

ITERA

ANNUAL REPORT



2021

Our results





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*CEO Comment 2021*

# Taking pole position

In 2021, we delivered one of the best rates of profitable organic growth in our industry while we continued to invest in digital capabilities to help customers accelerate their transition to the cloud.

Our strong performance reflects our talented people's dedication and hard work in following our core strategy: Grow People, Grow Customers and Grow Company. We believe there is a direct link between this strategy, along with our innovative mindset and entrepreneurial culture, and the trust of our customers and partners and our ability to develop and attract great people.

Despite another pandemic year, we continued to sit apart in the marketplace with an even stronger foundation and an exciting future as the specialist in creating sustainable digital business. Digitalisation and sustainability have been mutually reinforcing during the pandemic, and we are seeing positive developments in the market for our services in all locations. To use a term from Formula 1, Itera has taken pole position for enabling businesses in various industries to transition digitally to a more sustainable future.

#### **Best ever performance**

As companies embrace digital transformation, our customers turn to Itera as their trusted realisation partner. This is reflected in 2021 being another year in which Itera performed better than ever before. Here are some highlights:

- Itera was again ranked as one of the top 25 most innovative companies across all industries in Norway for the sixth consecutive year.
- For our core digital business, we delivered organic revenue growth of 19% and increased our operating margin, with

"I am confident in our ability to continue to meet the urgency of the challenges and opportunities that lie ahead for our customers and in our ability to deliver on the promise of technology in creating sustainable digital businesses."

an EBIT margin of 13.0% in 2021. We also showed 22% organic growth in the number of employees, with a net increase of 113 employees.

- We invested more than NOK 18 million in our Digital Factory at Scale and world-class Cloud Centre of Excellence, which put Itera in pole position with a full range of services and capabilities in digital transformation.
- We launched a next-generation AI-based offering for anti-money laundering (AML) for Nordic financial services organisations based on a strategic partnership with IBM and Red Hat.
- We moved into new offices in Copenhagen, Reykjavik, Bergen and Bratislava and opened a new office in Fredrikstad close to Oslo.
- Net cash flow from operating activities was NOK 70 million. We returned NOK 28 million in cash to shareholders as a dividend of NOK 0.35 per share, continuing to deliver on our disciplined capital allocation model.

Phasing out our own data centres started two years ago and has had a negative impact on revenue growth and profitability. At the end of 2021, only a few minor customers remain in our own data center, which will finally be discontinued at the end of the first quarter of 2022.

More importantly, we have been growing our core digital business – with opportunities in areas such as cloud, data and analytics, and AI-based industrial digitalisation with digital twins and automation. We are ready to digitise all aspects of any business with innovation, speed, scale, and quality. Our strategy defines the areas in which we will drive growth, build differentiation, and enable our business to create high value every day.

### Digital Factory at Scale

Digital transformation underpinned by cloud and digital technologies continues to drive strong double-digit growth across our business. As a tech company, we are well prepared to help our customers navigate their futures.

It's now commonly accepted that data is what fuels digital transformation, but it is artificial intelligence (AI) that unlocks the value of that

data. However, the adoption of AI and data-driven decision making has been slower than anticipated. AI is not magic and requires a thoughtful and well-architected approach. For example, most AI failures are due to data preparation and organisation problems, not the AI models themselves. Success with AI models is dependent on first achieving success with how you collect and organise the data.

In response, we have created a Digital Factory at Scale for data-driven business with a full range of services and capabilities for contextualising data and unlocking insights across legacy systems. We are bringing together all our capabilities through our Digital Factory at Scale, from delivering three horizon digital strategies and cloud transformation journeys to cloud migration, cloud-native development, data, AI, application life cycle management and change.

More than technology, the move to the cloud is about adopting a new operating system for future data-driven business, opening radically new ways for companies to work, compete and drive value. Our customers value the depth and breadth of our services, our talent for creating sustainable digital business and our ability to find human solutions to complex challenges and to deliver tangible outcomes.

### Increasing the speed of the energy transition

Digitalisation and sustainability are mutually reinforcing. As an example, transforming the world's energy system from fossil-based to renewable-based energy sources is one of the key challenges in terms of creating a low-emissions society. The push for decarbonisation towards net-zero is a unique opportunity to transform the energy system by modernising the ageing energy infrastructure and investing in new technology to operate more efficiently and develop new business models and growth opportunities.

According to research by the Royal Society in the UK, existing digital technology, from smart sensors to advanced cloud services such as machine learning and artificial intelligence, is estimated to contribute to one-third of the required carbon

reduction by 2030. The Nordic region is often regarded as a digital and sustainable front-runner well-positioned to show the way globally.

Through our strategic partnerships with DNV, Cognite, Microsoft and IBM and Red Hat, we are building new digital capabilities for the future energy system. For instance, using our Digital Factory at Scale and Cloud Center of Excellence we are developing data-driven utility asset management solutions to optimise the electric grid in the western part of the United States. With these new solutions, equipment failure is minimised, while the equipment life is optimised. The results are seen in improved efficiency, lower emissions and reduced costs, with maximum uptime and reliability of service reliability for end-users.

### Looking Ahead

We enter 2022 with an even stronger foundation and an exciting future as the specialist in creating sustainable digital business. We are very focused on capturing the market opportunities, coupled with empowering our great people and the disciplined execution that we expect of ourselves.

I am confident in our ability to continue to meet the urgency of the challenges and opportunities that lie ahead and in our ability to deliver on the promise of technology in creating sustainable digital businesses. More than ever, we are committed to showing the world how to become more sustainable, create new pathways for industrial growth and deliver far-reaching lifestyle changes through digitalisation. As a Nordic-based company with global reach, we will seek to show the way.

From day one of the Russian invasion on 24th February 2022, our primary focus has been on the safety of Ukrainian employees and their families. We have updated our business continuity plans for personnel and operations for any new situation. But most of all, we admire our Ukrainian colleagues. In an almost unimaginable situation, their focus has been on resuming customer deliveries as soon as they have ensured that they and their families are safe.

Indeed, our distributed delivery model and our consultants' high level of mobility enable us to work from anywhere as needed, including with home as part of the new normal hybrid model following the pandemic, with consultants continuing to be able to work at other Itera offices in the western part of Ukraine, as well as in Slovakia and the Nordics. As a result, most projects have been running more or less as normal through the first phase of the war. We want to thank both our customers and partners for the strong support and warm compassion they have shown us. It means a lot to us.

I want to thank all our people for their incredible dedication and commitment to following our vision to "make a difference" every day. I would also like to warmly thank our customers, strategic partners, board of directors and shareholders for their continued trust and support.

*Arne Mjøs*

FOUNDER & CHIEF EXECUTIVE OFFICER

# Board of directors' report

## [The company](#)

Itera (the Group) is a specialist in creating sustainable, digital business. We are uniquely able to bring digital to the core of their business because of our full range of services in strategy and consulting, customer experience, technology and cloud operations. The company utilises its solid and multidisciplinary skills in business, customer experience and technology to design, develop and operate innovative digital solutions for Nordic-based customers.

Technology is the single biggest driver of change at companies today. The Nordic region, where most of our customers are present, is often regarded as a digital and sustainable pioneer well-positioned to show the way globally. We are fully committed to something bigger than ourselves around the world. We consider ourselves to have a responsibility to show the world how to become more sustainable and to demonstrate new pathways for industrial growth and far-reaching lifestyle changes through digitalisation.

The Group also owns two niche SaaS companies with primarily subscription-based recurring revenues: Cicero Consulting, which provides advisory services and solutions to the banking and finance sector, and Compendia, which specialises in products and services for the HR, quality and management areas. Both companies using Itera's digital capabilities with increasing cross-business opportunities.

The Group is headquartered in Oslo and has offices also in Bergen, Bryne and Fredrikstad in Norway, Copenhagen (Denmark), Stockholm (Sweden), Reykjavik (Iceland), Kyiv and Lviv (Ukraine) and Bratislava (Slovakia). We combine strategic partnerships with customers and partners, our entrepreneurial culture, and our innovation mindset to serve customers in more

than 20 countries worldwide from our ten offices across the Nordic region and Eastern Europe. The flexibility of our distributed delivery model makes local presence less essential or even non-critical. The company will consider opening regional offices if the opportunity is qualified as offering substantial, long-term value.

## [Our strategy](#)

The core of our growth strategy is: Grow People, Grow Customer and Grow Company. We are energised by the opportunity to guide and support our customers in their digital transformation into sustainable business and to contribute to the advancement of the societies we live in. Our strategy defines the areas in which we will drive growth, build differentiation and enable our business to create high value every day.

Key enablers of our growth strategy include:

**Our People** – Itera is a talent-led organisation. Attracting, developing and inspiring the very best talent in our industry is critical to meeting the evolving needs of our customers and growing our business. Our people have highly specialised skills that drive our differentiation and competitiveness. We care deeply for our people and are committed to a robust entrepreneurial culture of empowerment and shared consciousness. We invest in our people to provide them with opportunities to learn and grow in their careers through their work experience and continued development, training and reskilling. We help them achieve their aspirations both professionally and personally and have a strong commitment to inclusion and diversity.

**Our Capabilities** – As ONE Itera, we share the same values, and we are continuously developing our cross-border methodology, practices





and collaboration. We are committed to finding human solutions to complex challenges through digital transformation by constantly innovating and developing leading-edge ideas and leveraging emerging technologies to anticipate our customers' needs. Our culture is underpinned by our core values and Business Framework, which are key drivers of the trust our customers and partners show us.

**Our Foundation** – Our growth model, which leverages our strong customer-centric approach with a mix of local and cross-border sales and customer experience, enables us to be close to our customers, people and partners to scale efficiently. We leverage our scale and international footprint, innovation capabilities, and strong partnerships through our Digital Factory at Scale and Cloud Centre of Excellence to consistently deliver tangible value for our customers worldwide.

### [Market conditions](#)

As we have seen over the past two pandemic years, digital adoption curves are accelerating across industries and business functions. All our customers are on a journey to becoming digital businesses and thus more agile and resilient. Digital transformation underpinned by cloud and digital technologies continues to drive strong double-digit growth across our core business.

While customers' digital transformations are creating momentum within our business, most companies are at an early stage in their transformation. All face multi-year journeys because transitioning to the cloud and adopting new technologies across companies represents a profound transformation. Simultaneously, we are seeing an ongoing exponential change in technology that is accelerating and will create new opportunities, disruption and change for our customers.

We are seeing all emerging technology become digital capabilities in the cloud as a dynamic continuum from public and hybrid cloud to edge and everything in between. Every company will need to be a technology company in its own right, and data will be the key to success for such companies.

Similarly, sustainability is a critical area in which technology is still evolving. We need to

fix the climate, and we believe that we have a social responsibility as a tech company to do our part. We believe that every business must be a sustainable business. Most companies are in the early stages of figuring out how to make this shift. Digital technology is uniquely suited to this time as it can help people, organisations, and entire industries make all the difference for our climate. It is part of our mission to help our customers do just that.

### [Customers and projects](#)

Itera has a strong customer portfolio in Business-to-Customer (B2C) markets, such as banking and insurance, retail and public sector, and in business-to-business (B2B) markets, such as the green transition of the oil and gas industry, power & utilities, fishing and other heavy assets industries.

We help customers digitalise their business to achieve higher efficiency, improved customer satisfaction through new and personalised products and services, greater customer loyalty, a stronger brand, a better reputation, and stronger barriers against competitors, which contribute to additional sales and increased profitability.

A key part of Itera's strategy is maintaining and developing its largest, strategic customer relationships. In 2021, several new, exciting relationships were developed with customers such as Eviny, Aize and Sector Alarm. These join the strong brands that have continued their long-lasting relationship with Itera, including Santander Consumer Bank, Gjensidige, DNV, Cognite, Aize, Storebrand and Össur.

The share of revenue from Itera's top 30 customers was 76% in 2021, up from 75% in 2020. New customers, defined as customers won in the last 12 months, accounted for 13% of revenue in 2021.

### [Hybrid working environment](#)

We continued to meet our customers' strong demand, adding a net 113 talented people to our core digital business in 2021. We are increasing the attractiveness of our brand by positioning ourselves as a leader in the area of Industry 4.0.

We have expanded our recruitment activities to support our growth ambitions. We provide attractive careers, exciting projects with leading customers, and a flexible, transparent and diversified culture. We also opened a regional office in Fredrikstad, for which several new hires were signed.

We are also using the pandemic to learn about new ways of working. According to our research, most employees want flexible remote working options, but at the same time, they also wish to have more in-person collaboration. This is hybrid working.

Our people will work in the office, from home and at customer sites, and many of our customers' employees will likely be doing the same. We want to create an environment that helps our people grow as best they can and feel a sense of belonging. We will take a lean approach to find the best solution for our people, customers, and company and define a new hybrid working environment for Itera.

### [Our approach to sustainability](#)

Itera's ambition is to be the market leader at creating sustainable digital business. By developing and delivering technology projects, we contribute to a sustainable future. The World Economic Forum states that 70 per cent of the UN's 17 Sustainable Development Goals can be solved using technology. That is why we say that digitalisation and technology are our main contributions to increased sustainability.

Sustainability is an integral driver of our strategies, and we have prioritized the following Sustainable Development Goals (UN SDGs) as those to which our core business can make a positive contribution:

- 9. Industry, Innovation and Infrastructure
- 11. Sustainable Cities and Communities
- 12. Responsible Consumption and Production

Itera wants to be at the forefront when it comes to gender equality and diversity, and from 2022 we have also chosen to prioritize UN SDG number 5: Gender equality.

Itera aims to conduct business and report in accordance with the ESG system and therefore

our ambition is to measure sustainability in three specific categories: environmental, social and governance. Itera has also signed the 10 principles contained in the UN Global Compact, and Itera Norway is certified as an ECO Lighthouse.

### [Financial results](#)

Itera's core digital business continued its high growth and margin expansion. In 2021, revenue grew by 19% to NOK 593 million and the operating margin improved from 11.9% to 12.9%. Our resilient profitable growth reflects the trusted long-term relationships we have with our customers and partners, our world-class distributed delivery model, the breadth of our services, and our great people and their deployment into multi-disciplinary teams with specialists in customer experience, specific business domains and advanced technology.

Itera continued the sunsetting of its data centre operations and this business line decreased by 66% to NOK 40 million and incurred an operating loss of NOK 18.4 million. The data centre operations were finally discontinued at the end of the first quarter of 2022. In parallel with closing down its own data centres, Itera has invested heavily in a new Cloud Centre of Excellence and migrated several of the on-premise data centre customers to the cloud. Investments into this totalled NOK 18.5 million in 2021.

The Group's consolidated operating revenue for 2021 totalled NOK 633 million as compared to NOK 615 million in 2020. The growth came first and foremost from Itera's success in distributed deliveries, where it combines customer proximity with highly scalable and cost-efficient deliveries from the Group's nearshore centres in Ukraine and Slovakia. Itera has for more than a decade created a seamless delivery model with a common culture and operating model across countries. This has enabled the Group to run agile and innovative digitalisation projects for Nordic customers with as many as 70–100% of the consultants delivering remotely from our nearshore centres. Itera's experience of using distributed teams has been particularly useful in the last couple of years when the Covid-19 pandemic has required such a modus operandi to be used by all customers and for all projects.

Operating revenue in Norway was NOK 581 million as compared to NOK 568 million in 2020, representing an increase of 2%. This includes revenue from customers outside of Norway that are served by the Norwegian Group entities. Itera registered a legal entity in Iceland towards the end of 2021 and will move its Icelandic customer engagements to this entity in 2022. Operating revenue in Denmark increased by 2% to NOK 48.3 million from NOK 47.2 million in 2020.

The Group's operating result before depreciation and amortisation (EBITDA) was a profit of NOK 87.1 million as compared to a profit of NOK 105.1 million in 2020. This represents an operating profit margin before depreciation and amortisation of 13.8%, as compared to 17.1% in 2020. Payroll and personnel expenses were NOK 434.7 million in 2021, which represents an increase of 11% from 2020. The increase was mainly due to growth in the average number of employees compared to 2020. Other operating expenses amounted to NOK 48.2 million in 2021 as compared to NOK 46.0 million in 2020. Total depreciation, amortisation and write-downs were NOK 28.5 million, a decrease of 33% from 2020.

The Group's operating result was a profit of NOK 58.6 million in 2021 as compared to a profit of NOK 62.6 million in 2020. The reduction in profit was solely due to the sunseting of the data centre operations.

Net financial items were NOK -1.2 million as compared to NOK -0.8 million in 2020. The Group's result before tax was a profit of NOK 57.4 million as compared to a profit of NOK 61.8 million in 2020.

Tax expense totalled NOK 13.3 million in 2021 as compared to NOK 13.2 million in 2020. Tax payable in 2021 was NOK 7.3 million as compared to NOK 12.7 million in 2020.

The result for the year was a profit of NOK 44.1 million as compared to a profit of NOK 48.6 million in 2020.

The Board of Directors is satisfied with the progress achieved by Itera in 2021 in terms of its financial results. Its core digital business is delivering higher growth and better profitability than many of its peers. Contractual commitments have made the amount of time and cost to exit

the data centers higher than was anticipated. However, Itera has gained invaluable insight into cloud migration and retains significant competence in hybrid cloud operations.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the Group's activities in 2021 and its financial position at the end of the year.

## Research and development

Itera invested NOK 18.1 million in a Cloud Centre of Excellence during 2021 based on best practices from Microsoft. Expenditure of NOK 5.2 million relating to the development of new solutions was capitalised in 2021 as compared to NOK 5.7 million in 2020. This was related to further development of the ComPublish solution and the embedded chatbot functionality.

The expenditure on research and development was capitalised as it was incurred since it was considered that the requirements for capitalisation were met. The solutions principally relate to contracts entered into that have fixed future revenue associated with them or with demonstrated commercial interest.

## Cash flow and financial position

Itera generated cash flow from operating activities of NOK 69.7 million in 2021 as compared to NOK 99.2 million in 2020. The Group paid shareholders a dividend totalling NOK 27.9 million in 2021. At 31 December 2021, Itera had a cash balance of NOK 37.5 million as compared to NOK 54.4 million at 31 December 2020. The difference between cash flow from operating activities and the Group's operating profit is primarily due to depreciation costs that have no effect on cash flow, but also reflects tax payments and financing costs.

In addition to the investment made in research and development, NOK 7.5 million was invested in 2021 in hardware and fixtures etc. as compared to NOK 4.6 million in 2020. Itera finances its investments through generation of cash flow from operations.

