

I T E R A



Q1
2022

Make a difference

Highlights

January – March 2022

- Operating revenue NOK 176.0 million (NOK 144.4 million), representing growth of 22%.
- EBITDA NOK 33.3 million (NOK 28.1 million) and an EBITDA margin of 18.9% (19.5%)
- EBIT NOK 26.1 million (NOK 22.1 million) and an EBIT margin of 14.9% (15.3%)
- 642 (524) employees at the end of the period, representing a net increase of 118 or growth of 22%
- Cash flow from operations NOK -0.4 million (NOK 0.6 million)

Highlights

- Itera successfully implemented its business continuity plans when the war against Ukraine broke out on 24 February. The lives and security of our Ukrainian people and the fulfilment of our obligations to our customers have been our highest priority.
- As many of these employees fled to safer locations elsewhere in Ukraine and abroad, there was some business disruption in the first few days after the war broke out on 24 February. Since this initial impact, almost all projects have been running more or less as normal during the war.
- Moreover, we have opened a new office in Žilina, Slovakia, and we are also planning to open a new office in Brno in the Czech Republic.
- The remaining part of Itera's data centre operations was sold to a new data centre vendor and its results are reported as discontinued operations on a net income basis. The financial figures in this report therefore relate to the continuing core digital business.
- Itera was honoured to be recognised as one of the 25 most innovative companies across all industries in Norway for the sixth year in a row.
- In the first quarter of 2022, Itera had an order intake equivalent to a book-to-bill ratio of 1.3, and it entered into new or extended contracts with customers including Santander, Gjensidige, Aize, Kreditor, Landsbankinn, Sharecat Solutions, Vysus Norway, Pelagia and Traftsys.
- The Board of Directors confirmed its previous resolution to propose to the Annual General Meeting on 24 May 2022 the distribution of an ordinary dividend for 2021 of NOK 0.20 per share and for the Board to be authorised to approve a possible supplementary dividend later in the year.

Key figures

	2022 1-3	2021 1-3	change %	2021 1-12
Amounts in NOK million				
Sales revenue	176.0	144.4	22%	593.0
Gross profit	162.0	132.4	22%	547.3
EBITDA	33.3	28.1	18%	101.6
EBITDA margin	18.9 %	19.5 %	-0.5 pts	17.1 %
Operating profit (EBIT)	26.1	22.1	18%	77.0
EBIT margin	14.9 %	15.3 %	-0.5 pts	13.0 %
Profit before tax	26.0	21.9	19%	75.9
Net income from continued operations	20.0	17.2	17%	58.5
Profit margin	11.4 %	11.9 %	-0.5 pts	9.9 %
Net income including discontinued operations	11.3	14.2	-20%	44.1
Net cash flow from operating activities	-0.4	0.6	(172 %)	69.7
No. of employees at the end of the period	642	524	22 %	617

CEO's comment

I would like to begin by honouring the incredible bravery of our Ukrainian colleagues in the face of the Russian invasion. The lives and security of our Ukrainian people and the fulfilment of our obligations to our customers have been our highest priority. I would also like to extend our deep sympathy and concern for the horrific loss of life experienced by the Ukrainian people in general.

For me, it was also very important to look at and feel the atmosphere on the ground in Ukraine and to understand the new reality beyond the brutality and unimaginable war crime stories in the media. Just after the first quarter, I visited our employees in our office in Lviv and went by car to see our people in our Kyiv office. I also had a meeting with Ukraine's Deputy Ministry of Digital Transformation to discuss the best way for Itera to stand with Ukraine.

I was so glad to see how life and work are continuing for our Ukrainian people during this terrible war. They are really making a difference. We have updated our business continuity plans for personnel and operations for any new situation. In fact, I knew that it was possible to safeguard and grow our business in Ukraine, but now I know for sure. Our Ukrainian employees are so strong, so brave, so true. Ukraine will be remembered as a game-changer for the world order forever, and I am very proud of how we are contributing to something bigger than ourselves.

