and improve profitability through closer integration of its operations across borders.

In order to fully capture Atea's scale advantages, Atea is implementing the "One Atea" program to align its operations and coordinate strategy across countries. The program will establish specialist teams to drive strategy and best practice across each of its business lines, including Hardware/lifecycle management, Software/cloud transformation, Professional services and Managed services. The program is also accelerating the alignment of backoffice functions and supply chain operations in order to drive efficiencies through scale and improved use of automation.

3. Turnaround in Denmark

Atea is by far the largest IT infrastructure provider in Denmark, with a market leadership position comparable to that in other countries. From 2014 – 2020, Atea's EBIT margin in Denmark fell from being the highest in the Atea Group to a large operating loss. The decline in profitability was driven by legal issues resulting in reputational damage with customers and a court conviction in 2018.

In Q1 2020, Atea reorganized its business in Denmark and implemented a cost reduction program, appointing a new managing director as well as other key management positions. The business in Denmark has shown a strong recovery since the reorganization. Atea Denmark's revenue in the year-to-date 2021 has grown by 22.5% from the prior year, with higher sales across all business lines. EBIT has also improved greatly, with rolling 4 quarter EBIT results increasing from a loss of DKK 118 million in Q1 2020 to a profit of DKK 41 million in Q3 2021.

Atea Denmark's reputation in the Danish market has also greatly recovered. In April 2021, Atea regained its position as the most trusted brand in Denmark among IT infrastructure resellers in the highly regarded Computerworld survey of IT professionals.

Atea's business in Denmark still has a long gap to reach the profit margins in other Atea countries, but its revenue and EBIT growth momentum have been very strong. As the Danish business continues to recover and normalize, this will greatly benefit profit growth in the Atea Group.

BUSINESS OVERVIEW

BUSINESS OUTLOOK (CONT'D)

4. Industry consolidation

The IT infrastructure market is consolidating across all global markets, as scale becomes a critical competitive advantage to serve customers with increasingly complex requirements. Atea has historically been a leader in driving market consolidation in the Nordic region through M&A, but has been less active in recent years.

Based on its competitive position in the Nordic market, Atea sees business opportunities to selectively acquire companies at a reasonable price if synergies can be achieved through integration with the Atea Group. Atea has the capability to finance acquisitions through its balance sheet, as the Group maintains a low debt balance relative to its earnings.

Potential acquisitions would focus on Nordic targets with high cross-selling potential through integration with Atea Group, and may include:

- Infrastructure VARs with a customer base where Atea can sell its services portfolio
- Consultancies with competence in business areas which can be cross-sold to Atea's customers
- Managed services companies with an offering which can scale to Atea's broader customer base

In sum, Atea is well positioned to drive revenue and profit growth in a growing IT infrastructure market, based on its unique competitive position in the Nordic region, its ongoing business recovery in Denmark, and based on programs to fully leverage its scale advantages both through internal integration and through potential acquisitions.