Total assets at 31 December 2021 amounted to NOK 221.1 million (NOK 224.4 million). Non-current assets were NOK 86.3 million (NOK 82.8



million). Accounts receivable were at NOK 76.1 million (NOK 67.3 million).

The Group's equity at 31 December 2021 was NOK 39.5 million as compared to NOK 34.3 million at the same point in 2020. This represents an equity ratio of 17.9% as compared to 15.3% at the same point in 2020. Long-term lease liabilities totalled NOK 20.0 million (NOK 25.0 million). Other current liabilities were NOK 63.1 million (NOK 51.9 million).

Itera held 1,637,006 of its own shares with a market value of NOK 25.0 million at the end of 2021, while at the end of 2020 it held 1,269,136 own shares.

### [Financial risk](#)

The Group is exposed to currency risk, liquidity risk and credit risk. The Group's executive management team and the Board of Directors monitor these risk factors continually and take action as required.

The revenues and expenses associated with Itera's activities in the Nordic region are denominated in Norwegian kroner (NOK), Danish kroner (DKK), and Swedish kronor (SEK). Changes in the exchange rate of the Norwegian krone against the Danish krone and the Swedish krona therefore affect the Group's results. This risk is limited by the fact that the majority of associated expenses are also incurred in these

currencies. The Group is also exposed through its nearshoring activities in Ukraine and Slovakia to expenses in American dollars (USD) and euros (EUR). The currency risk associated with this is limited by the fact that the prices Nordic customers are charged for these services are largely adjusted on a monthly basis in accordance with changes in the exchange rates.

The Board of Directors considers the Group's liquidity situation to be satisfactory and does not regard it as necessary to take further measures to reduce the Group's liquidity risk.

The Group has historically incurred very low losses on receivables. This trend continued in 2021.

### [Business risk](#)

The Group has deliveries worldwide and offices in multiple locations in Europe and assesses and manages risk at the country and delivery level. Itera closely monitors and manages country risks, local financial and social regulations and developments, and has a zero-tolerance policy on corruption. It does not carry out any domestic activities in countries where the problem of corruption is at its greatest. Best practice data security procedures and checks have been implemented at the Group together with a legal framework that safeguards data security and intellectual property across national borders.

The NOK has continued to trade at historically quite low levels against USD and EUR. This has had a negative impact on the differential between rates from Norwegian and distributed deliveries. However, a general shortage of supply of IT services in the Nordics and more and more customers gaining first-hand experience of working with distributed teams and seeing how effective this can be, has led to a sharp increase in the demand for Itera's acclaimed distributed delivery model.

Quality policies and approaches help Itera to achieve high levels of customer satisfaction, employee engagement and profitable growth. Itera applies a quality management framework combining world-class standards with its business models. Certificates and authorisations such as ISO 27001 and BCR-P (Binding Corporate Rules for Processors) are examples of these. Itera's quality assurance team con-

ducts internal audits of adherence and value of framework practices to continuously develop the Group's capabilities. The management of non-conformities and the quality improvement process is part of Itera's quality approach.

Corporate risk management is performed at the Group level. This includes risk assessments, risk approval and reports on risk management and mitigation for the Board of Directors. Risk management is also performed for deliveries to customers and internal projects.

In late February of 2022, Russia started a military invasion of Ukraine. Itera's primary concern was to facilitate the safety of its employees and their families. Itera supported their relocation to the western region of Ukraine into its Lviv office as well as to other countries. Once they were safe, Itera's employees immediately focused on customer deliveries. The temporary disruption to Itera's services delivered from its Ukrainian employees was relatively minor, circumstances taken into consideration. Itera has solid business continuity plans that enable it to act quickly in a state of emergency like this and minimise business disruption.

2021 saw the continuation of the Covid-19 virus outbreak. Itera is used to operating with a distributed work force and has maintained productivity levels that have been on par with or better than before the pandemic. If anything, in 2021 the pandemic had a positive impact on the demand for Itera's digitalisation services. The Group has developed contingency plans to mitigate any major reduction in business volume or availability of delivery personnel should they occur.

### [Organisation](#)

The Group has a strong portfolio of customers in the Nordic region, where many customers are served from more than one of Itera's locations. Itera strengthened its progress in this area in 2021 by further expanding its distributed delivery units and resources across the entire Group.

The Group's headcount at 31 December 2021 was 648 as compared to 569 at the end of 2020. The average number of full-time equivalent positions at the Group in 2021 was 594 as compared to 538 in 2020.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 53% at the end of 2021 as compared to 49% at the end of 2020. The Group's delivery centres in Ukraine and Slovakia provide significant scalability and cost-effectiveness in what is a heated market for digital business.

Absence due to sickness in 2021 was 3.2%, which the Board considers very satisfactory, especially during the Covid-19 pandemic. No accidents or injuries occurred during the year. The Board considers the working environment to be good. Surveys are regularly carried out to assess the Group's working environment.

The Board wishes to warmly thank everyone at Itera for their continued hard work, passion and dedication to our customers and our business in 2021 in what was another trying year for them and society at large given the continued lockdowns and social restrictions. The Board is now naturally deeply concerned about the well-being of Itera's fantastic Ukrainian employees, who have impressed with their resilience, dedication and fighting spirit.

### Social responsibility

Itera recognises that it has a responsibility to the society of which it is part and seeks to contribute to the positive development of those areas of society that are most related to its activities.

The Group's ethical guidelines describe the standards that apply to the Group's relationships with customers, suppliers, the public authorities and its own employees.

Further information on Itera's ethical guidelines – The Itera Business Code of Ethics – is available at <https://www.itera.com/en/investor-relations>.

### Corruption

Itera does not tolerate any form of corruption.

The Group is exposed through its nearshore activities in Ukraine to a certain level of corruption risk as the country has a low score on the Transparency International Corruption Index. Itera has therefore decided to protect the Group from this risk by not delivering services to the

public or private sectors in Ukraine where the problem of corruption is principally found, and by only exporting its services to countries where western business standards are the norm.

The Group has guidelines for all employees concerning the acceptance of gifts and other benefits or advantages. The Group's ethical guidelines can be consulted for further information.

### Security and privacy

Underpinning the Itera Business Strategy and policies, the Group has implemented a security and privacy framework applicable to all business units and subsidiaries. Security and privacy as subject matters include privacy, data protection, information security and cybersecurity. Itera's security and privacy framework forms the foundation for both its deliverables to customers and its own operations. This applies to all processes, practices, technology and organisation, and the objective is to ensure compliance with laws and regulations, policies, and guidelines. As part of our efforts to achieve compliance, Binding Corporate Rules for Processors (BCR/P) and Standard Contractual Clauses (SCCs) as mandated by respectively by Article 47 of GDPR and Article 46(1) and Article 46(2)(c) of Regulation (EU) 2016/679 respectively, have been developed and approved by the local Supervisory Authority. The BCR/P allows for the transfer of customers' personal data and SCCs allow for the transfer of internal personal data for processing outside of the EU/EEA, and in Itera's case, this is Ukraine.

Itera's nearshore activities are fully integrated with its Nordic activities, and the entire Group, therefore, follows the same procedures and ethical standards. The Group operates a cloud-based infrastructure with the CCoE (Cloud Center of Excellence) as its core infrastructure, enabling it to manage internal as well as customer resources either within the CCoE or in customer tenants. All cloud-based services and resources are located within the EU/EEA in line with laws, regulations and customer requirements.

Financial processes are carried out by a central function with a team located in Norway and Ukraine.

All employees that are part of the Group's nearshore activities have signed confidentiality

agreements that include undertakings in respect of data processing and other security arrangements. There are also DPAs and BCR/Ps among all Itera companies and locations.

### Integrity and general legislation

Itera complies with the national legislation and regulations of all the countries in which it operates. All its employees are encouraged to report internally any situations in which they have concerns with regards to the Group's integrity or where they are aware that laws or regulations are being breached. Employees can make such disclosures confidentially if they so wish, and the Group will not take adverse action against whistle-blowers, regardless of whether the content of the disclosure is found to be true or false.

### Human resources

#### **Equality**

Itera regards gender equality as important. It believes that women and men should be given the same remuneration and the same personal and professional development opportunities. The Group seeks to ensure employees of both genders are able to combine their work and home lives, and therefore offers maternity and paternity leave arrangements, home office solutions and part-time positions to support this.

30% of the Group's employees in 2021 were women as compared to 32% in 2020. The Group's core management team consisted of seven men and two women in 2021. The shareholder-elected Board members are two women and two men, while the employee-elected representatives and observers are two women and two men.

There are large differences in the proportion of women employed in the Group's various areas of expertise. The proportion of women is lower in technology-focused areas in development and operations, while the proportion of women is higher in areas that are more specialised in consultancy, communication, content and testing. More than 71% of the parentcompany's employees are women. There is an uneven distribution of men and women in management positions. The Group has a goal of improving this balance in its management groups.

#### **Diversity**

Itera regards diversity in the Group as important and seeks to recruit, develop and retain the best employees regardless of gender, ethnicity or disability. Itera strongly believe diversity and inclusion make a difference for Itera, our customers and society. The Group believes in all our individual uniqueness as the driving force for our winning team and the growth of our customers and people. We believe a diverse culture is a sustainable culture.

Itera's diversity framework was implemented in 2021 to address diversity and inclusion. Itera will focus on three high-level areas of diversity and inclusion: ensuring representation of diverse talents, enabling equality of opportunity through fairness and transparency, tackling microaggressions and promoting multivariate diversity. The Group's ethical guidelines also serve to promote diversity and prevent discrimination. For more information, see <https://www.itera.com/en/investor-relations>.

#### **Human rights**

Itera is committed to ensuring internationally recognised human rights, such as those defined in the United Nation's Universal Declaration of Human Rights and other UN conventions, are respected. No one shall in any way contribute to an individual's human rights being breached or circumvented. The Group places special emphasis on ensuring that employees' fundamental rights are respected. Itera has operations in countries outside Scandinavia, specifically Ukraine and Slovakia, and considers that the establishment of these workplaces has contributed to increasing the living standards of its employees in these countries.

#### **Employee engagement**

Itera does not measure employee satisfaction but employee engagement, as we are of the view that this is a strong indicator of employee wellbeing. The engagement score is an overall indicator of how engaged our employees are. Employee engagement is measured every two weeks through a digital survey consisting of around 10 questions. Each employee gives his/her score and feedback on a wide range of relevant topics, such as his/her work-life balance, professional development, workload and adherence to Itera's values. Employees are given the opportunity to share their opinion on which areas and measures should be prioritized





in order to improve the results. Based on the input from our employees, different levels of analysis are made and different actions to improve engagement activated. Measures that are assumed to have an effect for several parts of the organization are implemented under the guidance of the Group’s HR function. Measures that are more locally targeted are carried out by the department in question under the direction of the relevant manager.

The overall average engagement score of 8.5 from 2021 surveys shows that employees find Itera a good place to work.

The engagement score is an overall indicator of how engaged Itera’s employees are. It is an average of scores given on a scale of 0 to 10 in response to the questions below:

- **Engagement** – How likely is it you would recommend Itera as a place to work?
- **Loyalty** – If you were offered the same job at

another organisation, how likely is it you would stay at Itera?

- **Satisfaction** – Overall, how satisfied are you working at Itera?

**Skills and expertise development**

A world in constant evolution means that companies need to constantly develop the education, knowledge and skills of their employees to keep up. A high level of skills and expertise is crucial to the Group’s competitiveness. Itera works in a targeted way to develop the skills and expertise of all its employees with regards to our practice areas and capabilities as well as our business framework, entrepreneurial culture, sales and management. Our different training activities support the process of continuous improvement throughout our employees’ careers at Itera.

In 2021 Itera launched a common concept for competence development: Level Up. To bring the concept to life throughout the organization Itera has 5 principles guiding employees every day:

### 1. We develop our skills and expertise together with our customers!

Our work to develop our skills and expertise is always customer-driven. We develop our skills by solving customer challenges using sustainable solutions.

### 2. We share everything – always!

We are committed to making the development of our skills and expertise visible and available to everyone. We use accessible channels and platforms to share information that is of general interest. This is how we help each other to improve.

### 3. We are driven by passion and creativity!

We want our work to develop our skills and expertise to inspire you. We aim to provide space for your passion and creativity, with your efforts making a difference.

### 4. We grow professionally and personally!

We want our work to develop our skills and expertise to always contribute to our personal and professional development. We aim to build internal and external networks in parallel with developing our skills and expertise.

### 5. We prioritize and systematise!

Skills and expertise development will always be a priority. This means that time will be set aside for skills and expertise development regardless of whether or not you are currently working on a project.

The skills and expertise programs run at Itera together constitute the “Itera Academy”, which is the overall structure for all training. The training available through the “Itera Academy” is closely linked with the Group’s strategy and with the various requirements of the business areas, and ranges from courses on the role of the consultant for new graduates, through courses of varying levels on project management, system development and user experience, to management skills training for both new and experienced managers.

## Environment

Itera’s activities only pollute the external environment to a limited extent. The Group’s environmental impact is principally a result of its use of energy, business travel and the waste

created by its office activities. The Group is Eco-Lighthouse certified (re-certified for another three years in 2019), which means it operates environmentally friendly and sustainable procedures in areas including business travel, procurement and waste management.

The Group is headquartered in a BREEAM-NOR certified building. BREEAM is the world’s longest-established (1990) and Europe’s leading environmental assessment tool for buildings, and BREEAM certification is based on a building’s documented environmental performance across nine sustainability categories: management, health and well-being, energy, transport, water, materials, waste, land use and ecology, and pollution. The office part of the building has received an assessment rating of “Very good”.

Other environmental initiatives at the Group seek to promote the use of organised recycling schemes for obsolete IT equipment, to reduce travel by ensuring video meetings are used as effectively as possible and to encourage responsible waste management.

All employees have a duty to consider the environmental impact of work-related activities and to favour solutions, products and methods that impact the environment as little as possible. Details of this can be found in the Group’s ethical guidelines (<https://www.itera.com/en/investor-relations>).

## Shares and shareholder relations

The share capital of Itera ASA is NOK 24,655,987 divided into 82,186,624 shares each with a face value of NOK 0.30 per share.

Itera held 1,637,006 own shares at the end of 2021. The Group has four ongoing share options programs, the last of which was issued in 2021. The exercise price for all of these programs was below the share price at the end of 2021. In 2017, Itera introduced an annual Employee Share Purchase Programme, where employees could purchase shares up to a market value of NOK 20,000 at a 20% discount. The programme has been repeated each year since 2017. After changes in Norwegian tax legislation in 2021, the programme was changed so that employees could purchase shares up to a market value of NOK 30,000 at a 25% discount. The key objec-

tives of these programs are to align the interest of employees and shareholders, and to give employees an opportunity to take part in the value creation and long-term development of the Group. In total, 130 employees purchased a total of 268,615 shares through the offering in 2021.

Itera had 2,278 shareholders at the close of 2021. The 20 largest shareholders owned 59.6 million shares, which represents 72.5% of the share capital.

An ordinary dividend of NOK 20.5 million was paid in 2021 based on the Group's 2020 results, which is equivalent to NOK 0.25 per share. In addition, a supplementary dividend of NOK 8.2 million (NOK 0.10 per share) was paid in November 2021. The Board of Directors proposes the payment of an ordinary dividend of NOK 0.20 per share based on the Group's 2021 results and will also request from the General Meeting an authorisation to pay an additional dividend later in the year.

### Corporate governance

Itera applies corporate governance that is based on the requirements of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The separate section on corporate governance provides more information on how Itera complies with Section 3-3(b) paragraph 2 of the Norwegian Accounting Act and the provisions of the Norwegian Code of Practice for Corporate Governance. The Board of Directors of Itera ASA held six board meetings in 2021.

The Board of Directors has two subcommittees, namely the Audit Committee and the Compensation Committee. The Audit Committee consists of two board members and held five meetings in 2021. The Compensation Committee consists of two board members and held two meetings in 2021. The Compensation Committee prepares and makes recommendations to the Board regarding the CEO's remuneration. The Compensation Committee acts as an advisory body for the CEO on compensation-related issues and other significant personnel questions related to the executive management.

Further information on this area is provided in the corporate governance report at the end of this report.

### [Directors' and officers' liability insurance](#)

Itera has signed a directors' and officers' liability insurance agreement with Gjensidige covering the board of directors and executive management. The insurance will cover damages amounting to NOK 10 million for each incident and accumulated over the insurance period (one year).

## [PARENT COMPANY](#)

### [Financial results](#)

Internal support processes and shared solutions are structured as Group Functions in the parent company Itera ASA in areas where this facilitates significant economies of scale and synergies. The scope of Group Functions is managed in line with the Group's requirements, and covers areas such as accounting/finance, HR, communication, marketing and internal IT. The parent company's operating revenue of NOK 46.4 million (NOK 38.1 million) was related to sales of these services to other Group companies.

The parent company's operating result was a loss of NOK 2.8 million (NOK 3.3 million). Its operating loss reflects the costs of owning the subsidiary companies.

As the owner, the parent company receives group contributions and dividends from the subsidiary companies. In 2021, the parent company received group contributions and dividends totalling NOK 46.9 million (NOK 53.4 million). The parent company's profit before tax was NOK 43.9 million (NOK 50.3 million) and the profit after tax was NOK 44.0 million (NOK 50.4 million).

### [Profit allocation](#)

The Board of Directors proposes that the profit of NOK 44,002 k recorded by the parent company Itera ASA is allocated as follows:

- NOK 16,437k to ordinary dividend
- NOK 8,219k to supplementary dividend paid in 2021
- NOK 19,346k to other equity

The book value of the parent company's investments in the subsidiary companies is NOK 116.0 million. The parent company administers the Group bank account system. The Group's positive cash flow also appears as an increase in the liquid assets held by the parent company as this shows the combined bank deposits held in the Group bank account system. The parent company reports the bank deposits held by the subsidiary companies in the Group bank account system as liabilities to Group companies. The Norwegian companies are also jointly VAT registered, and the parent company is responsible for paying VAT on behalf of all these companies. The total VAT liability is reported as a liability on the parent company balance sheet but is offset by intragroup receivables due from subsidiaries.

The parent company's headcount at the end of 2021 was 20 compared to 21 at the end of 2020. 14 of the 20 employees are women. Absence due to sickness in 2021 was 4.7% as compared to 4.9% in 2020. No accidents or injuries occurred during the year. The Board considers the working environment to be good, which is supported by the company's employee satisfaction score.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the parent company's activities in 2021 and its financial position at the end of the year.

