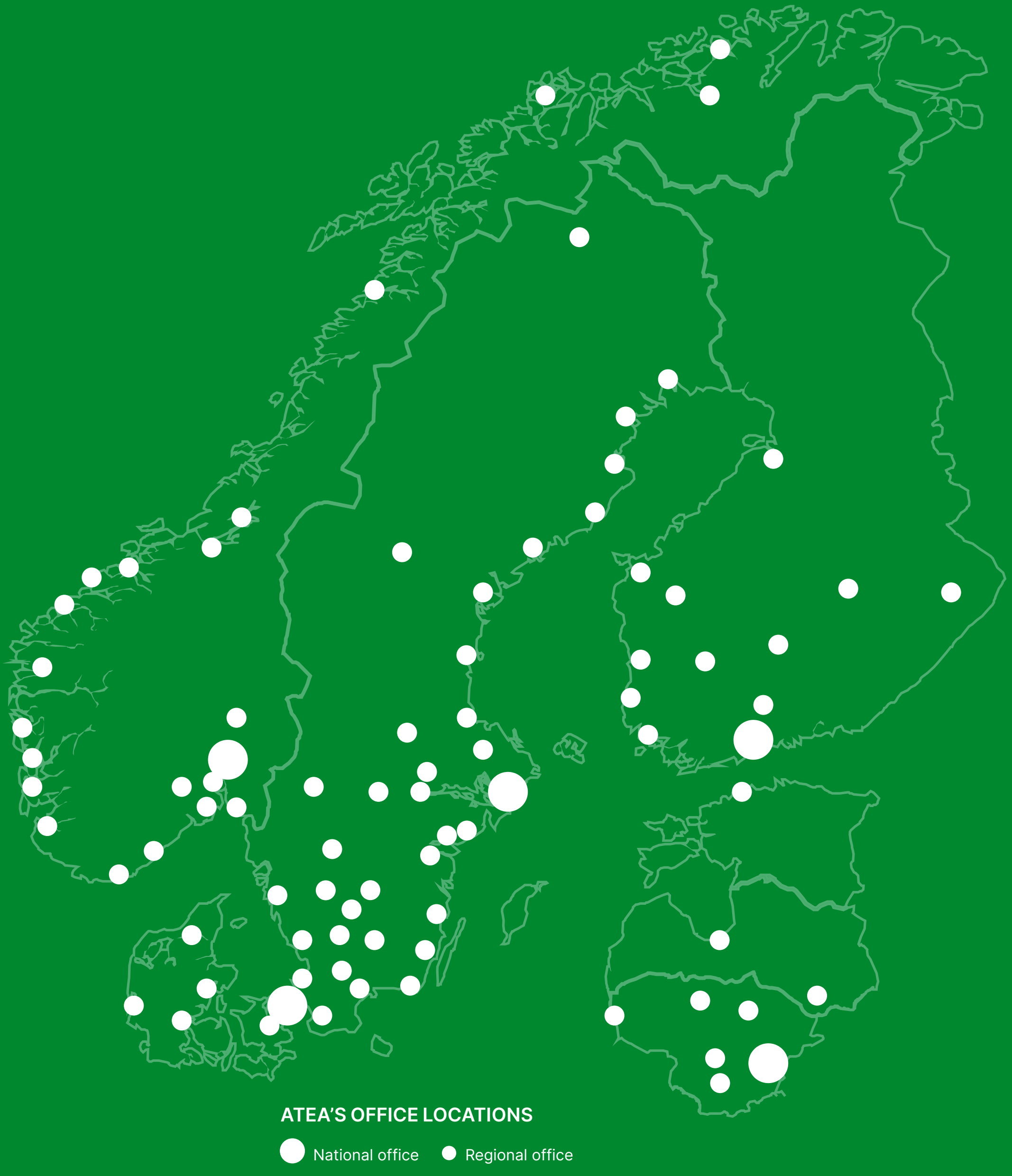
ATEA

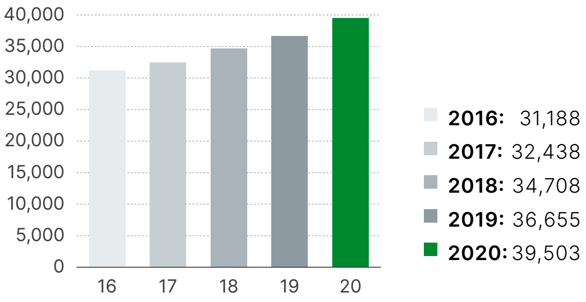
Annual report 2020



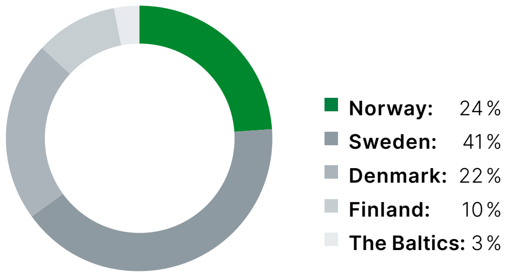
Content

Key Figures Group 2016–2020

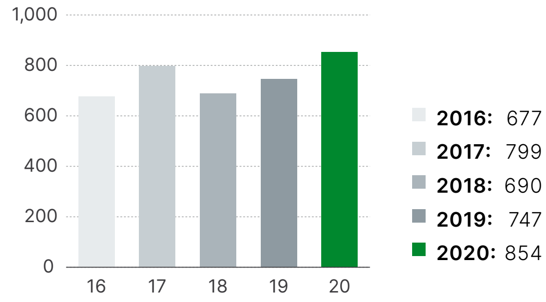
Revenue
2016–2020 (NOK in million)



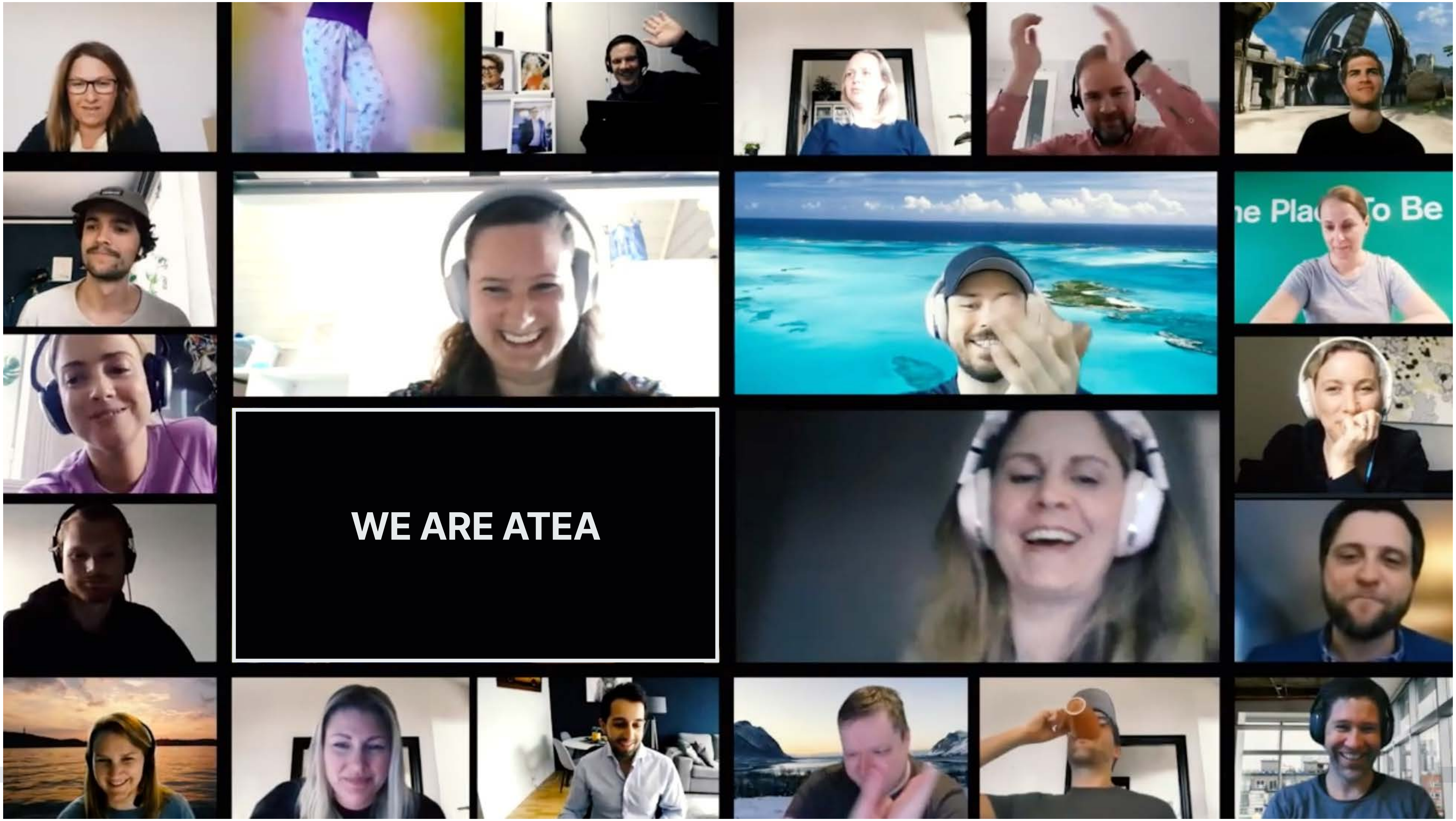
Revenue per country
2020



EBIT
2016–2020 (NOK in million)



NOK in million (unless stated otherwise)	2016	2017	2018	2019	2020
Revenue	31,188	32,438	34,708	36,655	39,503
Gross profit	6,939	7,218	7,534	7,758	8,236
Gross margin (%)	22.2	22.3	21.7	21.2	20.8
Operating profit (EBIT)	677	799	690	747	854
EBIT-margin (%)	2.2	2.5	2.0	2.0	2.2
Earnings per share (NOK)	4.87	5.10	4.33	4.84	5.37
Diluted earnings per share (NOK)	4.80	5.00	4.26	4.78	5.32
Dividend per share (NOK)	6.50	6.50	6.50	6.50	5.00
Net financial position	-350	102	-17	657	1,067
Cash flow from operations	1,404	1,238	946	1,897	1,388
Liquidity reserve	2,362	3,065	2,669	3,995	4,808
Adjusted equity ratio (%)	23.8	22.6	22.0	22.4	22.4
Number of full-time employees at the year end	6,882	6,904	7,385	7,585	7,337


WE ARE ATEA
e Pla To Be

Atea is the market leader in IT infrastructure and related services for businesses and public sector organizations in the Nordic and Baltic regions.

Strength in our markets

With over 7,000 employees located in 84 cities in seven European countries — Norway, Sweden, Finland, Denmark, Lithuania, Latvia and Estonia — Atea has a powerful local presence across all of the markets we serve.

Given our unmatched size and reach, Atea can provide the broadest range of IT infrastructure support and advice to our customers. This means that we are not only able to provide the latest technologies, but that we also have the internal competence to design, implement, support and operate highly complex and integrated IT solutions.

Making a difference with technology

Equally important, we are among the Top 3 channel partners in Europe for many of the world's leading technology companies, including: Microsoft, Apple, Cisco, HP Inc, Hewlett Packard Enterprise, IBM, Lenovo, VMware, Citrix and Dell Technologies.

Atea has the highest level of vendor certification across its key technology partners and is frequently recognized with awards for its performance.

Based on Atea's unique mix of competence and technology partnerships, our customers count on us for professional insight on how to do more with IT. To that end, Atea is at the forefront of the latest technologies for mobility, collaboration and big data, as well as IT-as-a-service and cloud computing.

As a result, we help customers solve problems and get maximum productivity from their IT investments.

Built for growth and sustainability

As a publicly traded company listed on the Oslo Stock Exchange, Atea takes pride in its long-term record of delivering above-market revenue growth and in providing a healthy, consistent dividend payout to investors. For 2020, Atea reported revenue of NOK 39.5 billion: up 7.8 % compared to last year, and the highest in our company's history.

Corporate responsibility and good stewardship of our planet are also at the core of what we do. Atea was awarded the highest rating in environmental and social performance by EcoVadis in 2020. This achievement ranks Atea in the top 1 % of 65,000 organizations evaluated globally. Atea has won numerous awards and recognitions for its work in corporate sustainability.

This year, Atea launched Vision 2030: a 10-year plan for building a better, more sustainable future with IT. The Vision 2030 is further described in the 2020 sustainability report, which is published on Atea's corporate website.


ATEA

Letter from the CEO

What a difference a year makes!

At almost precisely this time last year (March 11, 2020), the World Health Organization formally categorized COVID-19 as a global pandemic. During the following days, governments across the Nordic and Baltic region took unprecedented measures to contain the spread of the coronavirus. International borders were closed, and schools and many businesses were ordered to shut down until further notice. All employees of businesses or public sector institutions were advised to work from home and to maintain social distancing from others.

The impact on Atea's business was immediate, with nearly empty office buildings and restricted access to customer locations. Face-to-face meetings with customers and vendors were cancelled, and large projects were postponed. Managers had to immediately adapt to new ways of maintaining contact with their teams. Sales and consulting staff had to quickly adjust to restrictions in meeting with customers.

Atea released its annual report on March 17 and advised investors that "Atea faces high uncertainty regarding the impact of the coronavirus on the market for IT infrastructure and related services. It is not possible for the company to forecast how significantly the coronavirus will impact sales of IT infrastructure during 2020." By that time, the Atea share price had already fallen by over 40 % from the start of the year.

On the same day, the Board took a difficult decision to propose to the AGM that the annual dividend payment be postponed until there was greater visibility on the duration of the COVID-19 pandemic and its financial impact on the Group. Management across Atea accepted voluntary salary reductions and prepared crisis plans to furlough several hundred employees in order to reduce operating costs.

Now – let's fast forward one year to the present date:

Atea delivered record high revenue and operating profit for the full year 2020. During April – December 2020, the company's EBIT grew by over 30 % from the same period in 2019. Atea finished the year 2020 with a net cash position of NOK 1.1 billion, after paying NOK 550 million in dividends to shareholders. The share price has approximately doubled since we issued the last annual report, reaching record high levels in 2021.

Again - what an amazing difference a year makes! Atea's financial results have far exceeded our crisis plans from one year ago. But while we can celebrate the company's strong performance during 2020, it is also important to recognize the underlying factors which drove that performance – and what this means for the years to come.

Atea's success in 2020 was based on several factors, including long-term positive structural trends in the market for IT

Steinar Sønsteby
(born 1962)
CEO

Steinar Sønsteby joined Atea in 1997 and was managing director of Atea in Norway in 1997- 2000 and for Atea in Sweden in 2000 - 2002. After moving back to Norway Sønsteby was CEO of Atea in Norway until 2012 when he became Executive Senior Vice President of Atea ASA. In January of 2014 Sønsteby was appointed CEO of Atea ASA. Before joining Atea he was the CEO of Skrivervik Data AS.

Steinar Sønsteby holds a degree in Mechanical Design from Oslo College of Engineering and a Bachelor of Science in Mechanical Engineering from University of Utah (USA). He also has a finance degree from Norwegian School of Management (BI) and for Training in Management and Human relations from Dale Carnegie Institute.

infrastructure, Atea's unique competitive position across 84 offices in the Nordic and Baltic region, and the work culture and community we have built at Atea which guides and motivates our organization through challenging times.

The overall market for IT infrastructure has been resilient during 2020, with a decline in onsite hardware investments offset by very strong demand for software and cloud solutions. The past year has proven how dependent organizations are on information technology to support their productivity goals, and how organizations will continue to invest in IT solutions - even in the most challenging times.

Atea's competitive position in the Nordic region is particularly well-suited to the present market environment. Atea has a stable revenue base, with over 60 % of its sales to the public sector and the majority of its remaining revenue from large corporate customers in the Nordic region. These organizations are able to maintain spending on IT infrastructure throughout an economic downturn.

Furthermore, organizations are becoming more reliant on IT service providers for advice and technical assistance to manage their IT environments through times of change. This trend favors large value-added resellers such as Atea, with the consulting and technical service teams to support customers in managing their digital transformation.

Finally, Atea's success in 2020 is a tribute to all of the employees at Atea, and to the corporate culture and community which we call "The Place to Be". Atea is an organization which empowers and entrusts its employees to make decisions. We recruit team members who are self-starters and are motivated to develop and apply their skills within the latest technologies in IT infrastructure.

Together, our team forms a community of IT professionals with a mission "to build the future with IT" by working with the largest customers and most challenging projects in the Nordic region. Given our dynamic culture and talented employees, our company has proceeded to deliver on its mission in 2020 - despite the obstacles that we faced under a pandemic as our workplace moved from physical locations to virtual team rooms in remote settings.

All of the factors which have contributed to our success in 2020 will continue to drive Atea forward in the coming years. Organizations will continue to invest in information technology to drive productivity and innovation, creating higher demand for IT infrastructure. As IT environments become more complex and mission critical, organizations will rely on infrastructure specialists such as Atea to provide advisory and support services. And as IT competence becomes increasingly valuable, companies like Atea which can attract, develop and motivate IT professionals will succeed in the marketplace.

I look back on Atea's performance in the face of challenge with sincere pride and gratitude to our entire organization. Our success in 2020 will be an inspiration long after the pandemic is over. I wish the entire Atea community of employees, customers, vendors and investors good health and prosperity in 2021.

Oslo, 19 March 2021

Logistics center in Växjö.

Board of Directors' Report 2020

The Atea Group reported record high revenue and operating profit in 2020, despite a business environment which was disrupted by the COVID-19 pandemic. The Group's revenue grew by 7.8 % and EBIT grew by 14.3 % from last year.

EBIT declined in the first quarter of 2020, as Atea implemented a major reorganization of the Danish business. During Q2 – Q4 2020, EBIT grew by 30.3 % from last year, as the Group increased its revenue with fewer employees.

Cash conversion continued to be very strong. The Group reported cash flow from operations of NOK 1,388 million in 2020, and had a positive net financial position of NOK 1,067 million (cash, less net interest-bearing debt) at the end of the year.

Atea strengthened its executive team with new appointments during 2020. In January, Kathrine Forsberg was appointed as Managing Director in Atea Denmark to lead the reorganization of the business. The Danish business has shown strong improvement following her appointment. In October, Carl-Johan Hultenheim was promoted to the newly created position of Chief Operating Officer in Atea Group. Linus Wallin was appointed to Carl-Johan's former position as Managing Director of Atea Sweden.

The Board of Atea ASA would like to thank all Atea employees for their collective effort and contribution to the Group's performance under very challenging circumstances during 2020.

Company overview

Atea is the leading provider of IT infrastructure and related services to organizations within the Nordic and Baltic regions. The Group has more than 7,000 employees and is located in 84 cities across Norway, Sweden, Denmark, Finland, Latvia, Lithuania and Estonia. Approximately 60 % of Atea's sales are to the public sector, with the remainder of sales to private companies. The Group is headquartered in Oslo, Norway.

Atea is the largest provider of IT infrastructure within each of its local markets and is the third largest provider in Europe. The company is three times larger than its second largest competitor in the Nordic and Baltic regions, with an estimated market share of approximately 20 %. Atea's business strategy is to strengthen and consolidate its market leadership position through organic growth and selective acquisitions, and to continuously focus on improving operating efficiency.

Through its scale of operations, Atea has critical advantages versus smaller competitors in purchasing power, local market presence, breadth of product and service offering, system integration competence, and cost-efficient support and logistics functions. This is reflected in the long-term financial performance of the Group. Atea's leading market position and competence in IT infrastructure has enabled the company to grow organically at a rate higher than that of the market.

In addition to organic growth, Atea has pursued an M&A strategy to further strengthen and consolidate its market position. Atea's current organizational structure is the result of the merger of the leading IT infrastructure companies in Denmark, Norway, Sweden and Finland in 2006. Since this merger, Atea has acquired more than 50 companies including the leading IT infrastructure company in the Baltic region, at valuation multiples significantly below those of Atea ASA.

To address the needs of the Nordic and Baltic markets, Atea works closely with leading international IT companies, such as Microsoft, Cisco, HP Inc., Hewlett Packard Enterprise, IBM, Apple, Lenovo, VMware, Citrix, and Dell 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. This enables Atea to stay at the forefront of the latest IT trends, and to offer its customers new and innovative IT solutions.

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.

Business strategy

As the IT market evolves, Atea is developing its capabilities in numerous areas to support its customers' digital transformation projects. The Group's business strategy is to broaden its solution offering across new technology areas and to expand its value proposition within IT services.

Atea's solution offering:

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

- "Hybrid Platforms" are the data center and network infrastructure through which organizations process, store, and distribute information from applications and databases.
- "Digital Workplace" consists of all the devices and software through which users conduct work, access data and applications, and interact with each other. Examples include PCs, mobile phones and tablets, audio/video and conferencing solutions, smart displays, printers and more.
- "Information management" consists of all the tools through which organizations collect data, and then extract intelligence or automate processes from this information. This is a relatively new growth area for Atea.

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

Atea's value proposition to the customer:

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

Atea's value proposition to the customer can be broken into three areas. The company aims to be the market leader in each of these areas.

- "Reseller": Atea has for many years been the leading reseller of IT infrastructure in the Nordic and Baltic regions. This market position is what gives Atea a unique partnership with the largest global vendors of IT infrastructure.
- "System integrator": Atea is also rapidly expanding its service offering as an integrator of IT infrastructure. Through its breadth of competency and depth of expertise, Atea provides consulting support in solution architecture, integration and information management to help customers address the continuous growth and increased complexity of their IT environments.
- "Managed Services": Finally, Atea is a managed service provider which helps customers operate their IT environments either on-premise or from the cloud. Atea's managed services enable customers to utilize the capabilities and resources of Atea so that they can dedicate less time and resources to IT operations and focus instead on their core objectives.

Financial summary

Income Statement

During 2020, revenue for the Group increased by 7.8 % to NOK 39,503 million. Changes in currency rates impacted Atea's revenue positively by 7.1 % in 2020 compared with 2019.

Demand for hardware and onsite services was negatively impacted by the COVID-19 pandemic and a weaker economic environment, while demand for software and cloud related services grew at a rapid rate. In sum, hardware revenue grew by 2.1 % to NOK 19,724 million, software revenue grew by 18.5 % to NOK 12,560 million, and services revenue grew by 7.2 % to NOK 7,219 million.

In October 2020, Atea acquired Serveriai Verslui UAB, a Lithuanian provider of managed cloud services, for an enterprise value of NOK 10 million. Serveriai Verslui

UAB is included in Group's financial results from November, but the impact is not material from a Group perspective.

Atea's operating profit (EBIT) grew by 14.3 % to NOK 854 million in 2020, up from NOK 747 million in 2019. The improved EBIT reflects higher gross profit across all lines of business, and relatively low growth in personnel expenses and other operating costs.

Atea took active measures to reduce its operating expenses during 2020 in order to enhance productivity and adapt to a more challenging market environment. Atea had 248 fewer full-time employees at the end of 2020 compared with the start of the year, a reduction of 3.3 %. Furthermore, salary increases were put on hold and budgets for travel, marketing and facility operations were greatly reduced following the COVID-19 pandemic. The wages and salaries to the employees (See Note 7) shows an increase in 2020 compared to 2019, due to the impact of the change in currency rates.

Net financial items were NOK -105 million for the year, compared with NOK -90 million in 2019. The change was driven by higher interest costs related to facility leases, as recognized in accordance with IFRS 16 'Leases'. In addition, currency fluctuations had a larger negative impact on net financial items in 2020 compared with 2019.

Profit before tax was NOK 749 million compared with NOK 657 million last year. Tax expenses were NOK 159 million in 2020, representing an effective tax rate of 21.2 %. Net profit after tax grew by 11.4 % to NOK 590 million in 2019, compared with NOK 530 last year. This represents a basic earnings per share of NOK 5.37 in 2020 compared with NOK 4.84 in 2019.

In accordance with section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the prerequisites for continued operations have been met, and that the financial statements have been prepared on a going-concern basis.

Segmentation

Atea has commercial operations in Norway, Sweden, Denmark, Finland and the Baltics. These geographic regions have their own management, and are reported as separate operating segments. There is also a Shared Services operating segment, which encompasses support functions such as Atea Logistics and Atea Global Services.

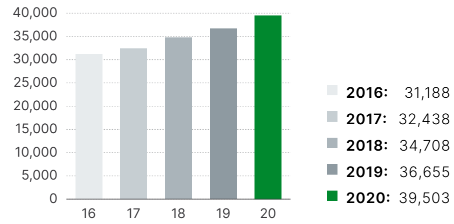
The financial performance of each business unit is presented in Note 5 of the Group financial report. A summary of business performance follows:

Sweden is Atea's largest market, representing 41 % of Group revenue in 2020. During 2020, Atea Sweden had revenue growth of 0.8 % but a decline in EBIT of 10.5 % in local currency. The Swedish business has been the most negatively impacted by the COVID-19 pandemic, with a significant decline in hardware sales and onsite services. In response to a weaker market environment, Atea Sweden reduced its number of full-time employees by 5.7 % during 2020.

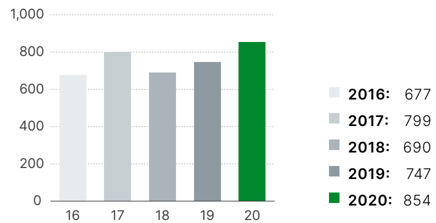
Norway is Atea's second-largest market, representing 24 % of Group revenue in 2020. During 2020, Atea Norway's revenue was in line with 2019, but EBIT increased by 9.5 %. EBIT growth was driven by solid growth in the software business and a reduction in operating expenses from 2019.