CONDENSED FINANCIAL INFORMATION

FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK in million	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	2, 3, 8, 13	8,525	8,185	29,452	27,827	39,503
Cost of sales	13	-6,608	-6,338	-23,362	-21,917	-31,266
Gross profit	13	1,917	1,847	6,090	5,909	8,236
Payroll and related costs	11	-1,325	-1,300	-4,415	-4,357	-5,904
Other operating costs	13	-173	-145	-500	-538	-745
Restructuring costs		0	0	0	-37	-37
Share based compensation		-9	-27	-75	-32	-53
EBITDA	13	411	376	1,100	946	1,497
Depreciation and amortization		-148	-160	-450	-477	-638
Amortization related to acquisitions		-2	-1	-6	-3	-5
Operating profit (EBIT)	2	261	215	643	466	854
Net financial items	5	-25	-26	-66	-82	-105
Profit before tax		236	189	577	385	749
Tax	7	-50	-40	-121	-79	-159
Profit for the period		186	149	456	306	590
Earnings per share						
- earnings per share (NOK)	4	1.66	1.36	4.10	2.78	5.37
- diluted earnings per share (NOK)	4	1.63	1.35	4.01	2.76	5.32
Profit for the period		186	149	456	306	590
Currency translation differences		-11	55	-118	413	268
Forward contracts - cash flow hedging		0	0	0	0	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		-11	54	-118	413	267
Other comprehensive income		-11	54	-118	413	267
Total comprehensive income for the period		175	203	337	718	857
Total comprehensive income for the period attributable to:						
Shareholders of Atea ASA		175	203	337	718	857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK in million	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				
Property, plant and equipment		506	535	538
Right-of-use assets		1,159	1,366	1,288
Deferred tax assets	7	280	367	303
Goodwill		3,993	4,219	4,088
Other intangible assets		307	286	289
Investment in associated companies		18	16	17
Long-term subleasing receivables		43	82	83
Other long-term receivables		29	28	20
Non-current assets		6,336	6,900	6,626
Inventories		1,219	863	797
Trade receivables		2,638	3,107	5,818
Other receivables		2,087	1,788	1,606
Short term subleasing receivables		81	135	126
Other financial assets		1	2	5
Cash and cash equivalents		523	1,136	1,605
Current assets		6,549	7,031	9,957
Total assets		12,885	13,931	16,584
EQUITY AND LIABILITIES				
Share capital and premium	4	657	491	503
Other reserves		1,509	1,773	1,627
Retained earnings		1,408	1,591	1,254
Equity		3,574	3,856	3,384
Interest-bearing long-term liabilities	6	475	474	475
Long-term sublease liabilities		43	82	83
Long-term leasing liabilities		943	1,072	1,039
Other long-term liabilities		117	7	7
Deferred tax liabilities		158	207	165
Non-current liabilities		1,736	1,842	1,770
Trade payables		3,985	4,180	6,934
Interest-bearing current liabilities	6	265	299	7
Current sublease liabilities		81	135	126
Current leasing liabilities		286	348	310
VAT, taxes and government fees		1,065	993	1,058
Provisions		119	147	184
Other current liabilities		1,761	2,131	2,784
Other financial liabilities		12	1	28
Current liabilities		7,576	8,233	11,430
Total liabilities		9,311	10,075	13,200
Total equity and liabilities		12,885	13,931	16,584

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK in million	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
Equity at start of period - 1 January		3,384	3,075	3,075
Currency translation differences		-118	413	268
Other comprehensive income		-118	413	267
Profit for the period		456	306	590
Total recognised income for the year		337	718	857
Employee share-option schemes		42	35	46
Dividend		-278	-	-550
Changes related to own shares		-66	-	-84
Issue of share capital	4	155	28	40
Equity at end of period		3,574	3,856	3,384

CONSOLIDATED STATEMENT OF CASH FLOW

NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Profit before tax	236	189	577	385	749
Adjusted for:					
Depreciation and amortisation	150	161	457	479	643
Share based compensation	14	15	42	35	46
Gains/Losses on disposals of PPE and intangible asset	0	0	0	-1	0
Net interest expenses	22	25	56	66	85
Taxes paid	-25	-30	-102	-185	-236
Net interest paid	-19	-22	-52	-63	-83
Cash earnings	377	336	977	716	1,204
Change in trade receivables	1,118	1,067	2,991	1,694	-1,033
Change in inventories	-80	235	-453	22	70
Change in trade payables	-1,645	-1,897	-2,760	-2,440	386
Other changes in working capital	-272	252	-1,316	-187	762
Cash flow from operating activities	-503	-7	-561	-195	1,388
Purchase of PPE and intangible assets	-74	-66	-220	-232	-330
Sale of PPE and intangible assets	0	0	1	8	9
Acquisition of subsidiaries/businesses	0	-	-1	-	-8
Cash flow from investing activities	-74	-66	-219	-224	-330
Dividend paid	-	-	-278	-	-550
Payment from changes in treasury shares	3	-	-66	-	-84
Proceeds from new shares issue	0	-	155	28	40
Proceeds from sublease	20	27	78	60	64
Payments of sublease liabilities	-20	-27	-78	-60	-64
Payments of lease liabilities	-80	-87	-240	-257	-340
Change in debt	245	250	249	-318	-600
Cash flow from financing activities	168	163	-180	-547	-1,534
Net cash flow	-409	90	-961	-967	-476
Cash and cash equivalents at the start of the period	938	1,024	1,605	1,769	1,769
Foreign exchange effect on cash held in a foreign currency	-6	22	-121	334	312
Cash and cash equivalents at the end of the period	523	1,136	523	1,136	1,605

NOTE 1

GENERAL INFORMATION AND ACCOUNTING POLICIES

The condensed interim financial statements for nine months ending 30 September 2021 were approved for publication by the Board of Directors on 20 October 2021. 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 2020, which has been prepared according to IFRS as adopted by EU. There are no changes in accounting policy effective from 1 January 2021 that have impact on the Group accounts.