### Going concern assumption

In accordance with Section 3-3a of the Norwegian Accounting Act, it is confirmed that the going concern assumption is applicable and that the annual accounts have been prepared on this basis. The forecast for 2022 and the Group's equity situation and liquidity situation provide the basis for the going concern assumption.

### Outlook

Future outlook is by its nature associated with considerable uncertainty related to both external and internal factors. Itera has a well-founded strategy and it continues to work in a targeted way. Its overall strategy of developing larger, long-term customer relationships, achieving greater operational efficiency and using delivery models that combine resources from across the Nordic region and its nearshore locations remains unchanged. The Group is seeing satisfactory levels of activity in all the markets in which it is represented and is keeping a close watch on how market trends are developing.

The Board closely follows the development of the war in Ukraine and ensures all reasonable measures are taken to safeguard our impacted employees and customer deliveries. It is impressed by the effectiveness of the business continuity plans that were put to test when the war broke out. Itera is committed to continuing to operate its prosperous delivery centres in Ukraine.

Oslo, 28 April 2022


The Board of Directors of Itera ASA




Morten Thorkildsen  
Chairman of the board



Marianne Killengreen  
Board member



Jan-Erik Karlsson  
Board member



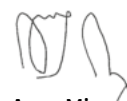
Gyrid Skalleberg Ingerø  
Board member



Anne Nyseter Perez  
Board member



Andreas Almquist  
Board member



Arne Mjøs  
Chief Executive Officer

# Corporate governance

The Board of Directors and executive management of Itera ASA carry out an annual review of the principles for corporate governance and how they function within the Group. Itera provides here an account of its principles and practice for corporate governance pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES) as issued on 14 October 2021.

The Norwegian Code of Practice for Corporate Governance is available on [www.nues.no/en/](http://www.nues.no/en/).

A description of how Itera complies with the 15 recommendations set out in the Code of Practice for Corporate Governance is provided below.

## [1. Implementation and reporting on corporate governance](#)

Itera ASA's principles for corporate governance ensure an appropriate division of roles and good collaboration between the company's owners, its Board of Directors and its executive management as well as satisfactory control of its activities. This helps to ensure the greatest possible value creation over time in the best interests of owners and other stakeholders.

The company's ethical guidelines address conflicts of interest, relationships with customers, suppliers and the media, inside information issues and other relevant financial interests of a personal nature. The ethical guidelines apply to all employees of the Itera Group.

Itera's employees increasingly regard non-financial incentives as important. Itera's management principles therefore contain a clear set of values for employees to identify with.

Itera also focuses on making social and moral considerations part of its business processes. This means that customers or projects may be rejected on account of their being in conflict with the Group's set of values and vision, which is: "Make a difference". This applies to all the contexts in which Itera is present; the aspiration is for Itera's employees to view working at Itera as more than just a job, for its customers to find real value in collaborating with Itera, for its owners to receive a greater return from their investment than would be the case with other comparable investments, and for the company to make a positive contribution to economic and social development the local environments in which it operates.

Itera complies with the Norwegian Code of Practice for Corporate Governance with no material deviations from the Code's recommendations, with the exception of the deviations set out in sections 6 and 14.

## [2. Business \(No deviation from the Code\)](#)

Itera is a specialist in creating digital business, with communication, technology and innovation as the core competency tools. Itera delivers projects and services in cross-functional teams

to Nordic organisations that see the instrumental contribution that innovation, efficient communication and smart utilisation of technology can make to achieving their goals. Itera's core sectors are banking and insurance, public, healthcare, the service industry, energy and utility. The company's Articles of Association are available on its website ([www.itera.com](http://www.itera.com)).

The Board monitors the progress of the company's ESG strategy and its associated processes and reporting. The Board includes these issues in its discussions relating to strategy, risk and performance.

The annual report contains details of the company's goals and strategies, and the financial markets are provided with continual updates by the company's quarterly presentations.

### [3. Equity and dividends](#) [\(No deviation from the Code\)](#)

The company's capital situation is kept under constant review in relation to its objectives, strategy and desired risk profile.

The company's objective is to generate a competitive return for its shareholders through dividends and increases in the share price that is in line with comparable investments. Itera's dividend policy is intended to strike a balance between capital adequacy and providing shareholders with a reasonable return. The company's current dividend policy is to distribute at least 50% of the Group's adjusted annual profit after tax. Payment of the annual dividend is dependent on the company's financial situation, its working capital requirements and investment/acquisition opportunities. The Annual General Meeting approves the annual dividend based on a proposal from the Board of Directors. For 2021, the Board of Directors proposes the payment of an ordinary dividend of NOK 0.20 per share. The Board of Directors has also resolved to ask the Annual General Meeting to renew its authorisation to pay a supplementary dividend for 2021 if the Group's financial situation makes this possible.

At the Annual General Meeting in 2021, the Board of Directors was granted authorisation to increase the company's share capital by up to NOK 1,232,799 by issuing for subscription up

to 4,109,331 new shares with a nominal value of NOK 0.30. The authorisation is effective until 30 June 2022 and replaced the authorisation approved by the Annual General Meeting held on 25 May 2020. The Board is authorised to waive the preferential rights of shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The authorisation also covers capital increases for non-cash payment or other special subscription terms pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The authorisation also covers resolutions in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

At the same Annual General Meeting, the Board of Directors was granted authorisation to buy back own shares up to a nominal value of NOK 1,232,799, equivalent to 4,109,331 shares each of a face value of NOK 0.30. The authorisation is effective until 30 June 2022 and replaced the authorisation granted at the Annual General Meeting held on 25 May 2020. The authorisation was used to buy back 1,726,000 shares in May 2021 for the purpose of implementing employee share purchase programmes.

The Board of Directors as part of its preparations for the Annual General Meeting carries out an annual review of whether it should ask for authorisation from the Annual General Meeting to increase the company's share capital and/or to be allowed to buy back own shares. Any authorisation is normally granted for one year, and the basis for such authorisation must be clearly communicated at the Annual General Meeting.

### [4. Equal treatment of shareholders and transactions with close associates](#) [\(No deviation from the Code\)](#)

The company is committed to treating all shareholders equally. There is only one class of shares. The Articles of Association do not impose any restrictions on voting rights. Treating all shareholders equally is regarded as important. All information liable to influence the company's share price is published through the Oslo Stock Exchange's information system and on the company's website.

The company's transactions in its own shares (share buy-backs) are carried out through the

stock exchange at market rates, except in cases of exercising buy-back options in discontinued employee share incentive programmes.

The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

## 5. Shares and negotiability (No deviation from the Code)

Itera shares are listed on the Oslo Stock Exchange and are freely negotiable. Itera has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations. The Articles of Association of Itera ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

According to the conditions in Share Purchase Programme offered to selected managers and key personnel in 2018 and 2020, a three-year lock-in period applies to ownership of the shares purchased under this programme. Itera has a buy-back option of the shares in cases where the employee terminates his or her employment with Itera within the lock-in period. Itera considers that such trading limitation does not cause disturbances in the market due to limited scope and thus is not in violation of the NUES recommendation.

## 6. Annual General Meeting

All shareholders are entitled to participate in the Annual General Meeting. Arrangements have been made that allow shareholders to vote in accordance with their ownership through a legal representative or proxy. All shares in the company carry equal voting rights. There are no ownership restrictions, and the company is not aware of any shareholder agreements.

Minutes from the Annual General Meeting are made available using the Oslo Stock Exchange's information system and on the company's website ([www.itera.com](http://www.itera.com)).

NUES recommends that the Annual General Meeting should vote separately on each

individual candidate for any corporate bodies to which members are elected. Itera's practice is for the entire Board to be elected.

## 7. Committees (No deviation from the Code)

### **Nomination Committee**

The Annual General Meeting has established a Nomination Committee in accordance with Itera's Articles of Association. The Annual General Meeting issues the mandate for the work of the Nomination Committee. The Nomination Committee nominates candidates for appointment to the Board of Directors for consideration by the Annual General Meeting. The nominations are required to provide relevant information about the candidates' background and independence. The Nomination Committee also makes proposals regarding the remuneration paid to members of the Board. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting.

The members of the Nomination Committee are Eli Giske, Bjørn Wicklund and Olav Werner Pedersen. No Board members or Itera management employees are members of the Nomination Committee.

The Nomination Committee publishes an invitation to submit proposals for candidates for election to the Board on the company's website. The Nomination Committee will also send a letter to the largest shareholders inviting their proposals.

### **Audit Committee**

The Board has established an Audit Committee in accordance with Itera's Articles of Association. The Audit Committee has two members. Its mandate is to supervise the company's reporting procedures and to assess the effectiveness of internal control and risk management activities. The Audit Committee is in regular contact with the auditor and ensures the auditor is independent. The Audit Committee reports to the Board. Members of the Board have access to all relevant documentation as well as to the minutes of all Audit Committee meetings.

The members of the Audit Committee are Marianne Killengreen (chair) and Gyrid Skalleberg Ingerø.

### Compensation Committee

The Board has established a Compensation Committee to develop and coordinate the Group's compensation systems. The Compensation Committee has two members – Jan-Erik Karlsson (chair) and Morten Thorkildsen.

## [8. Board of Directors: Composition and \(No deviation from the Code\)](#)

Itera does not have a corporate assembly. Itera's Articles of Association state that the company is to have a Board of between four and six members. The Board currently has six members, four of whom are elected by shareholders at the Annual General Meeting. Itera's employees are represented by two employee electives and two observers. Fifty percent of each of the shareholder and employee elected board members and observers are women.

It is regarded as important for the Board to be balanced in terms of its members' expertise, experience and backgrounds in relation to areas that are of relevance to the company's activities. It is also desirable for the composition of the Board to reflect both the company's ownership structure and the need for independent representatives. The current Board includes four members elected by shareholders at the company's Annual General Meeting, and its composition satisfies the independence requirements set out in the Norwegian Code of Practice for Corporate Governance. No member of the executive management is a member of the Board.

The Board of Directors held 6 board meetings in 2021 with an attendance rate of 100%.

## [9. The Work of the Board of Directors \(No deviation from the Code\)](#)

The Board prepares an annual plan for its work with an emphasis on targets, strategy and implementation. In addition, the Board has a formal mandate that regulates its areas of responsibility, its duties and the allocation of roles between the Board, the Chairman of the Board and the CEO. The Board receives monthly financial reports for the Group as a whole and for the subsidiary companies, in which the executive management comments on financial

performance and financial position. The Board discusses the company's strategy and budgets at extended board meetings.

The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

The Board holds 6–10 meetings a year and assesses its own work on an annual basis. In addition, the Nomination Committee make an annual assessment of each Board member's performance and contribution.

## [10. Risk management and internal control \(No deviation from the Code\)](#)

Risk management and internal control are carried out by the Group using a range of processes, both at Board level and by the Group's executive management. The Audit Committee monitors risk management and internal control on behalf of the Board in ways that are additional to the reports and discussions on the issue at Board meetings.

### Risk management

The Board is regularly updated on risk management at its meetings, by routine financial reports and by the reports produced by the executive management on the Group's business activities. The Board also assesses the need for measures to be taken in response to risk factors.

The basis of risk management at Itera is that the CEOs of the companies that form the Group are responsible for risk within their individual companies and must therefore have necessary knowledge and understanding of their companies' risk profiles, so that these companies can be managed in a financially and administratively responsible way.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. The CEO and CFO carry out this work in close cooperation with the management of the individual units.



### Internal control

The Board assesses the internal control systems and considers the most important risk factors facing the company as part of the budget planning and budget approval process. The Group has in recent years pursued a growth strategy and the Board is committed to ensuring that all the Group's activities are covered at all times by internal control systems.

The senior management of the subsidiary companies are responsible for ensuring there are appropriate and effective internal controls that meet all applicable requirements and are responsible for ensuring compliance with the internal control requirements.

Accounting & Finance, HR, IT and Communications are organised as common Group Functions across the Group. This ensures there is internal control across the companies and across national borders. Accounting & Finance has implemented shared accounting procedures for the Group where it has proved efficient to do so, including in relation to charts of accounts and reporting. The companies in the Group all use the same accounting system, which in 2020 was switched from Maconomy to Microsoft Dynamics 365. A specific approval authority matrix has been implemented that determines the authorisation routines for expenditure, and the approval of two individuals is required for payments to be made. The Group Finance Function has a separate function that manages accounting in the subsidiary companies. This function is also responsible for quality control of accounting information by performing reconciliations and other checks. Some accounting work is carried out by the Group's accounting department in Ukraine, which currently has four employees. There were also three full-time positions in the accounting department in Norway in 2021. In addition to the accounting department, there are separate Business Controllers that assist the companies with financial reporting, analyses, forecasting and budgets. There is a separate accounting function in Ukraine and an external accounting firm servicing the Slovakian branch. The CFO and the Finance Manager are responsible for continually assessing whether the accounting routines are functioning as required, including controlling reconciliations and analysing and monitoring a range of KPIs. The reports produced by the subsidiary companies are consolidated on a monthly basis, and analyses are

carried out as part of the reporting process, with action taken as required. Reporting is carried out using the Group's standard reporting template, with consolidation being carried out using spreadsheets.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. Meetings are held with the subsidiary companies every quarter to review these topics and others, and also to consider the risks related to financial reporting, over both the short and long term. The CEO, the CFO, the management of the subsidiary companies and relevant experts participate in these meetings, which are led by the CEO. The Group CEO proposes any risk-reduction measures that are required on the basis of the companies' financial reports and any follow-up meetings that are held.

### [11. Remuneration of the Board of Directors \(No deviation from the Code\)](#)

The Nomination Committee makes recommendations to the Annual General Meeting regarding the remuneration paid to the Board of Directors. The remuneration paid to the members of the Board is determined by the Annual General Meeting once it has considered the proposals of the Nomination Committee. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting once it has considered the proposals of the Board. Information on the remuneration paid to the members of the Board and their shareholdings can be found in the notes to the accounts in the annual report.

NUES recommends that members of Board of Directors should not participate in any incentive or share option programme. Employee elected Board members in Itera may be part of incentive and/or share option programmes in their capacity as employees. Inclusion in such programme may occur prior to or after the employee's election to the Board. Itera considers such inclusion to be independent of and unrelated to the employee's Board position and thus not in violation of the NUES recommendation.

## [12. Remuneration of executive personnel \(No deviation from the Code\)](#)

The Board has produced guidelines on the remuneration of executive personnel in accordance with the rules set out in Section 6-16a of the Public Limited Liability Companies Act. The Company's Compensation Committee is involved in the process of determining the remuneration paid to executive personnel. Details of the Board's guidelines on the remuneration of executive personnel are set out in a separate remuneration report.

## [13. Information and communications \(No deviation from the Code\)](#)

The company strives to provide accurate and sufficiently comprehensive information every quarter, and to be quick to publish it. The company normally publishes quarterly figures within seven weeks of the end of a quarter. The company's provisional annual accounts are published in February. Open quarterly presentations are held with a webcast made available so that they can be viewed either live or subsequently.

The notice calling the Annual General Meeting and the annual report are made available on the company's website three weeks prior to the date of the Annual General Meeting.

The company strives to publish information in a non-discriminatory and simultaneous manner. The company maintains regular dialogue with shareholders, analysts and other parties. The company takes a cautious approach in its contacts with these parties. The company limits its communication with investors and analysts in the thirty days prior to the publication of an interim report. In addition, the company does not issue comments to the media or any other parties about the Group's results during this period. This is to ensure all market participants concerned are treated equally.

## [14. Take-overs](#)

The Board of Directors is committed to equal treatment of shareholders and will ensure openness with respect to any potential takeover of the company. In the event of a takeover bid for Itera, the Board of Directors and executive management will seek to ensure all shareholders have access to sufficient information for them to be able to form a position on the bid. The Board has not issued separate guidelines on how it would operate in the event of a formal takeover bid, but it would conduct itself in accordance with the relevant provisions and recommendations set out by legislation and the Norwegian Code of Practice for Corporate Governance. The Board regards this as sufficient to ensure that shareholders' interests are safeguarded in an equal and proper manner.

The Board will inform shareholders of its opinion of any bid, and the Board will in connection with this inform shareholders about whether they themselves wish to accept the offer should they have taken a position on it.

## [15. Auditor \(No deviation from the Code\)](#)

The company has elected PwC as its external auditor. PwC audits all the companies in the Group that are subject to statutory audit.

The auditor participates in all meetings of the Audit Committee.

The auditor prepares reports for the Audit Committee and the Board. These reports include an audit plan, an assessment of internal control at the company and a review of significant accounting principles and estimates. The auditor participates in the Board meeting at which the annual accounts are considered. The auditor participates in the Annual General Meeting. Information about the fees paid to the auditor can be found in the annual report.



