

Q1
2021

Make a difference



Agenda

1. Highlights of the quarter
2. Business Review
3. Financial Review
4. Outlook
5. Q & A

Arne Mjøs
CHIEF EXECUTIVE OFFICER



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CHIEF FINANCIAL OFFICER



01

Highlights Q1 2021



Q1 in brief



11%

Growth in core digital business

Covid 19 creates strong market driven by digitalization and sustainability

Growing strategic partnership with DNV, Cognite and others around the world

Geographic expansion in Bergen and Fredrikstad

Building world class Delivery Factory at Scale and Hybrid Cloud Centre

15%

Operating margin in core digital business

Book-to-bill of 1.0 in Q1 and 1.3 last 12 months

Number of employees increased by 19 in Q1 and 60 last 12 months

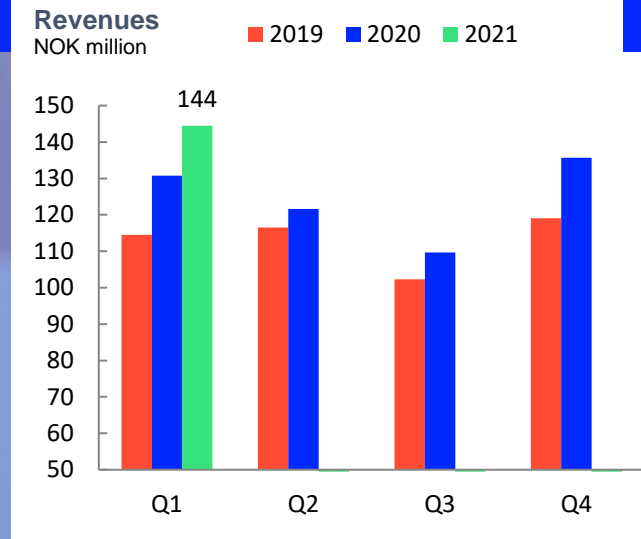
Strong 12 month rolling cash flow from operations of NOK 93 million

Proposed ordinary dividend of NOK 0.25 per share

Key figures core digital business

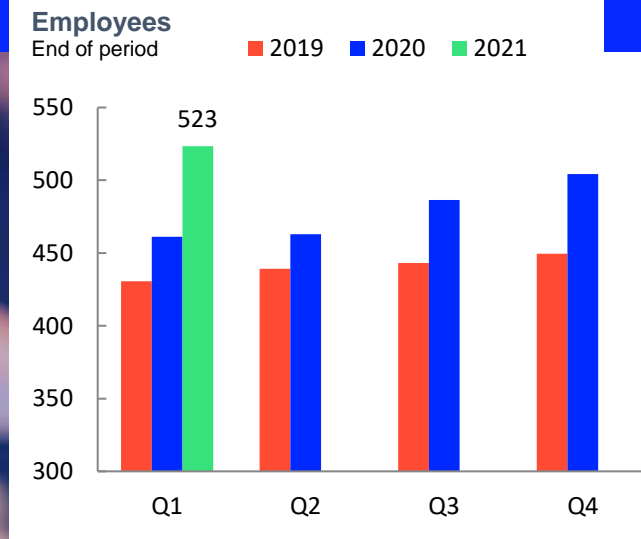
11%

Organic revenue growth



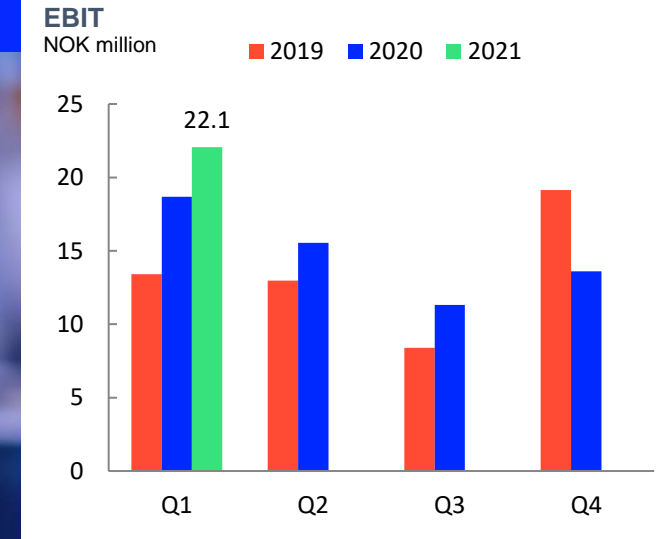
13%

Growth in number of employees



15%

Operating margin



02

Business review





**We find the
human solutions to
complex challenges**

I T E R A

Crisis accelerates digitalisation and sustainability

Survey by Gartner

As response to COVID 19
65% of CEOs will accelerate
digital business
transformation

Survey by Mckinsey

The speed of adoption of
digital technologies is
increased by **seven years**
globally

Towards a sustainable future

As B2B markets mature, new conditions drive the need for rapid change and transformation

DIGITAL TRANSFORMATION

- Banking
- Insurance
- Public
- Retail
- Others

B2C

High level of maturity leads to incremental growth, refinement of services, products and user engagement