I want to thank all our customers for standing with us and for their long-term commitment to collaborating with us. Together we really stand with Ukraine. The fact that several customers have suggested substantial extensions of their collaboration with us during this crisis is heart-warming and admirable.

Indeed, our distributed delivery model and our people's high level of mobility enable us to work from anywhere as needed, including from home, relocated positions and our offices in the Western part of Ukraine, Slovakia and the Nordics. As a result, most projects have been running more or less as normal during the war. Moreover, we have opened a new office in Žilina, Slovakia, and we are also planning to open a new office in Brno in the Czech Republic.

Despite the war in Ukraine, we are pleased with the continued progress being made by Itera's core digital business. In the first quarter, we achieved robust organic growth of 22% and a solid EBIT margin of 14.9%. We also achieved solid organic growth in our headcount, with a net 118 employees joining over the last 12 months, 25 of whom joined in the first quarter.

The remaining part of our data centre operations that had not already been migrated to the cloud was sold to a new data-centre

services vendor by the end of the quarter. The financial figures in this report therefore relate to the continuing core digital business.

We are seeing positive developments in the market for our services in all locations. Cloud services, machine learning and artificial intelligence are proving to be ever more critical enablers as all our customers are increasing their focus on enterprise-wide transformation. There is also a gradual shift taking place in the nature of the demand for managed services. As businesses seek greater resilience, face a war for talent, and need to digitise and experience cost pressures, strategic managed services are increasingly a top management priority.

As companies embrace digital transformation, our customers turn to us as their trusted partner. Our Digital Factory at Scale for data-driven businesses brings together all of our capabilities, from delivering three-horizon digital strategies and cloud transformation journeys to cloud migration, cloud-native development, data, AI, application lifecycle management and change.

Today, we are the strongest we have ever been in our history. Every business needs to become sustainable and digital, and our success is grounded in our ability to anticipate the future with digital capabilities for their transformation.

It is interesting to remember that we at Itera, in our 2018 strategic plan from about four years ago, were one of the first companies to champion a *Platform first* direction for digital business, while many companies today have adopted a cloud-first strategy driven by faster digitalisation through the pandemic.

I am very proud of Itera's incredible people. Their health and safety remain our top priority. We are also honoured to have been recognised as one of the 25 most innovative companies across all industries in Norway for the sixth year in a row. We are very focused on capturing the market opportunities available to us, as well as with empowering our great people and with executing in the disciplined manner that we expect of ourselves.

Arne Mjøs

FOUNDER & CHIEF EXECUTIVE OFFICER





Business review

Business review

The impact of the pandemic has accelerated digitalisation and sustainability in many industries, and we are seeing positive developments in the market for our services in all locations.

We leverage our scale and international footprint, innovation-led culture, and strong partnerships, together with our capabilities Digital Factory at Scale and Cloud Centre of Excellence, to consistently deliver tangible value for our customers around the world.

We are fully committed to something bigger than ourselves and take responsibility for showing how to become more sustainable, how to create new pathways for industrial growth and how to deliver far-reaching lifestyle changes through digitalisation.

The Russian invasion of Ukraine

The long-running conflict between Russia and Ukraine significantly deteriorated on 24 February when Russia invaded Ukraine. Itera's Business Continuity Plans (BCP) were immediately put into action, with our primary focus being to ensure the safety of all employees. A crisis management team was convened the same morning in order to obtain an overview of the location and well-being of all our employees and their families. As soon as the safety of all employees was confirmed, the focus shifted to implementing the solid procedures and processes defined in the BCP framework to secure operations and support employees who wanted to relocate to other locations in the Western part of Ukraine.

The current location and well-being of all employees were evaluated in daily meetings with all resource managers. Regardless of whether our employees were at home or had relocated to another location, we found that many were eager to resume regular customer deliveries as soon as possible as a means of experiencing normalcy. As a result, the level of activity on several engagements was close to normal after just a few days. Others needed more measures to increase the level of activity, e.g. adding capacity from Itera's locations in Norway, Denmark, and Slovakia to mitigate any temporary lack of resources in the Ukrainian customer teams.