# OUR RESULTS 2021

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# Consolidated statement of comprehensive income

Itera Group 1 January – 31 December

NOK 1 000, except earnings per share	Note	2021	2020
<b>Revenues</b>	2	<b>633 062</b>	<b>615 392</b>
Cost of goods and services		63 120	71 820
Salaries and personnel expenses	9,10,11	434 697	392 447
Depreciation and amortisation	15,16	28 467	42 505
Other operating and administrative expenses	8,11	48 176	46 047
<b>Total operating expenses</b>		<b>574 460</b>	<b>552 818</b>
<b>Operating profit</b>		<b>58 602</b>	<b>62 573</b>
Financial income	13	2 424	6 448
Financial expense	13	3 602	7 236
<b>Net financial income (expenses)</b>		<b>(1 178)</b>	<b>(788)</b>
<b>Profit before taxes</b>		<b>57 424</b>	<b>61 785</b>
Income taxes	18	13 276	13 152
<b>Net income</b>		<b>44 148</b>	<b>48 633</b>
Total income attributable to:			
Shareholders in parent company		44 148	48 633
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income</b>			
Translation differences on net investment in foreign operations		258	79
<b>Total comprehensive income</b>		<b>44 406</b>	<b>48 712</b>
Total comprehensive income attributable to:			
Shareholders in parent company		44 406	48 712
Earnings per share	4	0.55	0.60
Diluted earnings per share	4	0.55	0.60

# Consolidated statement of financial position

Itera Group 31 December


NOK 1 000	Note	2021	2020
<b>ASSETS</b>			
Deferred tax assets	18	4 791	4 916
Intangible assets	15,16	34 826	24 225
Right of use assets	16	30 917	38 263
Property, plant and equipment	15	15 729	15 403
<b>Total non-current assets</b>		<b>86 262</b>	<b>82 807</b>
<b>Current assets</b>			
Contract costs	3	4 035	6 851
Contract assets	3	1 120	1 196
Accounts receivable	14, 17	76 092	67 275
Lease receivable - current	16, 17	3 370	-
Other current assets	5	12 794	11 901
Cash and cash equivalents	20, 17	37 457	54 399
<b>Total current assets</b>		<b>134 868</b>	<b>141 621</b>
<b>Total assets</b>		<b>221 130</b>	<b>224 428</b>

# Consolidated statement of financial position

Itera Group 31 December

NOK 1 000	Note	2021	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	24 656	24 656
Other equity		14 880	9 685
<b>Total equity</b>		<b>39 536</b>	<b>34 341</b>
<b>Other provisions and liabilities</b>			
Other provisions and liabilities		1 740	715
Lease liabilities - non-current	16, 17	20 036	24 962
<b>Total non-current liabilities</b>		<b>21 775</b>	<b>25 676</b>
<b>Accounts payable</b>			
Accounts payable	17	18 846	23 169
<b>Tax payable</b>			
Tax payable	18	7 278	12 733
<b>Public fees payable</b>			
Public fees payable		37 136	37 665
<b>Lease liabilities - current</b>			
Lease liabilities - current	16, 17	15 163	17 636
<b>Contract liabilities</b>			
Contract liabilities	3	18 318	21 291
<b>Other current liabilities</b>			
Other current liabilities	6, 16	63 078	51 917
<b>Total current liabilities</b>		<b>159 819</b>	<b>164 411</b>
<b>Total liabilities</b>		<b>181 594</b>	<b>190 087</b>
<b>Total equity and liabilities</b>		<b>221 130</b>	<b>224 428</b>

Oslo, 28 April, 2022  
The Board of Directors of Itera ASA


  
**Morten Thorkildsen**  
Chairman of the board

  
**Marianne Killengreen**  
Board member

  
**Jan-Erik Karlsson**  
Board member

  
**Gyrid Skalleberg Ingerø**  
Board member

  
**Anne Nyseter Perez**  
Board member  
(Employee elected)

  
**Andreas Almquist**  
Board member  
(Employee elected)

  
**Arne Mjøs**  
Chief Executive Officer

# Consolidated statement of cash flows

Itera Group 1 January – 31 December

NOK 1 000	Note	2021	2020
<b>Profit before taxes</b>		<b>57 424</b>	<b>61 785</b>
Income taxes paid	18	(13 223)	(9 374)
Depreciation and amortisation	15	28 467	42 505
Share option costs		763	(2 491)
Change in contract assets		75	(463)
Change in accounts receivable	14	(8 817)	(10 200)
Change in accounts payable		(4 323)	(669)
Change in other accruals		11 414	14 916
Effect of changes in exchange rates		(2 040)	3 168
<b>Net cash flow from operating activities</b>		<b>69 740</b>	<b>99 177</b>
Investment in fixed assets	15	(7 492)	(4 642)
Investment in intangible assets	15	(25 297)	(12 364)
<b>Net cash flow from investing activities</b>		<b>(32 789)</b>	<b>(17 006)</b>
Purchase of own shares		(23 522)	(18 242)
Sale of own shares		8 427	7 953
Cash settlement of options contract		(978)	-
Equity settlement of options contract		3 951	-
Principal elements of lease payments	16	(17 534)	(22 608)
Instalment of sublease receivable		3 616	-
Dividends paid to equity holders of Itera ASA		(27 853)	(47 963)
<b>Net cash flow from financing activities</b>		<b>(53 892)</b>	<b>(80 861)</b>
Effects of exchange rate changes on cash and cash equivalents		(2)	4
<b>Net change in cash and cash equivalents</b>		<b>(16 943)</b>	<b>1 314</b>
Cash and cash equivalents as of 1 January		54 399	53 084
<b>Cash and cash equivalents as of 31 December</b>		<b>37 457</b>	<b>54 399</b>



# Consolidated statement of changes in equity

Itera Group 31 December

NOK 1 000	Note	Total paid in capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
<b>Equity as of 1 January 2020</b>		<b>24 655</b>	<b>(231)</b>	<b>(8 933)</b>	<b>483</b>	<b>30 396</b>	<b>46 370</b>
Net income for the period		-	-	-	-	48 633	48 633
Other comprehensive income for the period		-	-	-	79	-	79
Share option costs		-	-	575	-	-	575
Cash settlement of options contract		-	-	(3 067)	-	-	(3 067)
Equity settlement of options contract		-	156	2 108	-	-	2 264
Purchase of own shares	21	-	(478)	(17 764)	-	-	(18 242)
Sale of own shares	10	-	172	5 517	-	-	5 689
Dividends		-	-	-	-	(47 963)	(47 963)
<b>Equity as of 31 December 2020</b>		<b>24 655</b>	<b>(381)</b>	<b>(21 563)</b>	<b>563</b>	<b>31 066</b>	<b>34 341</b>
Net income for the period		-	-	-	-	44 148	44 148
Other comprehensive income for the period		-	-	-	258	-	258
Share option costs		-	-	763	-	-	763
Cash settlement of options contract		-	-	(978)	-	-	(978)
Equity settlement of options contract		-	185	3 766	-	-	3 951
Purchase of own shares	21	-	(518)	(23 005)	-	-	(23 522)
Sale of own shares	10	-	223	8 205	-	-	8 427
Dividends		-	-	-	-	(27 853)	(27 853)
<b>Equity as of 31 December 2021</b>		<b>24 655</b>	<b>(492)</b>	<b>(32 811)</b>	<b>820</b>	<b>47 362</b>	<b>39 536</b>

[Corporate information and basis of preparation](#)[Summary of significant accounting policies](#)**Corporate information**

Itera ASA (the Company) including its subsidiaries (the Group) is a specialist in creating digital business, with design, technology and innovation as its core competency tools. Itera provides solutions and services to customers in industries where change and innovation are central to adapt rapid changes, such as insurance, banking and finance, high tech, energy, media and public sector. Itera has offices in Norway, Sweden, Denmark, Iceland, Ukraine and Slovakia.

Itera ASA is a public limited company registered and domiciled in Norway. The office address is Nydalsveien 28, 0422 Oslo, Norway. Itera ASA is listed on Oslo Stock Exchange (ticker ITERA). Itera ASA is the ultimate parent company of the Group.

The consolidated financial statements for Itera ASA were approved by the Board of Directors on 28 April 2022 and are subject to approval by the Annual General Meeting on 24 May 2022.

**Basis of preparation**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations as approved by the EU as in effect at 31 December 2021, and with all additional disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2021. The consolidated financial statements have been prepared on the historical cost principle.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The most important accounting principles applied by the Group in the preparation of the consolidated financial statements are described below. These principles have been applied identically to all the periods that are presented, unless otherwise stated.

**Consolidation principles**

Subsidiaries are companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50% of the voting shares in the target company. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the date when control ceases. All intercompany transactions, outstanding balances and unrealised group internal profits or losses are eliminated.

**Foreign currency translation**

The consolidated financial statements are presented in NOK, which is Itera ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on a net investment in a foreign entity. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of initial transaction for non-monetary assets on which the Group has paid an advance consideration is the date of the

[Summary of significant accounting policies, cont.](#)

payment of the advanced consideration. The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

**Key sources of estimation uncertainty - critical accounting estimates**

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future. Areas of significant estimation uncertainty include:

*Revenue recognition*

Itera delivers most of its non-subscription services on Time & Material agreements. However, it may occasionally enter into fixed or target price agreements for development work. In such cases, the revenue is recognised proportionately to its estimated completion rate and contract value. Completion is measured as incurred hours relative to the estimate to complete the project. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. As of the end of 2021, there were no fixed or target price projects outstanding which may have represented any significant estimation uncertainty. Refer to note 2 for further information.

*Impairment of capitalised development costs*

Itera has capitalised development costs related to its Intellectual Property Rights (IPR). The IPR generate monthly subscription revenues over the length of the customer contracts, and the capitalised development costs are amortised over their estimated useful life. Significant technological changes or loss of major customer contracts may impact the remaining useful life or the fair value of the asset, respectively. The Group conducts impairment tests on the assets to assess whether there is a need to write down or accelerate the amortisation of the assets when such triggering factors occur. The current carrying value of the assets are low compared to the associated revenue generated from this. The Group thus considers the risk of impairment to be limited.

**Share capital, share premium and other equity**

Payments for the purchase of own shares are recognised as a reduction in equity and proceeds from any sales as an increase. Transaction costs directly related to equity transactions less taxes are recognised against equity as a reduction in the proceeds.

**Tangible fixed assets**

Tangible fixed assets are recognised at acquisition cost, less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenses directly attributable to purchasing the asset. Acquisition cost for assets developed in-house includes direct salary costs, other costs directly attributable to ensuring that the assets function as intended, and the costs of dismantling and removing the assets. Gains and losses on disposals of tangible fixed assets are presented as part of the operating profit/loss and calculated as the difference between the consideration received and the carrying value of the asset.

**Depreciation of fixed assets**

Depreciation and amortisation expenses are based on management's estimates of resid-

[Summary of significant accounting policies, cont.](#)

ual value, depreciation and amortisation method and the useful life of property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible assets include, but are not limited to, expected developments in technology and markets. The useful lives of property, plant and equipment assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and estimated useful life, unless it is reasonably certain that the Group will obtain ownership after the end of the lease term.

The estimated useful lives for the current and comparison periods are:

Fixtures and fittings:	5-10 years
Other fixed assets:	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Intangible assets**

Research and development activities relate to significant new concepts or solutions. Costs are capitalised only to the extent that they can be measured reliably, the product or process is technically or commercially viable, the future economic benefits are likely, and the Group intends and has sufficient resources to complete its development as well as to sell or make use of it. Capitalised expenses include costs for materials, direct salary costs, and directly attributable overhead costs. Other development costs are expensed as incurred. Capitalised development expenditure is carried at cost minus amortisation and impairment.

Intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant under-performance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

**Amortisation of intangible assets**

Intangible assets are amortized on a straight-line basis over their estimated useful life from the date they become available for use. The estimated useful lives for the current and comparison periods are:

Capitalised development costs:	3-5 years
Software and IT equipment:	3-5 years

**Leases**

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.

[Summary of significant accounting policies, cont.](#)

Itera ASA agreements consists of buildings, cars, equipment used in the operating activities and office machines. Cars usually have a lease period of 5 years, while several of the buildings have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and this has been taken into account.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Groups incremental borrowing rate.

The Groups incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise the right-of-use assets and liabilities for short-term leases of equipment and low value assets. Short-term leases are defined as 12 months or less, and low value assets at NOK 50 000 or lower.

#### **Accounts receivable and other receivables**

Accounts receivable are recognised in the balance sheet at their nominal value, less a provision for expected losses. The interest element is disregarded if it is not material. The expected credit loss on trade receivables and contract assets is measured using a simplified lifetime model.

#### **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. The Itera Group receives government grants related to SkatteFUNN. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### **Pension**

The Itera Group finances its pension arrangements for employees through collective defined contribution-based schemes. A defined contribution pension scheme is a plan under which an entity pays fixed contributions into a separate fund or pension fund and has no legal or constructive obligation to pay any further amounts. Contribution obligations are recognised as personnel expenses in the profit and loss account when due. Prepaid contributions are recognised as an asset to the extent that they entail cash refunds or that future payments to the scheme are reduced.

[Summary of significant accounting policies, cont.](#)**Share-based remuneration**

Employee share options at the Group give employees the right to subscribe for shares in Itera ASA at a future point at a predetermined price (exercise right). This right as a rule is dependent on the Group achieving concrete targets and the employee still being employed at the time of exercise.

Employee share options are valued at fair value on the grant date. Their calculated value is recognised as a personnel expense, with a counter entry to other paid-in equity. The cost of share options is divided over the period until the employee becomes unconditionally entitled to exercise the options. The expensed amounts are adjusted to reflect the actual amount of stock options exercised if the associated service and non-market conditions are met.

The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

**Provisions**

Provisions are recognised when the Group has incurred a legal or constructive obligation as a result of a previous event and it is likely that this will lead to it making a payment or transferring other assets in order to settle the obligation, and the size of the obligation can be measured reliably. Provisions are measured at the present value of the expected future cash flows, discounted using a market-based discount rate before tax.

**Revenue recognition**

Revenue arising from subscriptions is recognised over the course of the contract period. Revenue from a transition project that is an integral part of a subsequent operating services contract is recognised on a linear basis over the period of the latter contract. Revenue from services is recognised when the hours are delivered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue is measured based on the consideration specified in a contract with a customer.

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer. Where the consideration covers multiple sub-deliveries, it is broken down and recognised when the various components are delivered.

**Revenue from contracts with customers**

IFRS 15 Revenue from Contracts with Customers is based on the principle of recognising revenue when control of goods or services transfers to a customer. Itera mostly derives its revenue from the transfer of services over time as opposed to point in time.

Revenue from consulting services rendered that relate to subscription contracts will in some cases be recognised over the contract period for the subscription contract and not at point in time when the services are delivered. The costs of fulfilling a contract, such as costs related to delivering the services mentioned are capitalised as contract costs if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Payments from customers for delivering these services are under IFRS considered prepayments and classified as contract liabilities under current liabilities.

**Contract assets, contract costs and contract liabilities**

Contract assets comprises earned and recognised revenue that has not yet been invoiced. Contract assets is transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers.

[Summary of significant accounting policies, cont.](#)

Contract costs comprise expenses related to fulfilling a contract, typically implementation costs in the initial stage of a contract, capitalised and expensed over the expected contract periods.

Contract liabilities comprise prepayments from customers for delivering services.

**Cost of goods and services**

Cost of goods and services is the costs paid to external suppliers for goods or services directly related to Itera's delivery of goods and services. Cost of goods and services includes costs due to third-party contractors, the rental of software, purchases of software and hardware for resale, travel expenses for consultants and other costs.

**Financial income and financial expense**

Financial income comprises interest income from financial investments and bank deposits. Interest income is recognised using the effective interest rate method. Dividends are recognised in profit and loss when they are approved by the annual general meeting of the company from which they will be received. Financial expense comprises interest expense on borrowings and changes in the fair value of financial assets. All borrowing costs are recognised in profit and loss using the effective interest rate method. Financial income and financial expense also comprise foreign currency gains and losses.

**Tax expense**

Tax expense comprises both tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between the accounting values and tax values of assets and liabilities.

Deferred tax assets are capitalised on the balance sheet when it is probable that the individual company will have sufficient taxable profits in subsequent periods to be able to use the tax asset. The individual companies recognise previously non-capitalised tax assets to the extent that it has become probable that they will make use of them. Likewise, the individual companies reduce the value of their deferred tax assets to the extent that they no longer regard it as probable that they will be able to make use of their deferred tax assets.

**New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the year ended 31 December 2021 and have not been applied in preparing these consolidated financial statements. The standards that may be relevant to the Group are set out below. These will be adopted in the period that they become mandatory unless otherwise indicated. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors

Amendments to IAS 12 Income Taxes

**Statement of cash flows**

The statement of cash flow is prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments. Interest paid is presented as part of operating activities.

**1**  
Overview of  
subsidiaries

NOK 1000	Country	Share holding	Result 2021	Equity 31.12.2021
Itera Norge AS <sup>1)</sup>	Norway	100%	17 878	28 833
Itera Offshoring Services AS <sup>1)</sup>	Norway	100%	10 078	9 699
Cicero Consulting AS <sup>1)</sup>	Norway	100%	6 728	10 194
Compendia AS <sup>1)</sup>	Norway	100%	6 259	9 112
Itera Sverige AB <sup>1)</sup>	Sweden	100%	(34)	1 669
Itera ApS <sup>1)</sup>	Denmark	100%	3 972	2 949
Itera ehf <sup>2)</sup>	Iceland	100%	(290)	(259)
Itera Consulting Group Ukraine, LLC <sup>1)</sup>	Ukraine	100%	1 812	9 598
<b>Total</b>			<b>46 403</b>	<b>71 796</b>

1) Consolidated pre 2016

2) Consolidated from 2021

**2**  
Segments

The business activities of the Group are carried out by 7 operational companies in 6 countries. Each company has its own management team and a CEO who is responsible for the company's financial results. Each company also has its own internal structure for management, budgeting and financial reporting, including reporting to the Group CEO. The Chief Operating Decision-Maker (CODM), who is responsible for allocating resources and assessing performance of operating units, has been identified as the steering committee consisting of the CEO and the CFO. The activities carried out by all the subsidiaries are for all practical purposes related to delivering IT and communication solutions to customers. In particular, the Group utilises its nearshore delivery capabilities seamlessly across its various operating units and locations. The reported revenue in 5 geographical reporting segments, from both external customers and intragroup sales, is less than 12% of the combined revenue. The operating segments in Norway and Denmark are aggregated into two reporting segments, Core digital business and Data centre operations. Itera's data centre operations are being transitioned to the cloud and will be sunset once the existing customers have been migrated to the cloud or terminated. Once the Data Center Operations have been discontinued in 2022 Itera will only show geographical reporting segments.

Transactions and transfers between the companies are carried out on normal commercial terms.

Revenues from transactions with the two largest external customers in Norway amount to NOK 72.9 and 69.5 million respectively.