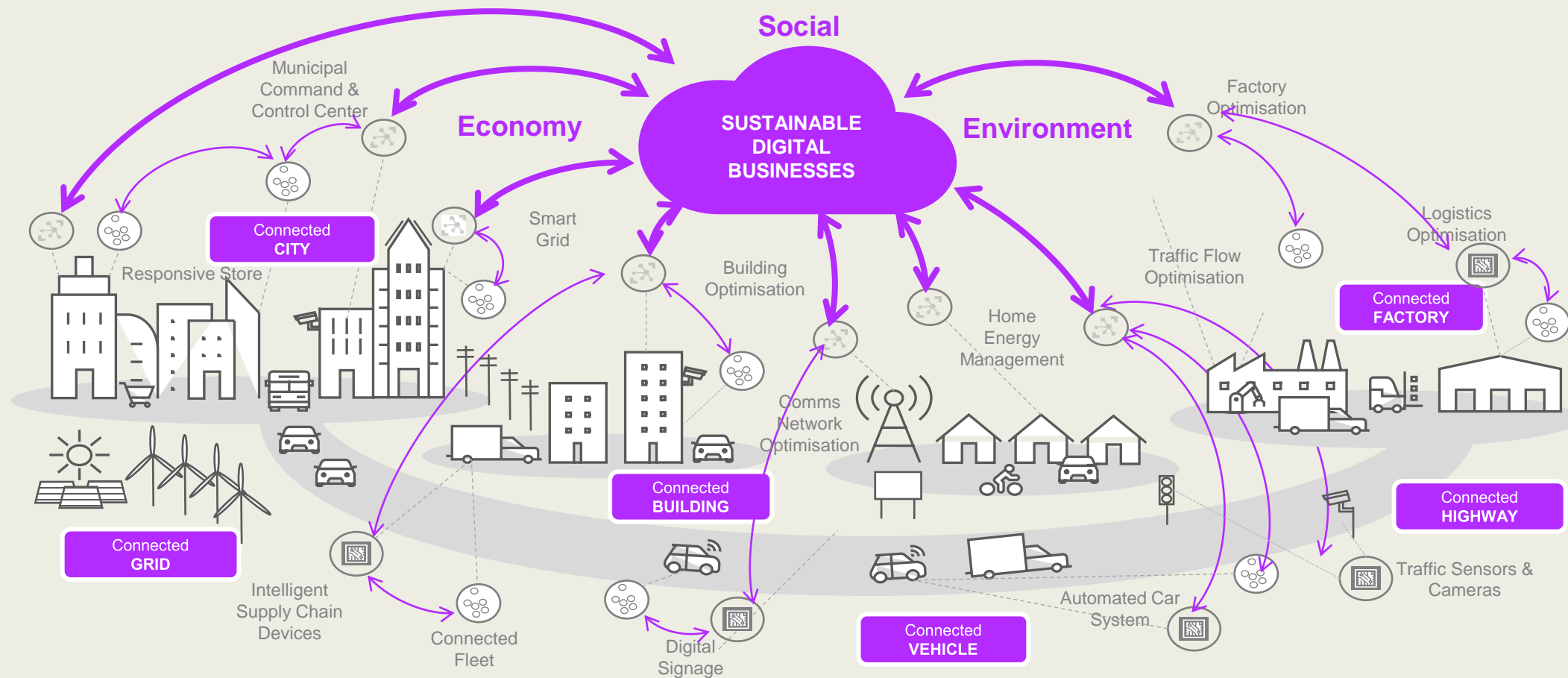
INDUSTRIAL DIGITALISATION

- Oil & gas and its green transition
- Power & utilities
- Manufacturing
- Maritime
- Fishery

B2B

Low level of digitalisation, demand for sustainable innovation and higher level of efficiency

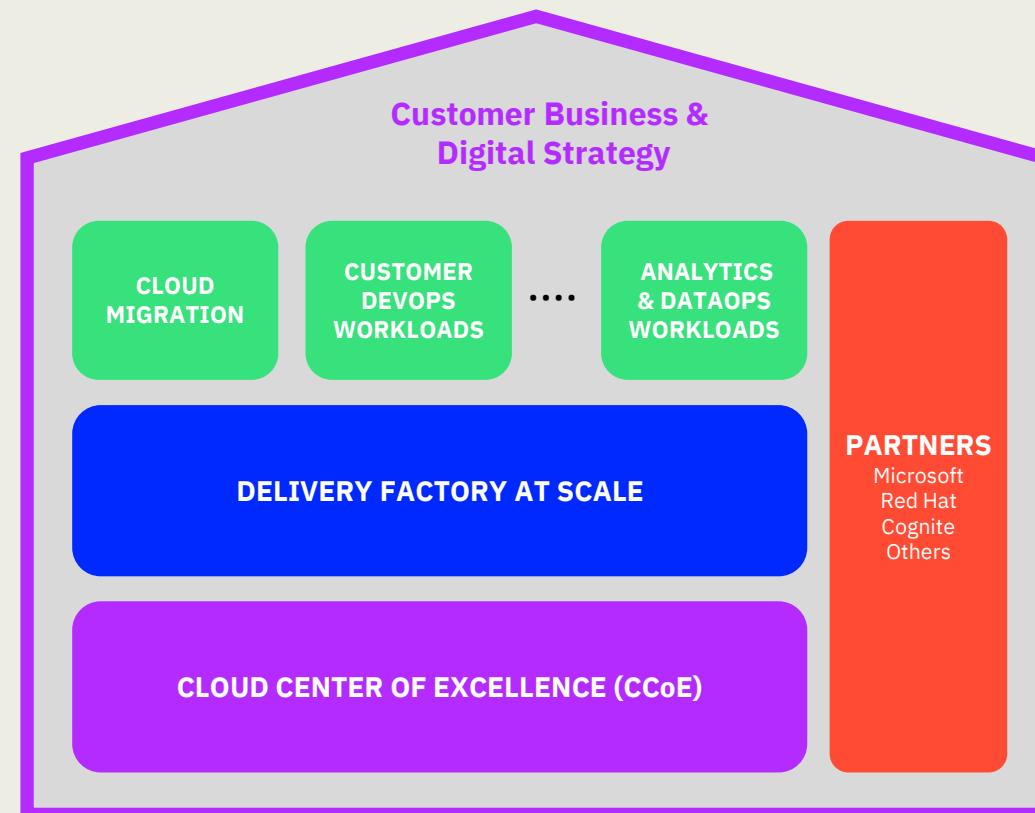
Towards the fourth industrial revolution





Delivery Factory at Scale for data-driven businesses

- Innovation** → Faster business innovation through autonomous teams and adoption of cloud services
- Speed/Agility** → Business agility and reduced time-to-market through efficient DevSecOps teams
- Costs** → Efficient use of distributed delivery across borders and public cloud scale
- Control** → Secure, predictable and flexible service delivery and operations capability end to end