Throughout the war, we have communicated efficiently with all affected customers and with our employees, the ICT industry and other stakeholders, such as the Norwegian-Ukrainian Chamber of Commerce, which, like us, has followed the situation very closely. The support and compassion we have experienced have been heart-warming.

We are in close and continuous contact with our customers, and they have shown strong and united support for the situation that our colleagues, Itera and the country of Ukraine are in. The fact that several of Itera's customers have suggested substantial extensions of their collaboration with us during this crisis is heart-warming and admirable! We want to express our gratitude to our customers for standing with us and for their long-term commitment to our co-operation.

Itera is a tight community with strong bonds between colleagues across borders. These bonds have felt particularly close during the difficult situation and have sparked personal engagement and compassion. Itera colleagues in countries outside Ukraine have been asked to register if they are able to accommodate colleagues in their houses, apartments, cottages or similar. The response has been overwhelming, and several families have been received, particularly in Bratislava.

We want to express our admiration for our Ukrainian colleagues, who are showing incredible strength in a demanding and almost unimaginable situation. Even though more than 80% of them had relocated, either to Western parts of Ukraine or to other countries, customer deliveries were at normal levels by the end of the quarter.

The safety and well-being of our colleagues and their families will always be our first priority, and we are relieved and grateful that no Itera employees have suffered any severe injuries or died.

The industry is leading in the race towards a sustainable future

The climate crisis is hanging over us, and the UN has classified the situation as code red. But there is hope. According to several of Norway's leading business leaders, the same instruments used to digitalise the banking and finance sector can be used to accelerate and play a role in the green transition.

Over the last fifty years, Norway has accumulated enormous oil wealth. However, the Norwegian oil adventure is finally coming to an end, as climate and environmental considerations require that the world reduce its consumption of oil and gas.

Earlier this year, McKinsey Norway published a report ("Norge i morgen") outlining how Norway can continue to create value from sectors other than oil and gas.

Between now and 2030, Norway must build more industries in order to secure the future of new generations, to compensate for the loss of oil revenues and to create a sustainable society. The current situation is, first and foremost, a great opportunity. The McKinsey report presents ten growth industries for Norway; hydrogen, offshore wind, batteries, carbon capture and storage, green maritime industry, industrial software, consumer platforms, the circular economy, aquaculture and tourism.

In 2030, these ten forward-looking industries will be able to responsible for about 210,000 new jobs and will generate about NOK 310 billion in increased gross domestic product. The NOK 310 billion amounts to about 70 per cent of the contribution to GDP made by the oil and gas industry in 2021.

But to get there, these industries must integrate technology into their core business. To do so, they need the right expertise. We know that 80% of the technology required to create zero-emission societies are already known to us – but are not yet fully exploited. What is needed is a systematic and shared effort to digitise industry for the green transition. And we have to start now.

Itera is committed to participating in the global effort to create a sustainable world. As part of our contribution, we took the initiative in the first quarter of producing an important TV broadcast on this topic in collaboration with the Norwegian newspaper DN and NHO (The Confederation of Norwegian Enterprise). In the broadcast, we highlighted some of the biggest climate challenges we face and discussed what we can do to contribute to solving the climate crisis. Some of Norway's top executives were involved in the broadcast; Kjerstin Braathen (DNB), Ole Erik Almlid (NHO), Hilde Tonne (Statnett), Øyvind Eriksen (Aker ASA), Alexandra Bech Gjørsv (SINTEF), and Itera's Arne Mjøs.

A prerequisite for creating substantial results is that we can collaborate across industries, disciplines and companies. As CEO of Aker ASA, Øyvind Eriksen, pointed out: "The main reason we have managed to create such a good oil, gas and supplier industry as we have done for the past 50 years is that the welder and engineer

have solved tasks shoulder to shoulder. We are now ready to do the same, but with developers”.