**2**  
Segments, cont.

**Geographical information:**

NOK 1 000

<b>2021</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Ukraine</b>	<b>Slovakia</b>	<b>Iceland</b>	<b>Group</b>
Sales revenue	783 814	-	48 336	14 398	36 531	-	883 079
Intragroup eliminations	(202 609)	-	-	(14 398)	(33 010)	-	(250 017)
<b>Net sales revenue</b>	<b>581 205</b>	<b>-</b>	<b>48 336</b>	<b>-</b>	<b>3 520</b>	<b>-</b>	<b>633 062</b>
Services	439 542	-	39 464	-	3 520	-	482 526
Services 3rd Party	42 339	-	2 726	-	-	-	45 065
Subscriptions	87 381	-	5 650	-	-	-	93 031
Other revenue	11 943	-	497	-	-	-	12 440
	<b>581 205</b>	<b>-</b>	<b>48 336</b>	<b>-</b>	<b>3 520</b>	<b>-</b>	<b>633 062</b>
<b>Operating profit</b>	<b>49 934</b>	<b>(34)</b>	<b>5 301</b>	<b>2 093</b>	<b>1 599</b>	<b>(290)</b>	<b>58 602</b>
Investments in fixed assets	29 282	-	195	1 740	1 573	-	32 789
Total assets	195 466	1 671	8 006	11 225	4 594	168	221 130
Total liabilities	169 379	3	6 871	1 102	3 948	292	181 594
<b>2020</b>	<b>Norway</b>	<b>Sweden</b>	<b>Denmark</b>	<b>Ukraine</b>	<b>Slovakia</b>	<b>Iceland</b>	<b>Group</b>
Sales revenue	762 174	-	47 218	14 759	31 382	-	855 532
Intragroup eliminations	(194 015)	-	-	(14 759)	(31 367)	-	(240 141)
<b>Net sales revenue</b>	<b>568 159</b>	<b>-</b>	<b>47 218</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>615 392</b>
Services	389 430	-	27 352	-	14	-	416 796
Services 3rd Party	22 178	-	4 117	-	-	-	26 295
Subscriptions	147 299	-	7 432	-	-	-	154 731
Other revenue	9 251	-	8 317	-	-	-	17 568
	<b>568 159</b>	<b>-</b>	<b>47 218</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>615 392</b>
<b>Operating profit</b>	<b>56 939</b>	<b>(22)</b>	<b>5 166</b>	<b>(829)</b>	<b>1 319</b>	<b>-</b>	<b>62 573</b>
Investments in fixed assets	16 882	-	307	1 659	598	-	19 446
Total assets	202 822	254	7 075	10 871	3 405	-	224 428
Total liabilities	170 225	1	15 896	1 200	2 766	-	190 087

Services revenue is generated from rendering of services to customers by Itera's own consultants. The service contracts are with a few exceptions Time & Material agreements where the invoicing is based on hours performed at agreed rates.

Services 3d party revenue is generated from rendering of services to customers performed by subcontractors.

**2**  
Segments, cont.

Subscriptions revenue is generated from services provided on regular basis with fees based on fixed amounts or volumes.

**Segment information:**

NOK 1 000

2021	Core digital business (95%)	Data centre operations (5%)	Group
Sales revenue	592 956	40 106	633 062
Operating profit	77 079	-18 477	58 602

2020	Core digital business (95%)	Data centre operations (5%)	Group
Sales revenue	497 634	117 758	615 392
Operating profit	59 177	3 396	62 573

**3**  
Contract assets,  
contract costs and  
contract liabilities

**Significant changes in contract assets**

NOK 1 000	2021	2020
<b>Balance, beginning of period</b>	<b>1 196</b>	<b>732</b>
Net additions arising from operations in the period	1 720	1 196
Amounts billed in period and thus reclassified to accounts receivables	(1 796)	(1 332)
Changes in impairment allowances	-	600
<b>Balance, end of period</b>	<b>1 120</b>	<b>1 196</b>

**Significant changes in contract costs**

NOK 1 000	2021	2020
<b>Balance, beginning of period</b>	<b>6 851</b>	<b>11 571</b>
Costs capitalised in the period	-	-
Amortisation	(2 816)	(4 721)
Impairment losses	-	-
<b>Balance, end of period</b>	<b>4 035</b>	<b>6 851</b>

**Significant changes in contract liabilities**

NOK 1 000	2021	2020
<b>Balance, beginning of period</b>	<b>21 291</b>	<b>37 176</b>
Increases due to cash received, excluding amounts recognised as revenue during the period	15 084	15 637
Revenue recognised that was included in the contract liability balance at the beginning of the period	(18 058)	(31 521)
<b>Balance, end of period</b>	<b>18 318</b>	<b>21 291</b>

Changes in contract liabilities for 2020 have been updated due to incorrect classification in the 2020 Annual accounts.

Management expects that approximately 67% of the transaction price allocated to the unsatisfied contract obligations as of 31.12.2021 will be recognised as revenue in the 2022 fiscal year. The remaining 33% will be recognised in the fiscal year 2023.

**4**  
Earnings and diluted earnings per share

NOK 1000, except earnings per share	2021	2020
Profit for the year	44 148	48 633
Average number of outstanding shares	80 550	80 917
Outstanding employee share options	2 110	1 789
Dilution effect of outstanding share options	399	585
Average number of shares including dilution	80 949	81 502
Basic earnings per share	0,55	0,60
Diluted earnings per share	0,55	0,60

The average share price for 2021 is calculated on the basis of the market closing price for the Itera share on each trading day (except for days when no shares were traded when the bid price has been used) was NOK 14.56.

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

The share option exercise prices are NOK 13.50, NOK 13.91, NOK 11.46 and NOK 10.29 for 2021, 2020 (programme 2), 2020 (programme 1) and 2019 programmes, respectively.

**5**  
Other current assets

NOK 1 000	2021	2020
Prepaid expenses	7 973	8 548
Other current receivables	4 822	3 353
<b>Total</b>	<b>12 794</b>	<b>11 901</b>

Prepaid expenses in 2021 includes a reclassification of the Group cloud based accounting system Dynamics 365. The expenses for configuring the software was classified as an intangible asset in 2020. In accordance with IFRIC Update March 2021 NOK 5.5 moved to prepaid expenses in 2021 as the criteria in IAS 38 were not met. The costs have been capitalised as the configuration and customisation services are not distinct from the SaaS agreement. The costs are accrued over the terms of the service agreement, in total 5 years, the same time period as the initial depreciation period for the asset.

**6**  
Other current liabilities

NOK 1 000	2021	2020
Holiday pay	22 912	24 562
Accrued wages and bonuses	25 682	18 334
Accrued other expenses	14 484	9 021
<b>Total</b>	<b>63 078</b>	<b>51 917</b>

Accrued other expenses for 2020 have been updated due to incorrect classification in the 2020 Annual accounts.

**7**  
Financial risk  
management

The Itera Group is exposed to financial risks such as: credit risk, liquidity risk, currency risk and interest rate risk. The Group’s exposure to these risks is considered to be low. The Group has established guidelines to manage its exposure to these risks. The main principle is to minimize exposure to financial risks, and the Group accordingly holds no financial assets or liabilities for speculative purposes.

The Group’s nearshore operations in Ukraine and Slovakia exposes it to new risks, such as country risk, IT security risks and the risk of corruption. Itera has a zero-tolerance policy on corruption.

**Credit risk**

Credit risk is the risk of financial loss to the Group’s receivables due from customers and other short-term receivables. In order to manage this risk, the Group has established credit approval procedures to evaluate the creditworthiness of all material counterparties. The Group’s exposure to credit risk is not dependent on individual customers but customers as a group. The amount is examined as of every closing date. The provision is supported by historical credit loss experience of trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Information on the Group’s risk exposure in respect of accounts receivable is provided in note 14. The Group’s customers are private and public companies. The Group assesses the credit worthiness of all new customers and periodically for existing customers.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity in such a way as to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group’s reputation. The Group has established an overdraft facility with its banking partner. See note 18 for further information.

In order to accommodate growth in the Group’s operational companies, lease financing contracts have been entered into for major investments in software and hardware.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

NOK 1 000	Less than 6 months	6–12 months	1–5 years	Over 5 years	Total
<b>Balance at 31st Dec 2021</b>					
Accounts payable	18 846	-	-	-	18 846
Leasing liabilities	7 581	7 581	14 552	5 485	35 199
<b>Balance at 31st Dec 2020</b>					
Accounts payable	23 169	-	-	-	23 169
Leasing liabilities	8 818	8 818	20 474	4 488	42 597

**Currency risk**

The Group is exposed to currency risk through its businesses in Sweden, Denmark, Iceland, Ukraine and Slovakia. The exposure to currency risk is limited by the fact that businesses in Sweden, Denmark and Iceland have revenue and costs in the same currency, and in addition most borrowing is arranged within the Group. Of the Group’s total revenue, 8% is in Danish kroner (DKK). A 10% change in the NOK exchange rate against SEK and DKK would have a 0.8% effect on the Group’s revenue. The effect of currency deviation on financial assets and liabilities denominated in non-functional currency is not material.

**7**  
Financial risk  
management, cont.

The Group's nearshore companies operate in three different currencies: USD, Euro and Ukrainian Hryvna. The main exposure is in USD. The Group has to a large extent currency adjustment mechanisms in its agreements with customers to counteract its exposure to US dollar and Euros, where service fees for nearshore services are denominated in USD or EUR and converted to NOK at the start of the monthly delivery period.

**Interest rate risk**

The Group is exposed to interest rate risk in relation to its bank deposits. The Group is also exposed in connection with lease financing contracts and when drawing against the overdraft facility. The Group does not hold any financial securities or other assets that have an inherent interest rate risk. The effect on profit and loss of change in interest rate is insignificant.

**Fair value**

Itera does not have significant differences between fair value and book value in respect of financial instruments, which mainly comprise accounts receivable and accounts payable, other current receivables and other current liabilities and lease liabilities.

On 24 February 2022, Russia started a military invasion in Ukraine. For further information on the impact on our financial statements, refer to note 23.

**8**  
Other Operating  
Expenses

	2021	2020
Facilities	9 332	13 680
Office supplies	15 441	10 930
Professional fees	9 669	6 899
Courses	3 653	3 236
Travel and entertainment	1 591	1 981
Sales and marketing	5 263	4 520
Other operating expenses	3 227	4 801
<b>Total</b>	<b>48 176</b>	<b>46 047</b>

**Fees to the auditors**

NOK 1 000, excluding VAT	2021	2020
Statutory audit of Itera ASA	241	182
Statutory audit of subsidiaries in Norway	299	193
Statutory audit of international subsidiaries	94	-
<b>Audit fees</b>	<b>634</b>	<b>375</b>
Tax advisory services	-	-
Fees for other certification services	-	-
Other services provided to subsidiaries in Norway	59	59

**9**  
Salaries and  
personnel costs

NOK 1000	2021	2020
Salaries	379 664	339 846
Share option costs	611	693
Social security taxes	34 496	30 696
Pension costs	12 114	10 710
Other benefits	15 459	13 303
Salaries and personnel expenses capitalised *)	(7 646)	(2 802)
<b>Total payroll and personnel expenses</b>	<b>434 697</b>	<b>392 447</b>
Average number of employees	594	538

\*See note 15

**10**  
Share-based  
remuneration

**Share option programmes**

The Group had five share option programmes running in 2021. All schemes to be settled in shares.

The share option programme issued in 2017 expired in June 2021. New share option programmes were issued late 2019, twice during 2020 and once in 2021. These programmes have no financial targets attached, and up to one-third of the options are exercisable after three years and otherwise rolled forward. All remaining options must be exercised after four years or otherwise forfeited.

The fair value of the options was calculated on the date they were granted, and the options granted are being expensed over the accrual periods of four years in accordance with the graded vesting principle. Fair value is calculated using the Black-Scholes-Merton option pricing model. The calculation of fair value assumes that historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on rates obtained from Norges Bank for the same period as the life of the options. For the option programmes, an annual participant attrition rate of 10-20% were assumed. For calculation purposes, an annual dividend of NOK 0.45 to NOK 0.90 were assumed for the various programmes.

Share option costs (excluding employer's social security contributions) of NOK 763k were expensed in 2021 (NOK 693k in 2020).

Programme	Out-standing 31.12.2020	Issued in 2021	Expired in 2021	Exer- cised in 2021	Out- standing 31.12.2021	Fair value when issued	Exercise price <sup>1)</sup>	Share price when issued <sup>2)</sup>	Date of issue	Exercise period
2017	730 880	-	200 000	530 880	-	NOK 0.60	NOK 6.42	NOK 6.42	28.06.2017	2021
2019	260 000	-	-	-	260 000	NOK 1.66	NOK 10.29	NOK 10.29	17.12.2019	2023
2020 (pro- gramme <sup>1)</sup> )	775 000	-	20 000	-	755 000	NOK 2.07	NOK 11.32	NOK 11.46	02.07.2020	2024
2020 (pro- gramme <sup>2)</sup> )	375 000	-	-	-	375 000	NOK 2.45	NOK 13.91	NOK 13.91	23.12.2020	2024
2021	-	775 000	55 000	-	720 000	NOK 2.36	NOK 13.50	NOK 13.50	22.06.2021	2025
<b>Total</b>	<b>2 140 880</b>	<b>775 000</b>	<b>275 000</b>	<b>530 880</b>	<b>2 110 000</b>					

1) The exercise price is the average share price over the 30 days prior to the date the option is granted.

2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

**10**  
Share-based remuneration, cont.

Programme	No. of options	Interest rate	Volatility	Lifetime
2017	-	0.90%	28.9%	4 years
2019	260 000	0.99%	37.8%	4 years
2020 (programme 1)	755 000	0.28%	43.2%	4 years
2020 (programme 2)	375 000	0.54%	42.2%	4 years
2021	720 000	1.06%	41.7%	4 years
<b>Total</b>	<b>2 110 000</b>			

**Employee share purchase programme**

In 2017, Itera introduced an annual Employee Share Purchase Programme, where employees could purchase shares up to a market value of NOK 20,000 at a 20% discount. The programme was repeated each year since 2017. After changes in Norwegian tax legislation in 2021 the programme was changed so that employees could purchase shares up to a market value of NOK 30.000 at a 25% discount. In 2021, a total of 130 employees purchased a total of 268,615 shares. The discount is recognised against the equity.

**Share purchase programme for managers and key personnel**

In 2021, a Share Purchase Programme was offered to the Group’s managers and key personnel in order to foster alignment of interests between executives and shareholders, as well as contribute to retention of key people. The programme was in lieu of a Share Option Programmes that have been used in previous years.

Under the programme, the invitees were offered to purchase up to a defined number of shares at a valuation discount of NOK 3.37 per share. The discount was related to a three-year lock-in period of the shares. The Company has an option to re-purchase all or some of the shares with the same discount in the event the shareholder terminates his or her employment in the Group within the lock-in period. 24 key employees and executives showed their long-term commitment by purchasing a total of 474,075 shares for a total investment of NOK 4.8 million under this programme. The discount is recognised against the equity.

This information is available in the separate Remuneration Report available on [www.itera.com](http://www.itera.com).

**11**  
Executive personnel

**12**  
Pension

All of the Group’s pension schemes are defined contribution schemes. The Group’s pension expense is represented by the premiums paid and is included in payroll and personnel expenses in the Statement of Comprehensive Income. The Group’s pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

Pension cost	2021	2020
NOK 1 000		
Norway	18 806	17 428
Denmark	2 047	1 626
<b>Total</b>	<b>20 853</b>	<b>19 053</b>

**13**  
Financial income  
and expenses

NOK 1000	2021	2020
Interest income	32	337
Foreign currency gains	1 770	5 526
Other financial income	624	585
<b>Net financial income</b>	<b>2 424</b>	<b>6 448</b>
Interest expense	294	393
Foreign currency losses	1 951	6 539
Other financial expense	1 358	304
<b>Total financial expenses</b>	<b>3 602</b>	<b>7 236</b>
<b>Net foreign currency losses</b>	<b>(181)</b>	<b>(1 013)</b>

**14**  
Accounts receivable

NOK 1 000	2021	2020
Gross accounts receivable at 31 Dec	76 242	67 425
Provision for bad debts	(150)	(150)
<b>Net accounts receivable at 31 Dec</b>	<b>76 092</b>	<b>67 275</b>

Aging of receivables	Total	Not due	< 30 days	30–60 days	60–90 days	> 90 days
<b>Accounts receivable 2021</b>	<b>76 092</b>	<b>63 764</b>	<b>8 850</b>	<b>2 882</b>	<b>559</b>	<b>37</b>
Accounts receivable 2020	67 275	41 096	7 150	17 936	1 093	0

Accounts receivable by currency	2021	%	2020	%
NOK	67 684	89%	59 112	88%
SEK	0	0%	0	0%
DKK	8 153	11%	7 541	11%
UAH	255	0%	320	0%
EUR	0	0%	301	0%
<b>Sum</b>	<b>76 092</b>	<b>100 %</b>	<b>67 275</b>	<b>100%</b>

**Change in provisions for bad debts**

Losses on accounts receivable are classified as operating expenses in the Consolidated Income Statement. A loss of NOK 216k was recognised in 2021, NOK 115k in 2020. Maximum credit risk is equivalent to the figure for net accounts receivable shown in the table above.

**15**  
Non-current assets

**Intangible assets**

Intangible assets (capitalised development costs) are primarily related to the development of new concepts. These concepts are primarily related to contracts with fixed future income.

In 2021, costs of NOK 7.7 million (NOK 5.7 million) incurred in connection with the development of products were capitalised. Expenditure incurred in connection with development work relates principally to the salaries and personnel costs of the employees involved in developing the concepts.



**15**  
Non-current assets,  
cont.

During 2021, Itera has capitalized NOK 17.8 million of development costs for a Cloud Center of Excellence (CCoE), of which NOK 8 million is direct services and purchases of goods from external suppliers. The remaining amount is linked to own staff through a global interdisciplinary team that has formed the basis for a new global business unit called Cloud & Application Services (CAS).

Cloud & Application Services (CAS, formerly HCS) was launched on January 1, 2022, where CCoE is the backbone for direct (architecture and automation, process and security, cloud operations, managed workloads, migration services) and indirectly related services (support, maintenance of the application lifecycle).

With an estimated useful life of 5 years, an average of 3.6 MNOK per year must be recovered through sales and delivery of related services.

NOK 1 000	2021		Sum
	Development costs	Software	
<b>Acquisition cost</b>			
Accumulated at 1 January	42 054	9 506	51 560
Additions	23 372	1 924	25 297
Disposals	(5 331)	(6 732)	(12 063)
<b>Accumulated at 31 December</b>	<b>60 095</b>	<b>4 698</b>	<b>64 794</b>
<b>Amortisation</b>			
Accumulated at 1 January	24 594	2 742	27 336
Amortisation for the year	7 155	991	8 146
Amortisation on disposals in the year	(5 331)	(188)	(5 519)
Other changes	-	-	-
<b>Accumulated at 31 December</b>	<b>26 418</b>	<b>3 545</b>	<b>29 963</b>
<b>Book value</b>			
Book value at 1 January	17 458	6 762	24 225
<b>Book value at 31 December</b>	<b>33 675</b>	<b>1 154</b>	<b>34 826</b>
Estimated useful life	3–5 years	3–5 years	
Amortisation plan	linear	linear	

Prepaid expenses in 2021 includes a reclassification of the Group cloud based accounting system Dynamics 365. The expenses for configuring the software was classified as an intangible asset in 2020. In accordance with IFRIC Update March 2021 MNOK 5.5 moved to prepaid expenses in 2021 as the criteria in IAS 38 were not met. The costs have been capitalised as the configuration and customisation services are not distinct from the SaaS agreement. The costs are accrued over the terms of the service agreement, in total 5 years, the same time period as the initial depreciation period for the asset.