Denmark is Atea's third-largest market, representing 22 % of Group revenue in 2020. During 2020, Atea Denmark's revenue fell by 1.7 % in local currency. EBIT was a loss of DKK 64 million, compared to a loss of DKK 48 million in 2019. Atea reorganized its

Revenue
2016–2020 (NOK in million)



EBIT
2016–2020 (NOK in million)



Danish business in January 2020, resulting in restructuring and other one-time costs of DKK 51 million in the first quarter. Following the reorganization, Atea Denmark had significantly higher EBIT in all following quarters, and returned to strong revenue growth by the fourth quarter of 2020. The Danish business enters 2021 with solid turnaround momentum.

Finland represented 10 % of Group revenue in 2020. During 2020, Atea Finland had revenue growth of 6.3 % and EBIT growth of 38.5 % in local currency. Growth was driven by higher sales to the public sector. Atea Finland continues to increase its market share in both products and services within a highly fragmented Finnish IT infrastructure market.

The Baltics represented 3 % of Group revenue in 2020. In 2020, Atea Baltics had revenue growth of 0.2 % and EBIT growth of 23.6 % in local currency. The strong performance was driven by increased demand for hardware and higher sales of managed service agreements.

Balance Sheet and Cash Flow

As of 31 December 2020, the Group had total assets of NOK 16,584 million. Current assets such as cash, receivables and inventory represented NOK 9,957 million of this total. Non-current assets represented NOK 6,626 million of this total, and primarily consisted of goodwill (NOK 4,088 million), property, plant and equipment (NOK 538 million), right-of-use leased assets (NOK 1,288 million), and deferred tax assets (NOK 303 million).

The Group had total liabilities of NOK 13,200 million and shareholders' equity of NOK 3,384 million as of 31 December 2020. In order to reduce the volatility of its working capital and debt balances throughout the year, Atea sells specified accounts receivable through a securitization program organized by its bank. At the end of Q4 2020, Atea had sold receivables of NOK 1,209 million under the securitization program.

The Group's cash flow from operations was an inflow of NOK 1,388 million in 2020, based on solid cash earnings and lower working capital requirements compared with last year. Cash flow from investments was an outflow of NOK 330 million in 2020, primarily driven by investments in IT systems and data center equipment.

Cash flow from financing was an outflow of NOK 1,534 million in 2020. The negative cash flow from financing was due to dividend payments of NOK 550 million, lease payments of NOK 340 million, and a repayment of NOK 600 million in debt from revolving credit facilities.

The Group's net cash flow was an outflow of NOK 476 million in 2020. Currency fluctuations increased the cash balance by NOK 312 million during the year. The Group's cash balance was NOK 1,605 million at 31 December 2020, compared with NOK 1,769 million at 31 December 2019. At the end of 2020, Atea had a net financial position as defined by Atea's loan covenants (total cash balance, less interest-bearing debt excluding right of use leases) of NOK 1,067 million.

Atea's interest-bearing debt primarily consists of a loan of NOK 475 million from the European Investment Bank, due to mature in 2023. The Group has additional short-term credit facilities to manage fluctuations in liquidity throughout the year, as well as leases related to specified assets. Further information on debts and credit facilities can be found in Note 19 in the Group financial statements.

Risk factors

Market risk

The market for IT infrastructure has historically maintained a relatively stable growth rate throughout the economic cycle. According to data from IDC, the Nordic market for IT infrastructure has grown at an annual rate of approximately 4 % from 2010 - 2020. The market for IT infrastructure grew in all years except for 2020, when it is estimated to have declined by less than 1 % from 2019.

Atea's share of the IT infrastructure market has grown steadily over time, both through organic growth and through acquisitions. The company benefits from a unique competitive position, in which it is the largest player in the Nordic and Baltic markets, with the widest office network, and the broadest offering of products, services and system integration competence.

Due to its market share and competitive advantages, the company develops stable long-term relations with its customers. Approximately 60 % of Atea's revenue comes from the public sector, in which demand is less sensitive to changes in the economic cycle. Many of Atea's customer contracts, especially in the public sector, are frame agreements in which the customer selects Atea as an IT partner for a term of roughly 3 – 5 years. In addition, a large and growing proportion of the company's service revenue comes from managed service contracts of one year or more.

The company is exposed to pricing and performance risk from its key vendors. Due to Atea's position as the third largest IT infrastructure provider in Europe, the company has the highest level of partner certification and significant negotiating power with its key vendors. When possible, the company works closely with at least two primary vendors in each product category to boost competition and avoid vendor risk.

Financial risk

Financial risk management for the Group is the responsibility of the central finance department, in compliance with guidelines approved by the Board of Directors. The Group's finance department identifies and evaluates financial risk and ensures that the necessary measures are carried out in close cooperation with the respective operating units.

In order to ensure financial stability in the event of adverse market conditions, the Group maintains a healthy balance of debt, equity and working capital. The Group's goal is to maintain an adjusted equity ratio (shareholder's equity divided by total assets excluding IFRS 16 right-of-use assets and sublease receivables) in excess of 20%. In addition, the Group maintains a maximum operational gearing (net debt divided by pro forma EBITDA) of 2.5.

Atea is exposed to foreign currency fluctuations, especially from the Swedish krona (SEK), the Danish krone (DKK), US dollars (USD) and the Euro (EUR), since part of the company's revenues and purchases of goods are in foreign currencies. It is company policy that all significant, committed goods or loan transactions with foreign currency exposure are to be hedged with forward contracts. The company is also exposed to fluctuations in interest rates, since nearly all of the company's debt facilities have floating interest rates.

Credit risk

Historically, the Group has had very few losses on receivables. The Group has not experienced materially greater losses on receivables in 2020 than in previous years. No agreements relating to offsetting claims or other financial instruments that would minimize the company's credit risk have been established, however, the Group continues to have a high focus on credit assessment and collections.

Liquidity risk

The company considers its liquidity risk to be limited. Atea has significant liquidity reserves available through credit facilities with its primary bank.

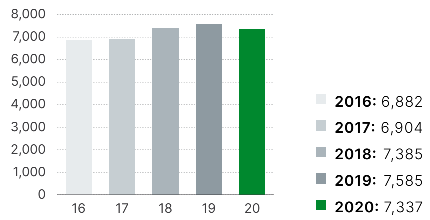
Atea's loan covenants require that the company's net debt balance remain below 2.5 times its pro forma EBITDA for the last twelve months (including acquired companies) at each quarter-end. The covenants exclude incremental net lease liabilities due to the adoption of IFRS 16 from the definition of net debt. As defined by the covenants, Atea had a positive net financial position of NOK 1,067 million at 31 December 2020, resulting in an available liquidity reserve of NOK 4,808 million before the debt covenant is reached.

Personnel and Organization

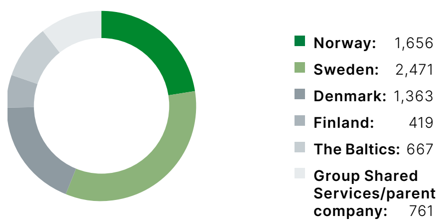
The Group had 7,337 full-time employees at 31 December 2020, a net decrease of 248 from 1 January 2020. During the course of 2020, Atea implemented cost efficiency programs in areas of its business which were seen as having low growth potential or in areas which could be reorganized to operate more efficiently. The average number of full-time equivalents employed by the Group was 7,339 in 2020, compared with 7,430 in 2019.

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

Change in number of full-time employees
2016–2020



Number of employees
At 31 December 2020



Atea's vision of being "The Place to Be" for its employees, customers and vendors.

Common guidelines have been established for recruitment activities, to ensure that Atea is attracting and hiring skilled professionals across the organization. Extensive competence training is conducted in all parts of the organization. Employee surveys, and goal and development meetings with employees are held regularly.

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

Health, safety and the work environment

Atea has worked systematically to promote health among employees and to improve safety and environmental standards at the workplace. The company has encouraged employees to work from home during the COVID-19 pandemic, as recommended or required by local health authorities. At the workplace, strict measures have been taken to prevent the spread of the coronavirus.

For the Group, absence due to illness was 2.1 %, down from 2.9 % in 2019. Absence due to illness was 3.4 % in Norway, 2.0 % in Sweden, 0.4 % in Denmark, 1.7 % in Finland, 2.4 % in the Baltics and 2.4 % in Shared Services. Absence due to illness was 0 % in the parent company, same as in 2019. The parent company have only full-time employees, and no employees have been on parental leave in 2020.

The risk of occupational injury is very low. In 2020, there were no occupational injuries resulting in absence.

Equality of opportunity

Diversity and gender equality are core values at Atea. The Group strives to provide a work environment that is free from discrimination based on gender, nationality, religion, skin color, sexual orientation, age or disability.

At 31 December 2020, women represented 23.7 % of the Group's employees, compared with 23.6 % at the end of the previous year. In the parent company, women represented 20.0 % of the Group's employees, compared with 16.7 % at the end of the previous year. There are ten employees in the parent company, and eight of these are men.

The low percentage of female employees within the Group reflects the IT industry in which the company operates. The Group works systematically to recruit women at all levels and to encourage that they remain with Atea.

Atea provides a suitable work environment for employees with disabilities. The company modifies the physical environment of the workplace as necessary to facilitate employees with special needs.

Corporate Governance

Atea's guidelines for Corporate Governance are in accordance with the Norwegian Code of Practice for Corporate Governance, dated 17 October 2018, as required for all listed companies on the Oslo Stock Exchange. Furthermore, the guidelines meet the disclosure requirements of the Norwegian Accounting Act and the Securities Trading Act. The guidelines are included separately in the annual report.

Corporate Social Responsibility

In 2020, Atea was awarded the "Platinum" (highest) rating in environmental and social performance by EcoVadis, a highly respected evaluator of supplier sustainability. This achievement ranks Atea in the top 1 % of 65,000 organizations evaluated globally. Atea was also awarded "Prime" (highest) status by Oekom Research AG, one of the world ́s leading rating agencies in the field of sustainable investment.

Atea observes the UN Global Compact's principles in the areas of human rights, labor rights, the environment and anti-corruption. Atea also participates in a number of recognized national and international initiatives focused on sustainability, including the UN Global Compact, Carbon Disclosure Project and Responsible Business Alliance.

Earlier this year, Atea launched Vision 2030: a 10-year plan for building a better, more sustainable future. The Vision 2030 is further described in the 2020 sustainability report, which is published on Atea's corporate website.

Environmental initiatives

Atea sells IT products which are developed and manufactured by international technology companies. The Group does not manufacture its own products, and distribution is mainly outsourced to logistics partners. For this reason, there is relatively low pollution associated with Atea's own operations.

Atea supports its customers in implementing sustainability policies regarding their use of information technology. Atea has formed a coalition with its customers called

Atea Sustainability Focus (ASF), which uses the collective voice of Nordic IT buyers to influence the electronic industry towards more sustainable operations. Atea promotes "circular economy" solutions relating to the use of IT. The circular economy is a concept that seeks to minimize resource consumption and the need to extract virgin materials through recycling and reuse.

In Växjö, Sweden, Atea operates the largest electronic recycling-and-reuse operation in the Nordic and Baltic region. Electronic devices can be a major driver of carbon emissions and waste within organizations. Most of the carbon emissions from an electronic device occurs when the device is manufactured or disposed of. Therefore, extending the lifecycle of electronic equipment is a highly effective way of reducing carbon emissions and waste.

Through its innovative "GoITloop" program with customers, Atea processed over 453 thousand personal computers and mobile devices for recycling and reuse in 2020. Atea receives older used equipment from its customers, fully cleanses the equipment of data, and refurbishes the equipment for reuse. This recycling operation has a major impact on the carbon footprint and electronic waste of Atea's customers.

Finally, Atea's cloud computing solutions help customers to reduce carbon emissions and resource use. Atea's data center operations are scaled for energy efficiency by consolidating many customers on one multitenant platform. At the same time, customers benefit from higher and more stable utilization of server capacity when sharing resources in a multitenant environment, reducing the need for managing excess capacity of servers and storage units.

The company's work in promoting sustainable IT solutions across the Nordic and Baltic regions is further described within the annual Corporate Sustainability report.

Allocation of Net Profit

Atea ASA is the parent company of the Group. The parent company has a total of 10 employees, including the Group's CEO, CFO and associated staff functions. In 2020, the net profit of Atea ASA was NOK 433 million. The Board of Directors proposes to transfer the entire net profit of Atea ASA to retained earnings.

In October 2020, the Board of Atea ASA updated the company's dividend policy. The company's dividend policy is to distribute approximately 70 – 100 % of the Group's net profit after tax to shareholders in the form of a dividend.

Based on the Atea Group's financial performance in 2020, the Board will propose a dividend of NOK 5.00 per share at the annual general meeting in April 2021. The dividend payment represents 93 % of Atea's net profit during 2020. The dividend will be paid in two installments of NOK 2.50 per share in May and November 2021.

Business Outlook

Based on its competitive advantages and leading market position in the Nordic and Baltic regions, Atea is well-positioned to maintain a long-term growth rate faster than the IT infrastructure market. At the same time, Atea expects to increase its operating profit through a combination of revenue growth, expansion in higher margin products and services, and tight control of operating expenses.

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

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

Market outlook:

Recent trends in the global economy and IT infrastructure market are expected to impact Atea in the following way in 2021:

Atea's **hardware business** was negatively impacted by a weaker economy during the past year, particularly within the private sector. Furthermore, the COVID-19 pandemic has led to the postponement of large projects involving hardware installations at the customers' facilities. Both factors have also driven intensified competition in the market.

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

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

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

During 2020, growth in the software business was further fueled by high customer demand for cloud and collaboration software to enable employees to be productive from remote work locations and to collaborate in virtual settings during travel restrictions. Finally, growth in the software business has been driven by industry consolidation, which has benefited large resellers such as Atea.

Atea expects that the software market will continue to grow in 2021, although the specific factors which drove market demand during the pandemic may ease.

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

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

- Demand for Atea's IT advisory services has generally held up in the current economic environment, as customers require expertise to undertake digitalization initiatives and manage the increased complexity of their IT environments.
- Demand for onsite implementation and technical support services has been negatively impacted by a slower hardware market, and by restricted access and reduced staffing at the customers' workplace.
- Demand for Atea's managed service agreements has held up in most countries. These service agreements have a term of one year or more, and are less directly impacted by short-term changes in the economic environment.

Atea expects that the services business will return to a higher growth rate in 2021, with stronger demand for IT advisory and managed services. Demand for onsite implementation and technical services is also expected to improve with increased hardware sales and renewed access to the customers' workplace once COVID-19 restrictions are eased.

Cost efficiency:

During 2020, Atea implemented cost reduction programs throughout its business in response to the COVID-19 pandemic. Atea has managed to operate successfully with a lower cost base, and delivered record-high financial results.

All areas of the organization have adapted to become more productive during this time. Atea will continue to take active measures to drive productivity across its business, and expects to further scale its operating expenses with revenue growth during the coming years. Management is particularly focused on improving profitability in Denmark and on capturing greater economies of scale through shared functions across the Group.

Atea has unique competitive advantages in the Nordic and Baltic regions, where it is by far the largest player in a highly fragmented IT infrastructure market. With these advantages, the Group expects significantly improved profitability in 2021 and beyond, driven by a recovery in the Danish business and higher revenue growth in the other regions.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that;

- the consolidated financial statements for 2020 have been prepared in accordance with IFRS as adopted by EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2020 have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principal risks and uncertainties.

Oslo, 19 March 2021

Ib Kunøe
Chairman of the Board

Morten Jurs

Saloume Djoudat

Sven Madsen

Lisbeth Toftkær Kvan

Marianne Urdahl

Christian Våge

Leiv Jarle Larsen

Steinar Sønsteby
CEO

Members of the Board

Ib Kunøe (born 1943)
Chairman of the Board

Ib Kunøe has decades of experience as an entrepreneur and investor in the IT sector. He brings strategic insight and practical experience from building profitable businesses and from turnaround processes. Kunøe holds an HD Graduate Diploma in Organisation and Management as well as a background as a professional officer (major). He is the founder and owner of Consolidated Holdings A/S and is the main shareholder and Chairman of the Board in a broad variety of Danish owned companies such as Columbus A/S and X-Yachts A/S. Ib Kunøe has participated in 8 of 8 board meetings in 2020.
Ib Kunøe is the Chairman of the nomination and remuneration committees.

Sven Madsen (born 1964)
Member of the Board

Sven Madsen is Chief Financial Officer in Consolidated Holdings A/S. He has extensive experience from working with corporate reporting, financing and corporate management in companies such as Codan Insurance, FLS Industries, SystemForum and Consolidated Holdings. Madsen provides special competence within financial reporting, and is a member of the Atea's audit committee. He holds Board positions with Consolidated Holdings A/S, Columbus A/S, X-Yachts A/S, core:workers AB, Ejendomsaktieselskabet af 1920 A/S, MonTa Biosciences ApS and DAN-Palletiser Finans A/S. Madsen holds a Graduate Diploma in Financial and Management Accounting as well as an MSc in Business Economics and Auditing. Sven Madsen has participated in 7 of 8 board meetings in 2020.
Sven Madsen is member of the audit committee.

Morten Jurs (born 1960)
Member of the Board

Morten Jurs currently holds a CEO position at SpinChip Diagnostics AS and has extensive leadership experience from leading roles in both public and private companies. His prior experiences include the role of partner in Pegasus Industrier AS as well as CEO at Stamina Group AS between 2013-2016, CEO at Pronova BioPharma ASA from 2009-2013 and CFO at Kitron ASA from 2001-2006. Jurs brings with him over 30 years' experience within general management, financial administration and strategic planning. He holds a Master of Science/ MBA in Business and Economics from the University of Wyoming. Morten Jurs participated in 8 of 8 board meetings in 2020.
Morten Jurs is the Chairman of the audit committee.

Saloume Djoudat (born 1977)
Member of the Board

Saloume Djoudat has been a partner in Bull & Co Advokatfirma AS since 2013, coming from a previous position as a General Counsel in Uno-X Energi AS. Saloume Djoudat is Head of Corporate at Bull & Co. She specializes in corporate law including M&A and contract negotiations. Djoudat has managed negotiations and acted as legal adviser in projects both in Norway and for international corporations. In light of her combination of academia and industry experience, Djoudat has a strong ability to give legal advice from a business perspective. Djoudat is a graduate of the Faculty of Law of the University of Oslo. Saloume Djoudat has participated in 8 of 8 board meetings in 2020.

Lisbeth Toftkær Kvan (born 1967)
Member of the Board

Lisbeth Toftkær Kvan is Country Manager in Ikano Bank Norway. She is an experienced financial services executive and previously held the position as Country Manager in Ford Credit Norway and has additionally been Member of Board and Control Committee as well as Country Manager in GE Capital Solutions AS, Norway. She brings experience within financial services and management to the Atea Board and audit committee. Her previous roles include various positions within the GE Capital organization in UK and Germany. Kvan holds an MSc in International Business Administration from Copenhagen Business School. LisbethToftkær Kvan has participated in 7 of 8 board meetings in 2020. Lisbeth Toftkær Kvan is member of the audit committee.

Marianne Urdahl (born 1966)
Member of the Board (employee elected)

Marianne Urdahl started her career in MBS Fjerndata AS in 1988, which merged with Atea (Merkantildata) in 1996. Since then she has held various positions within the company. Urdahl has more than 30 years of experience in the IT business and holds currently the position as Account Manager for the Justice Sector in Atea AS (Norway). Urdahl has graduated from high school. Marianne Urdahl has participated in 8 of 8 board meetings in 2020.

Christian Våge (born 1973)
Member of the Board (employee elected)

Christian Våge is educated in Automation Engineering at Western Norway University of Applied sciences. Våge has a broad experience of 15 years developing business systems for international enterprises and converting business processes to code. He joined Atea in 2012 and has experience from various positions within the company as Account Manager, Consultant Manager, RPA Manager and Business Developer at Atea Insight. Våge currently holds the position as Head of Automation in Analytics department in Atea AS (Norway). Christian Våge has participated in 5 of 5 board meetings since he joined the board in April 2020.

Leiv Jarle Larsen (born 1973)
Member of the Board (employee elected)

Leiv Jarle Larsen joined Atea in 1998. Larsen has a broad experience in IT infrastructure, both as an engineer and infrastructure architect. He has worked both as an infrastructure consultant and presales engineer focusing on hybrid platforms. He now holds the position as Strategic Advisor, helping customers to develop and implement digital strategies. His main focus is to use technology to find and harvest business values for the customers. Larsen has studied media science and information science at the University of Bergen. Leiv Jarle Larsen has participated in 5 of 5 board meetings since he joined the board in April 2020.

Shareholder Information

Atea's objective is to provide a competitive long-term return to shareholders, relative to the underlying risk of the Company's operations. The Company endeavours to achieve this objective through a high dividend payout and through capital appreciation on the value of the underlying business.

The company's dividend policy is to distribute approximately 70-100 % of net profit after tax to shareholders in the form of a dividend. During 2020, the Company paid dividends of NOK 5.00 per share to shareholders in November. In 2021, the Board proposes that the AGM maintains the dividend of NOK 5.00 per share, to be paid in two equal instalments of NOK 2.50 during May and November.

At the end of 2020, the Company's net financial position was cash positive of NOK 1,067 million, compared with NOK 657 million at the end of 2019. The Company has NOK 475 million in unsecured long term EIB outstanding, with a covenant that its net debt must remain below 2.5 times pro forma EBITDA for the prior twelve months (EBITDA includes any acquisitions made during this period). Atea was well within this debt covenant during 2020.

Investor relations

Atea aims to increase investor awareness of the Company through an open, transparent and reliable information policy. In this manner, the Company seeks also to promote the liquidity of its shares and ensure that its share price reflects the fair value of the Company.

Presentations will be held for shareholders, brokers and analysts in connection with the quarterly and annual reporting dates. Furthermore, Atea keeps the financial markets informed of important developments through stock exchange and press releases, and other market updates. Atea holds regular meetings with investors and analysts to enhance communication. More information can be found on Atea's investor pages online at atea.com/investors.

Share capital and shareholder structure

At 31 December 2020, the VPS registered share capital in the company was NOK 110,119,046, divided into 110,119,046 shares with a nominal value of NOK 1 per share. Atea has one class of shares, with each share carrying one vote. Ib Kunøe, Chairman of the Board, with associated companies and close associates, was the largest shareholder controlling 25.5 % of the shares at the end of 2020. Otherwise, Atea ASA has a diversified shareholder structure, with a total of 7,067 shareholders at the end of the year.

Share performance

- At the end of 2020, Atea's share price was NOK 121.2 compared with NOK 128.6 end of 2019.
- During 2020, a dividend payout of NOK 5.00 per share was made to shareholders, yielding a direct return of 3.9 % compared to the share price at the end of 2019.
- The total return on the Company's shares during 2020 was -1.87 %, including the dividend yield and share price decrease from NOK 128.6 to NOK 121.2.
- The share's highest close price during 2020 was NOK 129.6 on 3 January and its lowest close price was NOK 67.2 on 18 March.
- At the end of 2020, the number of shareholders was 7,067, up from 6,998 at the start of the year.

Financial Calendar 2021

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

1st quarter 2021:
Thursday, 29 April 2021

2nd quarter 2021:
Thursday, 15 July 2021

3rd quarter 2021:
Thursday, 21 October 2021

4th quarter 2021 and provisional accounts for 2021:
Tuesday, 8 February 2022

Annual General Meeting:
Thursday, 29 April 2021

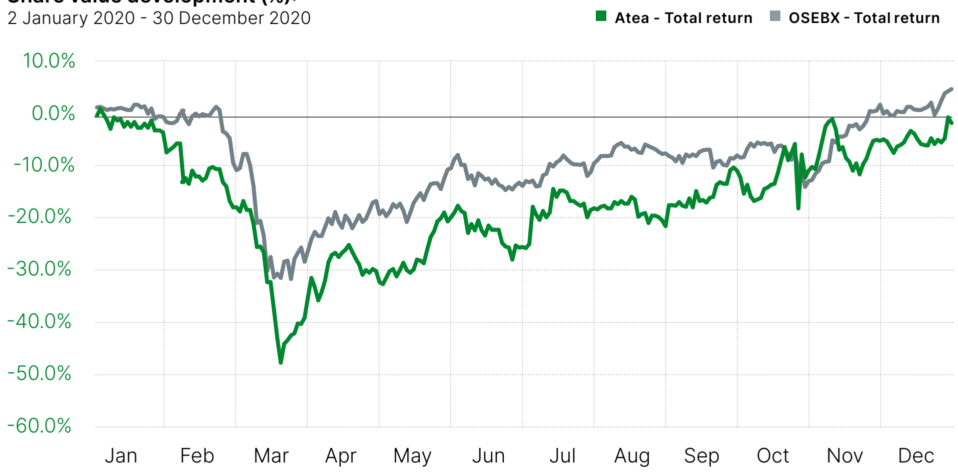
Visit atea.com/investors for more shareholder information.

Robert Giori
CFO of Atea ASA
(Born 1970)

Robert Giori joined Atea as Chief Financial Officer in 2014. He has extensive experience in financial management for public companies within the IT industry. Prior to joining Atea, Robert spent over five years as Chief Financial Officer of Nordic Semiconductor ASA. He has also worked as Chief Financial Officer of TeleComputing ASA and as Finance Director for Dell's operations in Norway. In addition, he has previously been a consultant with McKinsey & Company.

Robert Giori has an MBA from Harvard University and a Bachelor degree from Stanford University. He has completed the Certified Public Accountant (CPA), Certified Management Accountant (CMA) and Chartered Financial Analyst (CFA) examinations in the United States.