In the interim financial statements for 2021, 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 2021 and the major sources of uncertainty in the statements are similar to those found in the Annual accounts for 2020.

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 84 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.

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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Norway	2,193.1	2,199.9	6,819.2	6,748.4	9,428.4
Sweden	3,467.6	3,192.2	12,093.4	11,294.7	16,394.0
Denmark	1,799.4	1,705.4	7,162.0	6,109.2	8,672.9
Finland	789.4	827.5	2,637.7	2,881.6	3,786.4
The Baltics	326.4	287.0	930.6	916.8	1,373.5
Group Shared Services	1,912.7	1,770.5	5,167.5	5,301.1	7,338.8
Eliminations*	-1,963.5	-1,797.2	-5,358.8	-5,425.3	-7,491.3
Atea Group	8,525.3	8,185.2	29,452.3	27,826.6	39,502.7

*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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Norway	85.5	82.7	219.9	207.9	325.4
Sweden	124.6	103.5	360.7	319.3	475.3
Denmark	11.3	3.0	11.8	-137.5	-91.8
Finland	21.4	21.2	60.0	57.1	94.4
The Baltics	12.2	8.6	32.6	28.2	51.3
Group Shared Services	22.2	16.9	36.5	46.4	74.1
Group cost	-16.1	-21.1	-78.2	-55.0	-75.1
Operating profit (EBIT)	261.1	214.9	643.3	466.4	853.5
Net financial items	-25.3	-26.3	-66.3	-81.7	-104.5
Profit before tax	235.8	188.5	577.1	384.7	749.0

Quarterly revenue and gross margin NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Product revenue	6,836.4	6,591.1	24,164.3	22,663.7	32,283.9
Services revenue	1,688.9	1,594.1	5,288.0	5,162.9	7,218.8
Total revenue	8,525.3	8,185.2	29,452.3	27,826.6	39,502.7
Gross contribution	1,917.1	1,847.3	6,090.3	5,909.2	8,236.2
Product margin	11.8%	12.2%	10.7%	11.1%	11.1%
Services margin	65.8%	65.2%	66.3%	65.6%	64.4%
Gross margin	22.5%	22.6%	20.7%	21.2%	20.8%

Quarterly revenue and gross margin NOK in million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Product revenue	6,836.4	9,142.5	8,185.4	9,620.2	6,591.1	8,795.0	7,277.6
Services revenue	1,688.9	1,785.7	1,813.4	2,055.8	1,594.1	1,803.4	1,765.4
Total revenue	8,525.3	10,928.2	9,998.8	11,676.1	8,185.2	10,598.5	9,043.0
Gross contribution	1,917.1	2,089.2	2,084.0	2,327.0	1,847.3	2,064.6	1,997.3
Product margin	11.8%	9.8%	10.8%	11.0%	12.2%	10.1%	11.4%
Services margin	65.8%	66.9%	66.2%	61.6%	65.2%	65.4%	66.1%
Gross margin	22.5%	19.1%	20.8%	19.9%	22.6%	19.5%	22.1%

NOTE 2

OPERATING SEGMENT INFORMATION (CONT'D)

LOCAL CURRENCY

Revenue **Local currency in million**		**Q3 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**	**Full year 2020**
Norway	NOK	2,193.1	2,199.9	6,819.2	6,748.4	9,428.4
Sweden	SEK	3,418.8	3,085.8	12,003.4	11,134.4	16,030.1
Denmark	DKK	1,289.1	1,190.8	5,208.0	4,252.3	6,027.5
Finland	EUR	76.3	77.6	257.9	268.9	353.0
The Baltics	EUR	31.6	26.9	91.0	85.6	128.1
Group Shared Services	NOK	1,912.7	1,770.5	5,167.5	5,301.1	7,338.8
Eliminations*	NOK	-1,963.5	-1,797.2	-5,358.8	-5,425.3	-7,491.3
Atea Group	NOK	8,525.3	8,185.2	29,452.3	27,826.6	39,502.7