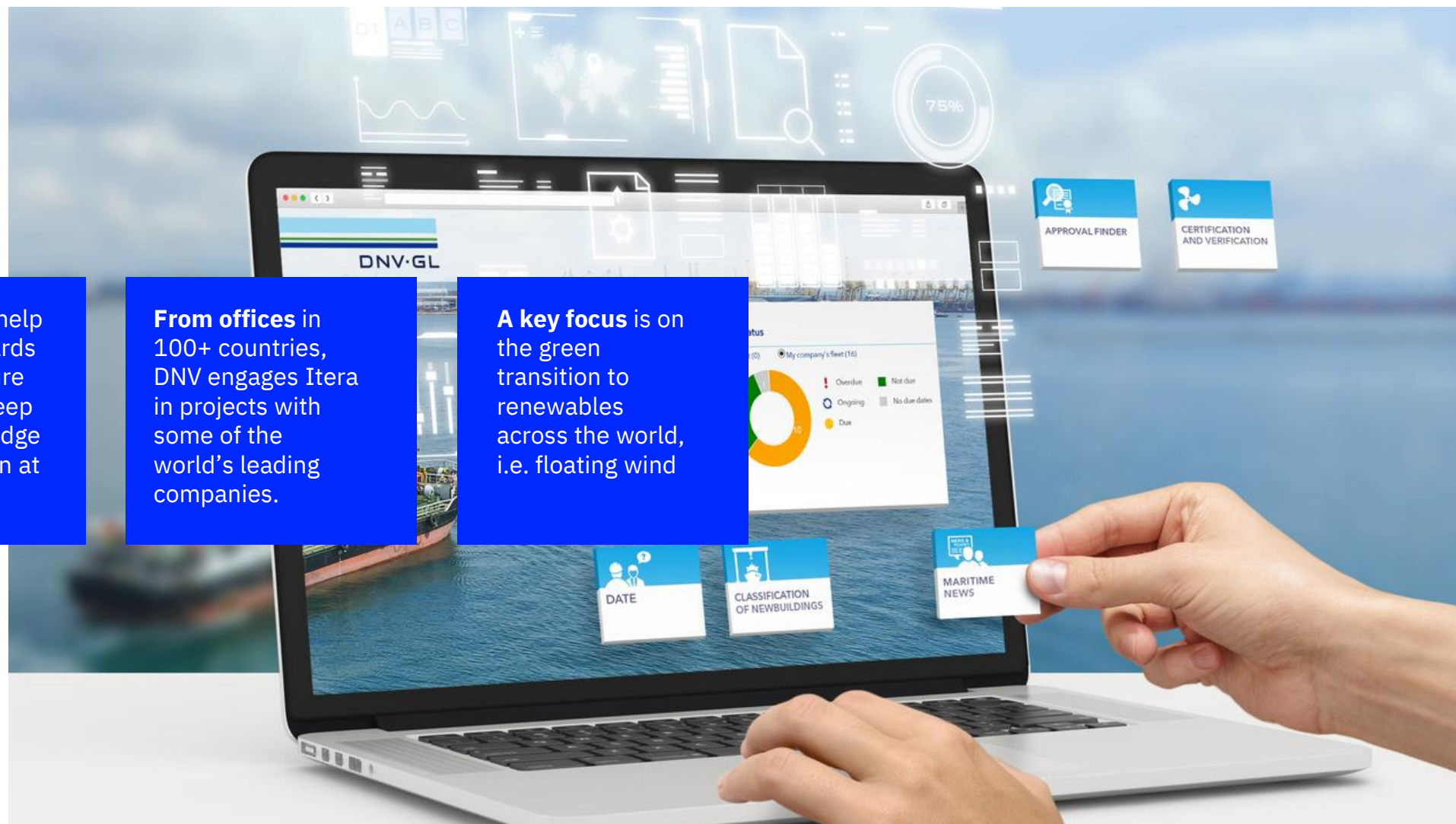


Growing strategic partnership with DNV around the world

Enable DNV to help customers towards sustainable future by combining deep industry knowledge and digitalization at scale

From offices in 100+ countries, DNV engages Itera in projects with some of the world's leading companies.

A key focus is on the green transition to renewables across the world, i.e. floating wind



Geographic expansion in Bergen and Fredrikstad

OFFICE EXPANSION IN BERGEN



- From 0 to 45 FTEs during last 2 years as ONE Itera with a typical 1:3 ratio (local : distributed)
- Moving into new office facility in May to continue growing the Western region of Norway.

NEW REGIONAL OFFICE IN FREDRIKSTAD

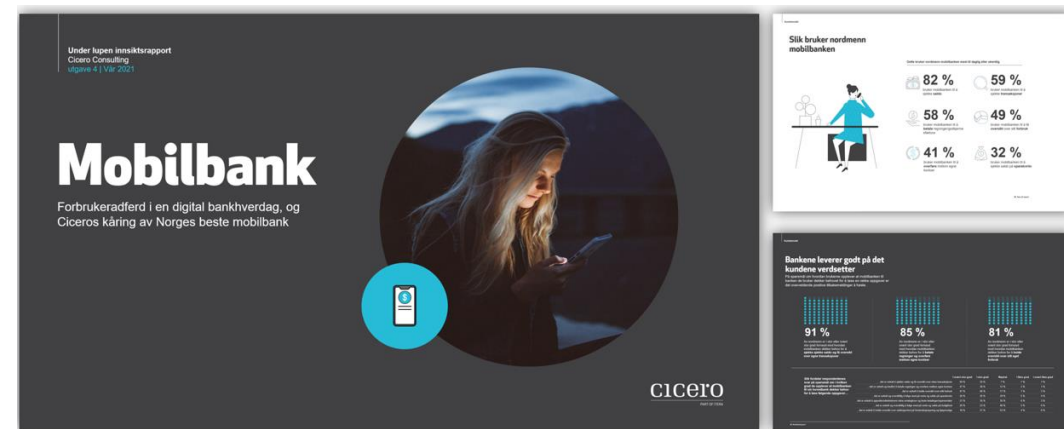


- New office and local manager in place from 1st May in Fredrikstad
- Accessing new customers and labour market in the Eastern region of Norway and close to larger market in Sweden

Our in-depth mobile banking report creates high awareness

Sbanken has the best mobile banking app in Norway, followed by SpareBank 1 and DNB.