Share value development (%):
2 January 2020 - 30 December 2020



Main Shareholders [1]
at 31 December 2020

Name	Shares	% of total
Systemintegration APS [2]	27,446,979	24.9%
Folketrygdfondet	8,562,553	7.8%
State Street Bank & Trust Co. [3]	6,745,367	6.1%
State Street Bank and Trust Co. [3]	4,052,729	3.7%
RBC Investor Services Trust	3,845,761	3.5%
Verdipapirfond Odin Norden	3,336,029	3.0%
State Street Bank and Trust Co. [3]	2,556,464	2.3%
State Street Bank and Trust Co. [3]	2,345,987	2.1%
J.P. Morgan Bank Luxembourg	2,325,000	2.1%
Verdipapirfond Odin Norge	2,272,692	2.1%
Other	46,629,485	42.3%
Total number of shares	**110,119,046**	**100.0%**

[1] Source: Verdipapirsentralen
[2] Includes shares held by Ib Kunøe
[3] Includes client nominee accounts

Analysts following Atea:

Company	Name	Telephone
ABG Sundal Collier	Jonas Bru Lien	+47 22 01 61 71
Arctic Securities	Kristian Spetalen	+47 95 10 08 87
Carnegie	Oliver Schüler Pisani	+47 22 00 94 25
Danske Bank	Erik Ehrenpohl Sand	+47 85 40 61 31
DnB	Christoffer Wang Bjørnsen	+47 24 16 91 43
Handelsbanken	Erik Elander	+46 87 01 31 41
Kepler Cheuvreux	Emil Johannessen	+47 23 13 90 85
SB1	Petter Kongslie	+47 98 41 10 80

Ownership structure by number of shares:

Number of shares held	Number of shareholders	Proportion of share capital	Total shares held
1 - 100	4,209	0.1%	140,137
101 - 1 000	2,008	0.7%	773,110
1001 - 10 000	580	1.7%	1,900,208
10 001 - 100 000	182	5.6%	6,170,454
100 001 - 500 000	51	11.1%	12,204,815
500 001 -	37	80.8%	88,930,322
	7,067	**100.0%**	**110,119,046**

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


2020
ATEA
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DIGITAL EDITION

Atea Group Financial Statements

Content

Consolidated statement of Comprehensive Income

NOK in million	Note	2020	2019
Revenue	5, 6	39,503	36,655
Cost of sales	15	-31,266	-28,897
Gross profit		**8,236**	**7,758**
Payroll and related costs	7, 31	-5,904	-5,584
Other operating costs	8, 30	-745	-766
Restructuring costs	30	-37	0
Share based compensation	17	-53	-73
EBITDA		**1,497**	**1,335**
Depreciation and amortisation	12, 13, 20	-638	-584
Amortization related to acquisitions		-5	-5
Operating profit (EBIT)		**854**	**747**
Financial income	9, 14, 20	12	17
Financial expenses	9, 20	-117	-107
Net financial items		**-105**	**-90**
Profit before tax		**749**	**657**
Tax	10	-159	-127
Profit for the period		**590**	**530**
Profit for the period attributable to:			
Shareholders of Atea ASA		590	530
Earnings per share			
- earnings per share (NOK)	11	5.37	4.84
- diluted earnings per share (NOK)	11	5.32	4.78
Profit for the period		**590**	**530**
Currency translation differences		268	-58
Forward contracts - cash flow hedging		0	0
Income tax OCI relating to items that may be reclassified to profit or loss	10	0	0
Items that may be reclassified subsequently to profit or loss		**267**	**-58**
Other comprehensive income		**267**	**-58**
Total comprehensive income for the period		**857**	**472**
Total comprehensive income for the period attributable to:			
Shareholders of Atea ASA		857	472

Consolidated statement of Financial Position

NOK in million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Property, plant and equipment	12	538	498
Right-of-use assets	20	1,288	996
Deferred tax assets	10	303	354
Goodwill	13	4,088	3,881
Other intangible assets	13	289	237
Investment in associated companies	14	17	15
Long-term subleasing receivables	20, 24	83	102
Other long-term receivables	16	20	25
Non-current assets		**6,626**	**6,108**
Inventories	15	797	798
Trade receivables	16, 24	5,818	4,380
Other receivables	16, 24	1,606	1,752
Short-term subleasing receivables	20, 24	126	149
Other financial assets		5	1
Cash and cash equivalents	24	1,605	1,769
Current assets		**9,957**	**8,849**
Total assets		**16,584**	**14,957**
EQUITY AND LIABILITIES			
Share capital and premium	17	503	464
Other reserves		1,627	1,360
Retained earnings		1,254	1,251
Equity		**3,384**	**3,075**
Interest-bearing long-term liabilities	19, 21, 24	475	472
Long-term sublease liabilities	20, 21, 24, 28	83	102
Long-term leasing liabilities	20, 24	1,039	768
Other long-term liabilities	24	7	8
Deferred tax liabilities	10	165	185
Non-current liabilities		**1,770**	**1,534**
Trade payables	18, 24	6,934	6,113
Interest-bearing current liabilities	19, 21, 24	7	575
Current sublease liabilities	20, 21, 24, 28	126	149
Current leasing liabilities	20, 24	310	273
Tax payable		133	213
Provisions	23	184	111
Other current liabilities	18, 24	3,710	2,905
Other financial liabilities	24	28	8
Current liabilities		**11,430**	**10,348**
Total liabilities		**13,200**	**11,882**
Total equity and liabilities		**16,584**	**14,957**

Oslo, 19 March 2021

Ib Kunøe
Chairman of the Board

Morten Jurs

Sven Madsen

Saloume Djoudat

Lisbeth Toftkær Kvan

Marianne Urdahl

Christian Våge

Leiv Jarle Larsen

Steinar Sønsteby
CEO

Consolidated statement of changes in Equity

	Share capital and premiums [1]		Other reserves			Retained earnings		
NOK in million	Share capital	Share premium	Other paid-in capital	Forward contracts-cash flow hedging	Currency translation differences	Option programmes	Retained earnings	Total equity
Restated balance at 31 December 2018 and 1 January 2019	**109**	**302**	**879**	**1**	**538**	**229**	**1,146**	**3,203**
Other comprehensive income	-	-	-	-0	-58	-	-	-58
Profit for the period	-	-	-	-	-	-	530	530
Issue of share capital	1	52	-	-	-	-	-	53
Employee share-option schemes	-	-	-	-	-	57	-	57
Dividend	-	-	-	-	-	-	-710	-710
Balance at 31 December 2019	**110**	**354**	**879**	**0**	**480**	**286**	**965**	**3,075**
Balances at 1 January 2020	**110**	**354**	**879**	**0**	**480**	**286**	**965**	**3,075**
Other comprehensive income	-	-	-	-	267	-	-	267
Profit for the period	-	-	-	-	-	-	590	590
Issue of share capital	1	39	-	-	-	-	-	40
Employee share-option schemes	-	-	-	-	-	46	-	46
Dividend	-	-	-	-	-	-	-550	-550
Changes related to own shares	-	-	-	-	-	-	-84	-84
Balance at 31 December 2020	**110**	**393**	**879**	**0**	**748**	**332**	**922**	**3,384**

[1] See Note 17.

Consolidated statement of Cash Flow

NOK in million	Note	2020	2019
Profit before tax		749	657
Adjustments for:			
Net interest expenses		85	75
Depreciation and amortisation	12, 13, 20	643	588
Share based compensation		46	57
Gains on sale of property, plant and equipment and intangible assets		-0	-5
Change in inventories		70	16
Change in trade receivables		-1,033	1,948
Change in trade payables		386	-905
Change in other accruals		762	-312
Taxes paid		-236	-150
Interest paid		-92	-87
Interest received		10	15
Net cash flow from operational activities		**1,388**	**1,897**
Acquisition of subsidiaries/businesses	26	-6	-21
Purchase of property, plant and equipment and intangible assets	12, 13	-330	-325
Sale of property, plant and equipment and intangible assets	12, 13	9	73
Other investment activities		-2	-
Net cash flow from investment activities		**-330**	**-274**
Payment from changes in treasury shares		-84	-
Proceeds from new shares issue		40	53
Dividend paid		-550	-710
Proceeds from sublease		64	59
Payments of sublease liabilities	21	-64	-59
Payments of lease liabilities	20, 21	-340	-303
Proceeds from raising loans	21	4,176	9,230
Repayment of loans	21	-4,776	-8,885
Cash flow from financing activities		**-1,534**	**-615**
Net change in cash and cash equivalents for the year		**-476**	**1,008**
Cash and cash equivalents at the start of the year	22	1,769	764
Foreign exchange effect on cash held in a foreign currency		312	-3
Cash and cash equivalents at the end of the year		**1,605**	**1,769**

NOTE 1 – GENERAL INFORMATION

The Atea Group ("Atea") is the leading supplier of IT infrastructure solutions in the Nordic and Baltic countries. Atea is present in seven countries – including Norway, Denmark, Sweden, Finland, Lithuania, Latvia and Estonia.

The principal activities for the Group's various business areas are described in more details in Note 5 – Segment information.

Atea ASA is a public limited company that is registered and domiciled in Norway. The office address is Karvesvingen 5, Oslo. Atea ASA is listed on Oslo Stock Exchange and had 7,067 shareholders as of 31 December 2020, compared with 6,998 shareholders at the start of the year.

These consolidated accounts were approved by the Board of Directors on the 19 March 2021. Note that there may be figures and percentages that do not always add up correctly due to rounding differences.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

2.0 Basis of the consolidated financial statements

The consolidated financial statements of Atea have been prepared in accordance with International Financial Reporting Standards (IFRS), as determined by the EU, and include Atea ASA and subsidiaries in which Atea ASA, directly or indirectly, has a controlling interest through ownership interests or agreements. The consolidated financial statements have been prepared under the historical cost basis and modified by any revaluation of assets and liabilities at fair value through profit or loss according to the policies for the relevant areas. All the figures are presented in NOK and rounded to the closest million. Notice is given of any exceptions.

2.1 Adoption of new and revised International Financial Reporting Standards (IFRS)

Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

No standards adopted by the Group for the first time for the financial year beginning on or after 1 January 2020 have a material impact on the Group.

b) New standards, amendments and interpretations not yet adopted

Several new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021. None of these is expected to have significant effect on the consolidated statements of the Group.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Critical accounting estimates

The preparation of accounts in accordance with IFRS requires the use of certain critical accounting estimates. In addition, the application of Atea's accounting principles requires that the management exercise judgment. Areas that contain a high degree of such discretionary assessments, or a high degree of complexity, or areas where the assumptions and estimates are of significance to the consolidated accounts are described separately. This applies to the valuation of goodwill (Note 13) and valuation of deferred tax assets (Note 10). Changes to accounting estimates are included in the accounts for the period in which the change occurs.

2.3 Consolidation principles

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2.3.2 Business combinations

Atea uses the purchase method to account for the acquisition of subsidiaries. Consideration for the acquisition of subsidiaries is measured at the fair value of the transferred assets, obligations assumed, and equity instruments issued. The fair value of any assets or obligations that are contingent on the agreement is also included in the consideration. Identifiable assets and liabilities are recognized at fair value on the acquisition date. Expenses related to business combinations are recognized when they are incurred. Correspondingly, if there were to be a discrepancy between the estimated fair value based on the conditional settlement and fair value, and this cannot be attributed to new information on the fair value or more than 12 months passing from the takeover, the difference shall be recognized in the income statement.

2.3.3 Intercompany transactions

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. The accounting principles for subsidiaries are amended as required in order to be consistent with Atea's accounting principles.

2.3.4 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's Share of the profit or loss of the investee after the date of acquisition.

2.4 Comparative figures

Comparative figures for previous years are changed in the event of significant changes in accounting principles.

If changes are made in classifying and grouping accounting items, the comparative figures are changed accordingly. This also applies when presenting discontinued operations on separate lines in the income statement (the corresponding figures for the balance sheet are not changed).

Historical figures are not restated in the event of changes in Group composition or the acquisition of subsidiaries.

2.5 Segment reporting

A segment is a portion of the business operations that delivers products or services that are subject to a risk and return that are distinct from that of other business areas. In the segment reporting, the internal sales between the various segments are eliminated.

Atea's business segment reporting is primarily by geography. A geographical business segment is engaged in providing products or services within a country or region that are subject to risks and returns that are different from other geographical segments.

The Group's executives (CEO/CFO) perform financial planning and business control in each geographical business segment as well as in separate shared service units that deliver products and services internally to other geographical segments.

2.6 Foreign currency translation

2.6.1 Functional and presentation currencies

Items included in the financial statements of each of the Atea Group's entities are measured primarily using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional and presentation currency of Atea ASA.

2.6.2 Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.6.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
(ii) Income and expenses for each income statement are translated at average exchange rates for the financial year
(iii) All resulting exchange differences are recognized in OCI and specified as a separate component of equity

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments are entered directly in OCI. When a foreign business is sold, the associated exchange difference is entered directly in OCI through profit and loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.7 Classification

Assets are classified as current when intended for sale or consumption in the normal operating cycle, or held primarily for the purpose of being traded, or expected to be realized within twelve months, or classified as cash or equivalents. All other assets are classified as non-current. Liabilities are classified as current when expected to be settled in the normal operating cycle, or held primarily for the purpose of being traded, or due to be settled within twelve months, or there are no unconditional rights to defer settlement for at least twelve months. All other liabilities shall be classified as non-current.

2.8 Property, plant and equipment

2.8.1 Recognition

Property, plant and equipment, are stated at historical cost less depreciation. Historical cost includes expenses that are directly attributable to the acquisition of the items. Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will pass to Atea and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

(i) Buildings, 20-30 years
(ii) Land, No depreciation
(iii) Vehicles & office machines, 3-5 years
(iv) Furniture and fittings, 3-10 years
(v) Computer equipment, 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.8.2 Leases

2.8.2.1 Significant accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substitution right, then the asset is not identified

- the Group has the right to obtain substantially all the economic benefits from use of the asset thorough the period of use, and

- the Group has the right to direct the use of the asset.

2.8.2.2 As a lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Groups incremental borrowing rate.

Short term leases and leases of low-value assets:
The Group has elected not to recognise the right-of-use assets and liabilities for short-term leases of equipment and low value assets with an underlying value of USD 5,000 or less when they are new. This is not related to Financial sub-leases.

2.8.2.3 As a lessor
When the Group is a lessor, it determines a lease commencement whether each lease is a finance lease or an operation lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all the risks and rewards of ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. The leasing income is mainly related to subleasing of premises and is not material.

The classification of sublease agreements that the Group has entered is determined with the reference to the right-of-use asset arising from the head lease not with the reference to the underlying asset, Atea has classified these agreements as financial leases. The Group accounts for its interest in the head lease and the sub-lease separately. The Subleasing receivables and liabilities are recognized in the Statement of Financial position. In these agreements, Atea has a credit risk.

When Atea is a lessor, Atea acts as a dealer and recognizes revenue and the Cost of sales when the underlying assets are available for use by the customer.

The “Device as a service” contracts (see 2.22.3.4 below) include a financial lease with the customer who obtains a right to use the devices. The contracts are often supported by financing solutions from external finance institutions. Typically, the product elements in the contracts are financed by leasing from external leasing companies. The leasing arrangement can either be a direct agreement between the customer and the leasing company, or an agreement between Atea and the customer, supported by a separate lease agreement between the leasing company and Atea. In the latter, Atea sells the devices to the leasing company and leases them back with an obligation or a right to buy back at the end of the lease term. This transaction is, for accounting purposes, classified as a financing transaction (secured borrowing) and the Group does not recognize revenue, cost or sales profit (see note 2.11 for details on recognition and derecognition of financial instruments related to these contracts). In the first case (leasing agreement directly between the leasing company and the customer), the Group is not a part of the agreement and does not recognize the lease.

2.9 Intangible assets

2.9.1 Recognition
Intangible assets are recognized on the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset, which is owned by Atea and the cost of the asset can be measured reliably.

Intangible assets are recognized at their cost price. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price.

2.9.2 Business combinations and goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of Atea’s share of the net identifiable assets of the acquired business at the time of the acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to the relevant cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the lowest levels for which there are separately identifiable cash flows. Gains and losses on the sale of business interests include the carrying amount of goodwill relating to the entity sold.

2.9.3 Other intangible assets
Computer software and rights
Acquired computer software licences are recognized on the balance sheet based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software or system solutions controlled by the Group, which will probably generate economic benefits related to the asset that will pass to Atea and can be measured reliably, are recognized as intangible assets. Computer software costs/solutions and rights recognized on the balance sheet are amortized over their estimated useful lives, normally 3-7 years.

Contracts and customer relationships
In connection with business combinations, contracts and customer relationships are recorded at fair value at the acquisition date. The amortization period for contracts and customer relationships is based on the period they are expected to generate cash flow, normally 4-5 years.

Expenses related to research activities are recognized in the income statement as they are incurred.

2.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.11 Financial instruments

Atea's financial instruments include cash and cash equivalents, trade receivables, other receivables, subleasing receivables, investments and marketable securities, derivative contracts, trade payables, long term interest-bearing liabilities, current interest-bearing liabilities, long-term subleasing liabilities, short-term subleasing liabilities, long-term leasing liabilities, current leasing liabilities, other financial liabilities, other long-term liabilities and other current liabilities.

Fair value is defined to be the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Atea classifies financial instruments in the category below. Details are disclosed in Note 24.

2.11.1 Amortized cost

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

2.11.2 Fair Value Through the statement of Other Comprehensive Income (FVTOCI)

Under FVTOCI, changes in fair value are not reported as part of Profit for the period. Instead they are reported as part of 'Comprehensive Income.'

2.11.3 Fair Value Through the statement of Profit and Loss (FVTPL)

Under FVTPL, changes in fair value are reported as part of the 'Consolidated income statement for the period'.

2.11.4 Financial instruments related to "Device as a service" contracts

In relation to the "Device as a service" contracts, see 2.22 below, Atea enters into financial lease agreements with the customer and obtains secured borrowing from the leasing company. In these cases, the Group derecognize the lease receivables on the customer as the receivables, including all credit risk, are transferred to the leasing company as settlement for Atea's liability to the leasing company.

2.12 Hedging

The Group has chosen not to qualify for hedge accounting regarding foreign currency risk management.

The Group has elected not to adopt to the hedge accounting regarding the approach to hedge effectiveness in IFRS 9.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative (or another financial instrument in the case of a foreign currency hedge) is to be used as:

(i) a fair value hedge of a recognized asset, liability or a fixed commitment,
(ii) a cash flow hedge of a recognized asset or liability, a future transaction identified as very probable or, in the case of foreign currency risk, a fixed commitment, or
(iii) a net investment hedge in a foreign entity.

Fair value hedges

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

Cash flow hedges

The hedging instruments are recognized in the statement of financial position and measured at fair value through the income statement.

2.13 Inventories

Goods purchased for resale are valued at the lower of historical cost or net realizable value. The net realizable value is the estimated sales price under ordinary operations less the Cost of sales. The historical cost is calculated by means of the first-in, first-out principle (FIFO).

Atea also keeps inventory to cover the spare parts needed in connection with service agreements. The spare parts inventory is recognized at lower of cost and net realisable value.

2.14 Trade receivables

Atea has a securitization contract organized by a bank, consisting of 2 facilities. The first facility enables Atea to sell specified receivables of up to NOK 1,900 million. The second facility is an uncommitted revolving credit facility of NOK 1,100 million secured by other receivables. The Group consider that the business model for an accounting perspective for Trade receivables, is a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The classification of the financial instrument, 'Trade receivables' is classified as Fair Value Through the statement of Other Comprehensive Income (FVTOCI) (see 2.11.2 above).

Changes in the loss allowance related to credit loss and agio/disagio are reported as part of the 'Consolidated income statement for the period'.

Any changes in fair value for Trade receivables which comes from other elements than credit loss and agio/disagio is recognized in Other Comprehensive Income.

2.15 Cash and cash equivalents

Cash includes cash in hand and deposits in bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months, and which contain insignificant risk elements. Bank overdrafts are presented within interest-bearing current liabilities on the balance sheet. Cash restricted for use comprises cash and cash equivalents which are not available for general use by the group. For Atea, this is mainly related to pledge of separate bank accounts related to the securitization contract organized by a bank (see 2.14 above).

2.16 Share capital and premiums

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Costs directly attributable to the issue of new shares related to an acquisition of a business are recognised directly on the Equity as part of the purchase consideration.

Where any Group company purchases the company's own shares, the consideration paid, including any directly attributable costs (net of income taxes) is deducted from equity attributable to Atea's shareholders until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction costs and the related income tax effects, are included in equity attributable to Atea's shareholders.

2.17 Borrowings

Borrowings are recognized at fair value when the loan is disbursed, net of the transaction costs incurred. Transaction costs are charged as an expense over the term of the loan (effective interest rate). Borrowings are classified as current liabilities unless there exists an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. According to IFRS 9, the financial liabilities are measured at amortised cost.

2.18 Income tax

Income tax consists of the tax payable and changes to deferred tax. Deferred tax is calculated on all taxable temporary differences, except for:

(i) Goodwill for which amortization is not deductible for tax purposes.
(ii) Temporary differences relating to investments in subsidiaries, associates or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when there is convincing evidence that Atea will have a sufficient profit for tax purposes to utilize the tax assets. On each balance sheet date, Atea reviews its unrecorded and unrecognized tax assets. Atea recognizes deferred tax assets on its balance sheet when the conditions for recognition have been met. Correspondingly, Atea will reduce its deferred tax assets if they can no longer be utilized.

Deferred tax and deferred tax assets are measured based on the current tax rates and laws applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as a non-current asset or a long-term liability on the balance sheet.

The Group is recognising deferred tax on leasing liabilities by reflecting the linkage between the right-of-use asset and the lease liability. Deferred tax is recognised on an aggregate temporarily difference basis.

2.19 Employee benefits

2.19.1 Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies.

For defined contribution plans, Atea pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Atea has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

2.19.2 Share-based compensation

Employee options at Atea represent rights for employees to subscribe to shares in the company at a future date at a predetermined subscription price (subscription right). To gain the rights to subscribe requires continued employment. Once the rights are gained ("vested"), there is no employment obligation at present.

The fair value of the employee services received in exchange for the allotment of options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options allotted. On each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2.19.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Atea recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.19.4 Bonus plans

Atea recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions are recognized when Atea has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more likely than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability.

Restructuring provisions only include direct expenses linked to the actual restructuring that is necessary and which is not part of the day-to-day operations. Restructuring provisions are recognized when the company has a detailed restructuring plan in which the business area is identified; the premises and type of departments that will be affected, the number of employees who will be compensated for dismissal, the type of expenses that will be incurred and when the restructuring is to begin have been clarified; and the restructuring plan has been commenced or communicated to those who will be affected by it. Provisions are not recognized for future operating losses.

2.21 Contingent liabilities and assets

Contingent liabilities are defined as:

(i) Possible obligations resulting from past events whose existence depend on future events
(ii) Obligations that are not recognized because it is not probable that they will lead to an outflow of resources
(iii) Obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognized in the annual financial statements. Significant contingent liabilities are disclosed, except for contingent liabilities where the probability of the liability occurring is remote. A contingent asset is not recognized in the annual financial statements but is disclosed if there is a certain level of probability that a benefit will accrue to Atea.

For contingent consideration recognized as a liability regarding the acquisition of business, see Note 26.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration for the sale of goods and services, net of value-added tax, rebates and discounts. Intercompany sales are eliminated. Revenues are not recognized unless the customer has accepted the delivery and collectability of the related receivables is reasonably assured.

2.22.1 Practical expedients

The Group has used following practical expedients:

- The Group has not disclosed information about remaining performance obligations that have original expected durations of one year or less.
- The Group does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 December 2020.
- The Group has recognized the incremental costs of obtaining contracts as an expense when incurred, if the amortization period of the assets that the Group otherwise would have recognised is one year or less.
- The Group does not disclose the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue is recognized as follows for Atea's different types of revenues:

2.22.2 Sale of products

The sale of products consists of hardware and software deliveries to an end customer. Atea recognizes revenue on a gross basis on product sales in which Atea purchases a product from a vendor and resells it to the end customer. In these contracts, Atea has primary responsibility for ensuring delivery of the specified product to the end customer and has discretion in establishing the price for the product sale.

When reselling products, Atea recognizes revenue when a customer obtains control of the products. In a hardware sale or traditional software license sale, the customer obtains control of the products when the products are delivered. Normally, products are delivered directly from the distributor to the customer, or from our centrally warehouse located in Sweden. The products delivered are at Atea's own risk and expense, and therefore presented as gross sales in the income statement.

In a **Software-as-a-service agreement**, software is provided over time to an end customer from a Data Center managed or contracted by the software vendor. The customer will purchase and obtain control of the software-as-a-service on a subscription or consumption basis. Revenue is therefore recognized periodically over the life of the software as a service contract. The price may contain both subscription and consumption-based offers from multiple vendors and a variety of offerings. Subscription based offers have fixed price and are billed in different models, including monthly in arrears, upfront, quarterly and yearly. Billing cycle depend upon the type of subscription and the agreement with vendors.

Software as a service offers are sold in different pricing models, including: Fixed license prices locked for 12 months upon purchase, monetary commitments (upfront payment), consumption pricing/pay-as-you-go. The offers can be bundled into a single offer which may include application of different pricing models simultaneously, e.g. customer purchases a fixed fee license and consumption-based offer. As a result, such customer would receive a single invoice for fixed license fee and the consumption amount. The transaction price is based on the desired profitability level, competition within the market and customer size. The Software as a service agreements contracts are entered for indefinite term, unless terminated by either party. The customer contracts are usually entered for the initial term of 1-year, however, after the end of the initial term, the contracts are renewed for additional 1-year term, by providing a 30-days written notice to the other party. Nevertheless, if the subscriptions are not migrated to another provider, the contracts and corresponding billing relationship remain in force until such subscriptions are transferred to another provider.

Either party has the right to terminate the agreement by providing a 30 days' prior written notice of termination to the other party.

Whenever the sub-contractors are used to deliver any part of the service, sub-contractors are bound by the same or similar terms of termination. The rights and responsibilities pertaining to the Software as a service agreement with the customers, are corresponding with those of the agreements with Sub-contractors. If the customer can terminate the subscription within 30 days, the same subscription termination terms will apply to the agreement between Atea and the vendor providing such subscription.

Atea recognizes **commission revenue** on product sales in which Atea arranges for a product to be sold directly from the vendor to the end customer, with Atea earning a sales agent fee from the vendor for arranging the sale of the product. In these contracts, Atea does not have primary responsibility for ensuring delivery of the specified product to the end customer and does not have discretion in establishing the price for the product sale. The revenue is recognized when the commission has been earned from the vendor, typically after the vendor has delivered the product to the end customer.