**15**  
Non-current assets,  
cont.

NOK 1 000	2020		Sum
	Development costs	Software	
<b>Acquisition cost</b>			
Accumulated at 1 January	81 418	2 575	83 992
Additions	5 665	6 699	12 364
Disposals	(45 029)	(142)	(45 172)
<b>Accumulated at 31 December</b>	<b>42 054</b>	<b>9 131</b>	<b>51 185</b>
<b>Amortisation</b>			
Accumulated at 1 January	60 360	1 769	62 128
Amortisation for the year	9 264	1 115	10 379
Amortisation on disposals in the year	(45 029)	(142)	(45 172)
Other changes	-	(372)	(372)
<b>Accumulated at 31 December</b>	<b>24 594</b>	<b>2 370</b>	<b>26 964</b>
<b>Book value</b>			
Book value at 1 January	21 058	805	21 864
<b>Book value at 31 December</b>	<b>17 458</b>	<b>6 762</b>	<b>24 225</b>
Estimated useful life	3–5 years	3–5 years	
Amortisation plan	linear	linear	

**Property, plant and equipment**

NOK 1 000	2021		Sum
	Office machinery & equipment	Fixtures and fittings	
<b>Acquisition cost</b>			
Accumulated at 1 January	29 358	6 793	36 151
Additions	6 468	1 025	7 492
Disposals	(1 051)	(102)	(1 153)
Translation differences	-	-	-
<b>Accumulated at 31 December</b>	<b>34 775</b>	<b>7 715</b>	<b>42 490</b>
<b>Depreciation</b>			
Accumulated at 1 January	17 085	3 661	20 747
Depreciation	6 593	544	7 138
Depreciation on disposals	(959)	(103)	(1 063)
Translation differences	-	(62)	(62)
<b>Accumulated at 31 December</b>	<b>22 719</b>	<b>4 041</b>	<b>26 760</b>
<b>Book value</b>			
Book value at 1 January	12 273	3 131	15 404
<b>Book value at 31 December</b>	<b>12 056</b>	<b>3 674</b>	<b>15 729</b>
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

**15**  
Non-current assets,  
cont.

NOK 1 000	2020		Sum
	Office machinery & equipment	Fixtures and fittings	
<b>Acquisition cost</b>			
Accumulated at 1 January	31 708	11 909	43 617
Additions	4 018	624	4 642
Disposals	(5 876)	(2 905)	(8 781)
Translation differences	(492)	(2 835)	(3 327)
<b>Accumulated at 31 December</b>	<b>29 358</b>	<b>6 793</b>	<b>36 151</b>
<b>Depreciation</b>			
Accumulated at 1 January	18 307	2 798	21 105
Depreciation	5 079	3 528	8 607
Depreciation on disposals	(5 886)	(1 959)	(7 845)
Translation differences	(415)	(705)	(1 120)
<b>Accumulated at 31 December</b>	<b>17 085</b>	<b>3 661</b>	<b>20 747</b>
<b>Book value</b>			
Book value at 1 January	13 401	9 111	22 512
<b>Book value at 31 December</b>	<b>12 273</b>	<b>3 131</b>	<b>15 403</b>
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

**16**  
Right-of-use assets  
and lease liabilities

The Group has leasing contracts in connection with investments in IT equipment related to its major IT hosting contracts, office premises and company cars.

The Group had a liability for rent of premises and company cars totalling NOK 35.2 million at 31 December 2021.

Rental agreements	Lease expiration
Office premises	
Head office Oslo, Norway	30.06.2023
Bergen, Norway	30.04.2024
Bryne, Norway	30.06.2023
Copenhagen, Denmark	30.06.2031
Kiev, Ukraine	05.12.2022
Bratislava, Slovakia	16.03.2028
Company cars, Oslo, Norway	31.03.2022

**16**  
Right-of-use assets  
and lease liabilities,  
cont.

Incremental borrowing rate	Date	Rate
Leased office premises at date of incorporation of IFRS 16, Norway	01.01.2019	2.72%
Leased office premises at date of incorporation of IFRS 16, Denmark	01.01.2019	1.17%
Leased office premises at date of incorporation of IFRS 16, Ukraine	01.01.2019	4.26%
Leased office premises at date of incorporation of IFRS 16, Slovakia	01.01.2019	1.14%
Leased office premises, Slovakia	01.10.2021	0.95%
Leased office premises, Bergen, Norway	01.05.2021	1.76%
Leased company cars, Norway	01.04.2019	2.72%

**Right-of-use assets**

	2021		
	Leased IT equipment	Leased office premises	Sum
Net value at 1 January	4 883	33 380	38 263
Additions	-	13 849	13 849
Disposals	(544)	(6 670)	(7 214)
Depreciation	(3 080)	(10 383)	(13 463)
Translation differences	-	(516)	(516)
<b>Net value at 31 December</b>	<b>1 258</b>	<b>29 659</b>	<b>30 917</b>

	2020		
	Leased IT equipment	Leased office premises	Sum
Net value at 1 January	13 476	40 821	54 297
Additions	2 440	8 827	11 267
Disposals	(1 186)	-	(1 186)
Depreciation	(9 846)	(14 229)	(24 075)
Translation differences	-	(2 039)	(516)
<b>Net value at 31 December</b>	<b>4 883</b>	<b>33 380</b>	<b>38 263</b>

**Lease liabilities**

Future minimum lease payments are as follows	2021		
	Leased IT equipment	Leased office premises	Sum
Up to 1 year	860	14 795	15 655
1 to 5 years	137	14 884	15 021
Over 5 years	-	5 534	5 534
<b>Future minimum lease payments</b>	<b>997</b>	<b>35 213</b>	<b>36 210</b>
Future interest up to 1 year	13	480	493
Future interest 1 to 5 years	3	467	470
Future interest over 5 years	-	49	49
<b>Discounted present value of future minimum lease payments</b>	<b>982</b>	<b>34 217</b>	<b>35 199</b>
Of which			
– current liabilities	847	14 316	15 163
– non-current liabilities	134	19 902	20 036

**16**  
Right-of-use assets  
and lease liabilities,  
cont.

Future minimum lease payments are as follows	2020		Sum
	Leased IT equipment	Leased office premises	
Up to 1 year	4 489	13 589	18 077
1 to 5 years	3 020	17 503	20 523
Over 5 years	-	5 206	5 206
<b>Future minimum lease payments</b>	<b>7 508</b>	<b>36 298</b>	<b>43 806</b>
Future interest up to 1 year	119	323	442
Future interest 1 to 5 years	49	718	767
<b>Discounted present value of future minimum lease payments</b>	<b>7 340</b>	<b>35 257</b>	<b>42 597</b>
Of which			
– current liabilities	4 369	13 266	17 636
– non-current liabilities	2 971	21 991	24 962

The total cash outflow relating to leases was NOK 17.53 million in 2021. The Group does not have significant residual value guarantees related to its leases.

**Sublease agreement**

In 2021 the Group decided to sublease a part of the office premises in Kiev, Ukraine. The sublease expires 30.11.2022.

In 2021 income from subleasing right of use assets was MNOK 2.3.

**Lease receivable**

Future minimum lease receivable are as follows	2021	Sum
	Subleased office premises	
Up to 1 year	3 429	3 429
1 to 5 years	-	-
Over 5 years	-	-
<b>Future minimum lease receivable</b>	<b>3 429</b>	<b>3 429</b>
Future interest up to 1 year	59	59
Future interest 1 to 5 years	-	-
<b>Discounted present value of future minimum lease receivable</b>	<b>3 370</b>	<b>3 370</b>
Of which		
- current liabilities	3 370	3 370
- non-current liabilities	-	-

**Short term or low value lease agreements**

The Group has other lease contracts with low value or short contract terms where the Group has decided to not recognise lease liabilities or right-of-use assets. These leases are instead expensed when they incur. Short term leases expensed in 2021 amounted to NOK 4.8 million.

**16**  
Right-of-use assets  
and lease liabilities,  
cont.

**Extension options**

Several of the Group's lease agreements for rent of office premises include a right of renewal which may be exercised during the last period of the lease term. The Group's potential future lease payments not included in the lease liabilities related to extension options is MNOK 18.3 (gross) at 31 December 2021.

**Variable lease payments**

The Group has no variable lease payments.

**Interest expense**

The interest expense was MNOK 0.8 in 2021 compared to MNOK 1.0 in 2020.

**17**  
Financial assets and  
financial liabilities

NOK 1 000

<b>Financial assets</b>	<b>2021</b>	<b>2020</b>
Trade receivables	76 092	67 275
Cash and cash equivalents	37 457	54 399
<b>Total</b>	<b>113 548</b>	<b>129 720</b>
<b>Financial liabilities</b>	<b>2021</b>	<b>2020</b>
Long term leasing liabilities	20 036	24 962
Trade payables	18 846	23 169
Short term leasing liabilities	15 163	17 636
<b>Total</b>	<b>54 045</b>	<b>95 808</b>

There are no material differences between the recognised and fair value of financial assets and liabilities.

**18**  
Taxes

NOK 1 000	2021	2020
<b>Tax expense</b>		
Tax payable	13 471	15 430
Change in deferred tax	(20)	(2 135)
Correction of previous years	-	-
Tax credit	(175)	(142)
<b>Total tax expense</b>	<b>13 276</b>	<b>13 152</b>
<b>Tax payable in the balance sheet:</b>		
Profit before tax	57 424	61 786
Permanent tax differences	(963)	2 358
Changes in temporary differences	2 924	4 730
Tax losses carried forward	(190)	-
Group contribution	-	-
<b>Total basis for tax payable</b>	<b>59 194</b>	<b>68 874</b>
<b>Tax payable Dec. 31</b>	<b>12 166</b>	<b>14 785</b>
Tax paid in advance	(129)	(276)
Correction of previous years	184	227
SkatteFUNN	(4 767)	(1 861)
Deduction of tax paid in Slovakia	(175)	(142)
<b>Net tax payable Dec. 31</b>	<b>7 278</b>	<b>12 733</b>
Taxes paid in advance is included in other current receivables.		
<b>Specification of the basis for deferred tax</b>	<b>2021</b>	<b>2020</b>
Fixed assets	(13 867)	(14 663)
Current assets	(150)	(150)
Other temporary differences	(236)	(922)
Other accruals	(1 217)	(1 938)
Tax losses carried forward	-	(190)
Remaining tax credit	(6 424)	(4 630)
<b>Total</b>	<b>(21 893)</b>	<b>(22 494)</b>
Deferred tax	(4 791)	(4 916)
Deferred tax recognised in the balance sheet	(4 791)	(4 916)
<b>NOK 1 000</b>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of tax rate</b>		
Profit before tax	57 424	61 785
Tax calculated at the nominal corporation tax rate of 22%	12 633	13 593
Effect of change in the tax rate	-	-
Effect of tax from previous year	-	(227)
Effect of differing tax rates for foreign subsidiaries	(39)	(27)
Effect of permanent differences	(212)	519
Effect of change in tax calculation previous years	-	-
Effect of other differences	894	(705)
Tax expense in profit and loss	13 276	13 152
<b>Effective tax rate</b>	<b>(23.1%)</b>	<b>(21.3%)</b>

**19**  
Exchange rates

Information on the exchange rates applied by the Itera Group in 2021.

	Jan 1	Average	Dec 31
SEK	1,0435	1,0019	0,9745
DKK	1,3935	1,3666	1,3432
EUR	10,3661	10,1633	9,9888
USD	8,5174	8,5904	8,82
UAH	0,3034	0,3148	0,3226

**20**  
Cash and cash equivalents

NOK 1 000	2021	2020
Cash and bank deposits	37 457	54 399
Restricted cash	(10 511)	(10 282)
<b>Unrestricted cash and cash equivalents</b>	<b>26 946</b>	<b>44 117</b>
Undrawn credit facilities	21 500	21 500
<b>Cash reserve</b>	<b>48 446</b>	<b>65 617</b>

Restricted cash include the employees' tax withholdings.

The Group has a multi-currency cash-pool agreement with Danske Bank.

The overdraft facility agreement with Danske Bank has the following financial covenant:

\* NIBD / EBITDA (net interest-bearing debt ratio) shall not be more than 2.25.

This key ratio is assessed as at December 31st each year and at the latest 120 days after year-end.

The Group had no overdraft or borrowings from Danske Bank as at 31 December 2021.

As collateral for the line of credit, the bank has a pledge on the customer receivables of the Norwegian subsidiaries.

Refer to note 24 for Alternative Performance Measures.

**21**  
Shareholders

**Share capital**

Itera ASA's share capital on December 31st 2021 was NOK 24,655,987 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30. All shares in Itera have the same dividend and voting rights.

**Ownership structure**

At the close of 2021, Itera ASA had 2,278 (2,216) shareholders. Of these 4% (4%) were foreign shareholders. The company's 20 largest shareholders owned 73 % (72%) of the company's shares at year-end.

**Holdings of own shares**



**21**  
Shareholders, cont.

The Itera Group held 1,269,136 own shares at the start of 2021. The Group purchased 1,726,000 own shares in 2021. 1,358,130 own shares were used in connection with share option programme and employee share purchase programme. The Itera Group held 1,637,006 own shares at the end of 2021.

**Dividend**

An ordinary dividend of NOK 0.25 per share (20.5 million) based on the 2020 result was paid in June 2021. A supplementary dividend of NOK 0.10 per share (8.2 million) was paid in November 2021. An ordinary dividend of NOK 0.10 per share (NOK 16.4 million) is proposed based on the 2021 result. The Board will also ask for an authorisation to pay a supplementary dividend later in the year.

**20 largest shareholders in Itera ASA at 31 December 2021**

	Shares	%
ARNE MJØS INVEST AS*	24 863 031	30.3%
OP CAPITAL AS	4 551 083	5.5%
GIP AS	4 158 000	5.1%
EIKESTAD AS	3 350 000	4.1%
SEPTIM CONSULTING AS	2 940 000	3.6%
BOINVESTERING AS	2 686 968	3.3%
GAMST INVEST AS	2 527 867	3.1%
DnB NOR Bank ASA	2 384 125	2.9%
JØSYRA INVEST AS	2 200 000	2.7%
ITERA ASA	1 637 006	2.0%
DZ Privatbank S.A.	1 280 000	1.6%
VERDIPAPIRFONDET STOREBRAND VEKST	1 078 218	1.3%
HØGBERG	967 959	1.2%
FRAMAR INVEST AS	925 000	1.1%
AANESTAD PANAGRI AS	900 000	1.1%
ALTEA PROPERTY DEVELOPMENT AS	700 000	0.9%
GRØSLAND	630 000	0.8%
JENSEN	623 720	0.8%
NYVANG	620 921	0.8%
MORTEN JOHNSEN HOLDING AS	600 000	0.7%
Total 20 largest	59 623 898	72.5%
Other shareholders	22 562 726	27.5%
<b>Total all issued</b>	<b>82 186 624</b>	<b>100.0%</b>

\* Arne Mjøs Invest AS holds a future contract expiring 18 March 2022 on 2,600,000 shares at an average price of NOK 8.824 per share. The total controlling interest of Arne Mjøs is thus 27,263,031 shares (33.2%).

**22**  
Transactions with related parties

There were no other transactions between the Group and related parties in the period from 1 January to 31 December 2021 other than those described in note 9.

## 23 Subsequent events

On 24 February 2022, Russia started a military invasion in Ukraine. Itera has around 260 employees in Ukraine, of which close to 250 normally belong to the Kyiv office and the rest in Lviv, close to the Polish border. With the outbreak of the war, a large portion of our employees moved out of the Kyiv area into less affected areas or abroad. Our employees are able to work from anywhere, so the downtime was mostly related to a few days of relocating, after which deliveries were restored to more than 90%.

Itera's only assets in Ukraine are related to the office furniture & equipment, leasehold improvements and personal equipment. The net book value of this was NOK 6.9 million on 31 December 2021. The assets are insured and also still intact. Consequently, it's the management's assessment that these subsequent events have no impact on the financial statements for 2021.

In accordance with previously communicated plans, Itera discontinued its data centre operations by the end of the first quarter of 2022. The remaining business that had not already been migrated to the cloud was sold to Move AS. All customer and supplier contracts related to Itera's data centre operations were transported to Move in the transaction. Some employees were also transferred, and some were made redundant. It's management's assessment that this transaction does not impact the presentation of the financial statements for 2021.

No other events have been identified that have any material impact on the financial statements for 2021.

## 24 Alternative performance measures

In accordance with the guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs), Itera publishes definitions for the alternative performance measures used by the company. Alternative performance measures, i.e. performance measures not based on financial reporting standards, provide the company's management, investors and other external users with additional relevant information on the company's operations by excluding matters that may not be indicative of the company's operating result or cash flow. Itera has adopted non-recurring costs, EBITDA, EBITDA margin, EBIT, EBIT margin and equity ratio as alternative performance measures both because the company thinks these measures will increase the level of understanding of the company's operational performance and because these represent performance measures that are often used by analysts and investors and other external parties.

EBITDA is short for earnings before interest, tax, depreciation and amortisation. It is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

EBITDA margin is calculated as EBITDA as a proportion of operating revenue.

EBIT is short for earnings before interest and tax and is calculated as profit for the period before (i) tax expense and (ii) financial income and expenses.

EBIT margin is calculated as EBIT as a proportion of operating revenue.

Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

NIBD/EBITDA ratio is calculated as the interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA.