- This award is orchestrated by Itera's in-house analysis unit within banking and insurance, branded as Cicero Consulting
- The mobile banking report provides banks in Norway with valuable factual basis on customers' digital consumer behaviour.
- Feedback from several banks confirms that our insights are appreciated and valuable in the further development of their solutions.



Our banking analysts and experts on service design, UI and UX tested 16 mobile banking applications

More than 250 attendants on webinar and broad media coverage in general

Order intake

Order intake from selected new and existing customers

Book-to-bill ratio*) of 1.0 in Q1 for core digital business and 1.3 for the last 12 months

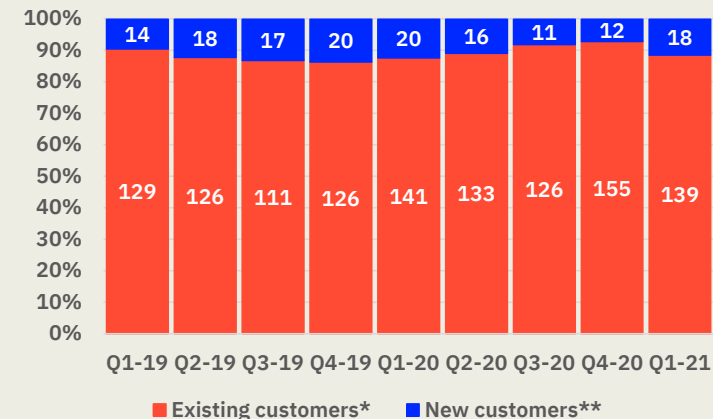


*) The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

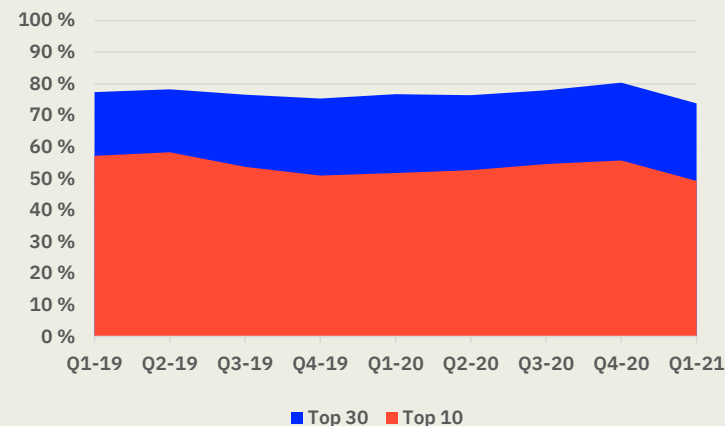
Customer development

- New business
 - Existing customers accounted for 88.5% (87.6%) of revenues in Q1 2021
 - New customers won over the past year generated revenues of NOK 18.0 (19.9) million in Q1 2021 (11.5%)
- Good visibility
 - Share of revenue from top 30 customers 74% (77%)
 - High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Hybrid delivery across borders

Revenue customers split (in MNOK)



Largest customers' share of revenue

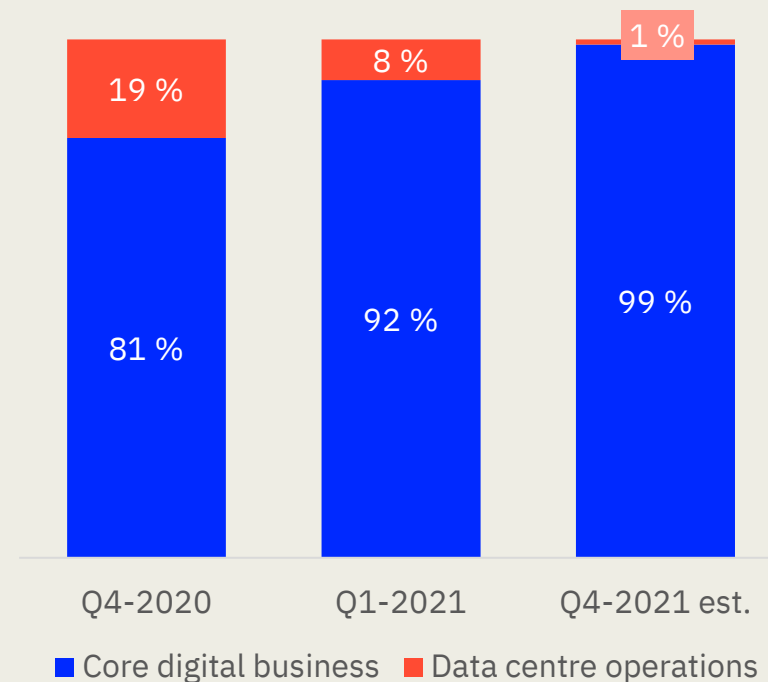


* Existing customers defined as customers that were invoiced in the corresponding quarter last year

** New customers defined as customers won since end of corresponding quarter last year

Transformation of own data centre to the cloud

- We are investing MNOK 15 in the world class Cloud Centre of Excellence that will provide a scaling engine for massive data
- Revenue from the data centre operations was down 59% to NOK 12 million in Q1 following the planned exit of on-premise customers
- Data centre revenue will go continue to go down, mitigated by an increase in cloud revenue towards end of year