Atea is a dealer and a service provider. Atea does not produce any software or hardware itself. If the customer experiences errors with the products themselves, Atea has a "back to back" agreement with the supplier. This means that Atea does not make any provision for warranties in the balance sheet. Atea does not have any obligations for returns, refunds or similar of sold products.

Atea do not have any contracts with the customers were the prices vary based on the contract terms.

2.22.3 Sale of services
2.22.3.1 Consulting services
Consulting service consists of services from Atea consultants provided on an hourly basis. Revenue is recognised when the customer can obtain the benefits from the service, and simultaneously receives and consumes the benefits. A customer obtains benefit of a service when the benefits from the service meets the expectations specified in the contract with the customer.

2.22.3.2 Fixed price projects
Revenue is recognised when the customer can obtain the benefits from the fixed price projects. Fixed price projects include both fixed price consulting projects and combined consulting and product deliveries.

In general, income is recognised when the project is finalised according to the contract and the customer can obtain the benefits from the project. Revenue may be recognised over time when one of the following criteria are met:

- Customer consumes benefits as Atea performs the service
- Customer controls benefits as Atea performs the service
- The benefits of the service have no alternative use and Atea has the right to receive payment

The percentage of completion method is used when revenue is recognised over time. The degree of completion is normally based on accrued cost for a project. This method is used, because normally it is reasonably possible to estimate the stages of project completion on an ongoing basis, based on the remaining costs to complete a project.

Earned revenue for the period is earned revenue at the balance sheet date, less earned revenue in prior periods. If the project is ongoing, income will be recognized continuously in accordance with the agreement, based on actual deliveries.

2.22.3.3 Service contracts
Revenue is recognised when the customer can obtain the benefits from the service contracts.

Service contracts include time-limited service & support contracts, or contracts running until termination by either party. Such revenues are normally allocated linearly over the length of the contracts. Costs related to earned service revenues are recognised as the work is performed.

2.22.3.4 Multiple element arrangements or "Device as a Service"
"Device-as-a-Service" is a commercial model in which organizations procure IT solutions, including equipment and service, from a service provider at a fixed fee for use (e.g., monthly fee per user). The deliveries of equipment are provided with a service contract. Atea is then responsible for delivering the IT solution and maintaining an agreed service level.

When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable performance obligations. Our assessment shows that the combination of products and services can be unbundled and are not considered as one performance obligation. The timing of the revenue streams in the Multiple element arrangements or "Device-as-a-Service" can be different. Typically, revenue from sales of the products are recognised immediately when the customer obtains control of the product, while the service element in the contract is recognised over time. Revenue is only recognized when control of the promised good or service is transferred to the customer.

The stand-alone selling prices can be identified and allocated to the different elements in the contracts.

These contracts are often supported by financing solutions from external finance institutions. Typically, the product elements in the contracts are financed by leasing from external leasing companies.

When the contracts contain a lease, the Group separates the elements of the contract that are in scope of IFRS 16 and recognize these accordingly, see 2.8.2 above for further detail on leases. The remaining elements of the contracts are allocated to each performance obligation in scope of IFRS 15 and recognized as revenue accordingly.

2.22.3.5 Data Center outsourcing agreements
The contracts involve the day-to-day management responsibility for operating server or host platforms, including distributed servers and storage. Such revenues are normally allocated linearly over the length of the contracts. The duration of the contracts are typically 3-years with a possibility for renewal. The customer typically needs to pay a cancellation fee if the contract is cancelled before the end of the contract period.

2.22.4 Payment terms and finance components
The typical payment terms with the customers vary between 14 and 60 days. The Group does not have any significant customer contracts with finance components. When the customer contract includes a finance component, this is normally financed by an external party.

2.22.5 Revenue from customer contract with duration more than one year after the balance date
Most of the contracts with customers are with a duration less than one-year. Data Center outsourcing agreements in 2.22.3.5 above is an exception. See more details in Note 6.

2.23 Cost of sales

Atea aggregates expenses within the income statement according to their nature. 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, including freight. Direct costs related to services include leasing and outsourcing.

2.24 Government grants

The Group has received Government grants due to COVID-19 in 2020. The assistance from the governments are related to compensation paid directly from the Government to the Group for employees on furlough. Government grants are reported as a deduction of payroll and related costs in the Consolidated statement of Comprehensive income. See more details in Note 31.

NOTE 3 – FINANCIAL RISK AND CAPITAL MANAGEMENT

3.1 Financial risk factors

The Group's activities cause different financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and floating interest rate risk. The group's overall risk management plan focuses on the unpredictability of the capital markets and attempts to minimise the potential negative effects on the group's financial results.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Treasury policy approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

3.1.1 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters forward foreign exchange contracts to hedge the exchange rate risk arising mainly from purchase of goods.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

3.1.2 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk in multiple foreign currencies. This risk is particularly relevant with respect to the Swedish crown (SEK), Danish crown (DKK), Euro (EUR), and US dollar (USD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Atea main foreign currency exposure is from purchases of goods denominated in foreign currency. Parent company Atea ASA is exposed to foreign currency risk due to dividends from its subsidiaries.

There is a transactional risk that a company will suffer a loss due to change in currency rate in the period between accepted order and payment to supplier, or from approving dividends and dividends being paid. Moreover, conversion risk arises in the company's balance sheet due to the translation of assets or liabilities in foreign currency.

Sensitivity analysis for currency translation risk is prepared at least once a year. Latest sensitivity analysis of balance sheet (equity) for -10 / + 10% fluctuations in foreign currency rates where the company has a net asset (or liability) exposure shows that possible effect is NOK 26 million.

Foreign exchange rates sensitivity analysis can be found at the end of this note.

Translation risk is arising mainly from cash/overdraft, trade payables, trade receivables balances in foreign currencies.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. Atea does not use hedge accounting principles, and all fair value changes of forward contracts are recognized in profit (loss).

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

The table below illustrates the outstanding forward currency contracts as of 31 December 2020 and 31 December 2019.

	2020				2019			
Forward currency contracts	Average exchange rate	Contract value	Contract value	Fair value	Average exchange rate	Contract value	Contract value	Fair value
	NOK	Local currency million	NOK in million	NOK in million	NOK	Local currency million	NOK in million	NOK in million
Buy currency NOK								
Less than 3 months	0.9979	32	32	0	0.9873	63	62	1
Sell currency NOK								
Less than 3 months	0.9925	145	144	0	0.9905	127	126	-1
3 to 6 months	0.9969	12	12	0	0.9936	6	6	-0
Buy currency SEK								
Less than 3 months	1.0455	546	571	0	0.9656	914	883	-15
Buy currency DKK								
Less than 3 months	1.4338	64	92	-2	1	44	58	-1
Sell currency DKK								
Less than 3 months	1.4363	123	176	2	1.3342	73	98	0
3 to 6 months	1.4145	7	10	0	1.3214	4	5	-0
Buy currency EUR								
Less than 3 months	10.6374	39	410	-7	9.9529	14	141	-1
3 to 6 months	10.5721	0	0	0	10	2	17	-0
Sell currency EUR								
Less than 3 months	10.6459	4	44	1	9.9700	4	38	0
Buy currency USD								
Less than 3 months	8.9259	63	563	-11	9.0582	35	317	-5
3 to 6 months	8.5390	4	31	-1	7.9699	2	15	1
Sell currency USD								
Less than 3 months	8.7052	13	109	2	8.9673	4	37	1
3 to 6 months	8.6820	1	10	0	8.5663	3	24	-1

The company has investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk.

3.1.3 Interest rate risk management

The interest on deposits and loans has a maturity of less than 12 months. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings issued at floating rate of interest expose the Group's cash flow to interest rate risk.

Sensitivity analysis for interest rate risk is prepared at least once a year. Latest sensitivity analysis of balance sheet (equity) for -2 / + 2% fluctuations in interest rates where the company has a net asset (or liability) exposure shows that possible effect is NOK 19 million. In the current low interest rate environment and due to low effect of interest rate changes to profit (loss), Atea accepts interest rate risk and does not use hedging instruments to mitigate it.

Interest rates sensitivity analysis can be found at the end of this note.

3.1.4 Credit risk management

Atea has for years had modest losses on trade debtors. New customers must be approved before they are granted credit. The responsibility for granting credit is decentralised to each operating unit. The Group has no significant concentrations of credit risk, since the customer base is large and unrelated. A major part of the customers are within the public sector.

Provisions for losses are accounted for when there are indicators of expected losses. These indicators include;

- In-active accounts
- Bankruptcy
- Hand over accounts to debt collectors or lawyers
- Formal arrangements on arrear debt
- Debt ageing more than 180 days (flat rate valuation adjustment)

In addition, provision for credit losses are accounted for based on flat-rate valuation adjustments (general provision) by using a provision matrix. The amount is examined as of every closing date. The matrix is supported by historical credit loss experience of trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The flat-rate reduction in value for Atea Group is following:

- Public sector: No provision
- Top 50 customers; Individual (based on outstanding amount):

Flat rate valuation adjustment:
180-270 days overdue: 25%
270-360 days overdue: 50%
More than 360 days overdue: 100%

Derivative counterparties and bank deposits are limited to high-credit-quality financial institutions.

The Group has entered into a securitization contract organized by a bank. The facility enables Atea to sell specified receivables of up to NOK 1,900 million, and customers credit risk is transferred when receivable is sold. See Note 19 for more information.

Atea's concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

3.1.5 Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Group's remaining contractual maturity for its non-derivative financial liabilities is disclosed in Note 19. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set in Note 22.

3.2 Capital management

The Group manages its capital to secure the ongoing operations of the companies in the Group and to maximise the shareholders' return. This is accomplished through a healthy balance between liabilities, equity and earnings. Atea assesses its operational gearing (net interest-bearing liabilities/operating profit before depreciation) and the Group's equity ratio on an ongoing basis.

The Group's target is to have an adjusted equity ratio [1] of 20% or more and maximum operational gearing of 2.5. At the end of 2020 the Group had an adjusted equity ratio of 22.4% (22.4% in 2019).

[1] Atea's adjusted equity ratio is defined as its equity as a percentage of its adjusted total assets. See APM for more information.

Sensitivity analysis 2020:	Interest rate risk					Foreign currency risk				
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets [2]										
-NOK	182	4	-	-4	-	903	90	-	-90	-
-SEK	255	5	-	-5	-	-1,081	-108	-	108	-
-DKK	63	1	-	-1	-	2,568	257	-	-257	-
-EUR	419	8	-	-8	-	389	39	-	-39	-
-USD	-120	-2	-	2	-	-120	-12	-	12	-
Effect on financial assets before tax		**16**	**-**	**-16**	**-**		**266**	**-**	**-266**	**-**
Tax expense (22%)		-4	-	4	-		-59	-	59	-
Effect on financial assets after tax		**12**	**-**	**-12**	**-**		**207**	**-**	**-207**	**-**
Financial liability items [3]										
-NOK	844	-17	0	17	-0	842	-84	-	84	-
-SEK	658	-13	0	13	-0	-	-	-	-	-
-DKK	393	-8	0	8	-0	1,487	-149	-	149	-
-EUR	145	-3	0	3	-0	-	-	-	-	-
Effect on financial liabilities before tax		**-41**	**1**	**41**	**-1**		**-233**	**-**	**233**	**-**
Tax expense (22%)		9	-0	-9	0		51	-	-51	-
Effect on financial assets after tax		**-32**	**1**	**32**	**-1**		**-182**	**-**	**182**	**-**
Total increase/reduction		**-19**	**1**	**19**	**-1**		**26**	**-**	**-26**	**-**

[1] Basis points.
[2] Consists of cash and cash equivalents, loans and trade receivables bearing interest or currency risk.
[3] Consists of liabilities bearing interest or currency risk.

Sensitivity analysis 2019:

	Interest rate risk					Foreign currency risk				
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets [2]										
-NOK	174	3	-	-3	-	1,023	102	-	-102	-
-SEK	83	2	-	-2	-	-1,307	-131	-	131	-
-DKK	221	4	-	-4	-	2,183	218	-	-218	-
-EUR	-22	-0	-	0	-	104	10	-	-10	-
-USD	114	2	-	-2	-	114	11	-	-11	-
Effect on financial assets before tax		**11**	**-**	**-11**	**-**		**212**	**-**	**-212**	**-**
Tax expense (22%)		-3	-	3	-		-47	-	47	-
Effect on financial assets after tax		**9**	**-**	**-9**	**-**		**165**	**-**	**-165**	**-**
Financial liability items [3]										
-NOK	722	-14	-	14	-	859	-86	-	86	-
-SEK	1,092	-22	-	22	-	-	-	-	-	-
-DKK	423	-8	-	8	-	1,115	-112	-	112	-
-EUR	102	-2	-	2	-	-	-	-	-	-
Effect on financial liabilities before tax		**-47**	**-**	**47**	**-**		**-197**	**-**	**197**	**-**
Tax expense (22%)		10	-	-10	-		43	-	-43	-
Effect on financial assets after tax		**-36**	**-**	**36**	**-**		**-154**	**-**	**154**	**-**
Total increase/reduction		**-28**	**-**	**28**	**-**		**11**	**-**	**-11**	**-**

[1] Basis points.
[2] Consists of cash and cash equivalents, loans and trade receivables bearing interest or currency risk.
[3] Consists of liabilities bearing interest or currency risk.

NOTE 4 – CRITICAL ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICY

When applying the entity's accounting policies, the management makes judgements that have significant effects on the amounts recognized in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from estimates.

The main estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are specified below. Important and critical judgements in applying the entity's accounting policies are also specified.

Impairment of goodwill

The most important estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment of goodwill. The book value of goodwill as of 31 December 2020 is NOK 4,088 million.

Goodwill has an indefinite useful life and is tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Sensitivity analysis indicates that even with the use of conservative estimates with regard to future cash flows and discount rates, the book value of any of the assets will not exceed the recoverable amounts. See more information in Note 13.

Recoverable amounts of cash-generating units are determined based on judgements of fair values less costs to sell or value-in-use estimates.

Deferred tax

The recognition of deferred tax assets and liabilities requires that judgement being exercised. Atea recognizes deferred tax assets on its balance sheet when it has been deemed adequately probable that the operations in the individual country will generate a taxable profit that the tax loss carry forward can be used to offset.

The main part of the recognized deferred tax asset of NOK 303 million is related to the tax losses carry forward in Norway. Atea consider the future taxable profit as probable, as tax loss carry forward is expected to be utilized within 4 years.

Revenue recognition

The Group recognizes revenue from many different product groups and services. Different customer contracts contain varying terms and conditions and may include bundles of products and services.

"Device as a Service" is a commercial model in which organizations procure IT solutions from a service provider at a fixed fee for use (e.g., monthly fee per user). Atea is then responsible for delivering the IT solution and maintaining an agreed service level. Atea is currently expanding its "Device as a Service" offering to several new concepts such as videoconferencing, digital signage and networks. Different revenue streams make the revenue recognition complex. The main challenge is to distinguish between sales of products (revenue recognized at a point in time) and sales of services (revenue recognized over time). The customer contracts might include a bundling of the elements above and including financing solutions.

The contracts require manual consideration and judgement of which accounting policy that is relevant for each contract. This consideration impacts the timing of revenue recognition.

Due to the high number and variety of contracts, the manual processes cause a risk that an inappropriate accounting policy is selected.

As a significant proportion of sales and deliveries are made close to year-end, the risk related to this manual process is especially relevant for transactions recorded close to year-end.

Accounting provisions

In connection with accounting provisions, the Group uses estimates for (1) how probable settlement of the obligation is and (2) the size of the provisions to reflect Atea's risk arising from the transaction.

NOTE 5 – SEGMENT INFORMATION

Atea is located in 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 within these geographical areas. The performance of these geographical areas are evaluated on a regular basis by Atea's Executive team, consisting of among others the Managing Directors of each geographical segment.

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

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

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

2020:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Revenue	9,428	16,394	8,673	3,786	1,373	7,339	-7,491	39,503
Cost of sales and operating expenses	-8,980	-15,750	-8,573	-3,664	-1,272	-7,185	7,417	-38,006
Depreciation and amortisation	-123	-168	-192	-28	-51	-80	-1	-643
Operating profit (EBIT)	**325**	**475**	**-92**	**94**	**51**	**74**	**-75**	**854**
Net financial items								-105
Profit before tax								**749**
Number of full-time employees at 31 December	1,656	2,471	1,363	419	667	751	10	7,337

2019:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Revenue	9,427	14,796	8,088	3,270	1,259	6,474	-6,659	36,655
Cost of sales and operating expenses	-9,005	-14,179	-7,963	-3,185	-1,178	-6,388	6,578	-35,320
Depreciation and amortisation	-125	-134	-189	-22	-43	-74	-1	-588
Operating profit (EBIT)	**297**	**483**	**-64**	**63**	**38**	**11**	**-82**	**747**
Net financial items								-90
Profit before tax								**657**
Number of full-time employees at 31 December	1,687	2,620	1,461	431	664	710	12	7,585

2020:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Assets	5,022	5,076	3,193	646	634	5,878	-3,865	16,584
Liabilities	3,733	5,096	2,797	669	413	5,787	-5,295	13,200
Investments to PPE and Intangible assets	51	98	74	35	20	50	-	329

2019:

NOK in million	Norway	Sweden	Denmark	Finland	The Baltics	Shared services	Group cost / eliminations	Total
Assets	4,562	3,838	2,829	559	521	5,076	-2,427	14,957
Liabilities	3,498	3,904	2,450	622	362	5,055	-4,009	11,882
Investments to PPE and Intangible assets	45	40	75	19	37	110	-	327

Operating revenues by category:

NOK in million	2020	2019
1. Product revenue	32,284	29,919
2. Services revenue	7,219	6,736
3. Total revenue	**39,503**	**36,655**

NOTE 6 – REVENUE RECOGNITION AND CONTRACT BALANCES

In the following table, the major revenue lines are disaggregated by geographical areas as disclosed in our segment information (Note 5).

Figures are in local currency and does not include eliminations, except for Atea Group.

1. Product revenue

1.1 Hardware

Local currency in million		2020	2019
Norway	NOK	5,060	5,224
Sweden	SEK	7,624	8,073
Denmark	DKK	2,790	3,118
Finland	EUR	182	175
The Baltics	EUR	75	72
Group Shared Services [1]	NOK	6,747	6,007
Atea Group	**NOK**	**19,724**	**19,321**

1.2 Software

Local currency in million		2020	2019
Norway	NOK	2,173	2,079
Sweden	SEK	5,722	5,191
Denmark	DKK	2,047	1,767
Finland	EUR	139	127
The Baltics	EUR	17	18
Group Shared Services [1]	NOK	34	13
Atea Group	**NOK**	**12,560**	**10,598**

2. Services revenue

Local currency in million		2020	2019
Norway	NOK	2,196	2,124
Sweden	SEK	2,685	2,638
Denmark	DKK	1,190	1,245
Finland	EUR	32	30
The Baltics	EUR	36	37
Group Shared Services [1]	NOK	558	454
Atea Group	**NOK**	**7,219**	**6,736**

3. Total revenue

Local currency in million		2020	2019
Norway	NOK	9,428	9,427
Sweden	SEK	16,030	15,902
Denmark	DKK	6,027	6,131
Finland	EUR	353	332
The Baltics	EUR	128	128
Group Shared Services [1]	NOK	7,339	6,474
Atea Group	**NOK**	**39,503**	**36,655**

[1] Revenue from Group Shared Services are eliminated on Group level.

Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

NOK in million	2020	2019
Receivables, wich are inculded in Trade receivables [1]	5,818	4,380
Contract assets [2]	181	143
Contract liabilities [3]	1,551	1,013

[1] See Note 16 for an ageing analysis of receivables and description of the changes in receivables.

[2] The contract assets primarily relates to revenues accrued, but not invoiced. Contract assets are recognised for performance obligations satisfied over time, mainly from services and projects where progress is measured over time.
The contract assets are transferred to Trade receivables when the rights to receive payment become unconditional.
The contract assets are assessed for impairment in accordance with IFRS 9.

[3] The contract liabilities primarily consists of advance considerations received from customers.

Changes in the contract assets and the contract liabilities balances during the period are as follows:

NOK in million	Contract assets	Contract liabilities
At 1 January 2020	**143**	**1,013**
Recognised during the year:		
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	-317
Invoiced in advance	-	821
Transfers from contract assets recognized at the beginning of the period to receivables	25	-
Increases as a result of changes in the measure of progress	9	-25
Currency translation differences	4	59
At 31 December 2020	**181**	**1,551**

NOK in million	Contract assets	Contract liabilities
At 1 January 2019	**255**	**1,081**
Recognised during the year:		
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	-264
Invoiced in advance	-	162
Transfers from contract assets recognized at the beginning of the period to receivables	-126	-
Increases as a result of changes in the measure of progress	17	50
Currency translation differences	-3	-15
At 31 December 2019	**143**	**1,013**

Remaining performance obligations at year-end

The remaining performance obligations expected to be recognised in more than one year after the year end 2020, is estimated to NOK 1,062 million (NOK 1,001 million in 2019).
This is mainly related to Data Center outsourcing agreements that normally that can not be cancelled before the contract period of 3-years, without a significant penalty.
All the other remaining performance obligations are expected to be recognised within one year.
See Note 2.22.5.

NOTE 7 – PAYROLL AND RELATED COSTS

NOK in million	2020	2019
Wages and salaries to employees	-4,525	-4,181
Total social security costs	-781	-706
Pension costs	-402	-376
Other personnel costs	-197	-321
Total Payroll and related costs	**-5,904**	**-5,584**
Average number of full time employees	7,339	7,430

Remuneration of key group employees
Key group employees are defined here as the managers that report directly to the CEO and are part of the group management. No loans, advances or guarantees have been granted to key group employees or board members. Shares and options owned by key employees are described in Note 17.

CEO of Atea ASA (Group)
In 2020 ,Steinar Sønsteby received a salary of NOK 4,396,000 (NOK 4,079,000 in 2019), as well as a performance-based bonus of NOK 2,600,000 (NOK 2,500,000 in 2019), and an option gain of NOK 0 (NOK 9,411,000 in 2019). The value of payments in kind was NOK 337,000 (NOK 304,000 in 2019). Benefits related to pension plans totalled NOK 66,000 (70,000 in 2019). Upon the termination of his employment he is under certain circumstances entitled to an additional 6 months of salary beyond his period of notice of 6 months.

Chief Financial Officer of Atea ASA (Group)
During 2020, Robert Giori received a salary of NOK 2,545,000 (NOK 2,786,000 in 2019), a performance-based bonus of NOK 681,000 (NOK 458,000 in 2019), an option gain of NOK 0 (NOK 5,532,000 in 2019). The value of payments in kind was NOK 13,000 (NOK 11,000 in 2019). Benefits related to pension plan totalled NOK 66,000 (NOK 69,000 in 2019) Upon the termination of his employment he is under certain circumstances entitled to additional 3 months of salary beyond his period of notice of 3 months.

Senior Vice President of Atea ASA (Group)
During 2020, August Baumann received a salary of NOK 2,059,000 (NOK 2,141,000 in 2019), a performance-based bonus of NOK 757,000 (NOK 674,000 in 2019), and an option gain of NOK 2,276,000 (NOK 4,504,000 in 2019).The value of payments in kind was NOK 340,000 (NOK 337,000 in 2019). Benefits related to pension plan totalled NOK 66,000 (NOK 69,000 in 2019). August Baumann ended his employment in Atea in 2020.

Vice President of Supply Chain Management of Atea ASA (Group)
During 2020, Lorna Stangeland received a salary of NOK 2,027,000 (NOK 2,185,000 in 2019), a performance-based bonus of NOK 454,000 (NOK 305,000 in 2019), and an option gain of NOK 925,000 (NOK 1,974,000 in 2019). The value of payments in kind was NOK 193,000 (NOK 191,000 in 2019). Benefits related to pension plan totalled NOK 66,000 (NOK 73,000 in 2019). Upon the termination of her employment she is under certain circumstances entitled to additional 9 months of salary beyond her period of notice of 3 months.

Managing Director of Atea AS (Norway)
In 2020, Michael Jacobs received a salary of NOK 2,583,000 (NOK 2,785,000 in 2019), a performance-based bonus of NOK 1,036,000 (NOK 1,023,000 in 2019), and an option gain of NOK 0 (NOK 9,591,000 in 2019).The value of payments in kind was NOK 319,000 (NOK 267,000 in 2019). Benefits related to pension plans totalled NOK 69,800 (NOK 69,800 in 2019). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 12 months.

Managing Director of Atea AB (Sweden)
In 2020, Carl-Johan Hultenheim received a salary of SEK 3,206,000 (SEK 3,023,000 in 2019), a performance-based bonus of SEK 384,000 (SEK 1,660,000 in 2019), and an option gain of SEK 0 (SEK 0 in 2019). In 2020 the value of payments in kind was SEK 165,000 (SEK 146,000 in 2019). Benefits related to pension plans totalled SEK 891,000 (SEK 591,000 in 2019). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 12 months.

Managing Director of Atea A/S (Denmark)
In 2020, Morten Felding received a salary of DKK 2,500,000 (DKK 2,500,000 in 2019), a performance-based bonus of DKK 1,400,000 (DKK 1,050,000 in 2019), and an option gain of DKK 0 (DKK 0 in 2019). The value of payments in kind was DKK 230,000 (DKK 240,000 in 2019). Benefits related to pension plan totalled DKK 250,000 (DKK 250,000 in 2019). Morten Felding ended his employment in 2020.

Managing Director of Atea A/S (Denmark)
During 2020, Kathrine Forsberg received a salary of DKK 2,085,000, a performance-based bonus of DKK 494,000. The value of payments in kind was DKK 142,000. Benefits related to pension plan totalled DKK 178,000. Kathrine Forsberg is not entitled to any special compensation upon the termination of her employment beyond her period of notice of 12 months. Kathrine Forsberg started in her position in January 2020.