EBIT **Local currency in million**		**Q3 2021**	**Q3 2020**	**YTD 2021**	**YTD 2020**	**Full year 2020**
Norway	NOK	85.5	82.7	219.9	207.9	325.4
Sweden	SEK	123.0	100.4	358.0	314.8	464.7
Denmark	DKK	8.2	2.0	8.6	-95.7	-63.8
Finland	EUR	2.1	2.0	5.9	5.3	8.8
The Baltics	EUR	1.2	0.8	3.2	2.6	4.8
Group Shared Services	NOK	22.2	16.9	36.5	46.4	74.1
Group cost	NOK	-16.1	-21.1	-78.2	-55.0	-75.1
Operating profit (EBIT)	NOK	261.1	214.9	643.3	466.4	853.5
Net financial items	NOK	-25.3	-26.3	-66.3	-81.7	-104.5
Profit before tax	NOK	235.8	188.5	577.1	384.7	749.0

*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

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 2020.

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** **2021**	**Q3** **2020**	**YTD** **2021**	**YTD** **2020**	**Full year** **2020**
Norway	NOK	1,138.2	1,223.0	3,484.3	3,565.9	5,059.6
Sweden	SEK	1,934.1	1,760.7	5,591.1	5,441.4	7,623.5
Denmark	DKK	721.7	608.9	2,731.9	1,883.8	2,790.4
Finland	EUR	43.9	42.5	137.5	130.7	181.6
The Baltics	EUR	19.0	15.2	52.3	47.8	75.2
Group Shared Services	NOK	1,747.4	1,636.5	4,697.8	4,908.0	6,747.0
Eliminations*	NOK	-1,740.6	-1,618.3	-4,662.5	-4,843.0	-6,649.5
Atea Group	NOK	4,758.9	4,544.0	14,850.0	13,770.1	19,723.9

Software **Local currency in million**		**Q3** **2021**	**Q3** **2020**	**YTD** **2021**	**YTD** **2020**	**Full year** **2020**
Norway	NOK	535.3	502.7	1,700.0	1,581.8	2,172.8
Sweden	SEK	886.2	759.2	4,413.3	3,772.2	5,721.7
Denmark	DKK	262.5	301.0	1,552.6	1,522.3	2,046.7
Finland	EUR	23.8	27.7	94.6	115.0	138.9
The Baltics	EUR	2.4	2.8	9.9	12.3	16.8
Group Shared Services	NOK	13.5	11.6	35.5	23.5	33.9
Eliminations*	NOK	-15.1	-14.8	-71.3	-89.4	-113.0
Atea Group	NOK	2,077.5	2,047.2	9,314.3	8,893.6	12,560.0

*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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Norway	NOK	519.6	474.2	1,635.0	1,600.7	2,196.0
Sweden	SEK	598.5	565.9	1,999.0	1,920.8	2,684.9
Denmark	DKK	304.9	280.9	923.5	846.2	1,190.3
Finland	EUR	8.6	7.5	25.9	23.2	32.4
The Baltics	EUR	10.2	8.9	28.8	25.4	36.1
Group Shared Services	NOK	151.9	122.4	434.2	369.6	557.9
Eliminations*	NOK	-207.8	-164.1	-624.9	-492.9	-728.8
Atea Group	NOK	1,688.9	1,594.1	5,288.0	5,162.9	7,218.8

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 2021	110,119,046	-736,844	110	-1	393	503
Issue of Share capital**	2,011,563	-	2	-	153	155
Changes related to own shares ***	-	101,844	-	0	-	0
At 30 September 2021	112,130,609	-635,000	112	-1	546	657