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# Income statement

Itera ASA 1 January – 31 December

NOK 1 000	Note	2021	2020
Sales revenue		46 395	38 130
<b>Operating revenue</b>	<b>11</b>	<b>46 395</b>	<b>38 130</b>
Salaries and personnel expenses	1,2,3	26 017	22 154
Depreciation and amortisation	4	1 602	2 073
Other operating expenses	1	21 580	17 263
<b>Total operating expenses</b>		<b>49 199</b>	<b>41 490</b>
<b>Operating profit (loss)</b>		<b>(2 804)</b>	<b>(3 360)</b>
Income from investments in subsidiaries	8	46 937	53 406
Interest income from companies in the same group		112	153
Other financial income		349	762
Interest expense to companies in the same group		210	431
Other financial expense		404	266
<b>Net financial income</b>		<b>46 784</b>	<b>53 624</b>
<b>Profit before income tax</b>		<b>43 980</b>	<b>50 264</b>
Income taxes	7	(22)	(89)
<b>Net profit for the year</b>		<b>44 002</b>	<b>50 353</b>
<b>Allocation of profit/loss:</b>			
To supplemental dividend	6	8 219	32 875
To ordinary dividend	6	16 437	20 547
To/from other equity	6	19 346	(3 069)
<b>Total allocation</b>		<b>44 002</b>	<b>50 353</b>

# Statement of financial position

Itera ASA 31 December


NOK 1 000	Note	2021	2020
<b>ASSETS</b>			
Deferred tax assets	7	328	306
Intangible assets	4	592	5 914
Property, plant and equipment	4	1 756	2 639
Investment in subsidiaries	5	116 041	115 168
<b>Total non-current assets</b>		<b>118 716</b>	<b>124 027</b>
Receivables from group companies	9	4 579	3 875
Other receivables		6 477	1 058
Cash and cash equivalents	9, 10	23 249	42 850
<b>Total current assets</b>		<b>34 305</b>	<b>47 783</b>
<b>TOTAL ASSETS</b>		<b>153 021</b>	<b>171 810</b>

# Statement of financial position

Itera ASA 31 December


NOK 1 000	Note	2021	2020
<b>EQUITY AND LIABILITIES</b>			
Share capital	6	24 656	24 656
Other paid-in capital	6	7 166	(3 981)
Own shares	6	(491)	(381)
<b>Total paid-in capital</b>		<b>31 331</b>	<b>20 294</b>
Other equity	6	37 694	40 441
<b>Total retained earnings</b>		<b>37 694</b>	<b>40 441</b>
<b>Total equity</b>		<b>69 025</b>	<b>60 735</b>
Accounts payable		3 425	2 999
Tax payable	7	-	-
Public fees payable	12	15 787	15 415
Liabilities to group companies	9	41 579	65 577
Proposed dividend	6	16 437	20 547
Other current liabilities		6 766	6 538
<b>Total current liabilities</b>		<b>83 996</b>	<b>111 076</b>
<b>Total liabilities</b>		<b>83 996</b>	<b>111 076</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>153 021</b>	<b>171 810</b>

Oslo, 28 April, 2022  
The Board of Directors of Itera ASA

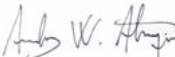
  
**Morten Thorkildsen**  
Chairman of the board

  
**Marianne Killengreen**  
Board member

  
**Jan-Erik Karlsson**  
Board member

  
**Gyrid Skalleberg Ingerø**  
Board member

  
**Anne Nyseter Perez**  
Board member  
(Employee elected)

  
**Andreas Almquist**  
Board member  
(Employee elected)

  
**Arne Mjøs**  
Chief Executive Officer

# Statement of cash flows

Itera ASA 1 January – 31 December

NOK 1 000	Note	2021	2020
<b>Cash flow from operating activities</b>			
Profit before tax		43 980	50 264
Dividend and group contribution recognised but not paid	8	(46 937)	(53 406)
Share option costs		154	(2 189)
Depreciation and amortisation	4	1 602	2 073
Change in accounts payable		426	(3 516)
Change in other accruals		(3 346)	(1 909)
<b>Net cash flow from operating activities</b>		<b>(4 121)</b>	<b>(8 683)</b>
<b>Cash flow from investment activities</b>			
Purchases of property, plant and equipment and intangible assets	4	(988)	(5 617)
Payments from group contributions and dividends from subsidiaries		53 406	51 221
Payments of liabilities to group companies		(1 117)	(1 702)
Payments of receivables from group companies		2 900	1 240
<b>Net cash flow from investment activities</b>		<b>54 201</b>	<b>45 142</b>
<b>Cash flow from financing activities</b>			
Net change in group cash pool		(29 707)	35 201
Cash settlement of options contract		(978)	-
Payments for purchases of own shares	6	(23 522)	(18 242)
Proceeds from sales of own shares	6	8 427	7 953
Equity settlement of options contract		3 951	-
Dividend paid		(27 853)	(47 963)
<b>Net cash flow from financing activities</b>		<b>(69 681)</b>	<b>(23 051)</b>
<b>Net change in cash and cash equivalents</b>		<b>(19 601)</b>	<b>(13 408)</b>
Cash and cash equivalents as at 1 January		42 850	29 442
<b>Cash and cash equivalents as at 31 December</b>		<b>23 249</b>	<b>42 850</b>

[General information and significant accounting principles](#)**General information**

The accounts for Itera ASA have been prepared in accordance with the Accounting Act of 1998 and the generally accepted accounting principles in Norway (NGAAP). In cases where the notes for the parent company are significantly different from the notes for the Group, these are provided below. Reference is otherwise made to the information in the notes for the Group.

**Estimates and judgment**

Preparing accounts in accordance with Norwegian Generally Accepted Accounting Principles involves management making judgments, estimates and assumptions that influence the accounting principles that are applied and the amounts that are reported for assets, liabilities, revenue and costs. Actual amounts may vary from the estimated amounts. The estimates and underlying assumptions used are evaluated continuously. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods that are affected by the changes.

**Subsidiaries**

Investments in subsidiaries are valued at acquisition cost less any write downs. Investments are written down when impaired unless the impairment is regarded as temporary. Impairment losses are reversed if the basis for the impairment loss is no longer present. Dividends, group contributions and other distributions from subsidiaries are recognised in profit and loss on the same date as they are recognised in the accounts of subsidiaries. If the distributions paid by a subsidiary exceed the profit earned by the company during any given ownership period, these are regarded as repayments of the investment and the carrying value of the investment is reduced.

**Currency**

Transactions involving foreign currencies are translated into functional currency using the exchange rates that are in effect at the time of the transactions. Gains and losses that arise from the payment of such transactions and the translation of monetary items in foreign currencies at the rates in effect on the date of the balance sheet are recognised in the income statement. The Company uses the Norwegian kroner (NOK) as both its functional and presentation currency.

**Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**Purchase of own shares**

Where the Company purchases its own shares, the consideration paid, including any directly attributable costs, is recognised as a change in equity. Own shares are presented as a reduction in equity, net of any tax effects. When the Company sells or reissues its own shares, the consideration received is recognised as an increase in equity, and gains or losses arising from such transactions are applied to retained earnings.

**Intangible assets**

Intangible assets are recognised on the balance sheet if it can be shown to be probable that there will be future economic benefits attributable to the assets and their cost price can be estimated reliably. Intangible assets are carried at cost price.



[General information and significant accounting principles, cont.](#)

**Tangible fixed assets**

Tangible fixed assets are carried at acquisition cost less accumulated depreciation and accumulated impairment losses. If the fair value of a tangible fixed asset is lower than its carrying value and the impairment is not temporary, the asset is written down to fair value.

**Impairment**

At each balance sheet date, the Company assesses whether there are objective indications that assets may be impaired. Assets that are individually significant are tested for impairment on an individual basis. The remaining assets are assessed collectively or in groups of assets that share similar credit risk characteristics. All impairment losses are charged to profit and loss. Impairment losses are reversed if the reversal can be objectively linked to an event that occurs after the loss was recognised.

**Pension plan**

The Company has a defined contribution pension plan. The contributions are recognised as salaries and personnel cost in the income statements as they incur.

**Share-based remuneration**

Employee share options at Itera give employees the right to subscribe to shares in Itera ASA at a future point at a predetermined price (exercise right). This right is dependent on the employee still being employed at the time of exercise. The value of share options is calculated at grant date and expensed as a personnel cost over the vesting period. Options are normally granted with a subscription price equal to the average share price over the thirty days prior to the grant date. The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

**Operating revenue**

The parent company's operating revenue arises from the shared services it delivers through its Group Functions in the accounting/finance, HR, IT and communication areas. Its revenue is based on a cost-plus model and is recognised when the services are delivered.

**Financial income and expense**

Financial income comprises interest income from financial investments and group contributions or dividends from subsidiaries. Group contributions and dividends are recognised in profit and loss on the same date that they are recognised by the company from which they are received. Financial expense comprises interest expense on borrowings.

**Tax expense**

Tax expense comprises both tax payable and changes in deferred tax. Tax expense is recognised in the profit and loss account. Deferred tax assets and liabilities are calculated using the liability method on a non-discounted basis and are calculated for all differences arising between accounting values and tax values of assets and liabilities as well as for losses carried forward. Deferred tax assets on net tax-reducing differences that have not been eliminated and tax losses that are to be carried forward are recognised on the basis of expected future earnings.

**1**  
[Salaries, personnel expenses and other remuneration](#)

NOK 1000	2021	2020
Salaries	21 123	17 414
Share option costs	154	31
Social security tax	3 079	3 405
Pension costs	912	836
Other personnel costs	749	468
<b>Total salaries and personnel expenses</b>	<b>26 017</b>	<b>22 154</b>
Average number of employees	22	21

For information on salaries and other remuneration of the executive management, see note 9 to the consolidated accounts.

**Auditor**

Analysis of remuneration paid to the auditor:

	2021	2020
Statutory audit	241	182
Tax advice	-	-
Other services	4	15
<b>Total fees paid to the auditor</b>	<b>245</b>	<b>197</b>

**2**  
[Pensions](#)

Itera ASA operates a defined contribution pension scheme. The Company's pension expense is represented by the premiums paid, and totalled NOK 912K in 2021 (NOK 836k). The Company's pension scheme complies with the Norwegian Mandatory Occupational Pension Act (OTP).

**3**  
[Share-based remuneration](#)

Share option costs (including employer's social security contributions) of NOK -186k were expensed in 2021 (NOK 31k in 2020). See note 8 in the consolidated financial statements for further information on share-based remuneration.

Pro-gramme	Out-standing 31.12. 2020	Issued 2021	Expired in 2021	Exercised in 2021	Out-standing 31.12. 2021	Fair value when issued	Exercise price <sup>1)</sup>	Share price when issued <sup>2)</sup>	Date of issue	Exercise period
2017	223 080	-	-	223 080	-	NOK 0.60	NOK 6.42	NOK 6.42	28.06.2017	2021
2020	120 000	-	-	-	120 000	NOK 2.07	NOK 11.32	NOK 11.46	02.07.2020	2024
2021	-	130 000	-	-	130 000	NOK 2.36	NOK 13.50	NOK 13.50	22.06.2021	2025

1) The exercise price is the average share price over the 30 days prior to the date the option is granted.

2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

**3**  
[Share-based remuneration, cont.](#)

Programme	No. of share options	Interest rate	Volatility	Lifetime
2017	-	0.90%	28.9%	4 years
2020	120 000	0.28%	43.3%	4 years
2021	130 000	1.06%	41.7%	4 years

**4**  
[Non-current assets](#)

NOK 1 000	2021						
	Research and development	Software	Total intangible assets	Office machinery & equipment	Fixtures and fittings	Total property, plant and equipment	Total non-current assets
<b>Acquisition cost</b>							
Accumulated at 1 January	1 918	6 492	8 410	2 385	3 831	6 216	14 626
Additions	-	745	745	166	77	243	988
Disposals	-	(5 778)	(5 778)	(40)	-	(40)	(5 818)
<b>Accumulated at 31 December</b>	<b>1 918</b>	<b>1 459</b>	<b>3 377</b>	<b>2 511</b>	<b>3 908</b>	<b>6 419</b>	<b>9 796</b>
<b>Depreciation and amortisation</b>							
Accumulated at 1 January	1 727	773	2 500	746	2 829	3 574	6 074
Depreciation and amortisation	192	282	474	808	320	1 128	1 602
Depreciation and amortisation on disposals	-	(188)	(188)	(40)	-	(40)	(228)
<b>Accumulated at 31 December</b>	<b>1 918</b>	<b>867</b>	<b>2 785</b>	<b>1 514</b>	<b>3 149</b>	<b>4 663</b>	<b>7 448</b>
<b>Book value</b>							
Book value at 1 January	191	5 719	5 910	1 639	1 002	2 641	8 551
<b>Book value at 31 December</b>	<b>-</b>	<b>592</b>	<b>593</b>	<b>997</b>	<b>759</b>	<b>1 756</b>	<b>2 348</b>
Estimated useful life	3-5 years	3-5 years		3-5 years	3-5 years		
Depreciation plan	linear	linear		linear	linear		

## 5 Shares in subsidiaries

NOK 1 000	Registered office	Share capital <sup>1)</sup>	Share holding	Book value 1 Jan.	Change	Book value 31 Dec.	Profit/Loss in 2021	Equity in 2021
Itera Norge AS	Oslo	1 000	100%	51 054	659	51 713	18 593	31 371
Itera Offshoring Services AS	Oslo	200	100%	7 500	-	7 500	9 939	9 561
Cicero Consulting AS	Oslo	200	100%	16 474	-	16 474	6 728	10 232
Compendia AS	Bryne	182	100%	14 394	81	14 475	6 259	9 112
Itera Sverige AB <sup>1)</sup>	Stockholm	100	100%	-	-	-	(34)	1 669
Itera ApS	Copenhagen	1 424	100%	16 619	98	16 717	4 059	3 015
Itera Ehf	Reykjavik	34	100%	-	34	34	(290)	(259)
Itera Consulting Group Ukraine, LLC	Kiev	7 125	100%	9 127	-	9 127	1 812	9 589
<b>Total</b>				<b>115 168</b>	<b>872</b>	<b>116 041</b>	<b>47 066</b>	<b>74 290</b>

1) Itera Sverige AB is owned through Itera Norge AS, with book value of NOK 1.3 million.

## 6 Additional equity information

NOK 1 000	Share capital	Own shares	Other paid-in capital	Other equity	Total equity
<b>Equity at 01 January 2020</b>	<b>24 656</b>	<b>(231)</b>	<b>(7 545)</b>	<b>59 816</b>	<b>76 696</b>
Net income for the period	-	-	-	50 353	<b>50 353</b>
Share option costs	-	-	(2 970)	-	<b>(2 970)</b>
Employee share purchase programme	-	172	5 207	-	<b>5 379</b>
Purchase of own shares	-	(478)	(781)	(16 983)	<b>(18 242)</b>
Sale of own shares	-	156	2 108	-	<b>2 264</b>
Ordinary dividend	-	-	-	(20 547)	<b>(20 547)</b>
Supplementary dividend	-	-	-	(32 197)	<b>(32 197)</b>
<b>Equity at 31 December 2020</b>	<b>24 656</b>	<b>(381)</b>	<b>(3 981)</b>	<b>40 441</b>	<b>60 735</b>
Net income for the period	-	-	-	44 002	<b>44 002</b>
Share option costs	-	-	154	-	<b>154</b>
Cash settlement of options contract	-	-	(978)	-	<b>(978)</b>
Employee share purchase programme	-	223	8 205	-	<b>8 427</b>
Purchase of own shares	-	(518)	-	(23 005)	<b>(23 522)</b>
Sale of own shares	-	185	3 766	-	<b>3 951</b>
Ordinary dividend	-	-	-	(16 437)	<b>(16 437)</b>
Supplementary dividend	-	-	-	(7 307)	<b>(7 307)</b>
<b>Equity at 31 December 2021</b>	<b>24 656</b>	<b>(491)</b>	<b>7 166</b>	<b>37 695</b>	<b>69 025</b>

See note 8 in the consolidated financial statements for further information on share-based remuneration.

**7**  
[Income taxes](#)

NOK 1 000	2021	2020
<b>Tax expense for the year</b>		
Current tax on profit for the year	-	-
Change in deferred tax	(22)	(89)
<b>Total tax expense for the year</b>	<b>(22)</b>	<b>(89)</b>
<b>Tax payable</b>		
Profit before tax	43 980	50 264
Permanent differences	(44 079)	(50 671)
Change in temporary differences	646	406
Utilisation of losses carried forward	(190)	-
<b>Basis for current tax, taxable revenue</b>	<b>357</b>	<b>-</b>
<b>Tax payable in the balance sheet</b>	<b>-</b>	<b>-</b>
<b>Specification of the basis for deferred tax</b>		
Fixed assets	(1 460)	(831)
Other temporary differences	(30)	(370)
Total temporary differences	(1 491)	(1 201)
Losses carried forward	-	(190)
<b>Basis for deferred tax</b>	<b>(1 491)</b>	<b>(1 391)</b>
<b>Deferred tax asset (-) / Deferred tax liability (+)</b>	<b>(328)</b>	<b>(306)</b>

**8**  
[Income from investments in subsidiaries](#)

Itera ASA has recognised the following income in its annual accounts from its investment in its subsidiaries:

NOK 1 000	Dividend	Group contribution	Total
<b>Company name</b>			
Itera Norge AS	22 000	-	<b>22 000</b>
Itera Offshoring Services AS	7 900	-	<b>7 900</b>
Compendia AS	5 000	-	<b>5 000</b>
Itera Aps	4 701	-	<b>4 701</b>
Cicero Consulting AS	4 700	2 635	<b>7 335</b>
<b>Total income from investment in subsidiaries</b>	<b>44 301</b>	<b>2 635</b>	<b>46 937</b>

**9**  
[Balances between companies in the same group, including cash pool](#)

**Receivables from Group companies**

NOK 1 000	2021	2020
<b>Company name</b>		
Itera Norge AS	2 975	2 940
Itera ApS	217	174
Cicero Consulting AS	49	42
Compendia AS	217	148
Itera Offshoring Services AS	981	571
Itera Ehf	140	-
<b>Total</b>	<b>4 579</b>	<b>3 875</b>

**9**  
[Balances between companies in the same group, including cash pool, cont.](#)

Receivables from group companies consist of group accounts receivables, receivables from group companies relating to the group’s joint value added tax registration (see Note 12).

**Liabilities to Group companies**

NOK 1 000		
Company name	2021	2020
Itera Norge AS	10 207	40 472
Compendia AS	11 700	7 487
Cicero Consulting AS	10 446	9 227
Itera ApS	1 766	7 460
Itera Offshoring Services AS	7 460	932
<b>Total</b>	<b>41 579</b>	<b>65 577</b>

Liabilities to group companies consist bank deposits held by subsidiaries in group cash pool, payables to group companies relating to the group’s joint value added tax registration and net of receivables in relation to group contributions and dividends.

**Cash Pool**

In the group’s cash pool, Itera ASA is responsible both for its own deposits/drawings and for deposits/drawings made by the subsidiaries. The figures reported for bank deposits held by Itera ASA in the balance sheet include deposits paid into the cash pool by the subsidiaries, which are netted against the parent company’s drawings. The bank deposits held by the subsidiaries in the cash pool are reported in the parent company accounts as liabilities to group companies.

**10**  
[Restricted deposits](#)

Itera ASA holds NOK 23.2 million (42.9 million) in cash and bank deposits, of which NOK 0.9 million (NOK 0.9 million) is on restricted accounts for payment of payroll tax deductions.