Managing Director of Atea Finland Oy (Finland)
In 2020, Juha Sihvonen received a salary of EUR 308,000 (EUR 256,000 in 2019), a performance-based bonus of EUR 98,000 (EUR 162,000 in 2019). The value of payments in kind was EUR 240 (EUR 240 in 2019). Benefits related to a defined contribution pension plan totalled EUR 9,600 (EUR 9,600 in 2019). Upon the termination of his employment he is under certain circumstances entitled to an additional 12 months of salary beyond his period of notice of 6 months.

Managing Director of Atea Baltic UAB (the Baltics)
In 2020, Arūnas Bartusevicius received a salary of EUR 152,000 (EUR 151,000 in 2019), and an option gain of EUR 0 (EUR 0 in 2019). The value of payments in kind was EUR 165 (EUR 997 in 2019). Arūnas Bartusevicius is not entitled to any special compensation upon the termination of his employment beyond his period of notice of 3 months.

The Board of Director's declaration and guidelines in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act

Pursuant to Section 5-6 of the Norwegian Public Limited Liability Companies Act, the General Meeting shall consider the Board of Directors' declaration regarding salaries and remuneration to the executive management.

The General Meeting shall conduct a vote on the Board of Directors' proposal for guidelines for salaries and remuneration to the executive management. The vote of the General Meeting is consultative to the Board, with the exception of benefits mentioned in Section 6-16a, first paragraph, item 3 of the Norwegian Public Limited Liability Companies Act (including grant of equity-linked incentives). For these benefits, the vote is binding for the Board of Directors.

The Board of Directors has given the following declaration:

Summary of executive compensation policies

The main principle in the Company's policy for executive compensation is that the executive team shall be offered competitive salary terms, with performance-based compensation tied to business results and shareholder value, in order to achieve the desired competence and incentives within the executive management team.

The Company has a separate Compensation Committee that provides the Board of Directors with recommendations regarding salary and other benefits to the company's executive management. Based on the input from the Compensation Committee, guidelines for executive compensation are established by the Board for the coming year, and presented to the General Meeting. According to these guidelines, the salary and other remuneration payable to the CEO is determined by the Board of Directors, while compensation payable to other members of the executive management is determined by the CEO in consultation with the Board Chairman.

The above policy for determining executive compensation was valid during 2020 and remains valid for the coming financial year.

The Board of Directors is of the opinion that compensation agreements that were entered into or amended in accordance with the description above in the previous financial year have had a positive impact on the company and its shareholders. This is based on the fact that the company has been able to attract and retain the human resources that are required to fulfil the company's objectives.

Guidelines for salaries and other remuneration to the executive management in the coming financial year

a) Fixed salary and cash bonus

Remuneration to the executive management team consists of a fixed salary and performance-based compensation. This performance-based compensation has two forms. First, performance-based compensation consists of a cash bonus which is determined by the business results of the organization under the executive's management.

The cash bonus varies by each individual on the executive team, but in no case exceeds their base salary. The cash bonus of the general manager of each country is based on their organization's operating profit relative to a target. The cash bonus of executives in the parent company is based on the Group's operating profit relative to a target, and may be supplemented by additional performance metrics related to the specific objectives of their parent company function. All targets based on operating profit are approved by the Board of Directors following an evaluation of market conditions.

b) Equity-linked incentives

Secondly, performance-based compensation is provided through equity-linked incentives in Atea ASA and/or the subsidiaries. Equity-linked incentives, which can be offered for instance in the form of shares, independent subscription rights (warrants) and stock options, provide management with an interest in the ownership of the company and create additional incentives toward building long-term shareholder value.

Stock options are granted to the executive team, as well as the management teams of each country and other key employees (approx. 4% of the total employees). The maximum number of options granted in any given year to existing members of the executive team are: (i) 225.000 options to the CEO, (ii) 50.000 -150.000 options to other executive team members, depending on the role. If a new executive team member is hired, the maximum number of options which can be granted upon hiring the new executive is three times the applicable maximum for an existing executive team member in the same or similar role.

The following specific limitations apply with respect to grant of stock options in Atea ASA:

(i) the stock options vest during a minimum period of three years. The maximum number of options vesting in any given year will not exceed 3% of the shares outstanding in the company (in 2020 the number of vested options was 1.6% of the shares outstanding).

(ii) The strike price of the stock options will be set at the market price at the time of grant. The strike price will be adjusted for any dividends paid before exercise.

(iii) Stock option grants have a cap of 3 times the market price at the date of grant. If the share price exceeds the cap price, the options may be settled by the company in cash based on the gain calculated at the cap price, providing an absolute limit to the possible gain.

c) Pension, benefits in kind and severance pay

Finally, members of the executive management team participate in the pension scheme of the local subsidiary in which they are employed. In addition, members of the executive management may receive certain limited benefits in kind, including a company car, telephone/internet access, and subscription to journals/newspapers. The terms of employment for the executive management vary with regard to their entitlement to severance or termination payments. The terms of employment for the executive management vary with regard to their entitlement to severance payments.

NOTE 8 – OTHER OPERATING COSTS

NOK in million	2020	2019
Car and travel costs	-126	-228
Communication and IT costs	-428	-375
Premises costs	-110	-116
Marketing costs	-49	-47
Bad debts	-11	-4
Other income	26	15
Other costs [1), 2)]	-47	-11
Total other operating costs	**-745**	**-766**

1) Audit fees
The table below shows Deloitte's total charges for auditing and other services. All amounts are exclusive of VAT.

NOK in million	2020	2019
Auditor's fees	-8	-8
Assurance services	-1	-1
Tax advisory services	-1	-0
Other non-audit services	-0	-1
Total	**-10**	**-10**

2) Remuneration to the Board of Directors of Atea ASA
NOK 1.2 million was paid in fees to the Board of Directors of Atea ASA in 2020 (NOK 1.2 million in 2019). Fees to the Chairman of the Board amounted to NOK 300,000, fees to the employee representatives amounted to NOK 100,000 each and the rest of the Board of Directors received a fee of NOK 150,000 each.

NOK 300,000 was paid in fees to the Audit Committee of Atea ASA in 2020,or NOK 100,000 to each of the three members. This is the same as in 2019.

NOTE 9 – NET FINANCIAL ITEMS

NOK in million	2020	2019
Interest income	3	6
Interest income, subleasing	7	9
Other financial income	2	2
Total financial income	**12**	**17**
Interest costs on loans	-33	-44
Interest costs on leases	-55	-37
Interest expenses, subleasing	-7	-9
Foreign exchange effects	-14	-8
Other financial expenses	-8	-9
Total financial expenses	**-117**	**-107**
Total net financial items	**-105**	**-90**

Foreign exchange effects included in operating loss total NOK 14 million in 2020 (operating profit NOK 11 million in 2019).

NOTE 10 – TAXES

Income tax recognized in profit or loss:

NOK in million	2020	2019
Current tax		
Norway	-	-
Other countries	-146	-123
Deferred tax		
Origination and reversal of temporary differences	47	32
Net losses utilised	-59	-38
Change in deferred tax assets due to tax losses previously unrecognized	-0	1
Total income tax expenses	**-159**	**-127**

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

NOK in million	2020	2019
Profit before tax	**749**	**657**
Income tax expense calculated at 22% (2019: 22%) [2]	-165	-144
Effect of income non-taxable and expenses non-deductible [3]	-2	11
Effect of previously unrecognized and unused tax losses and deductable temporary differences now recognized as deferred tax assets	0	0
Effect of different tax rates of subsidiaries operating in other jurisdictions [4]	8	6
Effect of deferred tax changes recognized in other comprehensive income or directly in equity	-0	-0
Total	**-159**	**-128**
Adjustments recognized in the current year in relation to the current tax of prior years	-0	0
Income tax expense recognized in profit or loss	**-159**	**-127**
Effective tax rate	21.2%	19.4%

Income tax recognized in other comprehensive income

NOK in million	2020	2019
Deferred tax		
Relating to forward contracts	-	-0
Total income tax expenses recognized in other comprehensive income	**-**	**-0**

Income tax recognized directly in equity

NOK in million	2020	2019
Deferred tax		
Relating to forward contracts	0	0
Total income tax expenses recognized directly in equity	**0**	**0**

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

NOK in million	31 Dec 2020	31 Dec 2019
Deferred tax assets related to carryforward losses [1]	300	357
Deferred tax assets related to temporary differences [1]	3	-3
Deferred tax liabilities	-165	-185
Net deferred tax assets (liabilities)	**138**	**169**

Deferred tax assets (liabilities)

	2020							
NOK in million	Book value at 1 Jan 2020	Recognized in P/L	Recognized in other compr. income	Recognized in equity	Business combin./ disposals	Change in OB (IFRS 16)	Currency translation differences	Book value at 31 Dec 2020
Temporary differences								
Property, plant and equipment	-69	35	-	-	-	-	-6	-40
Intangible assets [5)]	-162	7	-	-	-	-	-14	-169
Inventories	5	-0	-	-	-	-	0	5
Trade and other receivables	6	1	-	-	-	-	0	7
Provisions and accruals	13	-0	-	-	-	-	0	12
Capital gain/loss accounts	-66	11	-	-	-	-	-7	-62
Financial leases	83	-6	-	-	-	-	5	82
Other financial liabilities	7	2	-	0	-	-	1	11
Other differences	-5	-3	-	-	-1	-	-0	-9
Total	**-188**	**47**	**-**	**0**	**-1**	**-**	**-21**	**-162**
Unused tax losses and credits								
Tax loss carryforward	360	-59	-	-	-	-	3	304
Other temporary differences not recognized on the statement of financial position	-3	-0	-	-	-	-	-	-3
Deferred tax assets recognized on the statement of financial position	**357**	**-60**	**-**	**-**	**-**	**-**	**3**	**300**
Net deferred tax assets recognized on the statement of financial position	**169**	**-13**	**-**	**0**	**-1**	**-**	**-18**	**138**

Deferred tax assets (liabilities)

	2019							
NOK in million	Book value at 1 Jan 2019	Recognized in P/L	Recognized in other compr. income	Recognized in equity	Business combin./ disposals	Change in OB (IFRS 16)	Currency translation differences	Book value at 31 Dec 2019
Temporary differences								
Property, plant and equipment	-1	-65	-	-	-2	-	0	-69
Intangible assets [5)]	-173	7	-	-	1	-	3	-162
Inventories	5	-0	-	-	-	-	-0	5
Trade and other receivables	-4	10	-	-	0	-	0	6
Provisions and accruals	12	1	-	-	-	-	-0	13
Capital gain/loss accounts	-72	4	-	-	-	-	2	-66
Financial leases	6	73	-	-	-	4	-0	83
Other financial liabilities	-1	7	-0	0	-	-	-0	7
Other differences	-1	-4	-	-	-	-	0	-5
Total	**-228**	**32**	**-0**	**0**	**-1**	**4**	**5**	**-188**
Unused tax losses and credits								
Tax loss carryforward	399	-38	-	-	-	-	-0	360
Other temporary differences not recognized on the statement of financial position	-4	1	-	-	-	-	-	-3
Deferred tax assets recognized on the statement of financial position	**394**	**-37**	**-**	**-**	**-**	**-**	**-0**	**357**
Net deferred tax assets recognized on the statement of financial position	**166**	**-5**	**-0**	**0**	**-1**	**4**	**5**	**169**

The Group's tax losses expires as follows:

NOK in million	No expiration deadline	Total at 31 Dec 2020
Norway	1,188	1,188
Denmark	173	173
Finland	0	0
AppXite	20	20
Total	**1,381**	**1,381**

[1)] Atea recognises deferred tax assets on the statement of financial position when it has been deemed adequately probable that the operations in the indvidual country will generate a taxable profit that the tax loss carry forward can be used to offset. Taking into account the historical losses and cyclical nature, future earnings are not deemed probable until the individual company has actually reported a taxable profit for a period of time. When calculating tax assets that are not to be recognised, the expected profit is only taken into account for a limited future period (normally limited to a maximum period of 5 years).
[2)] The tax rate used for the 2020 reconciliations above is the corporate tax rate of 22% (2019: 22%) payable by corporate entities in Norway on taxable profits under the tax law in that jurisdiction.
3 Non taxable income and non deductible expenses pursuant to the countries income tax laws.
[4)] Nominal tax rates in 2020 by country: Norway - 22%, Sweden - 21.4%, Finland - 20%, Denmark - 22%, The Baltic - 0-15%.
Nominal tax rates in 2019 by country: Norway - 22%, Sweden - 21.4%, Finland - 20%, Denmark - 22%, The Baltic - 0-15%.
[5)] Primarily related to depreciable excess values from business combinations.

NOTE 11 – EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

NOK in million	2020	2019
Profit for the period	590	530
Weighted average number of outstanding shares (in million)	110	110
Basic earnings per share (NOK)	5.37	4.84

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are share options issued. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

NOK in million	2020	2019
Profit for the period	590	530
Weighted average number of outstanding shares (in million)	111	111
Diluted earnings per share (NOK)	5.32	4.78

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

NOK in million	Buildings and property	Land	Vehicles and office machines	Furniture and fittings	Computer equipment	Total
Acquisition cost						
Book value at 1 January 2019	**117**	**19**	**122**	**315**	**1,392**	**1,965**
Changes from prior years	-1	-	5	-0	7	11
Additions	12	-	4	66	156	237
Disposals [1]	-65	-19	-4	-42	-37	-167
Currency translation effects	-1	-0	-1	-5	-13	-20
Book value at 31 December 2019	**62**	**0**	**126**	**332**	**1,506**	**2,026**
Changes from prior years	-	-	2	1	8	12
Additions	1	-	2	51	160	214
Disposals [1]	-	-	-15	-64	-317	-396
Currency translation effects	3	0	8	25	82	118
Book value at 31 December 2020	**66**	**0**	**122**	**346**	**1,439**	**1,973**
Accumulated depreciation						
Book value at 1 January 2019	**-41**	**-**	**-112**	**-236**	**-1,049**	**-1,438**
Changes from prior years	-	-	-4	0	-6	-10
Depreciation	-4	-	-5	-22	-161	-192
Disposals [1]	16	-	3	42	37	99
Currency translation effects	0	-	1	4	9	14
Book value at 31 December 2019	**-29**	**-**	**-117**	**-212**	**-1,170**	**-1,528**
Changes from prior years	-	-	-2	-0	-7	-9
Depreciation	-3	-	-4	-32	-162	-201
Disposals [1]	-	-	15	63	309	387
Currency translation effects	-1	-	-7	-14	-63	-84
Book value at 31 December 2020	**-32**	**-**	**-115**	**-196**	**-1,092**	**-1,435**
Acquisition cost	62	0	126	332	1,506	2,026
Accumulated depreciation and write downs	-29	-	-117	-212	-1,170	-1,528
Book value at 31 December 2019	**33**	**0**	**9**	**120**	**336**	**498**
Acquisition cost	66	0	122	346	1,439	1,973
Accumulated depreciation and write downs	-32	-	-115	-196	-1,092	-1,435
Book value at 31 December 2020	**33**	**0**	**7**	**150**	**347**	**538**

[1] Gain/loss on the disposal of property, plant and equipment accounted for insignificant amounts in 2019 and 2020.

NOTE 13 – GOODWILL AND INTANGIBLE ASSETS

NOK in million	Goodwill	Contracts and customer relationships	Computer software and rights	Total other intangible assets
Acquisitions				
Accumulated value at 1 January 2019	**3,901**	**275**	**1,109**	**1,383**
Changes from prior years	-	-	-7	-7
Additions				
Ordinary additions	-	-	89	89
Business combinations	19	8	-	8
Disposals [1]	-	-2	-11	-13
Currency translation effects	-38	-1	-11	-12
Accumulated value at 31 December 2019	**3,881**	**280**	**1,170**	**1,449**
Changes from prior years	-0	-	0	0
Additions				
Ordinary additions	-	-	114	114
Business combinations	-0	6	-	6
Disposals [1]	0	-	-303	-303
Currency translation effects	208	12	71	83
Accumulated value at 31 December 2020	**4,088**	**297**	**1,052**	**1,349**
Accumulated amortisation and write-downs				
Accumulated value at 1 January 2019	**-**	**-264**	**-849**	**-1,112**
Changes from prior years	-	-	-27	-27
Amortisation		-5	-90	-95
Disposals [1]	-	2	11	13
Currency translation effects	-	1	8	10
Accumulated value at 31 December 2019	**-**	**-266**	**-947**	**-1,212**
Changes from prior years	-	-	0	0
Amortisation		-5	-81	-86
Disposals [1]	-	-	303	303
Currency translation effects	-	-8	-56	-65
Accumulated value at 31 December 2020	**-**	**-279**	**-781**	**-1,060**

NOK in million	Goodwill	Contracts and customer relationships	Computer software and rights	Total other intangible assets
Acquisition cost	3,881	280	1,170	1,449
Accumulated amortisation and write-downs	-	-266	-947	-1,212
Book value at 31 December 2019	**3,881**	**14**	**223**	**237**
Acquisition cost	4,088	297	1,052	1,349
Accumulated amortisation and write-downs	-	-279	-781	-1,060
Book value at 31 December 2020	**4,088**	**19**	**271**	**289**

[1] Gain/loss on the disposal of intangible assets accounted for insignificant amounts in 2019 and 2020.

Allocations of goodwill

NOK in million	2020	2019
Norway	1,148	1,149
Sweden	708	641
Denmark	1,667	1,564
Finland	188	177
The Baltics	255	240
The Group Shared Services	122	111
Total	**4,088**	**3,881**

The Group does not have any significant research expenses.

Development costs related to internal systems are capitalised in the balance sheet with NOK 63 million (NOK 60 million in 2019).

Goodwill impairment test

Goodwill and other assets are allocated to the Group's cash-generating units. Atea allocates goodwill to the actual country of operation (segment) where the operations are located.

Goodwill has an indefinite useful life and is not amortised, but impairment losses are recognised if the recoverable amount is less than the book value.

Recoverable amounts for cash-generating units are estimated based on calculating the asset's value in use. Cash flow forecasts are used based on the budget for revenues, product/service mix, profit margins, costs and capital employment. Revenue growth for 2021 is based on budget approved by the Board of Directors and growth estimates for 2022-2025 varies between 0.9% and 4.9%[1] based on management estimates and expected market growth in every country. Cash flows beyond these five years are based on an expected growth rate of 1.1% -2.1% for an indefinite period (determined primarily by external market analyses).

Discount rates represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its Weighted Average Cost of Capital (WACC). The WACC rates used in discounting the future cash flows are based on a 10-year government bond rate in the respective countries, adjusted for weighted average interest margin on external Group facilities. A market risk premium and a country risk premium is added. The discount rates also take into account the gearing, corporate tax rate, and asset beta. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying beta factor. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Sensitivity analysis:

In addition to impairment testing using the base case assumptions above, few separate sensitivity analyses were performed for each cash-generating units:

- a discount rate analysis where the discount rate was increased by 3% due to adjusted estimates on market premium and credit risk,
- revenue growth is 1- 5% below estimated growth in 2021-2025,
- EBITDA margin is 0.25% below estimated growth in 2021-2025.

The sensivity analysis indicates that a revenue growth by 5% below the estimated growth will cause an impairment of DKK 90 million in the Cash generating unit in Denmark. The growth rates that are used for Atea Denmark from 2022-2025 varies between 2,7-4,8%, hence a scenario with a reduction of the growth by 5% compared to the estimated growth rates, indicates a negative growth for Atea Denmark. The Management team believes that this scenario is unlikely.

Management believes that any other reasonably possible change in the key assumptions above, will not cause the aggregate carrying amount to exceed the aggregate recoverable amount of any of the cash generating units.

WACC (Weighted Average Cost of Capital) used[2]:

	2020	2019
Norway	6.2%	7.3%
Sweden	5.3%	5.4%
Denmark	5.3%	5.3%
Finland	5.2%	5.2%
The Baltics [3]	5.2%	5.5%

[1] Average growth rates in total for the period 2022 -2025.
[2] At 30 September.
[3] Volume-weighted average for Estonia, Latvia and Lithuania.

NOTE 14 – INVESTMENTS IN ASSOCIATED COMPANIES

The Group had one investment associated company as at 31 December 2020. Erate AS, aquired in April 2017 provides a platform which facilitates the setup of virtual mobile operators in the telecom industry. Their customers benefit from already established network operator agreements and economies of scale. The acquisition will strengthen Atea's ability to drive innovation, and product and service development to the mobile market.

Entity	Country	Industry	Owner-ship interest
Erate AS	Norway	Virtual mobile operator	16.6 %

The investment is recognized on the balance sheet using the equity method, because Atea is represented on the Board of DIrectors in Erate AS. The investment is initially recorded at cost, and subsequently adjusted to reflect the investor's share of the net assets of the associate.

Reconciliation of summmarised financial information NOK in million	Erate AS
Book value at 1 January 2020	15
Share of profit after tax in 2020 (included in Net Financial items)	2
Book value at 31 December 2020	**17**

NOTE 15 – INVENTORIES

NOK in million	2020	2019
Cost of inventories	841	835
Accumulated provisions for write-downs	-43	-37
Book value at 31 December	**797**	**798**
Provision for write-downs at 1 January	**-37**	**-39**
Additional provisions	-12	-3
Used provisions	7	5
Foreign exchange effects on inventory write-downs	-1	0
Provision for write-downs at 31 December	**-43**	**-37**
Write-down of inventories recognized as an expense and included in Cost of sales	8	0
Inventories recognized as an expense during the period	-17,138	-16,909

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

NOTE 16 – TRADE AND OTHER RECEIVABLES

NOK in million	2020	2019
Trade receivables	5,842	4,402
Provisions for bad debts	-24	-22
Net book value of trade receivables	**5,818**	**4,380**
Prepaid expenses	985	969
Accrued revenue (Note 6)	181	143
Other current receivables	440	641
Other receivables	**1,606**	**1,752**
Total trade and other receivables	**7,425**	**6,132**
Other long-term receivables	20	25
Total other long-term receivables	**20**	**25**
Provisions for bad debts at 1 January	**-22**	**-27**
Additional provisions	-6	-3
Used provisions	6	7
Amount written off as uncollectable	0	-1
Amount collected during the year	0	1
Foreign exchange effect on bad debts	-2	0
Provisions for bad debts at 31 December	**-24**	**-22**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers spread across several countries. Maximum exposure to trade receivables corresponds to NOK 5,842 million (NOK 4,402 million in 2019).

As of 31 December 2020, Atea subsidiaries in Norway, Sweden, Denmark sold receivables of NOK 1,209 million under the securitization facility (NOK 1,862 million at the end of 2019). The maximum balance of accounts receivable which may be sold at any time during the term of contract is NOK 1,900 million. See Note 19 for more information.

As of 31 December 2020 the Group can borrow up to NOK 1,100 million through a securitization facility secured by receivables. Trade receivables up to this limit are pledged as security for revolving credit facility. See Note 19 and Note 28 for additional information.

The Group has recognised a loss of NOK 11 million related to trade receivables in 2020. (NOK 4 million in 2019). See Note 8 for more information.

See otherwise Note 3.1.4 with regard to credit risk.

Maturity analysis for trade receivables not due

NOK in million	2020	2019
Non-due < 30	5,273	3,904
Non-due 31-90	290	255
Non-due > 91	8	6
Total	**5,570**	**4,166**

Maturity analysis for trade receivables due

NOK in million	2020	2019
Maturity < 30 days	286	179
Maturity 31-90 days	24	63
Maturity > 91 days	-38	-6
Total	**272**	**236**

NOTE 17 – SHARE CAPITAL AND PREMIUM, OPTIONS AND SHAREHOLDERS

	Number of shares		Share capital			
NOK in million, except number of shares	**Issued**	**Treasury shares**	**Issued**	**Treasury shares**	**Share premium**	**Total paid-in equity**
At 1 January 2019	**108,690,517**	**-7,844**	**109**	**0**	**302**	**410**
Issue of share capital	1,017,896	-	1	-	52	53
At 31 December 2019	**109,708,413**	**-7,844**	**110**	**0**	**354**	**464**
At 1 January 2020	**109,708,413**	**-7,844**	**110**	**0**	**354**	**464**
Issue of share capital [1)]	410,633		0	-	39	40
Changes related to own shares		-729,000	-	-1	-	-1
At 31 December 2020	**110,119,046**	**-736,844**	**110**	**-1**	**393**	**503**

Shares and share capital
In 2020 the nominal value of shares was NOK 1 per share. All the shares issued by the company are fully paid.

Treasury shares
Atea ASA holds 736,844 treasury shares at 31 December 2020 (7,844 at 31 December 2019).

Share options
Share options have been allotted to the management and selected employees. Each share option allows for the subscription of one share in Atea ASA. The fair value of the options is calculated when they are allotted and expensed over the vesting period. The maximum term of the options granted is normally 4 years.

A cost of NOK 46 million has been charged as an expense in the income statement in 2020 relating to the share option programmes (NOK 57 million in 2019). In addition, National Insurance contribution expenses of NOK 7 million have been charged as an expense in 2020 (NOK 16 million in 2019). See Note 7 - Payroll and related costs for more information.

[1)] The company has traditionally issued new shares to meet the contractual obligations of its share options, based on authorizations to increase the share capital granted by the General Meeting to the Board of Directors. The company also retains the right to settle share options in cash based on the difference between the share price on the date of exercise and the strike price of the option contract.

	2020		2019	
	Number of options	Weighted average exercise price (NOK)	Number of options	Weighted average exercise price (NOK)
Outstanding at 1 Jan	8,427,769	97	7,639,851	93
Granted	2,267,165	97	2,314,332	115
Exercised	-410,633	97	-1,017,896	52
Lapsed/terminated	-592,363	105	-484,688	105
Expired	-	-	-23,830	39
Outstanding at 31 Dec	9,691,938	92	8,427,769	97
Vested options	3,948,104	82	2,538,268	78

The weighted average value of the share options granted in 2020 was NOK 25 (NOK 27 in 2019). The share options were valued by a third party according to the Black-Scholes valuation model. The conditions for exercising the different share option programmes are set for each programme on an individual basis. The weighted average share price at the date of exercise was NOK 111 per share in 2020 (NOK 117 per share in 2019).