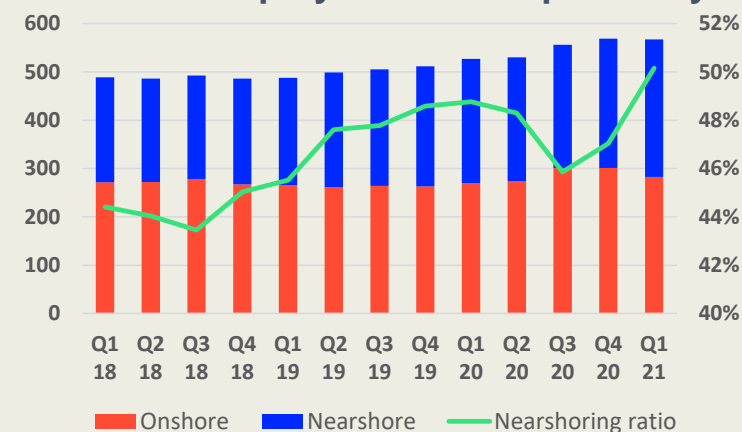


Skilled and innovative employees

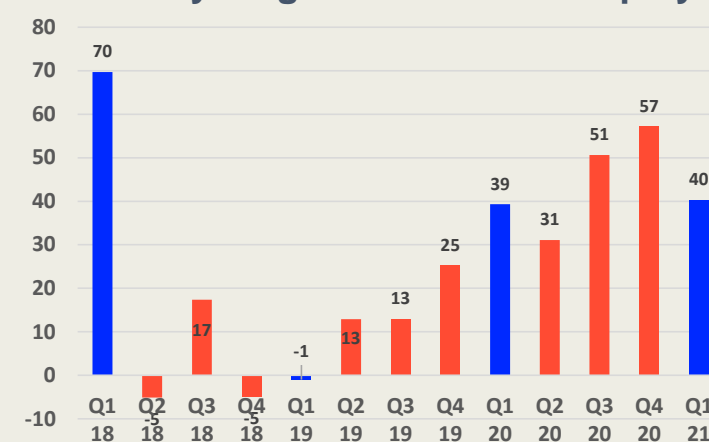
- 567 employees at the end of the quarter
 - Core digital business up 19, data centre operations down 21
 - Core digital business up 62 year over year, while data centre operations down 22

- Nearshore ratio of 50% (49%)
 - Our hybrid delivery model of onshore and nearshore consultants are increasing our price competitiveness as well as providing a high degree of scalability through access to a very large resource pool

Number of employees end of quarter by shore



Year-over-year growth in no. of employees



03

Financial review



Financial reporting 2021

- Given the sunseting of the data centre operations, focus for financial reporting is on the **core digital business**, including the investment in the Cloud Centre of Excellence,

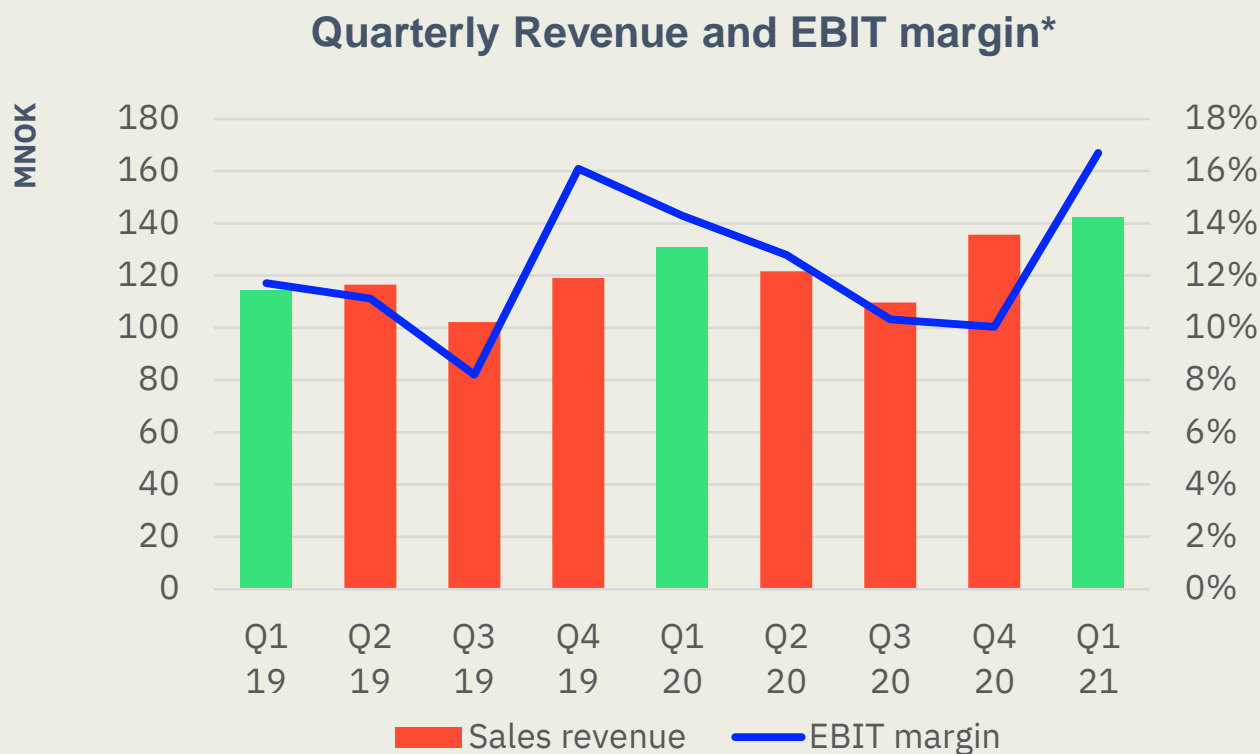


Key financials core digital business

	2021	2020	change	change
Amounts in NOK million	1-3	1-3		%
Sales revenue	144.4	130.7	13.7	10.5 %
Cost of sales	12.0	9.0	3.0	33.2 %
Gross profit	132.4	121.7	10.7	8.8 %
Gross margin	91.7 %	93.1 %	-1.4 pts	-1.4 pts
Personnel expenses	95.5	84.3	11.2	13.3 %
Other operating expenses	8.6	11.0	-2.4	-21.5 %
Depreciation and amortisation	6.2	7.8	-1.5	-19.7 %
Total operating expenses	122.4	112.0	10.3	9.2 %
EBITDA	28.3	26.5	1.8	6.9 %
EBITDA margin	19.6 %	20.2 %	-0.7 pts	-0.7 pts
EBIT	22.1	18.7	3.4	18.0 %
EBIT margin	15.3 %	14.3 %	1 pts	1 pts
No. of employees at the end of the period	523	461	62	13.5 %