**11**  
[Transactions with related parties](#)

Itera has structured internal support processes in the areas of accounting/finance, HR, internal IT, and communication as Group Functions. These functions are part of Itera ASA and work with subsidiaries. The parent company invoices these subsidiaries on a cost-plus model. In 2021 Itera invoiced NOK 46.4 million (NOK 38.1 million) in respect of these services.

**12**  
[Public taxes and duties payable](#)

The Norwegian companies in the group are jointly registered for value added tax and other taxes and duties, and accordingly the figures reported for public taxes and duties payable include value added tax payable by the other Norwegian companies in the group. The total VAT liability is included in the parent company accounts but is offset by intragroup receivables due from subsidiaries.

**13**  
[Financial risk management](#)

The Group is exposed to various financial risks, such as credit risk, liquidity risk, currency risk and interest rate risk. These risks are regarded as low. The Group has established procedures for managing these risks. The main principle is to minimise the level of financial risk, and the Group on this basis holds no assets or liabilities for speculative purposes. See note 6 to the group accounts for further information on financial risk management.

# Statement by the Board of directors and the CEO

The Board of Directors and the CEO have today approved the annual report and annual accounts of the Itera ASA group and the parent company for the 2021 calendar year and as at 31 December 2021 (2021 Annual Report).

We confirm that, to the best of our knowledge:

- The consolidated accounts have been prepared in accordance with the IFRS and related interpretations as approved by the EU and with the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2021.
- The annual accounts of the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles as in effect at 31 December 2021.
- The annual report of the group and the parent company, including the statements on corporate governance and on corporate social responsibility, has been prepared in accordance with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16 as in effect at 31 December 2021.
- The information contained in the accounts provides a true and fair view of the group's and the parent company's assets, liabilities, financial position and earnings taken as a whole at 31 December 2021.
- The annual report of the group and the parent company provides a true and fair view of:
  - the developments, earnings and financial position of the group and the parent company
  - the principal risk and uncertainty factors facing the group and the parent company

Oslo, 28 April 2022

The Board of Directors and the CEO of Itera ASA



Morten Thorkildsen  
Chairman of the board



Marianne Killengreen  
Board member



Jan-Erik Karlsson  
Board member



Gyrid Skalleberg Ingerø  
Board member



Anne Nyseter Perez  
Board member



Andreas Almquist  
Board member



Arne Mjøs  
Chief Executive Officer



To the General Meeting of Itera ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

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

- the financial statements of the parent company Itera ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement 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 Itera ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 22 May 2018 for the accounting year 2018.

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap





**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 Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualify as new key audit matters. *Recognition of revenue* contains the same characteristics and risks as last year and consequently has been an area of focus also for the 2021 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
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**Recognition of revenue**

<p>The Group's revenue for the year ended 31 December 2021 amounted to NOK 633 062 thousand.</p> <p>The majority of the Group's revenue is derived from the transfer of services over time, but some are also point in time contracts. Revenue from subscription contracts are recognized over the contract period, in accordance with IFRS 15.</p> <p>Revenue is the most material amount in the financial statement, and the number of transactions and data involved in recognizing revenue can be quite significant and sometimes complex, making revenue an area with an inherent risk of errors occurring.</p> <p>Refer to notes 2 and 3 to the financial statements, and the summary of significant accounting policies for further details, as well as an explanation of the accounting principles related to revenue recognition.</p>	<p>We obtained an understanding of the revenue recognition process based on interviews with management and reviews of the Group's process and policy documentation.</p> <p>We evaluated management's application of revenue recognition principles and whether they were in accordance with IFRS 15. We assessed the Group's revenue recognition accounting policies by testing the application for a sample of contracts.</p> <p>We identified, assessed and tested the design and operating effectiveness of management's internal controls over revenue recognition which includes change of data in the Group's billing system to test the accuracy and validity of revenues.</p> <p>We traced a sample of sales transactions to supporting documentation, such as contracts, to verify the accuracy, validity and cut-off of revenues. Based on our understanding of the standard flow of revenue transactions, we also performed analytical procedures to further test the accuracy and validity of the transactions. Our procedures included comparing booked revenues throughout the year to receipts of payments.</p> <p>We noted no significant deviations as a result of our audit procedures.</p> <p>We considered the Group's disclosures about revenue recognition in note 2 and 3 to the financial statements and the summary of significant accounting policies and found them to be appropriate.</p>
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### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 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.



As part of an audit in accordance with 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's 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 the Board of Directors 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 the Audit Committee 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 the Board of Directors, 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

### Report on compliance with Regulation on European Single Electronic Format (ESEF)

#### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "5967007LIEEXZXFZFK03-2021-12-31-en-zip" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (*Verdipapirhandelloven*) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

#### *Management's Responsibilities*

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

#### *Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 28 April 2022

**PricewaterhouseCoopers AS**

A handwritten signature in blue ink, appearing to read 'Jone Bauge', is written over a faint, light blue circular stamp or watermark.

**Jone Bauge**

State Authorised Public Accountant

# Shares and shareholders

The objective of Itera ASA (the Company) is to ensure its shareholders a competitive return in the form of dividends and higher share price in comparison with alternative investments.

## Shareholder policy

Itera endeavours to ensure shareholders a competitive return on their investment in the form of a higher share price and dividends. The share price shall reflect the Company's earnings and underlying values. Open communication and equally treatment of the shareholders shall contribute to increased shareholder values and trust among investors.

## Investor information

Itera ASA was listed on the Oslo Stock Exchange (OSE) on 27 January 1999 under the ticker code ITE, which in 2020 was changed to ITERA. The Company shall treat all shareholders equally concerning information which may affect the market value of the shares. All information of relevance for the share price is published via the notification system of the Oslo Stock Exchange as well as on the Company's website [www.itera.no](http://www.itera.no), to ensure such information is made available to all stakeholders simultaneously. The quarterly reports are also made available on Itera's website in the form of online webcasts. The shares have been assigned the ISIN NO 0010001118, and the Company's organisation number at the Norwegian Brønnøysund Register Centre is NO 980 250 547.

## Share capital

Itera ASA's share capital at 31 December 2021 was NOK 24,655,987 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30.

All shares have the same voting rights at the General Meeting.

## Shareholders

As of 31 December 2021, Itera had 2 178 (2 216) shareholders. At year-end, 6% (4%) of the Company's shares were owned by foreign investors. The Company's twenty largest investors owned 73% (72%) of the Company's shares.

## Dividend

During 2021, dividends of NOK 0.35 (0.60) per share were paid, for a total of NOK 27.9 (48.0) million.

## Share price

The Itera share price opened the year at NOK 15.00 and closed at NOK 15.25, corresponding to a change of 2%, or 4% including dividend payments in the period. The highest share price during the year was NOK 16.50 and the lowest price was NOK 13.00. Itera had a market value corresponding to MNOK 1,253 (1,233) million at 31 December 2021.

## Share option schemes

The Company has established option programmes for key personnel. Current share option programmes were implemented in 2017, 2019, 2020 and 2021. The 2017 programme expired in June of 2021. There were 2,110,000 outstanding share options at year-end. Reference is also made to Note 10 to the Consolidated Financial Statements.

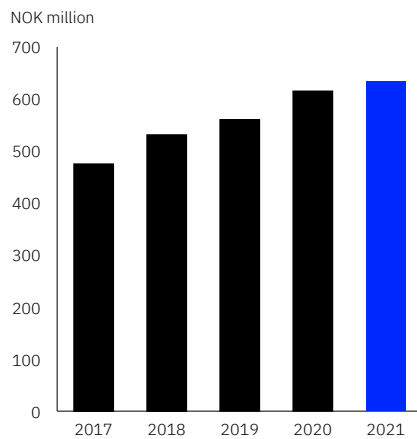
## Major shareholders

For major shareholders, see note 21 in the consolidated accounts.

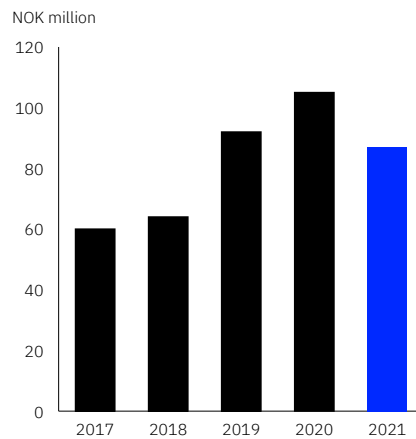
## Development 2017–2021

(after adjustment for non-recurring costs)

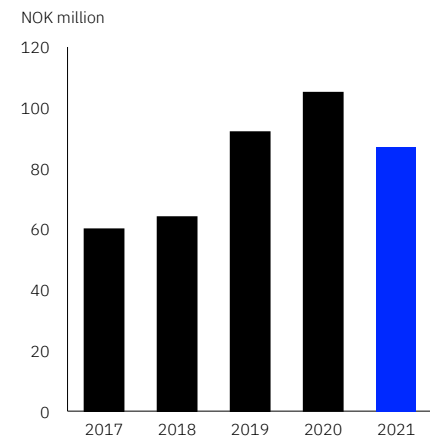
### Revenue



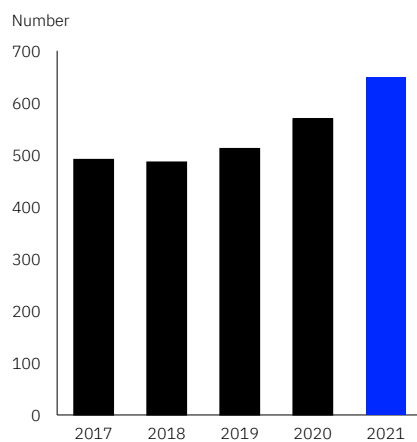
### EBITDA



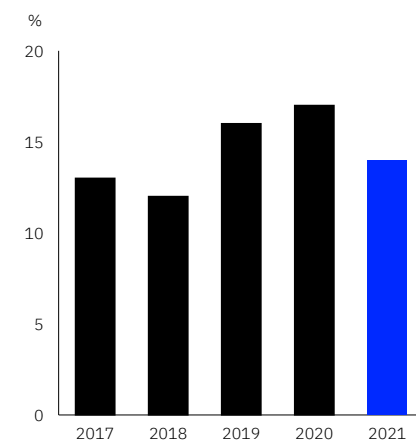
### EBIT



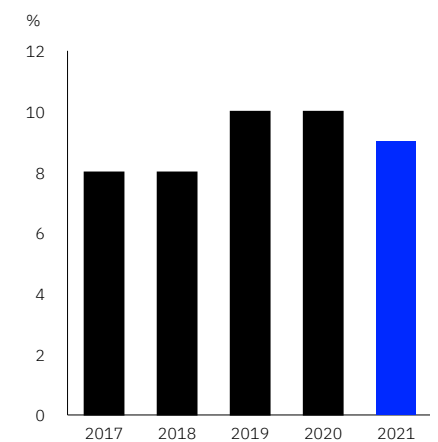
### Employees



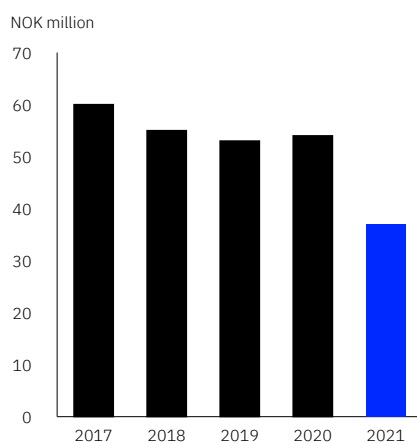
### EBITDA margin



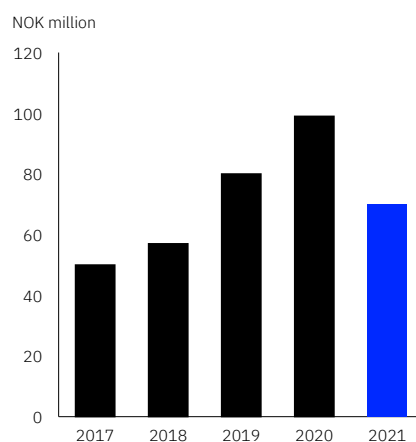
### EBIT margin



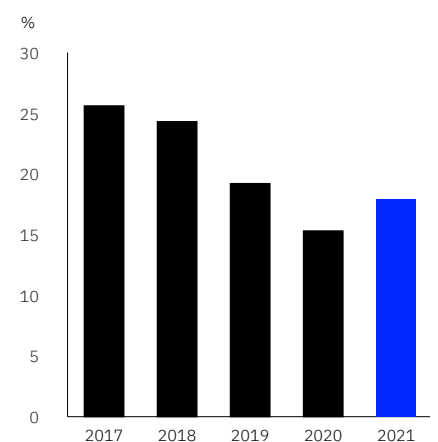
### Bank deposits



### Cash flow



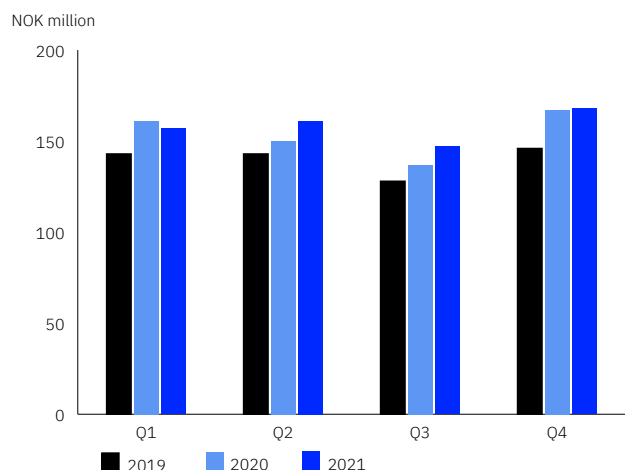
### Equity ratio



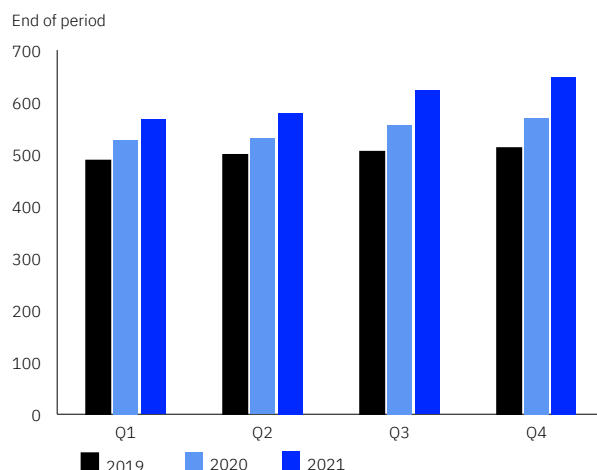
# Development 2019–2021

(after adjustment for non-recurring costs)

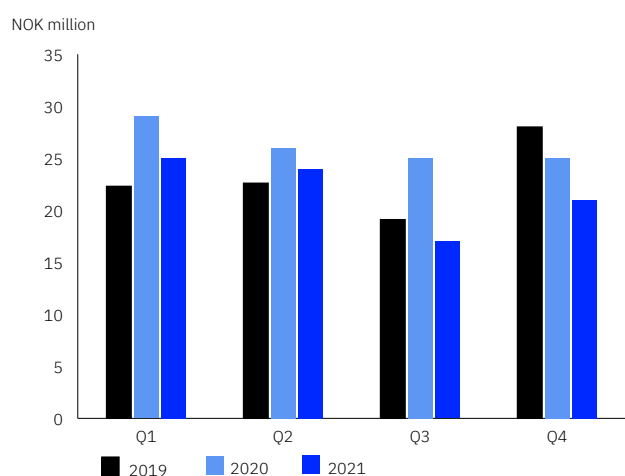
## Revenue



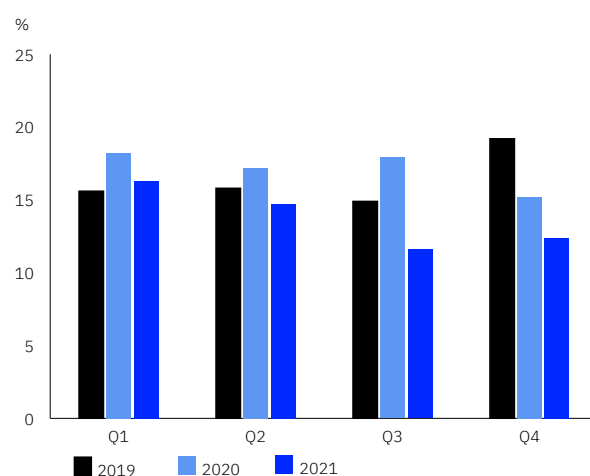
## Employees



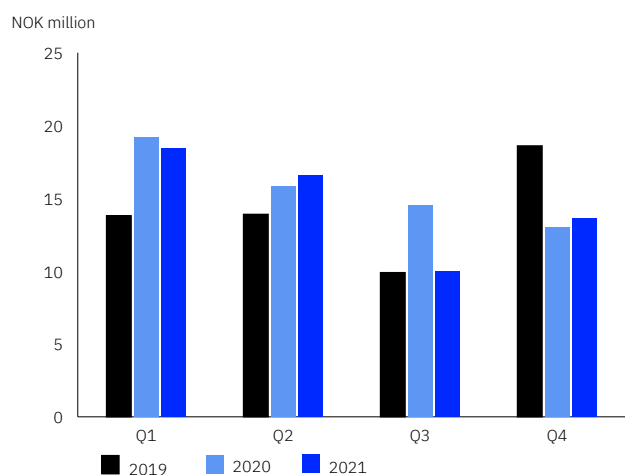
## EBITDA



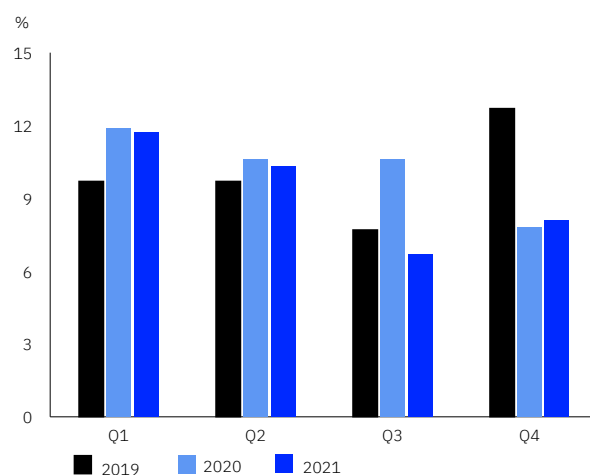
## EBITDA margin



## EBIT



## EBIT margin



**ITERA**

**Make a  
difference**

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