Terms of the outstanding options are as follows:

	Outstanding options			Vested options	
Exercise price	Outstanding options at 31 Dec 2020	Weighted average contractual life (Year)	Weighted average exercise price (NOK)	Vested options at 31 Dec 2020	Weighted average exercise price (NOK)
50-60	380,000	1.96	57.50	380,000	57.50
60-70	460,000	1.96	68.09	460,000	68.09
70-80	5,000	2.96	71.10	-	-
80-90	144,000	3.30	89.78	-	-
90-100	2,050,665	3.91	97.98	25,000	96.50
100-110	-	-	-	-	-
110-120	6,652,273	2.23	115.02	3,083,104	115.02
Total	**9,691,938**	**2.58**	**106.54**	**3,948,104**	**103.91**

Variables in the model for the allotment of options in 2020:

Weighted average share price at the time of allotment (NOK)	97
Weighted average exercise price (NOK)	97
Weighted average volatility [2]	28%
Weighted average risk-free interest rate	0.4%
Weighted average expected life (years)	3.9

[2] The expected volatility was determined based on historical volatility with the same lifetime as the options issued. As the strike price is adjusted for dividends, this is not taken into account in the valuation.

10 largest shareholders at 31 December 2020 [1]	Shares	%
Systemintegration APS [2]	27,446,979	24.9%
Folketrygdfondet	8,562,553	7.8%
State Street Bank & Trust Co. [3]	6,745,367	6.1%
State Street Bank and Trust Co. [3]	4,052,729	3.7%
RBC Investor Services Trust	3,845,761	3.5%
Verdipapirfond Odin Norden	3,336,029	3.0%
State Street Bank and Trust Co. [3]	2,556,464	2.3%
State Street Bank and Trust Co. [3]	2,345,987	2.1%
J.P. Morgan Bank Luxembourg	2,325,000	2.1%
Verdipapirfond Odin Norge	2,272,692	2.1%
Other	46,629,485	42.3%
Total number of shares	**110,119,046**	**100.0%**
Number of shareholders:	7,067	
Percentage of foreign shareholders:	85%	

[1] Source: Verdipapirsentralen.
[2] Includes shares owned by Ib Kunøe.
[3] Includes client nominee accounts.

Shares and options owned by key employees who are Board Members at 31 December 2020

Key employees in the Atea Group		Shares [1]	Options	Maturity date for options
Steinar Sønsteby	CEO of Atea ASA	-	1,855,000	15 December 2024
Robert Giori	CFO of Atea ASA	16,327	610,000	15 December 2024
Lorna Margaret Stangeland	VP Supply Chain Management	-	175,000	15 December 2024
Michael Jacobs	Managing Director of Atea AS (Norway)	-	400,000	15 December 2024
Carl-Johan Hultenheim	Managing Director of Atea AB (Sweden)	14,000	625,000	15 December 2024
Morten Felding	Managing Director of Atea A/S (Denmark)	-	400,000	15 December 2023
Kathrine Forsberg	Managing Director of Atea A/S (Denmark)	-	82,000	15 December 2024
Juha Sihvonen	Managing Director of Atea Oy (Finland)	-	360,000	15 December 2024
Arunas Bartusevicius	Managing Director of Atea Baltic UAB (Baltics)	100,194	330,000	15 December 2024
Board Members of Atea ASA				
Ib Kunøe [1]	Board Chairman	28,096,364	-	-
Morten Jurs	Member of the Board	1,000	-	-
Sven Madsen	Member of the Board	-	-	-
Lisbeth Toftkær Kvan	Member of the Board	-	-	-
Saloume Djoudat	Member of the Board	1,200	-	-
Marianne Urdahl	Member of the Board (employee elected)	767	-	-
Christian Våge	Member of the Board (employee elected)	400	-	-
Leif Jarle Larsen	Member of the Board (employee elected)	-	-	-

[1] Direct and indirect ownership.

Share option allotment, redemption and holdings for key employees:

	Holdings at 1 Jan 2020	Granted in 2020	Exercised in 2020	Holdings at 31 Dec 2020	Exercise price (NOK)
Steinar Sønsteby	1,630,000	225,000	-	1,855,000	68.76
Robert Giori	510,000	100,000	-	610,000	86.16
Lorna Margaret Stangeland	150,000	50,000	-25,000	175,000	96.92
Michael Jacobs	300,000	100,000	-	400,000	105.25
Carl-Johan Hultenheim	500,000	125,000	-	625,000	104.44
Morten Felding	400,000	-	-	400,000	100.60
Kathrine Forsberg	12,000	70,000	-	82,000	88.18
Juha Sihvonen	260,000	100,000	-	360,000	97.78
Arunas Bartusevicius	260,000	70,000	-	330,000	98.22

NOTE 18 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2020	2019
Trade payables	**6,934**	**6,113**
Public fees payable	925	738
Prepayments from customers	1,324	806
Accrued holiday payments	654	580
Deferred income	227	207
Other accrued expenses (supplier of goods)	192	221
Other current liabilities	388	354
Total other current liabilities	**3,710**	**2,905**
Total trade payables and other current liabilities	**10,644**	**9,018**

Maturity analysis trade payable:

NOK in million	2020	2019
Due < 30	5,306	4,711
Due 31-90	1,573	1,381
Due > 91	55	21
Total	**6,934**	**6,113**

NOTE 19 – BORROWINGS

NOK in million	2020	2019
Long-term borrowings		
EIB loan	475	475
Other	-0	-3
Long-term interest-bearing borrowings	**475**	**472**
Current borrowings		
Uncommited securitization facility	-	553
Other	7	22
Current interest-bearing borrowings	**7**	**575**
Total borrowings excluding leasing	**481**	**1,047**

Securitization

In December 2018, Atea ASA and its subsidiaries in Norway, Sweden and Denmark entered into a securitization contract organized by Nordea Denmark, Benchmark of Nordea bank Abp, consisting of 2 facilities. The first facility enables Atea to sell specified receivables of up to NOK 1,900 million at the end of 2020. The facility has a three year term, and has an implicit discount rate of IBOR 3M + 0.60%.

The second facility is an uncommitted revolving credit facility secured by other receivables of NOK 1,100 million at the end of 2020. Atea has not utilised this facility as of 31 December 2020 (NOK 553 million as of 31 December 2019).

EIB loan

Atea ASA has entered into a loan agreement for NOK 475 million with the European Investment Bank in May 2018. The loan is unsecured, and will be repaid in a single installment following a term of five years.

Overdraft facility

The Group has an overdraft facility of NOK 300 million provided by Nordea Denmark, Benchmark of Nordea bank Abp. None of this facility had been utilised at 31 December 2020 and 31 December 2019. Amounts drawn on this facility are cash and cash equivalents. The facility has standard terms and conditions for this type of financing.

Money market line
The Group had a uncommitted money market line of NOK 950 million provided by a Nordea Denmark, Benchmark of Nordea bank Abp at the end of 2020 (200 MNOK at the end of 2019). None of this facility had been utilised at 31 December 2020. Amounts drawn on this facility are classified as short-term debt. The facility has standard terms and conditions for this type of financing.

Financial covenant
The financial covenant which applies to the above EIB loan facility and the Nordea facilities is a Leverage Ratio for the Group of 2.5x. Leverage Ratio means the ratio of net interest-bearing Debt to EBITDA. EBITDA in this calculation is pro forma, i.e. adjusted for acquisition of businesses, and sale of existing business units in the Group. The financial covenant is measured end of each quarter. The Group is compliant with the covenant at the balance date (see Note 22 and Alternative Performance Measures section).

See Note 28 for disclosure of asset pledged under financing contracts.

The Group is exposed to interest rate changes with respect to loans based on the following repricing structure:

NOK in million	2020	2019
6 months or less	7	575
6-12 months	-	-
1-5 years	475	472
Total	**481**	**1,047**

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

NOK in million	2020	2019
Long-term loans		
EIB loan	1.5 %	3.0 %
Short-term loans		
Securitization - sale of receivables	0.7 %	1.2 %
Securitization - uncommited facility secured by receivables	1.1 %	1.6 %
Overdraft facility	1.5 %	2.0 %
Average weighted interest rate	**1.0 %**	**1.6 %**

Maturity analysis for loans 2020 [1]

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Long-term financing	1	2	11	492	507
Short-term financing	7	-	-	-	7
Total	**8**	**2**	**11**	**492**	**513**

Maturity analysis for loans 2019 [1]

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Long-term financing	1	2	11	507	521
Short-term financing	575	-	-	-	575
Total	**576**	**2**	**11**	**507**	**1,096**

[1] Includes interest payable.

NOTE 20 – LEASES

Atea as a lesse

The nature of the lessee's leasing activities

The Group leases different kind of assets. The main amounts are related to leasing of office buildings and cars. The leases of offices typically run for a period of 5-12 years. The leases of cars typically run for a period of 3-5 years. The Group does not have any leasing contracts with variable payment terms.

Practical expedients applied

Leases with a lease term of 12 months or shorter, except Financial subleases, will not be capitalised. Low-value leases, meaning mainly office equipment with an underlying value of USD 5,000 or less when they are new, will not be capitalised. This is not related to Financial subleases.

Contracts with extension options

Some leases of premises contain extension options exercisable by the Group. The extension options held are exercisable only by the Group, and not by the lessors. The Group includes an extension of the contracts in the lease valuation if it is reasonably certain that the Group will extend the contracts. Normally, is not considered as reasonably certain that the Group will extend the contracts for more than 3-years.

Subleasing

The Group is subleasing products to the costomers as part of the regular operations. In addition, some of its properties are subleased under operating and finance leases. As of 31 December 2020, the Group had a net present value of NOK 209 million recognised in the Financial position as sublease contracts (NOK 251 million as of 31 December 2019). The residual value obligation of leases is disclosed in Note 28 Commitments.

The information about leases for which the Group is a lessee is presented to the right:

NOK in million	ROU, Buildings and property	ROU, Computer equipment	ROU, Motor vehicles	Total right-of-use assets
Acquisition cost				
Book value at 1 January 2019	**-**	**620**	**23**	**643**
Changes from prior years	514	-10	124	629
Ordinary additions	447	45	118	611
Revaluation decrease	-72	-14	-19	-105
Currency translation effects	-	-5	-0	-5
Book value at 31 December 2019	**890**	**637**	**246**	**1,773**
Changes from prior years	-	-10	-1	-11
Ordinary additions	443	37	136	617
Revaluation decrease	-86	-325	-50	-461
Currency translation effects	54	33	20	107
Book value at 31 December 2020	**1,300**	**371**	**350**	**2,024**
Accumulated depreciation				
Book value at 1 January 2019	**-**	**-533**	**-15**	**-548**
Changes from prior years	-	5	4	9
Depreciation	-173	-51	-81	-305
Eliminated on revaluation	43	14	6	63
Currency translation effects	-	4	0	4
Book value at 31 December 2019	**-130**	**-560**	**-86**	**-777**
Changes from prior years	-	8	2	9
Depreciation	-202	-46	-104	-353
Eliminated on revaluation	58	324	43	425
Currency translation effects	-5	-29	-7	-41
Book value at 31 December 2020	**-280**	**-304**	**-152**	**-736**
Acquisition cost	890	637	246	1,773
Accumulated depreciation and write downs	-130	-560	-86	-777
Book value at 31 December 2019	**760**	**76**	**160**	**996**
Acquisition cost	1,300	371	350	2,024
Accumulated depreciation	-280	-304	-152	-736
Book value at 31 December 2020	**1,021**	**68**	**198**	**1,288**

Lease liabilities

Maturity analysis - contractual undiscounted cash flows to be paid after reporting date

NOK in million	2020	2019
Less than one year	-477	-430
One to five years	-858	-675
More than five years	-387	-220
Total undiscounted lease liabilities at 31 Dec	**-1,723**	**-1,325**
Lease liabilities included in the Consolidated statement of financial position at 31 December	**-1,558**	**-1,293**
Current	-435	-422
Non-current	-1,123	-870

Atea as a lessor - age distribution operational lease

Maturity analysis - contractual undiscounted lease payments to be received after reporting date [1]

NOK in million	2020	2019
Less than one year	7	7
One to two years	7	7
Two to three years	6	8
Three to four years	0	6
	21	**28**

[1] Mainly related to operating subleasing of premises. See Note 2.8.2.3.

Atea as a lessor - age distribution financial lease

Maturity analysis - contractual undiscounted lease payments to be received after reporting date [2]

NOK in million	2020	2019
Less than one year	126	152
One to two years	64	75
Two to three years	21	23
Three to four years	1	5
Total undiscounted lease receivable	**212**	**256**
Unearned finance income	**-3**	**-5**
Net investement in the lease	**209**	**251**

[2] Mainly related to financial subleasing of products to customers. See Note 2.8.2.3.

Amounts recognised in the Consolidated income statement

NOK in million	2020	2019
Profit on subleasing transactions [3]	8	19
Income from subleasing right-of-use assets [4]	9	9
Expenses relating to short -term leases [5]	-13	-22
Expenses relating to leases of low-value assets [6]	-5	-4
Interest expense, leasing [7] [8]	-55	-37
Interest income, subleasing [9]	7	9
Interest expenses, subleasing [9]	-7	-9

[3] Atea is subleasing products to the costomers as part of the regular operations. The Group recognizes revenue and the Cost of sales when the underlying assets are available for use by the customer.
[4] Related to operating subleasing of premises.
[5] A lease that at the commencement date, has a lease term of 12 months or less.
[6] Operating lease of assets with a value below USD 5,000 not included in 3) above.
[7] Interest expenses on Finance lease liabilities.
[8] Interest paid for lease liabilities is included in Interest paid in Net cash flow from operational activities in the Consolidated Statement of Cash flow.
[9] Mainly related to interest income and expenses related to subleasing of products to the customers.

Amounts recognized in the Consolidated statement of cash flow

NOK in million	2020	2019
Total cash outflow from leases	-340	-303

NOTE 21 – CHANGES IN FINANCIAL LIABILITIES

NOK in million	Long-term interest-bearing liabilities	Current interest-bearing liabilities	Long term leasing liabilities	Current leasing liabilities	Long-term subleasing liabilities	Current subleasing liabilities	Total
Balance at 1 January 2020	**-472**	**-575**	**-768**	**-273**	**-102**	**-149**	**-2,339**
Proceeds from overdraft/uncommitted securitization facility	-	-4,176	-	-	-	-	-4,176
Repayments of overdraft/uncommitted securitization facility	-	4,776	-	-	-	-	4,776
Lease payments	-	-	-	340	-	-	340
Sublease payments	-	-	-	-	27	37	64
Other cash payments	-	17	-	-	-	-	17
Deferred interest expenses	-3	1	-	-	-	-	-2
Lease contracts - non-cash items	-	-	-	-363	-	-	-363
Other non-cash items	-	1	-238	3	-	-	-234
Currency effect	-	-50	-33	-17	-8	-13	-121
Balance at 31 December 2020	**-475**	**-7**	**-1,039**	**-310**	**-83**	**-126**	**-2,039**

NOK in million	Long-term interest-bearing liabilities	Current interest-bearing liab ilities	Long term leasing liabilities	Current leasing liabilities	Long-term subleasing liabilities	Current subleasing liabilities	Total
Balance at 1 January 2019	**-483**	**-197**	**-73**	**-27**	**-**	**-**	**-781**
Proceeds from overdraft/uncommitted securitization facility	-	-9,230	-	-	-	-	-9,230
Repayments of overdraft/uncommitted securitization facility	-	8,871	-	-	-	-	8,871
Lease payments	-	-	-	303	-	-	303
Sublease payments	-	-	-	-	-	59	59
Other cash payments	13	-	-	-	-	-	13
Deferred interest expenses	-2	0	-	-	-	-	-2
Changes in accounting principle (IFRS 16)	-	-	-	-680	-	-	-680
Lease contracts - non-cash items	-	-	-	-563	-	-	-563
Sublease contracts - non-cash items	-	-	-	-	-102	-208	-310
Other non-cash items	-	-10	-694	694	-	-	-10
Currency effect	0	-9	-1	1	-	-	-9
Balance at 31 December 2019	**-472**	**-575**	**-768**	**-273**	**-102**	**-149**	**-2,339**

NOTE 22 – 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	2020	2019
Last 12 months pro forma EBITDA	1,497	1,335
Debt covenant ratio	2.5	2.5
Net debt limit	**3,741**	**3,338**
Net financial position (See below)	1,067	657
Liquidity reserve	**4,808**	**3,995**

Liquidity reserve breakdown:

NOK in million	2020	2019
Unutilised short-term overdraft facilities	2,350	1,047
Draft limitation, debt covenant	2,458	2,948
Liquidity reserve	**4,808**	**3,995**

Loan facilities (see Note 19 for more information):

NOK in million	2020	2019
Long term		
Unsecured EIB loan	475	475
-of which utilised	475	475
Short term		
Uncommited securitization facility	1,100	1,100
-of which utilised	-	553
Overdraft facility	300	300
-of which utilised	-	-
Money market line	950	200
-of which utilised	-	-

Net financial position

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

Net financial position does not include incremental net lease liabilities due to the adoption of IFRS 16 from 1 January 2019, as 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	2020	2019
Long-term interest-bearing liabilities	-475	-472
Long-term interest-bearing leasing liabilities	-38	-45
Current interest-bearing liabilities	-7	-575
Current interest-bearing leasing liabilities	-18	-20
Cash and cash equivalents	1,605	1,769
Net financial position	**1,067**	**657**
Long-term ROU assets leasing liabilities	-1,001	-723
Current ROU assets leasing liabilities	-292	-253
Long-term subleasing liabilities	-83	-102
Short-term subleasing liabilities	-126	-149
Long-term subleasing receivables	83	102
Short-term subleasing receivables	126	149
Incremental net lease liabilities due to IFRS 16 adoption	**-1,293**	**-977**

NOTE 23 – PROVISIONS

NOK in million	Restructuring	Profit-sharing and bonuses	Losses on fixed price contracts	Other provision for obligations	Total
At 1 January 2020	**2**	**107**	**1**	**-**	**111**
Recognised during the year:					-
Additional provision during the year	56	139	0	6	201
Unutilised provision reversed	-	-0	-	-	-0
Used during the year	-44	-88	-0	-	-132
Currency translation effects	0	4	-	-	4
At 31 December 2020	**15**	**162**	**1**	**6**	**184**

NOK in million	Restructuring	Profit-sharing and bonuses	Losses on fixed price contracts	Other provision for obligations	Total
At 1 January 2019	**1**	**240**	**5**	**-**	**247**
Recognized during the year:				-	
Additional provision during the year	5	22	1	-	28
Unutilised provision reversed	-	-6	-5	-	-11
Used during the year	-4	-144	-	-	-148
Currency translation effects	-0	-4	-0	-	-4
At 31 December 2019	**2**	**107**	**1**	**-**	**111**

NOTE 24 – CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

2020:

NOK in million	FVTOCI	Amortised cost	Fair value [1]
Financial assets			
Long-term subleasing receivables		83	83
Trade receivables [4]	5,818		5,818
Other receivables [2]		440	440
Short-term subleasing receivables		126	126
Cash and cash equivalents		1,605	1,605
Derivative contracts			5
Financial liabilities			
Long-term interest-bearing liabilities		475	475
Long-term subleasing liabilities		83	83
Long-term leasing liabilities		1,039	1,039
Other long-term liabilities [3]		8	8
Trade payables		6,934	6,934
Current interest-bearing liabilities		7	7
Short-term subleasing liabilities		126	126
Current leasing liabilities		310	310
Other financial liabilities		11	11
Other current liabilities [3]		3,156	3,156
Derivative contracts			17

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses and accrued revenue.
[3] Less other provision.
[4] See Note 2.14.

2019:

NOK in million	FVTOCI	Amortised cost	Fair value [1]
Financial assets			
Long-term subleasing receivables		102	102
Trade receivables [4]	4,380		4,380
Other receivables [2]		641	641
Short-term subleasing receivables		149	149
Cash and cash equivalents		1,769	1,769
Derivative contracts	1		1
Financial liabilities			
Long-term interest-bearing liabilities		472	472
Long-term subleasing liabilities		102	102
Long-term leasing liabilities		768	768
Other long-term liabilities [3]		8	8
Trade payables		6,113	6,113
Current interest-bearing liabilities		575	575
Short-term subleasing liabilities		149	149
Current leasing liabilities		273	273
Other financial liabilities		3	3
Other current liabilities [3]		2,539	2,539
Derivative contracts	6		6

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses and accrued revenue.
[3] Less other provision.
[4] See Note 2.14.

NOTE 25 – CORPORATE STRUCTURE OF THE ATEA GROUP

	From date	Local currency	Voting rights/ ownership (%)	Primary activity
Holding				
Atea ASA		NOK	Listed	Holding
Norway				
Atea AS		NOK	100%	IT infrastructure
Atea Finans AS		NOK	100%	Leasing
Sweden				
Atea Holding AB		SEK	100%	Holding
Atea Sverige AB		SEK	100%	IT infrastructure
Atea Finans AB		SEK	100%	Leasing
Denmark				
Atea Danmark Holding A/S		DKK	100%	Holding
Atea A/S		DKK	100%	IT infrastructure
Atea Inc		USD	100%	IT infrastructure
Atea Finans A/S		DKK	100%	Leasing
Finland				
Atea Holding Oy		EUR	100%	Holding
Atea Oy		EUR	100%	IT infrastructure
BCC Finland Oy		EUR	100%	IT infrastructure
Atea Finance Finland Oy		EUR	100%	Leasing
Topnordic Finland Oy		EUR	100%	IT infrastructure

	From date	Local currency	Voting rights/ ownership (%)	Primary activity
The Baltics				
Atea Baltic UAB		EUR	100%	Holding
Atea UAB		EUR	100%	IT infrastructure
Atea AS		EUR	100%	IT infrastructure
Atea Finance OÜ		EUR	100%	Leasing
Atea Finance Lithuania UAB		EUR	100%	Leasing
Solver UAB		EUR	100%	IT infrastructure
EIT Sprendimai UAB		EUR	100%	IT infrastructure
BMK UAB		EUR	100%	IT infrastructure
Baltnetos Komunikacijos UAB		EUR	100%	IT infrastructure
Serveriai Verslui UAB	31.10.2020	EUR	100%	IT infrastructure
CRC SIA		EUR	100%	IT infrastructure
Atea SIA		EUR	100%	IT infrastructure
AppXite				
AppXite SIA		EUR	100%	Software distribution
AppXite AS		NOK	100%	Software distribution
AppXite AB		SEK	100%	Software distribution
AppXite B.V.		EUR	100%	Software distribution
Group Shared Services				
Atea Logistics AB		SEK	100%	Group Shared Services
Atea Global Services AB		SEK	100%	Group Shared Services
Atea Global Services SIA		EUR	100%	Group Shared Services
Atea Service Center AB		SEK	100%	Securitization contract management
Atea Group Functions A/S		DKK	100%	Group Shared Services

For Investments in associated companies, see Note 14.

NOTE 26 – BUSINESS COMBINATIONS

2020

Acquisitions in 2020

Atea has acquired one company during 2020. The financial performance from the acquisition date to the end of the year for the acquired company is considered to be immaterial from a Group perspective.

Serveriai Verslui UAB

Atea acquired Serveriai Verslui UAB in October 2020. The acquisition will strengthen Atea's position within Cloud and IT outsourcing services in Lithuania.

Allocation of purchase price

This aquisition resultet in a balance of customer contracts. The balance of customer contracts represents the surplus of the purchase price compared with the fair value of the net identifiable assets of the acquired company.

The fair values have been determined on provisional basis because new information may occur.

Breakdown of the acquired net assets and goodwill in 2020 is as follows:

NOK in million	Serveriai Verslui UAB
Acquisition date	31-Oct-20
Country	Lithuania
Voting rights/ownership interest	100 %
Acquisition cost:	
Consideration [1]	8.1
Liabilities assumed	2.1
Total acquisition cost	10.2
Book value of equity (see table below)	2.4
Identification of excess value:	
Contracts and customer relationships	9.2
Deferred tax	-1.4
Net excess value	7.8
Fair value of net assets acquired, excluding goodwill	10.2
Controlling ownership interests	10.2
Goodwill	**-**

[1] Consideration that is dependent on future results is recognized as an obligation based on the fair value at the time of acqusition.

Assets and liabilities associated to the acquisitions in 2020 are as follows:

NOK in million	Serveriai Verslui UAB
Property, plant and equipment	0.2
Trade receivables	0.1
Other receivables	0.2
Cash and cash equivalents	2.1
Total asset	**2.6**
Current liabilities	-0.2
Total liabilities	-0.2
Net assets acquired	**2.4**

Net cash payments in connection with the acquisitions are as follows:

NOK in million	Serveriai Verslui UAB
Considerations and costs in cash and cash equivalents	8.1
Cash and cash equivalents in acquired companies	-2.1
Net cash payments for the acquisitions	**6.0**

If all acquired entities had been consolidated from 1 January 2020, the consolidated pro forma income statements for 2020 would show revenue and profit as follows:

NOK in million	2020	2019
Operating revenue	39,503	36,666
Operating profit/loss (EBIT)	854	747

2019

Acquisitions in 2019

Atea has acquired one company during 2019. The financial performance from the acquisition date to the end of the year for the acquired company is considered to be immaterial from a Group perspective.

DatabaseForum AS

Atea acquired DatabaseForum AS in September 2019. The acquisition will strengthen Atea's position within business intelligence and data analytics in Norway.

Allocation of purchase price

Due to the high knowledge and low capital requirements for operating an IT sales and consulting organization, acquisitions within this sector will typically result in a goodwill balance. This goodwill balance represents the surplus of the purchase price compared with the fail value of the net identifiable assets of the acquired company.