Average number of shares outstanding

The average number of shares outstanding during the first nine months of 2021 was 111,103,262. 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 2021 was 113,791,065. 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 2021, and the remaining vesting period of the options, the dilution impact of the share option program is 2,687,803 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
***Related to share options for the Management and selected employees.
The sales price for the shares was NOK 94 million (with remaining NOK 93 million affecting Other unrecognized reserves)
The purchase price for the shares was NOK 160 million (with remaining NOK 159 million affecting Other unrecognized reserves)

NOTE 4

SHARE CAPITAL AND PREMIUM (CONT'D)

30 September 2021	Number of share options	Average Nominal Strike price	Adjusted Nominal Strike price*	Weighted average number of shares outstanding
Basic EPS calculation				111,103,262
Dilution effect of share options				
Total share options				
Fully vested, with adjusted strike price below share price	1,041,733	85	85	990,126
Unvested*, with adjusted strike price below share price	5,293,334	96	105	1,697,677
Unvested*, with adjusted strike price above share price	2,270,832	143	175	-
All Share options	8,605,899	107	108	2,687,803
Fully diluted EPS calculation**				113,791,065

NOTE 5

NET FINANCIAL ITEMS

NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Interest income	0	2	5	7	3
Interest income, subleasing	1	3	5	5	7
Other financial income	2	0	2	2	2
Total financial income	3	6	13	13	12
Interest costs on loans	-9	-13	-23	-34	-33
Interest costs on leases	-13	-14	-38	-39	-55
Interest expenses, subleasing	-1	-3	-5	-5	-7
Foreign exchange effects	-4	0	-7	-12	-14
Other financial expenses	-2	-2	-6	-6	-8
Total financial expenses	-28	-32	-79	-95	-117
Total net financial items	-25	-26	-66	-82	-105

*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 154 from January 1 – September 30, 2021

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 a revolving credit line of NOK 600 million through the money market. 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 2021**	**30 Sep 2021**	**30 Sep 2020**
Long-term			
EIB loan	475	475	474
Long-term interest-bearing leasing liabilities*		39	48
Short-term			
Receivables facility	1,100	250	280
Overdraft facility	300	-	-
Money market line	600	-	-
Current interest-bearing leasing liabilities*		11	16
Other		15	19
Total debt		790	837
Securitization - sale of receivables	1,900	1,706	1,039
Total borrowing utilized		2,496	1,875

* 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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Profit before tax	236	189	577	385	749
Tax payable expenses	-37	-29	-100	-90	-146
Deferred tax asset changes due to tax loss carry forward used	-10	10	-22	58	-57
Other deferred tax changes	-2	-21	1	-47	44
Total tax expenses	-50	-40	-121	-79	-159
Effective rate	21.0%	21.1%	21.0%	20.6%	21.2%

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 2021 is 21.0%.

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

At the year end of 2020, the tax value of the tax loss carried forward within the Group was NOK 303 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

RELATED PARTY TRANSACTION

Atea A/S in Denmark acquired Columbus A/S business area for Private Cloud Services in January 2021. As part of the acquisition, a small number of employees have joined Atea. The purchase price for the business area is DKK 7.3 million.

The amount was paid in January 2021. Columbus A/S is controlled by Ib Kunøe, who is the Chairman of the Board and largest shareholder of Atea ASA. The transactions are considered to be in accordance with the arm's length principle.

NOTE 10

RISKS AND UNCERTAINTIES

Reference is made to Board of Directors' report 2020, as included in the 2020 Annual Report. The Board of Directors' report 2020 provides an analysis of risk factors for Atea.

There are no material changes to these risk factors as of the date of this interim report.

NOTE 11

GOVERNMENT GRANTS

Atea has received COVID-19 assistance from the government of Lithuania in 2021. The total assistance is NOK 3 million during the first 9 months of 2021, and is recognized as a reduction of Payroll and related costs.

NOTE 12

EVENTS AFTER THE BALANCE SHEET DATE

On October 14, 2021, the Board of Atea ASA resolved to use the power of attorney granted by the annual general meeting to pay a dividend of NOK 2.50 to shareholders. The date of record for the dividend is November 11, and payment to shareholders is scheduled to take place on November 18, 2021. For Norwegian tax purposes, the dividend shall be considered as repayment of paid in capital.