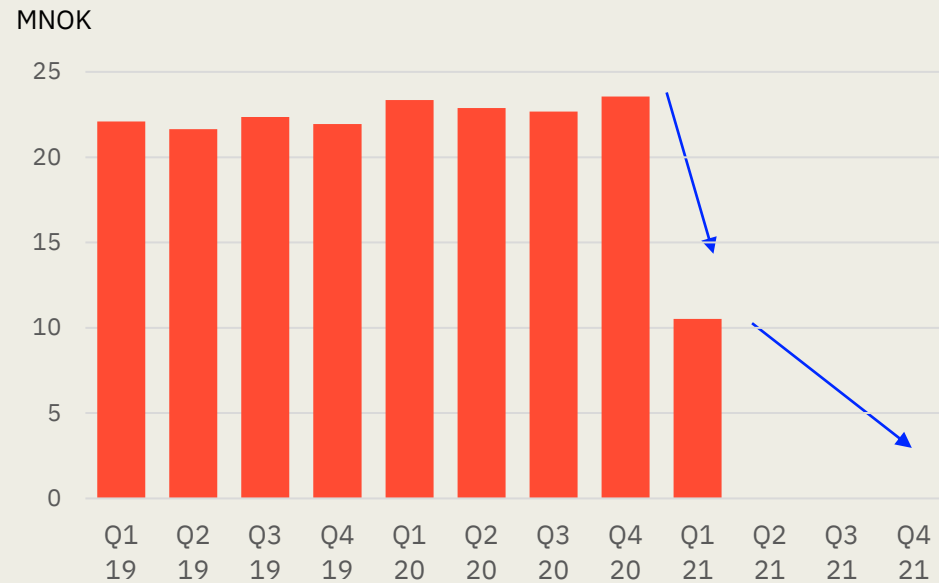
- Strong growth of 11% fuelled by some major new accounts and more subcontractors
- Some opex savings from Covid (travel and sub-rental of Kiev office)
- EBIT up 18% to MNOK 22.1
- EBIT margin of 15.3% (14.3%)
- No. of FTEs up 62 to 523

Revenue and earnings development



- Momentum picking up after front loading of resources through Covid in anticipation of growth
- Margin improvements also aided by Covid related cost avoidance
- Quarterly figures are impacted by number of working days net of vacations

Subscription revenue from data centre operations



- Subscription revenue from data centre operations will continue to drop as customers are migrated to cloud or exited



Segment reporting

- Data centre operations revenue MNOK 12.3 (-59%)
- Decline in data centre operations revenue and profits almost countered by growth in core digital business

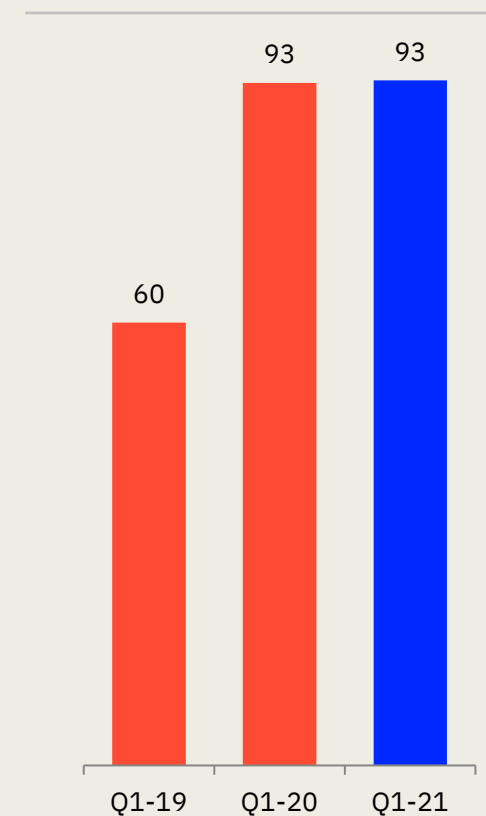
Amounts in NOK million	Q1 2021			Q1 2020			Growth		
	Core digital business	Data centre operations	Total	Core digital business	Data centre operations	Total	Core digital business	Data centre operations	Total
Sales revenue	144.4	12.3	156.7	130.7	30.2	161.0	10.5 %	-59.4 %	-2.6 %
Cost of sales	12.0	4.9	16.9	9.0	10.8	19.8	33.2 %	-54.6 %	-14.6 %
Gross profit	132.4	7.4	139.8	121.7	19.4	141.1	8.8 %	-62.1 %	-1.0 %
<i>Gross margin</i>	91.7 %	60.1 %	89.2 %	93.1 %	64.3 %	87.7 %	-1.4 pts	-4.2 pts	1.5 pts
Personnel expenses	95.5	8.9	104.4	84.3	15.2	99.4	13.3 %	-41.4 %	5.0 %
Other operating expenses	8.6	1.0	9.6	11.0	1.5	12.4	-21.5 %	-31.1 %	-22.7 %
Depreciation and amortisation	6.2	1.1	7.4	7.8	2.3	10.1	-19.7 %	-50.0 %	-26.6 %
Total operating expenses	122.4	15.9	138.3	112.0	29.7	141.7	9.2 %	-46.3 %	-2.4 %
EBITDA	28.3	-2.5	25.8	26.5	2.8	29.3	6.9 %	-190.0 %	-11.9 %
<i>EBITDA margin</i>	19.6 %	-20.5 %	16.5 %	20.2 %	9.3 %	18.2 %	-0.7 pts	-29.8 pts	-1.7 pts
EBIT	22.1	-3.7	18.4	18.7	0.5	19.2	18.0 %	-811.2 %	-4.2 %
<i>EBIT margin</i>	15.3 %	-29.8 %	11.7 %	14.3 %	1.7 %	11.9 %	1 pts	-31.5 pts	-0.2 pts

Statement of cash flow

NOK Million	2021 1-3	2020 1-3	2020 FY
Cash flow from operations (EBITDA)	25.8	29.3	108.9
Change in balance sheet items	(24.6)	(21.8)	(9.7)
Net cash flow from operating activities	1.2	7.5	99.2
Net cash flow from investment activities	(7.9)	(3.8)	(17.0)
Purchase of own shares	-	(0.6)	(18.2)
Sale of shares	-	-	8.0
Principal elements of lease payments	(7.3)	(5.6)	
Instalment of sublease receivable	0.9	-	-
External dividend paid	-	-	(48.0)
Net cash flow from financing activities	(6.4)	(6.2)	(58.3)
Net change in bank deposits and cash	(13.2)	(2.4)	1.3
Bank deposits at the end of the period	41.2	50.7	54.4
New borrowing related to leasing	-	0.6	2.4