The fair values have been determined on provisional basis because new information may occur.

Breakdown of the acquired net assets and goodwill in 2019 is as follows:

NOK in million	DatabaseForum AS
Acquisition date	25-Sep-19
Country	Norway
Voting rights/ownership interest	100 %
Acquisition cost:	
Consideration [1]	24.8
Liabilities assumed	2.8
Total acquisition cost	27.6
Book value of equity (see table below)	5.4
Identification of excess value:	
Contracts and customer relationships	4.7
Deferred tax	-1.0
Net excess value	3.7
Fair value of net assets acquired, excluding goodwill	9.1
Controlling ownership interests	9.1
Goodwill	**18.6**

[1] Consideration that is dependent on future results is recognized as an obligation based on the fair value at the time of acqusition.

Assets and liabilities associated to the acquisitions in 2019 are as follows:

NOK in million	DatabaseForum AS
Property, plant and equipment	0.0
Trade receivables	3.4
Other receivables	0.1
Cash and cash equivalents	6.8
Total asset	**10.3**
Current liabilities	-4.9
Total liabilities	-4.9
Net assets acquired	**5.4**

Net cash payments in connection with the acquisitions are as follows:

NOK in million	DatabaseForum AS
Considerations and costs in cash and cash equivalents	24.8
Cash and cash equivalents in acquired companies	-6.8
Net cash payments for the acquisitions	**18.0**

If all acquired entities had been consolidated from 1 January 2019, the consolidated pro forma income statements for 2019 would show revenue and profit as follows:

NOK in million	2019	2018
Operating revenue	36,666	34,775
Operating profit/loss (EBIT)	747	704

NOTE 27 – CONTINGENT LIABILITIES AND ASSETS

Ordinary course of business
The Group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Group has given guarantees in the ordinary course of business amounting to NOK 5,697 million (NOK 4,947 in 2019) to external parties (see Note 28).

Legal disputes
Atea (the Group) is involved in lawsuits in various jurisdictions. The outcome for a number of these cases is uncertain. In management's opinion these cases will be resolved without significantly weakening the Group's financial standing. If the disputes nevertheless end with a negative outcome, Atea is insured in most cases.

NOTE 28 – COMMITMENTS

NOK in million	2020	2019
Guarantees to financial institutions [1]	810	636
Guarantees to business associates [2]	4,698	4,158
Residual value obligations related to leasing activities [3]	190	153
Total guarantees	**5,697**	**4,947**

[1] In addition to facilities disclosed in Note 19, Atea ASA issued guarantees for sublease facilities of NOK 209 million in 2020 (NOK 251 million in 2019).

[2] As part of the ordinary operations, parent company guarantees are furnished to suppliers and partners on behalf of subsidiaries.

[3] The leasing companies have a residual value obligation of NOK 190 million (NOK 153 million in 2019) on the outstanding leasing contracts. No losses have been incurred as result of this, and the risk of incurring losses is considered being low.

Pledged assets under securitization contract (see Note 19)
As part of securitization contract, Atea has pledged the following asset to Nordea Denmark, Branch of Nordea Bank Abp:
- Shares and related rights of Atea Service Center AB (subsidiary, 100 % owned by Atea ASA).
- Bank accounts of Atea Service Center AB. Cash balance including restricted cash in other companies amount NOK 937 million at the end of 2020 (NOK 1,221 million at the end of 2019).
- Trade receivables covering uncommitted revolving credit facility, but not exceeding the limit of NOK 1,100 million at the end of 2020 (limit of NOK 1,100 million at the end of 2019). Atea has no borrowings secured by receivables at the end of 2020 (NOK 553 million at the end of 2019).

NOTE 29 – RELATED PARTIES

Atea has ongoing transactions with related parties. All the transactions are in accordance with the arm's length principle and as part of the ordinary operations. The most important transactions are listed below.

The transactions have been carried out by companies controlled by Ib Kunøe, who is the Board Chairman and largest shareholder of Atea ASA through the company Systemintegration ApS and Managing Director of Atea Baltic UAB, Arūnas Bartusevicius.

Remuneration of Key Group employees is disclosed in Note 7.
Remuneration to the Board of Directors is disclosed in Note 8.

	Sales to(+)/from(-) related parties		Credit (+)/debit (-) balances with related parties	
NOK in million	2020	2019	2020	2019
Leasing of property or equipment	1.4	1.8	0.6	-
Development of software	-0.5	-0.1	-2.1	-
Other	3.1	-1.1	1.2	1.5

NOTE 30 – REORGANIZATION COSTS

Atea Denmark implemented a cost efficiency program in January 2020 which involved a reduction of 67 full time employees and change of Managing Director. The program resulted in severance costs of NOK 37 million, which were recognized as a Restructuring costs during the first half of 2020.

The program also resulted in additional write-downs and provisions of NOK 35 million. These costs are recognized in the Consolidated statement of Comprehensive Income during the first half of 2020.

NOTE 31 – GOVERNMENT GRANTS

Atea received COVID-19 assistance from the governments of Sweden, Denmark and Lithuania in 2020. The total assistance was NOK 31 million and was recognized as a reduction of Payroll and related costs. See Note 2.24.

NOTE 32 – EVENTS AFTER THE BALANCE SHEET DATE

Related party transaction

Atea A/S in Denmark has entered into an agreement to acquire Columbus A/S business area for Private Cloud Services. The agreement takes effect from January 2021, and as part of the acquisition, a small number of employees will join 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 is considered to be in accordance with the arm's length principle.

Dividend

On February 8, 2021 the Board of Atea ASA resolved to propose a dividend of NOK 5.00 per share at the next Annual General Meeting to be held on April 29, 2021. The dividend will be split into two equal payments of NOK 2.50 which will take place in May and November 2021. For Norwegian tax purposes, the dividend shall be considered as repayment of paid in capital. Further details on the dividend payment will be provided in the Notice to the Annual General Meeting.

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

ALTERNATIVE PERFORMANCE MEASURES

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

Atea uses the following APMs:

Pro forma revenue and EBITDA

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

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

NOK in million	2020	2019
Revenue	39,503	36,655
Adjustment for acquisitions	-	12
Pro forma revenue	39,503	36,666
Pro forma revenue on last year currency	36,883	36,666
Pro forma growth in constant currency	**0.6%**	

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. Cost of sales include products and services bought from suppliers and resold to customers. Cost 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	2020	2019
Revenue	39,503	36,655
Cost of sales	-31,266	-28,897
Gross profit	**8,236**	**7,758**

Operating expenses

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

NOK in million	2020	2019
Payroll and related costs	5,904	5,584
Other operationg costs	745	766
Share based compensation	53	73
Restructuring costs	37	0
Depreciation and amortization	638	584
Amortization related to acquisitions	5	5
Total operating expenses	**7,383**	**7,011**

EBITDA

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

NOK in million	2020	2019
EBITDA	1,497	1,335
Adjustment for acquisitions	0	0
Pro forma EBITDA	**1,497**	**1,335**

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.

The company's dividend policy is to distribute approximately 70-100 % of net profit after tax 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	2020	2019
Cash flow from operations	1,388	1,897
Purchase of PPE and intangible assets	-330	-325
Sale of PPE and intangible assets	9	73
Capital expenditures through cash	**-322**	**-252**
Free cash flow	**1,067**	**1,644**

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 recognise 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	31 Dec 2020	31 Dec 2019
Interest-bearing long-term liabilities	-475	-472
Interest-bearing long-term leasing liabilities	-38	-45
Interest-bearing current liabilities	-7	-575
Interest-bearing current leasing liabilities	-18	-19
Cash and cash equivalents	1,605	1,769
Net financial position	**1,067**	**657**
Long-term ROU assets leasing liabilities	-1,001	-723
Current ROU assets leasing liabilities	-292	-253
Long-term subleasing liabilities	-83	-102
Short-term subleasing liabilities	-126	-149
Long-term subleasing receivables	83	102
Short-term subleasing receivables	126	149
Incremental net lease liabilities due to IFRS 16 adoption	**-1,293**	**-977**

Liquidity reserve

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

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

NOK in million	31 Dec 2020	31 Dec 2019
Last 12 months pro forma EBITDA	1,497	1,335
Debt covenant ratio	2.5	2.5
Net debt limit	**3,741**	**3,338**
Net financial position	1,067	657
Liquidity reserve	**4,808**	**3,995**

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 19 for more details.

NOK in million	31 Dec 2020	31 Dec 2019
Inventories	797	798
Trade receivables	5,818	4,380
Other receivables	1,606	1,752
Trade payables	-6,934	-6,113
VAT, taxes and government fees	-1,058	-952
Provisions	-184	-111
Other current liabilities	-2,784	-2,167
Working capital	**-2,738**	**-2,412**
Securitization effect	1,209	1,862
Working capital before securitization	**-1,529**	**-550**
Year to date revenue	39,503	36,655
Working capital in relation to annualized revenue	**-6.9%**	**-6.6%**

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	31 Dec 2020	31 Dec 2019
Total assets	16,584	14,957
Deduct: incremental lease assets due to IFRS 16 adoption		
Right-of-use assets	-1,288	-996
Long-term subleasing receivables	-83	-102
Short-term subleasing receivables	-126	-149
Adjusted total assets	15,087	13,710
Equity	3,384	3,075
Equity ratio	**22.4%**	**22.4%**

Atea ASA
Financial Statements and Notes

Content

Statement of Comprehensive Income Atea ASA

NOK in million	Note	2020	2019
Revenue	1	56	54
Payroll and related costs	3	-47	-56
Depreciation and amortisation		-1	-1
Other operating costs		-30	-25
Operating profit (EBIT)		**-23**	**-28**
Financial income	4	531	694
Financial expenses	4	-82	-87
Net financial items	4	**449**	**607**
Profit before tax		**426**	**579**
Tax	5	7	11
Profit for the period		**433**	**590**
Profit for the period		**433**	**590**
Items that may be reclassified subsequently to profit or loss		**-**	**-**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**433**	**590**

Statement of Financial Positions Atea ASA

NOK in million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Property, plant and equipment		2	1
Deferred tax assets	5	190	183
Other long-term receivables	10, 12	800	800
Investments in subsidiaries	6	3,768	3,732
Non-current assets		**4,759**	**4,716**
Trade receivables	9, 12	76	69
Other receivables	7, 12	1,502	1,012
Other financial assets		2	0
Cash and cash equivalents	11, 12	590	318
Current assets		**2,170**	**1,400**
Total assets		**6,930**	**6,115**
EQUITY AND LIABILITIES			
Share capital and premium	8	503	463
Other reserves		879	879
Retained earnings		590	745
Equity		**1,972**	**2,088**
Interest-bearing long-term liabilities	10, 12	476	475
Non-current liabilities		**476**	**475**
Trade payables	9, 11	9	4
Other current liabilities	10	158	177
Other financial liabilities	9, 12	4,315	3,371
Current liabilities		**4,482**	**3,552**
Total liabilities		**4,958**	**4,027**
Total equity and liabilities		**6,930**	**6,115**

Oslo, 19 March 2021

Ib Kunøe
Chairman of the Board

Morten Jurs

Sven Madsen

Saloume Djoudat

Lisbeth Toftkær Kvan

Marianne Urdahl

Christian Våge

Leiv Jarle Larsen

Steinar Sønsteby
CEO

Statement of Cash Flow Atea ASA

NOK in million	Note	2020	2019
Profit before tax		426	579
Adjustment for:			
Net interest expenses		34	35
Depreciation and amortization		1	1
Share-based compensation		10	16
Interest received		44	41
Interest paid		-78	-75
Change in trade receivables		-7	-38
Change in trade payables		5	-0
Other working capital changes		-511	-848
Net cash flow from operational activities		**-76**	**-291**
Net cash flow from investment activities		**-**	**-**
Dividend paid		-550	-710
Payments from changes in treasury shares	8	-84	-
Proceeds from new share issue	8	40	53
Payments of lease liabilities		-0	-1
Changes in debt		942	729
Cash flow from financing activities		**348**	**71**
Net change in cash and cash equivalents at the start for the year		**272**	**-219**
Cash and cash equivalents at the start of the year	11	318	538
Cash and cash equivalents at the end of the year	11	**590**	**318**

Statement of Changes in Equity Atea ASA

	Share capital and premiums		Other reserves	Retained earnings		
NOK in million	Share capital [1]	Share premium	Other paid-in capital	Option programmes	Retained earnings	Total equity
Balance at 1 January 2019	**109**	**302**	**879**	**229**	**579**	**2,098**
Profit for the year	-	-	-	-	590	590
Issue of share capital	1	52	-	-	-	53
Employee share option programmes, value of employee contributions	-	-	-	57	-	57
Dividend	-	-	-	-	-710	-710
Equity at 31 December 2019	**110**	**354**	**879**	**286**	**459**	**2,088**
Balance at 1 January 2020	**110**	**354**	**879**	**286**	**459**	**2,088**
Profit for the year	-	-	-	-	433	433
Issue of share capital	0	39	-	-	-	40
Employee share option programmes, value of employee contributions	-	-	-	46	-	46
Dividend	-	-	-	-	-550	-550
Changes related to own shares	-	-	-	-	-84	-84
Equity at 31 December 2020	**110**	**393**	**879**	**332**	**258**	**1,972**

[1] See also Note 8.

NOTE 1 – GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

About Atea ASA

These are the financial statements of Atea ASA, which is the holding company for the Group and includes the Group's top management and associated staff functions (10 employees). See also Note 1 in the Group's consolidated financial statements.

Revenue

Atea ASA charges group costs to subsidiaries. As a holding company, Atea ASA is a purely administrative unit offering services for the subsidiaries in all the countres.

Accounting principles

The accounts have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

The explanation of the accounting policies for the group also apply to the parent company, and the notes to the consolidated financial statements will in some cases cover the parent company. See Note 2 in the explanation of the accounting policy in the Group's consolidated financial statements.

Critical accounting estimates and assessments in applying the group's accounting policies is mainly related to the valuation of assets (investment in subsidiaries with a book value of NOK 3,768 million, as well as deferred tax assets of NOK 190 million at 31 December 2020). See also Note 4 in the Group's consolidated financial statements.

There may be figures and percentages that do not always add up correctly due to rounding differences

NOTE 2 – SENSIVITY ANALYSIS

Sensitivity analysis 2020:		Interest rate risk					Foreign currency risk			
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets										
- NOK	972	19	-	-19	-	-	-	-	-	-
- SEK	115	2	-	-2	-	115	12	-	-12	-
- DKK	18	0	-	-0	-	1,500	150	-	-150	-
- EUR	405	8	-	-8	-	405	41	-	-41	-
- USD	-120	-2	-	2	-	-120	-12	-	12	-
Effect on financial assets before tax		**28**	**-**	**-28**	**-**		**190**	**-**	**-190**	**-**
Tax expense (22%)		-6	-	6	-		-42	-	42	-
Effect on financial assets after tax		**22**	**-**	**-22**	**-**		**148**	**-**	**-148**	**-**
Financial liability items										
- NOK	-2,578	-52	-	52	-	-	-	-	-	-
- SEK	-1,205	-24	-	24	-	-1,205	-120	-	120	-
- DKK	-871	-17	-	17	-	-871	-87	-	87	-
- EUR	-172	-3	-	3	-	-172	-17	-	17	-
- USD	-120	-2	-	2	-	-120	-12	-	12	-
Effect on financial liability items before tax		**-99**	**-**	**99**	**-**		**-237**	**-**	**237**	**-**
Tax expense (22%)		22	-	-22	-		52	-	-52	-
Effect on financial liability items after tax		**-77**	**-**	**77**	**-**		**-185**	**-**	**185**	**-**
Total increase/reduction		**-55**	**-**	**55**	**-**		**-36**	**-**	**36**	**-**

[1] Basis points.

At the end of 2020 Atea ASA had following forward contracts:
- buying EUR 22,6 million and selling USD 27,8 million, in less than three months, at the exchange rate of 1.2264075 with an estimated fair value of NOK 0 million
- buying USD 28 million and selling EUR 23 million, in less than three months, at the exchange rate of 1.2290303 with an estimated fair value of NOK 0 million
- buying SEK 546 million and selling NOK 571,3 million, in less than three months, at the exchange rate of 1.0455495 with an estimated fair value of NOK -0,4 million
- buying USD 27,8 million and selling EUR 22,7 million, in less than three months, at the exchange rate of 1.2269701 with an estimated fair value of NOK 0,05 million
- buying SEK 488,6 million and selling DKK 361,3 million, in less than three months, at the exchange rate of 1.3520999 with an estimated fair value of NOK 1,9 million

Sensitivity analysis 2019:

		Interest rate risk					Foreign currency risk			
		+ 200 bp [1]		- 200 bp [1]			+ 10%		- 10%	
NOK in million	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity	Amount affected	Effect on profit/loss	Other effects on equity	Effect on profit/loss	Other effects on equity
Financial assets										
- NOK	956	19	-	-19	-	-	-	-	-	-
- SEK	-76	-2	-	2	-	-76	-8	-	8	-
- DKK	167	3	-	-3	-	1,084	108	-	-108	-
- EUR	-42	-1	-	1	-	-42	-4	-	4	-
- USD	114	2	-	-2	-	114	11	-	-11	-
Effect on financial assets before tax		**22**	**-**	**-22**	**-**		**108**	**-**	**-108**	**-**
Tax expense (22%)		-5	-	5	-		-24	-	24	-
Effect on financial assets after tax		**17**	**-**	**-17**	**-**		**84**	**-**	**-84**	**-**
Financial liability items										
- NOK	-2,086	-42	-	42	-	-	-	-	-	-
- SEK	-1,256	-25	-	25	-	-1,256	-126	-	126	-
- DKK	-654	-13	-	13	-	-654	-65	-	65	-
- EUR	98	2	-	-2	-	98	10	-	-10	-
- USD	-124	-2	-	2	-	-124	-12	-	12	-
Effect on financial liability items before tax		**-80**	**-**	**80**	**-**		**-194**	**-**	**194**	**-**
Tax expense (22%)		18	-	-18	-		43	-	-43	-
Effect on financial liability items after tax		**-63**	**-**	**63**	**-**		**-151**	**-**	**151**	**-**
Total increase/reduction		**-45**	**-**	**45**	**-**		**-67**	**-**	**67**	**-**

[1] Basis points.

At the end of 2019 Atea ASA had following forward contracts:
- buying USD 18 million and selling EUR 16 million, in less than three months, at the exchange rate of 1.1106 with an estimated fair value of NOK 0 million
- buying SEK 266,8 million and selling NOK 250,5 million, in less than three months, at the exchange rate of 0.9387585 with an estimated fair value of NOK 0,7 million
- buying SEK 655 million and selling NOK 632,4 million, in less than three months, at the exchange rate of 0.96557 with an estimated fair value of NOK -15,7 million
- buying SEK 270 million and selling DKK 191,8 million, in less than three months, at the exchange rate of 1.4074 with an estimated fair value of NOK 1,4 million
- buying SEK 195 million and selling EUR 18,5 million, in less than three months, at the exchange rate of 10.5164 with an estimated fair value of NOK 1 million

NOTE 3 – PAYROLL AND AUDIT FEE

NOK in million	2020	2019
Wages and salaries to employees	-25	-28
Total social security costs	-4	-4
Option plans for the management and employees	-11	-22
Pension costs	-1	-1
Other personnel costs	-6	0
Total payroll and related costs	**-47**	**-56**
Average number of full time employees	10	12

Wages and remuneration to the CEO, CFO, Board of Directors and the employees' share option plans are described in Note 7 in the Group's consolidated financial statements.

Deloitte is the auditor of Atea ASA. The table below shows Deloitte's total charges for auditing and other services in 2020. All amounts are exclusive of VAT.

NOK in million	2020	2019
Auditor's fees	-1	-1
Tax advisory services	-0	-0
Other non-audit services	-	-
Total	**-1**	**-1**

NOTE 4 – NET FINANCIAL ITEMS

NOK in million	2020	2019
Dividend from subsidiaries	467	637
Group contribution and other financial income	21	16
Interest income from subsidiaries	15	19
Other interest income	29	21
Total financial income	**531**	**694**
Foreign exchange effects	-1	-9
Interest expenses from other loans	-78	-75
Other financial expense	-3	-3
Total financial expenses	**-82**	**-87**
Total net financial items	**449**	**607**

NOTE 5 – TAXES

Income tax recognized in profit or loss:

NOK in million	2020	2019
Deferred tax	7	11
Total income tax expenses	**7**	**11**

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

NOK in million	2020	2019
Profit before tax	426	579
Income tax expense calculated at 22 %	-94	-127
Tax effect of:		
- income non taxable and expenses non deductible	100	138
Total income tax expenses	**7**	**11**
Effective tax rate	**1.6 %**	**1.9 %**

Atea ASA does not have any tax payable because the company has a tax loss carryforward.

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

NOK in million	2020	2019
Deferred tax assets related to carryforward losses [1]	186	176
Other temporary differences	4	4
Deferred tax related to temporary differences	1	1
Deferred tax liabilities	-0	3
Net deferred tax assets	**190**	**183**

[1] Atea ASA tax loss carryforwards amounted to NOK 845 million at the end of 2020 (NOK 800 million at the end of 2019). There are no time restrictions on the utilisation of tax loss carryforwards.

NOTE 6 – SHARES IN SUBSIDIARIES

Financial year 2020

NOK in million	Head office	Ownership and voting share (%)	Equity at 31 December	Book value	Primary activity
Atea AS (Norway)	Oslo, Norway	100	1,269	459	IT infrastructure
Atea Holding AB (Sweden)	Stockholm, Sweden	100	825	1,074	IT infrastructure
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	1,720	1,580	IT infrastructure
Atea Holding OY (Finland)	Helsinki, Finland	100	312	307	IT infrastructure
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	210	220	IT infrastructure
Atea Global Services SIA	Riga, Latvia	100	26	0	Services
AppXite SIA	Riga, Latvia	100	72	127	IT infrastructure
Atea Service Center AB	Stockholm, Sweden	100	3	0	Securitization contract management
Total shares in subsidiaries				**3,768**	

Financial year 2019

NOK in million	Head office	Ownership and voting share (%)	Equity at 31 December	Book value	Primary activity
Atea AS (Norway)	Oslo, Norway	100	1,051	452	IT infrastructure
Atea Holding AB (Sweden)	Stockholm, Sweden	100	1,127	1,061	IT infrastructure
Atea Holding A/S (Denmark)	Copenhagen, Denmark	100	1,620	1,573	IT infrastructure
Atea Holding OY (Finland)	Helsinki, Finland	100	354	303	IT infrastructure
Atea Baltic UAB (Baltics)	Vilnius, Lithuania	100	203	215	IT infrastructure
Atea Global Services SIA	Riga, Latvia	100	15	0	Services
AppXite SIA	Riga, Latvia	100	76	127	IT infrastructure
Atea Service Center AB	Stockholm, Sweden	100	2	0	Securitization contract management
Total shares in subsidiaries				**3,732**	

NOTE 7 – TRADE AND OTHER RECEIVABLES

NOK in million	2020	2019
Prepaid expenses	5	8
Receivables from subsidaries	91	156
Junior Note [1]	1,482	917
Total trade and other current receivables	**1,579**	**1,081**

[1] Junior Note is receivables from subsidiaries related to Securitization program. See Note 19 in Atea Group Financial Statements and Notes.

NOTE 8 – PAID-IN CAPITAL, SHAREHOLDERS AND OPTIONS

NOK in million, except Number of shares	Number of shares		Share capital			
	Issued	Treasury shares	Issued	Treasury shares	Share premium	Total share capital and premiums
At 1 January 2019	**108,690,517**	**-7,844**	**109**	**0**	**302**	**410**
Issue of Share capital [1]	1,017,896	-	1	-	52	53
At 31 December 2019	**109,708,413**	**-7,844**	**110**	**0**	**354**	**463**
At 1 January 2020	**109,708,413**	**-7,844**	**110**	**0**	**354**	**463**
Issue of Share capita[l 1]	410,633	-	0	-	39	40
Changes related to own shares [2]	-	-729,000	-	-1	-	-1
At 31 December 2020	**110,119,046**	**-736,844**	**110**	**-1**	**393**	**503**

All the shares have equal rights. All the shares issued by the company are fully paid.
Atea ASA holds 736,844 treasury shares at 31 December 2020 (7,844 at 31 December 2019).

[1] Issue of Share capital is related to Share options for the Management and selected employees.
Share options have been allotted to the management and selected employees. Each share option allows for the subscription of one share in Atea ASA.
The fair value of the options is calculated when they are allotted and expensed over the vesting period.
A cost of NOK 10 million has been charged as an expense in the income statement in 2020 relating to the share option programmes (NOK 16 million in 2019).
In addition, National Insurance contribution expense of NOK 1 million has been charged as an expense in 2020 (NOK 7 million in 2019).
See Note 17 in Atea Group Financial Statements and Notes.

[2] Related to share buyback program announced in October 2020.
The cost price for the shares was NOK 84 million (with remaining NOK 83 million affecting retained earnings).

NOTE 9 – TRADE PAYABLES AND OTHER CURRENT LIABILITIES

NOK in million	2020	2019
Trade payables	5	1
Trade payables in the same group	4	3
Total trade payables	**9**	**4**
Other current liabilities [1]	**158**	**177**
Deposit in cash pool from subsidiaries [2]	4,315	3,371
Total other financial liabilities	**4,315**	**3,371**

[1] Includes Other payable related to securitization. NOK 124 million (NOK 140 million in 2019). See Note 19 in Atea Group Financial Statements and Notes.

[2] Atea ASA has entered into a multicurrency cash pool agreement, or global cash pool system ("cash pool"), and established a cash pooling account with Nordea that it uses to facilitate the daily working capital requirements of the majority of the group's subsidiaries. Atea is charged or receives interest on the net Top Currency Accounts. Under the cash pool arrangement each Participants accounts are credited/debited interest irrespective of the net position on the Top Currency Accounts.