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

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 2021 and 2020 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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	8,525	8,185	29,452	27,827	39,503
Adjustment for acquisitions	-	-	-	-	-
Pro forma revenue	8,525	8,185	29,452	27,827	39,503
Pro forma revenue on last year currency	8,673	7,630	30,026	25,948	36,883
Pro forma growth in constant currency	6.0%		7.9%		0.6%

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

NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
EBITDA	411	376	1,100	946	1,497
Adjustment for acquisitions	-	-	-	-	-
Pro forma EBITDA	411	376	1,100	946	1,497

GROSS PROFIT

Gross profit is defined as revenue less cost of sales. The Groups revenue is recognized either gross or net depending on revenue streams. Costs of sales include products and services bought from suppliers and resold to customers. Costs of sales 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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue	8,525	8,185	29,452	27,827	39,503
Cost of sales	-6,608	-6,338	-23,362	-21,917	-31,266
Gross profit	1,917	1,847	6,090	5,909	8,236

NOTE 13

OPERATING EXPENSES

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

NOK in million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Payroll and related costs	1,325	1,300	4,415	4,357	5,904
Other operating costs	173	145	500	538	745
Share based compensation	9	27	75	32	53
Restructuring costs	-	0	-	37	37
Depreciation and amortization	148	160	450	477	638
Amortization related to acquisitions	2	1	6	3	5
Total operating expenses	1,656	1,632	5,447	5,443	7,383

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 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Cash flow from operations	-503	-7	-561	-195	1,388
Purchase of PPE and intangible assets	-74	-66	-220	-232	-330
Sale of PPE and intangible assets	0	0	1	8	9
Capital expenditures through cash	-74	-66	-219	-224	-322
Free cash flow	-577	-73	-780	-420	1,067

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 2021	30 Sep 2020	31 Dec 2020
Interest-bearing long-term liabilities	-475	-474	-475
Interest-bearing long-term leasing liabilities	-39	-48	-38
Interest-bearing current liabilities	-265	-299	-7
Interest-bearing current leasing liabilities	-11	-16	-18
Cash and cash equivalents	523	1,136	1,605
Net financial position	-268	299	1,067
Long-term ROU assets leasing liabilities	-904	-1,025	-1,001
Current ROU assets leasing liabilities	-275	-332	-292
Long-term subleasing liabilities	-43	-82	-83
Short-term subleasing liabilities	-81	-135	-126
Long-term subleasing receivables	43	82	83
Short-term subleasing receivables	81	135	126
Incremental net lease liabilities due to IFRS 16 adoption	-1,180	-1,356	-1,293

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 2021	30 Sep 2020	31 Dec 2020
Last 12 months pro forma EBITDA	1,651	1,405	1,497
Debt covenant ratio	2.5	2.5	2.5
Net debt limit	4,126	3,512	3,741
Net financial position	-268	299	1,067
Liquidity reserve	3,859	3,811	4,808
Net debt / pro forma EBITDA	0.2	-0.2	-0.7

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 2021	30 Sep 2020	31 Dec 2020
Inventories	1,219	863	797
Trade receivables	2,638	3,107	5,818
Other receivables	2,087	1,788	1,606
Trade payables	-3,985	-4,180	-6,934
VAT, taxes and government fees	-1,065	-993	-1,058
Provisions	-119	-147	-184
Other current liabilities	-1,761	-2,131	-2,784
Working capital	-987	-1,692	-2,738
Securitization effect	1,706	1,039	1,209
Working capital before securitization	719	-654	-1,529
Year to date revenue	29,452	27,827	39,503
Annualized revenue	39,270	37,102	39,503
Working capital in relation to annualized revenue	-2.5%	-4.6%	-6.9%

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 2021	30 Sep 2020	31 Dec 2020
Total assets	12,885	13,931	16,584
Deduct: incremental lease assets due to IFRS 16 adoption			
Right-of-use assets	-1,159	-1,366	-1,288
Long-term subleasing receivables	-43	-82	-83
Short-term subleasing receivables	-81	-135	-126
Adjusted total assets	11,602	12,348	15,087
Equity	3,574	3,856	3,384
Equity ratio	30.8%	31.2%	22.4%

Q3

2021

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