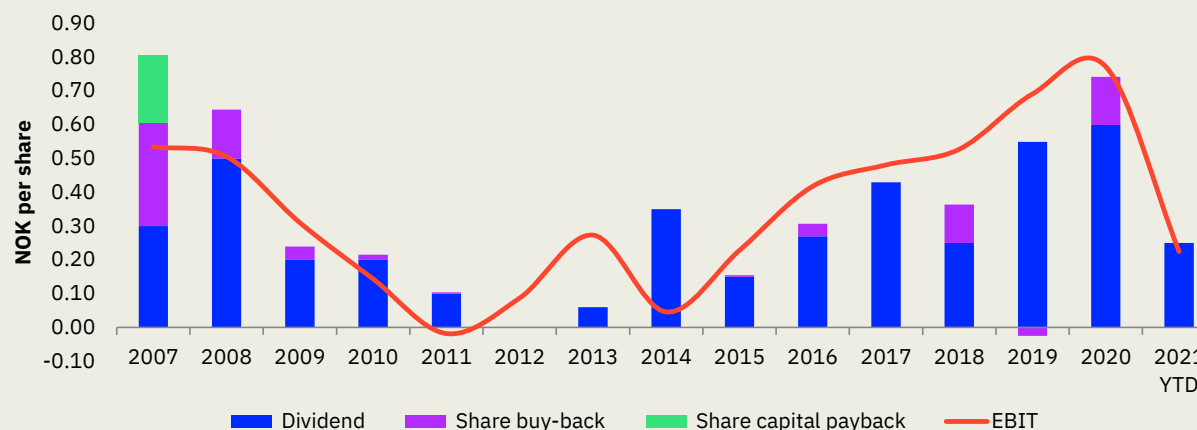
- Cash flow from operations NOK 1.2 (7.5) million in Q1
- 12 month rolling cash flow from operations was NOK 93 million

**12 month rolling
cash flow from operations
(NOK Million)**



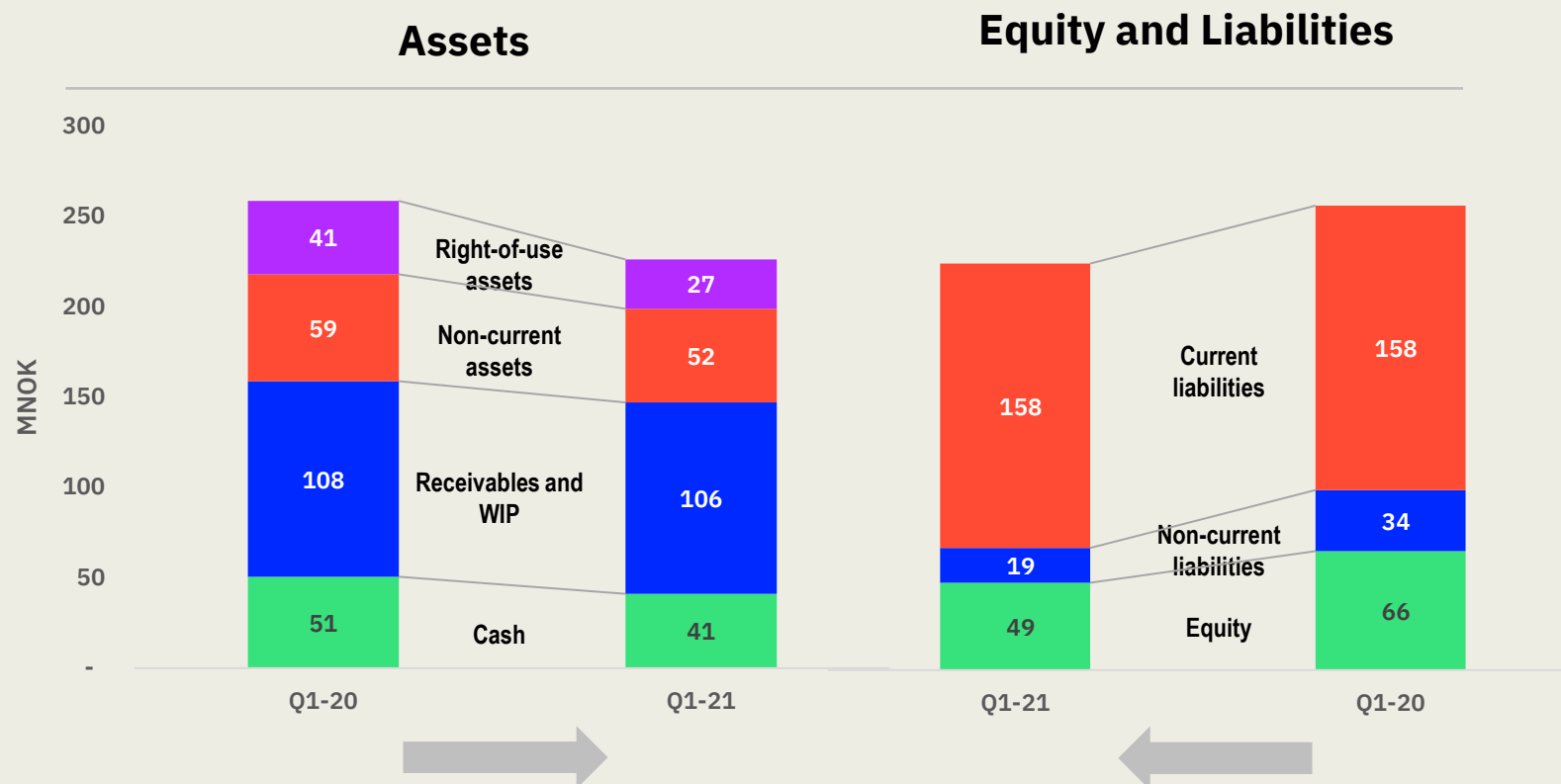
Dividend and own shares

- The Board has proposed an ordinary dividend of NOK 0.25 per share based on 2020 results with possibility of a supplemental dividend later
- Share price was NOK 14.7 at the end of Q1 2021, an increase of 73% (80% incl. dividends) from NOK 8.5 at the end of Q1 2020.
- Current holding of own shares is unchanged at 1,269,136 shares. Value at 31 Mar 2021 was MNOK 18.7
- Consistent high distribution of earnings



Statement of financial position

- Equity ratio of 22% (26%) per 31 March 2021
 - 25% excl. IFRS 16 Leasing
- Cash balance of MNOK 41 (MNOK 51)
- Total balance reduced by MNOK 32 to MNOK 226



04 Outlook



Outlook

Attractive market driven by sustainability and digitalisation after Covid-19

Strong position through its end-to-end services, world-class distributed delivery and industrial partnerships

Core digital business will continue to grow at full speed. Profitable growth and cash flow are key focus areas.