NOTE 10 – BORROWINGS

NOK in million	2020	2019
Long-term receivables		
Long-term receivables from subsidiaries [1]	800	800
Total receivables	**800**	**800**
Long-term loans		
Other long-term debt [2]	476	475
Interest-bearing long-term liabilities	**476**	**475**

[1] Interest is charged on long-term claims against subsidiaries at the 12-month interbank rate plus a company-specific margin calculated based on the subsidiaries' respective creditworthiness. The interest is charged and falls due annually in arrears. The principal amount will not fall due for payment in the foreseeable future.

[2] **European Investment Bank, NOK 475 million**
Atea ASA has entered into a loan agreement with the European Investment Bank in May 2018. The loan is unsecured, and will be repaid in a single installment following a term of five years.

Maturity analysis for loans 2020

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Short-term financing	-		2	-	2
Long-term financing	-	-	-	476	476
Total	**-**	**-**	**2**	**476**	**477**

Maturity analysis for loans 2019

NOK in million	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
Short-term financing	-	-	2	-	2
Long-term financing	-	-	-	475	475
Total	**-**	**-**	**2**	**475**	**477**

NOTE 11 – LIQUIDITY RESERVE

Atea Group liquidity reserve is limited by a bond covenant ratio in 2020 and 2019 of 2.5x Atea Group EBITDA (net debt/last twelve months pro forma EBITDA). See Note 22 in Atea Group Financial Statements and Notes. Atea ASA (as standalone company) liquidity is not limited by any covenants.

NOTE 12 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

2020

NOK in million	Amortised cost	Fair value [1]
Financial assets		
Interest-bearing long-term receivables	800	800
Trade receivables	76	76
Other receivables [2]	1,497	1,497
Cash and cash equivalents	590	590
Financial liabilities		
Interest-bearing long-term liabilities	476	476
Trade payables	5	5
Trade payables in the same group	4	4
Other current liabilities [3]	4,468	4,468

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses.
[3] Less provision for restructuring and other provision.

2019

NOK in million	Amortised cost	Fair value [1]
Financial assets		
Interest-bearing long-term receivables	800	800
Trade receivables	69	69
Other receivables [2]	1,004	1,004
Cash and cash equivalents	318	318
Financial liabilities		
Interest-bearing long-term liabilities	475	475
Trade payables	1	1
Trade payables in the same group	3	3
Interest-bearing current liabilities	2	2
Other current liabilities [3]	3,546	3,546

[1] Book value is a reasonable estimate of fair value in cases where these numbers are identical.
[2] Less prepaid expenses.
[3] Less provision for restructuring and other provision.

NOTE 13 – COMMITMENT

NOK in million	2020	2019
Guarantees to financial institutions [1)]	1,710	1,536
Guarantees to business associates [2)]	4,698	4,158
Total commitments	**6,408**	**5,694**

[1)] Atea ASA has issued guarantees in favor of Nordea Bank and Nordea Finans as security for the facilities provided for the subsidiaries (see Note 19 and Note 28 in Atea Group Financial Statements and Notes).

In addition to facilities disclosed in Note 19, Atea ASA issued guarantees for sublease facilities of NOK 209 million in 2020 (NOK 251 million in 2019).

[2)] As part of the ordinary operations, parent company guarantees are furnished to suppliers and partners on behalf of subsidiaries.

It is considered improbable (i.e. < 10%) that Atea ASA will incur any charges as a result of guarantee liabilities the company has incurred on behalf of the subsidiaries. Since the financing companies were established in 2007, no losses have been incurred with respect to the residual value of leasing activities.

NOTE 14 – EVENTS AFTER THE BALANCE SHEET DATE

See Note 32 in Atea Group Financial Statements and Notes.

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To the General Meeting of Atea ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Atea ASA, which comprise:

- The financial statements of the parent company Atea ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Atea ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit mattes identified in our audit are:

- Revenue recognition
- Impairment of goodwill

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Revenue recognition

Key audit matter	How the matter was addressed in the audit
Refer to note 2 and 4 in the financial statements of the Group. Atea delivers IT related products and services. The customer contracts contain varying terms and conditions, and may include bundles of products and services. This impact the timing and presentation of revenue recognition. When Atea enters into a new customer contract, judgement is exercised to determine the appropriate accounting policies to be applied to each contract. This is a manual process. Due to the manual process of applying the appropriate accounting policies to contracts, and the high number and the variety of the contracts, there is a risk that an inappropriate accounting policy is selected. As a significant proportion of sales and deliveries are made close to year-end, the risk is especially relevant for transactions recorded close to year-end.	We reviewed the Group's accounting policies applicable for revenue recognition and assessed whether those policies were in compliance with IFRS. We evaluated the design and implementation of control activities that management has established to ensure that revenue is recognized in accordance with the Group's accounting policies. For selected control activities, we tested the operating effectiveness for the reporting period. We tested a sample of transactions and contracts, and assessed whether the accounting of the contracts reflected the terms of the contracts, and were in accordance with the Group`s accounting policy. An additional sample of transactions before year-end were assessed in respect of the application of the appropriate accounting policy. We also tested a sample of credit notes issued subsequent to the year-end to assess whether revenue was recognised in the correct period.

Impairment of goodwill

Key audit matter	How the matter was addressed in the audit
As disclosed in note 13 the carrying amount of goodwill amounted to NOK 4 088 million as at 31 December 2020. The Group allocates goodwill to the cash-generating units which management has determined are the countries of operation, which also are defined as the Group's segments. Refer to note 4 and 13 in the financial statements of the Group for description of management's impairment testing process and key assumptions. Management's annual impairment testing is based on estimation of recoverable amounts for the cash-generating units.	We challenged the assumptions and judgement used in the impairment model for assessing the recoverability of the carrying amount of goodwill. Our procedures included: • We obtained an understanding of management's process for impairment testing of goodwill. • We assessed the appropriateness of the identification of cash-generating units. • We tested the methodology applied to estimate recoverable amount against the requirements of IAS 36, Impairment of assets. • We obtained an understanding of and assessed the basis for the key assumptions for the estimated cash flows. • We challenged the key assumptions used in the estimation of cash flow including the growth rate. • We assessed the discount rate applied by benchmarking against independent market data. • We tested the mathematical accuracy of management's impairment model.

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Impairment of goodwill cont.

Key audit matter	How the matter was addressed in the audit
The estimation of cash flows and the selection of an appropriate discount rate to estimate the recoverable amount are key judgmental areas. The outcome of impairment assessments may vary significantly, dependent on the assumptions applied.	We used Deloitte valuation specialists in our audit of the impairment assessment of goodwill. We also assessed the adequacy of the related notes in the financial statements.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

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Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 March 2021
Deloitte AS

Sylvi Bjørnslett

Sylvi Bjørnslett
State Authorised Public Accountant (Norway)

Statement of Corporate Governance

The Board of Directors and management of Atea ASA (the "company") aim to execute their respective tasks in accordance with the highest standards for corporate governance. Atea's standards for corporate governance provide a critical foundation for the company's management. These principles must be viewed in conjunction with the company's efforts to constantly promote a sound corporate culture throughout the organization. The company's core values of respect, trust, accountability and equal treatment are central to the Board's and management's efforts to build confidence in the company, both internally and externally.

The company's and its subsidiaries' ("Atea" or the "Group") policy on corporate governance is provided in the annual report and on the company's website. Atea's principles for corporate governance are based on Norwegian law, regulations by the Oslo Stock Exchange and the Norwegian Code of Practice for Corporate Governance (the "Code") published by the Norwegian Corporate Governance Board on October 17, 2018. These principles are described in detail below.

1. Implementation and reporting on corporate governance

The Board of Directors is responsible for the implementation of sound corporate governance policies across the Group, in accordance with the Norwegian Code of Practice for Corporate Governance. If Atea does not fully comply with this Code, the company provides an explanation of the reason for the deviation and what solution it has selected.

2. Business operations

The business objective of Atea as stated in the Articles of Association is as follows: "The objective of the company is the sale of IT services, equipment, systems and related products, hereunder to participate in other companies having financial purposes." The Articles of Association are available on the company's website.

Each year, the Board of Directors conducts a full-day meeting with Management to evaluate the Group's business strategy. During the meeting, clear objectives, strategies and risk profiles for the Group's business activities are defined in order to create value for shareholders. The business strategy provides Management with a basis for carrying out investments and other structural measures.

Atea's sustainability guidelines are an essential component of the Group's business strategy. The sustainability guidelines include an impact assessment of the Group's business strategy on external stakeholders. An annual sustainability report containing these guidelines is published on Atea's website: atea.com.

3. Equity and dividends

Capital structure

The Board of Directors continuously assesses Atea's capital structure, financial strength and capital requirements in light of Atea's business objectives, strategy and risk profile.

Dividend

Atea's objective is to offer competitive returns to its shareholders through capital appreciation and a high dividend pay-out.

The company's policy is to distribute approximately 70-100 % of net profit after tax to shareholders in the form of a dividend. Any dividends proposed by the Board to the General Meeting shall be justified based on the company's dividend policy and its capital requirements, in accordance with the Norwegian Public Companies Act (allmennaksjeloven) § 8-1.

Powers of attorney to the Board of Directors

Powers of attorney granted by the shareholders to the Board of Directors at the General Meeting to increase the company's share capital or to purchase own shares shall be limited to specific purposes, and each purpose shall be treated as a separate issue in the General Meeting. Powers of attorney to the Board of Directors are only provided with a term until the next Annual General Meeting.

The general meeting can approve multiple mandates. In such an instance, the proposals for the mandates should stipulate a limit on the overall amount by which the board shall be permitted to increase the company's share capital.

4. Equal treatment of shareholders and transactions with related parties

Equal treatment

Neither the Board of Directors, Management, or the General Meeting may make any decision that is intended to give an unreasonable advantage to certain shareholders at the expense of other shareholders or the company.

Decisions to waive the shareholders' pre-emption rights

Any proposal to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of share capital increase will be justified. If the Board of Directors has been granted a power of attorney to increase the company's share capital and waive the pre-emption rights of existing shareholders, justification of such resolution will be disclosed in a stock exchange announcement issued in connection with the resolution.

Purchase of own shares
Transactions the company will carry out in its own shares will be made either through the stock exchange or if made otherwise, at a prevailing stock exchange price. In case of limited liquidity in the company's shares, the company will consider other means of such transactions to ensure equal treatment of all shareholders.

Transactions with related parties
In the event of transactions between the company and its related parties that are not immaterial, such as transactions with a shareholder, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board of Directors will arrange for an assessment of the transaction to be obtained from an independent third party, however, this will not apply if the transaction requires approval from the General Meeting pursuant to the Public Limited Liability Companies Act. Further, independent valuations will also be arranged in case of transactions between companies in the Group where any of the companies involved have minority shareholders.

Insider trading
The Board of Directors has adopted instructions for the Group's employees and primary insiders relating to inside information and trading in financial instruments, including the duty of confidentiality, prohibition of trading, investigation and reporting requirements, and ban on giving advice.

5. Shares and negotiability
Atea ASA has only one class of shares. All shares have equal rights. The Articles of Association do not contain any restrictions when it comes to voting rights, ownership or trading of shares.

6. General meetings
The General Meeting guarantees shareholder's participation in the company's highest body. An Annual General Meeting shall be held before end of June each year. Notice of the General Meeting shall be sent to all the shareholders with a known address.

The right to participate in and vote at the General Meeting may only be exercised when ownership of shares has been recorded in the company's shareholder register (VPS) on the fifth weekday prior to the General Meeting being held, pursuant to Article 9 of the company's Articles of Association. Shareholders that wish to participate in the General Meeting (personally or through proxy) must, pursuant to Article 10 of the Articles of Association, notify the company within a deadline that will be provided in the summons and which shall be no less than 5 days prior to the date on which the General Meeting is held. Registration for the General Meeting is made in writing by letter or through the Internet.

The Notice will provide the agenda for the General meeting, and sufficiently detailed, and specific information on each item on the agenda for the General Meeting so that the shareholders can make a decision on the matters that are to be resolved. The Notice will provide information on direct and proxy voting procedures (including information on a person who will be available to vote on behalf of the shareholders as their proxy), which enable shareholders to vote separately for each individual agenda item or candidate that shall be elected. Shareholders may provide their votes in writing or electronically, although no later than two days in advance of the General Meeting.

At a minimum, the Board Chairman, Chief Executive Officer, Chief Financial Officer, auditor, and a member of the Nominating Committee participate at the General Meeting. The General Meeting is chaired by an independent chairperson elected in the meeting.

In addition to the Annual General Meeting, an Extraordinary General Meeting may be called by the Board. Shareholders who represent at least 5 % of the shares may, pursuant to Section 5–7 of the Norwegian Public Limited Companies Act, demand an Extraordinary General Meeting to address a specific matter.

7. The Nominating Committee
The Nominating Committee shall, pursuant to Article 7 of the Articles of Association, consist of the Board Chairman and two members elected by the General Meeting. The members who are elected by the General Meeting have a term of office of two years. The Nominating Committee was re-elected by the Annual General Meeting in 2019.

The Nominating Committee's duties should be to propose candidates for election to the Board of Directors and to propose the fees to be paid to the Board members. The Nominating Committee may also propose new members to the Nominating Committee. The nomination committee should justify its recommendations for each candidate separately.

The General Meeting has stipulated guidelines for the duties and composition of the Nominating Committee. The guidelines state that elected members of the Nominating Committee should a) be independent of the Board of Directors and the company's main shareholders, b) have competence and experience with respect to the position as Board member, c) have good knowledge and competence within the area of the Group's business and d) be well oriented within the Nordic industry and commerce. The guidelines further state that the Nominating Committee should have contact with major shareholders, Board members and the CEO as part of its work on proposing candidates for election to the Board of Directors.

Atea has made arrangements on its website (atea.com/investors/) whereby shareholders may submit proposals to the Nominating Committee for candidates for election as members of the Board of Directors.

The Code (article 7) states that; “No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election to the board.” The company deviates from the recommendation as the Board Chairman, pursuant to the Articles of Association, is a member of the Nominating Committee and may be re-elected as member of the Board of Directors. The Board is of the opinion that it is an advantage to have continuity in the Nominating Committee and Board of Directors and therefore the Board Chairman should be entitled to stand for re-election as a member of both bodies.

8. Board of directors: composition and independence

Corporate Assembly

An agreement has been entered into with the employees of the Norwegian part of the Group, whereby a Corporate Assembly shall not be established, but the employees shall instead increase their representation in the Board of Directors as provided by the Norwegian Public Limited Companies Act § 6-4 (3).

Election and composition of the Board of Directors

The General Meeting elects the shareholder’s representatives to the Board of Directors. The Nominating Committee prepares the nominations for shareholder-elected Board members prior to the election, as stated in Article 7 above. Resolutions concerning the composition of the Board of Directors are made on the basis of a simple majority. The Board of Directors elects the Board Chairman and deputy chairman. This deviates from the Code, which states that the Board Chairman should be elected by the General Meeting. The reason for such deviation is that it has been agreed with employees and shareholders that a Corporate Assembly shall not be established and then the Board Chairman shall, pursuant to the Norwegian Public Limited Companies Act § 6-1 (2), be elected by the Board of Directors.

Systemintegration ApS is the company’s largest shareholder and is represented by two Board members. The other Board members are independent of the company’s largest shareholders and the company’s management. The Board members are elected for a term of two years and may stand for re-election.

Independence of the Board of Directors

The Board of Directors considers itself to be independent of the Group’s management, and free of any conflict of interest between the shareholders, Board of Directors, corporate management and the company’s other stakeholders. The annual report provides information on the Board member’s participation in Board meetings and their competence.

Members of the Board of Directors are encouraged to own shares in Atea.

9. The Board of Director’s work

The Board of Director’s duties in general

The Board of Directors has primary responsibility for governance of the Group. The function of the Board of Directors is primarily to safeguard the interests of the shareholders. However, the Board of Directors also bears responsibility for the company’s other stakeholders.

The Board of Directors shall hire the Chief Executive Officer, direct the Group's strategy, and ensure proper control and risk management of the company's assets, business operations and financial reporting. Matters of importance for these objectives shall be reviewed and, if necessary, approved by the Board of Directors. For example, the Board will formally approve the Group's annual and quarterly reports, business strategy and M&A plans.

Rules of procedure

The work of the Board of Directors is described in guidelines which are approved by the Board. The guidelines relate to the Board's responsibilities and authority, the administration of Board meetings, and the Board's confidentiality and conflict of interest requirements.

The Board of Directors has routines in place to ensure that members of the Board and executive personnel make the company aware of any material interests that they may have in items to be considered by the Board of Directors. A member of the Board of Directors or executive team may not participate in the discussion or decision of any matter which is of such particular importance or financial interest to himself or any related party. If the chairman of the Board is or has been personally involved in matters of a material character, the Board's consideration of such matters is chaired by another member of the Board of Directors.

Notice and structure of meetings

The Board of Directors schedules fixed meetings every year. Normally six to eight meetings are held annually. Additional meetings are called as required.

The Board of Directors’ discussions and minutes of meetings are kept confidential, unless the Board of Directors determines otherwise or if there is clearly no need for such treatment. In addition to the Board members, the Chief Executive Officer, Chief Financial Officer and the company secretary will regularly participate in the Board meetings. Other participants are invited as required.

Board members receive information on the Group’s operational and financial performance, including monthly financial reports. The Board members are free to consult the Group’s management if they feel a need to do so. The Board charter can be found in the Corporate Governance document at atea.com.

Audit Committee
The Company has an Audit Committee, that also serves as the Compliance Committee for the Group. The responsibilities of the Audit Committee are amongst other to: (i) conduct the Board of Director's quality assurance of the financial reporting, (ii) monitor the company's internal control and risk management systems, (iii) have contact with the Group's auditor regarding audit of the Group and company accounts, (iv) review and monitor the auditor's independence, including services other than auditing that has been delivered by the auditor and (v) provide its recommendations to the Board of Directors with respect to election of auditor,(vi) establish and enforce procedures for receipt, storage and treatment of complaints regarding accounting, internal accounting controls or auditing matters. (vii) review and monitor the Group's compliance function.

The Audit committee schedules fixed meetings every year. Normally six to eight meetings are held annually. Additional meetings are called as required. The Audit Committee charter can be found in the Corporate Governance document at atea.com.

Use of Board Committees
The Group has a Nominating Committee pursuant to the Articles of Association. The Nominating Committee also serves as the Group's Compensation Committee. The Compensation Committee's responsibility is to prepare to the Board of Director's guidelines for executive compensation and to monitor these compensation guidelines. Details of the company's use of Board Committees are provided in the annual report. The Nomination committee charter can be found in the Corporate Governance document at atea.com.

The Board of Directors' self-evaluation
The Board of Directors performs an annual evaluation of how the Board members function individually and as a group.

10. Risk management and internal control

Guidelines for internal control
The Group has established guidelines for internal control which include routines for financial reporting, communication, authorization, risk management, ethics and social responsibility. These guidelines are reviewed annually by the Board of Directors, in a full day meeting with Management to evaluate the Group's business strategy. During the business strategy review, the Board performs an assessment of the Group's most important areas of risk exposure, including its internal control arrangements.

Financial reporting controls
In order to ensure internal control and manage risk, the Group conducts comprehensive financial reporting and reconciliation on a monthly basis, on both a consolidated, segment and subsidiary level. Immediately after the completion of the monthly financial report, the Group's financial administration holds a meeting with the financial management of each of the business segments. The purpose of the meeting is to follow up on the performance of each business segment and to identify potential errors and omissions in the financial statements. During the meetings, Management analyzes variances between each segment's actual performance and forecast, as well as its performance in the previous year. External market data is also used to analyze business performance across the group. When the financial reporting and analysis is complete, Management reports the monthly financial statements together with a summary of business operations to the Board of Directors and executive team.

All financial reporting within the Group is in accordance with IFRS. All relevant changes to IFRS and their impact on the Group is disclosed in Note 2 to the Group financial statements. The Group has implemented changes to its accounting policies and systems to adapt to these changes.

When the Group acquires companies, the reporting practices of the acquired company are reviewed and integrated with corporate practices within a month of the acquisition date so that the Group can consolidate the acquired company within the Group accounts by the next quarterly financial report.

Code of Conduct
The personal conduct of every Atea employee shapes the work culture and defines our reputation as a company. Atea employees are expected to demonstrate the highest standards of integrity and professionalism when fulfilling their job responsibilities.

The Atea Code of Conduct sets the principles with which Atea personnel work together and with outside stakeholders. It provides guidelines for our business practices which must be followed by all Atea personnel and is a source of governance for decision making across Atea. The Code of Conduct Is published on the Atea website: atea.com.

It is the personal responsibility of every Atea employee to review and follow the Code of Conduct. All employees must take an examination on the Code of Conduct and sign an agreement that they will abide by the Code and relevant laws and regulations when acting on behalf of Atea. Any violation of the Code of Conduct will not be tolerated, and may lead to internal disciplinary measures, notice, dismissal, or – in the event of illegal behaviour – criminal prosecution.

11. Remuneration of the Board of Directors

The General Meeting determines the annual remuneration to the Board of Directors. The remuneration shall reflect the Board of Directors' responsibility, expertise, time spent and the complexity of the operation. The remuneration is not dependent on results.

No stock options have been granted to the Board members.

Members of the Board of Directors and/or companies with which they are associated, do in general not take on assignments for the company. If, however, such assignments are made, the matters are disclosed to the Board of Directors and the Board of Directors approves their remuneration.

If remuneration is provided to Board members in addition to the regular Board remuneration, this will be reported separately in the annual report. For a detailed account of the remuneration paid to Board members and their shareholdings in the company, see Note 8 and 17, respectively, to the annual accounts.

12. Remuneration of executive personnel

The CEO's remuneration is set by the Board of Directors, based on recommendation from the Compensation Committee. The remuneration of the CEO is specified in Note 7 to the annual accounts.

The Board of Directors has established guidelines for remuneration of the company's executives, which are submitted in a separate statement to the General Meeting. The guidelines set out the main principles applied in determining the salary and other remuneration to executives, are linked to value creation for shareholders and the company's earnings performance over time and incentivises performance based on quantifiable factors of which the executives can influence. Atea complies with the Code's requirement that it shall be clear which aspects of the guidelines are advisory and which, if any, are binding. Furthermore, Atea complies with the Code's requirement that the General Meeting shall vote separately on each of these aspects.

Performance related remuneration in the form of share options, bonus programmes or similar, to executive personnel is subject to an absolute limit.

13. Information and communication

Annual and interim reporting

The Group's financial calendar and presentations are published on the company's website (atea.com/investors/financial-calendar/). The Group presents its interim accounts on a quarterly basis and its annual accounts during the month of February. The complete financial statements and Board of Directors' report are published on the company's website at least twenty-one days prior to the General Meeting.

Other market information

The Group aims to increase investor awareness of Atea through an open, transparent and reliable information policy. In this manner, the Group seeks also to promote the liquidity of its shares and ensure that its share price reflects the fair value of Atea.

Open investor presentations are arranged in connection with the publication of the Group's annual and quarterly results. The Chief Executive Officer and Chief Financial Officer present the financial results of the group and each business segment, and present additional information which is relevant to the company's future prospects. When publishing the preliminary annual accounts and the interim reports, the Group is holding public presentations that are simultaneously broadcasted through webcasts. Investor-related information and presentations associated with the annual and quarterly results are available on the Group's website, atea.com/investors.

In addition to the publication of financial results, the Board of Directors has authorized the Chairman, CEO and CFO to conduct regular meetings with analysts and investors. This improves communication and increases the Group's understanding of which matters are of particular concern to shareholders. During meetings, care is taken to ensure equal treatment of all investors. Caution with regard to distribution of non-public information is exercised in investor meetings outside of public presentations.

In the event of an emergency or serious incident at Atea, the Group has established a crisis management plan which provides additional governance and procedures on all communications from the Group.

14. Take-overs

The company's Articles of Association do not contain any defence mechanisms against the acquisition of shares, nor has any measures been taken to restrict the opportunity to acquire shares in the company. In the event of a takeover offer, the Board of Directors will seek expert advice in order to comply with applicable rules and regulations and will otherwise act in a manner to ensure equal treatment of shareholders, seek to avoid that the company's business activities are unnecessary disrupted and to ensure that the shareholders are given sufficient information and time to consider the offer.

The Board of Directors will not seek to hinder or obstruct take-over bids. In the event of a take-over bid for the company, the Board of Directors will seek to comply with the NUES recommendations, including obtaining a valuation from an independent expert and making a recommendation to Atea's shareholders regarding acceptance of the bid. The Board of Directors will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

15. The Auditor

The Auditor's relationship with the Board of Directors

The auditor participates at the Board meeting where the annual accounts are discussed. At this meeting, the Board of Directors is briefed on the annual accounts and any matters of particular concern to the auditor, including matters where there has been disagreement between the auditor and the executive management of the company. The auditor provides the Audit Committee with an annual plan for the audit of the company and he has regular contact with the Audit Committee during the audit process so that the Audit Committee can fulfil its oversight responsibilities. At least once a year the auditor presents to the Audit Committee the main features of the audit carried out in respect of the previous accounting year, and a review of the company's internal control procedures, including identified weaknesses, if any, and proposals for improvement.

The Board of Directors and the auditor meet at least once per year without management present.

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the Group Chief Accountant. The external Group auditor is responsible for reporting such services to the Audit Committee and to perform an ongoing assessment of independence. Furthermore, the independence of the auditor is continuously monitored by the Audit Committee.

Auditor's relationship to the corporate management

Deloitte has been the company's auditor since 2006. In 2016 the Auditing partner changed according to normal rotation rules. In addition to ordinary auditing, the auditing firm has provided services related to accounting, tax and reporting. Reference is made to Note 8 to the annual accounts. The corporate management holds regular meetings with the auditor. In these meetings the auditor reports on the company's accounting practices, risk areas and internal control routines. The auditor's remuneration is approved by the company's General Meeting, including a breakdown of remuneration between auditing and other services.

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