Investment in world class Cloud Centre of Excellence, while transforming own data centres to the cloud with short-term revenue drop

Larger projects and customers expected to continue to increase revenue visibility, efficiency and scalability.

Itera does not provide guidance to the market on future prospects.

05

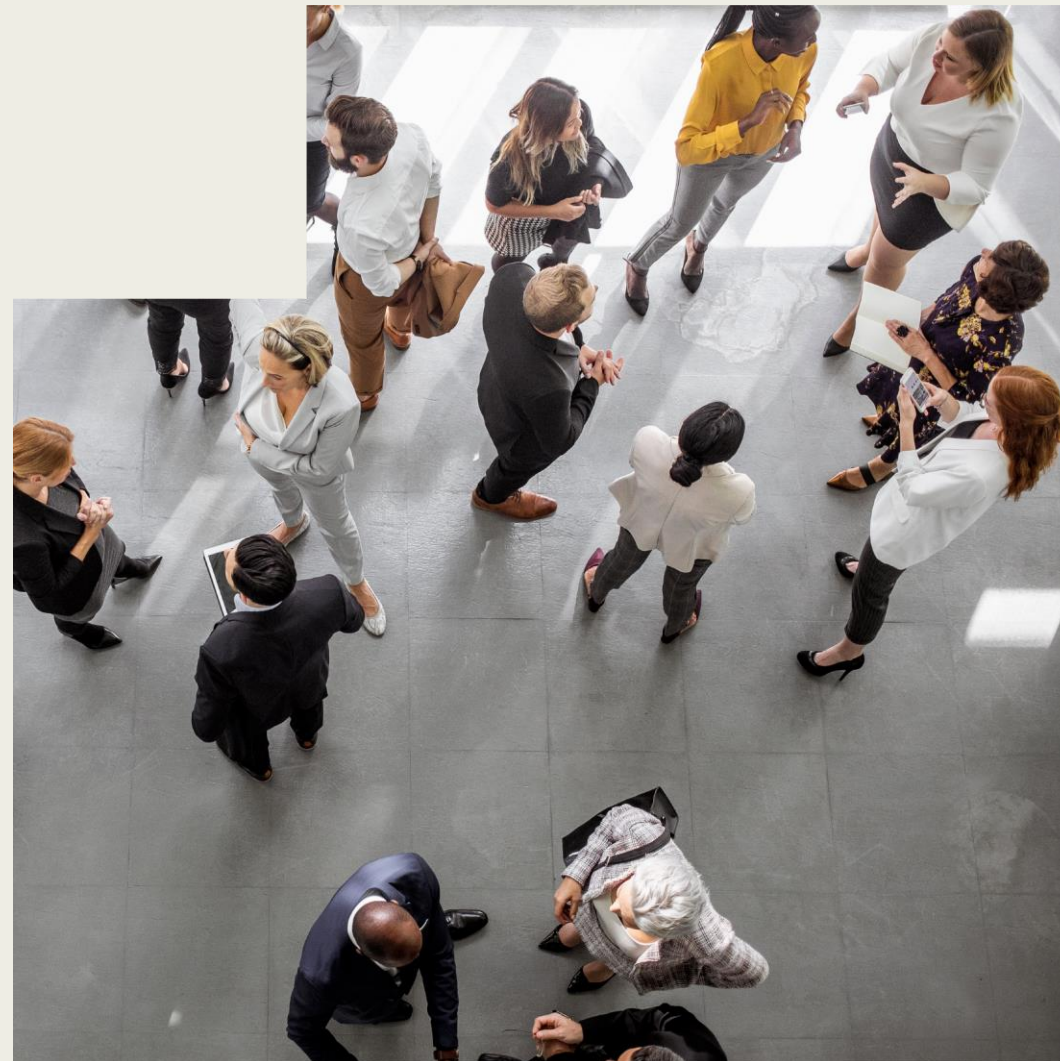
Q&A



Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	29.36	NOR	24 129 911
2	OP CAPITAL AS	5.45	NOR	4 478 110
3	GIP AS	4.88	NOR	4 010 000
4	EIKESTAD AS	4.26	NOR	3 500 000
5	SEPTIM CONSULTING AS	3.57	NOR	2 930 000
6	SPAREBANK 1 MARKETS AS	3.41	NOR	2 800 000
7	BOINVESTERING AS	3.22	NOR	2 650 000
8	GAMST INVEST AS	2.92	NOR	2 399 165
9	JØSYRA INVEST AS	2.68	NOR	2 200 000
10	MARXPIST INVEST AS	2.09	NOR	1 721 588
11	VERDIPAPIRFONDET STOREBRAND VEKST	1.74	NOR	1 432 744
12	ITERA ASA	1.54	NOR	1 269 136
13	FRAMAR INVEST AS	1.13	NOR	925 000
14	AANESTAD PANAGRI AS	1.10	NOR	900 000
15	HØGBERG	1.01	NOR	828 776
16	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700 000
17	NYVANG	0.77	NOR	630 000
18	GRØSLAND	0.77	NOR	630 000
19	JENSEN	0.74	DEN	610 010
20	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600 000
TOP 20		72.21		59 344 440

*Arne Mjøs Invest AS holds a future contract on 2,800,000 shares. The total controlling interest of Arne Mjøs is thus 26,929,991 shares (32.8%).



I T
E R
A

Make a
difference!