Arne Mjøs commented: "We cannot sit still and watch things happen. The roadmaps are there; we must make decisions, make a plan and act at a much greater speed", said Arne Mjøs.

Recordings from the broadcast can be seen here:

<https://www.dn.no/staticprojects/annonsorinnhold/dnstudio/22032022/>.

Itera has been named as one of Norway's 25 most innovative companies for the sixth year in a row

In the first quarter, Itera was named as one of Norway's most innovative companies across all industries. The award is organised by "Innovasjonsmagasinet", which, with its 25,000 readers and national distribution, is Norway's premier innovation magazine. Each year, 25 companies are selected from across all sectors. Many strong brands were on this year's list, including Posten, Remarkable, the Norwegian Tax Administration, Cognite and DNB. The jury's assessment included the following comments: "We believe that this list of the 25 most innovative companies is by far Norway's most comprehensive assessment of who is actually innovative, as opposed to those who are only talking about innovation. We emphasize that the list only deals with Norwegian companies, but common to all on the list is that they are world-class when it comes to working actively on innovation".

Forward in times of change – Itera Strategy 2022

At Itera, we take pride in making a difference. We aspire to create value and societal growth by creating sustainable digital business. As a professional services provider, we specialise in this.

Digitisation is becoming an ever more intrinsic part of business. More specifically, software is a prerequisite for competitiveness in any business area. For an increasing number of companies, it is the basis of what their business is built upon – the software is the product.

As a system integrator, Itera plans, builds, and runs software solutions. Going forward, we will continue to strengthen our competitiveness by expanding our existing capabilities. We see a growing need to support our customers on an end-to-end basis. Scaling digital business means exponential growth in the amount of managed data. Itera is building a market-leading service offering to engage and lead the frontier of data-driven business. With the launch of our Cloud Centre of Excellence, we can provide our customers with market-leading solutions for runtime environments. And finally, as demand for our distributed delivery offerings is steadily increasing, we continue to build our Digital Factory at Scale.

To make all this come alive, our key activities for 2022 will be to sustain our operational and financial excellence and to retain and attract talent in support of our business goals. We will also work to strengthen our current expertise and to continue expanding our expertise related to future customer needs. We will continue to build and broaden our partnerships and to accelerate the Itera brand as vital elements in our efforts to generate even stronger demand for our services.

Amplified focus on gender equality

In a report, the World Economic Forum has stated that 70 percent of the UN's 17 Sustainable Development Goals can be achieved using technology. That is why we say that digitalisation and technology are our main contributions to increased sustainability.

Sustainability is an integral driver in our strategies, and we have prioritised the following UN Sustainability Development Goals (UN SDGs) where our core business can make a positive contribution:

- 9. Industry, Innovation, and Infrastructure
- 11. Sustainable cities and communities
- 12: Responsible Consumption and Production.

Because we believe different perspectives are essential to solve the complex problems and challenges of the future, we work every day to have an inclusive and diverse environment and culture for our people. To amplify our efforts in this area from 2022, we have chosen to add a fourth UN SDG to our prioritised goals: Gender Equality (UN SDG no. 5).

Reporting on sustainability in Itera

Sustainability reporting involves producing an overview of the economic, environmental and social impacts caused by a company's own operations and indirectly by its value chain. In general, the value of sustainability reporting is that it ensures that organisations consider their impact on sustainability issues and are transparent with their stakeholders about the risks and opportunities they face. In other words, sustainability reporting is an essential tool for maintaining and gaining stakeholders' trust.

Itera strongly believes that disruptive technologies and digitalisation will be essential to mitigating climate change and achieving the global SDGs (Sustainable Development Goals), and these areas are at the core of Itera's expertise. However, we also understand the importance of minimising the negative impact of our own operations on the environment and our responsibility to operate according to the highest possible standards in relation to social and governance-related topics. Hence, Itera's sustainability reporting goes beyond the required and mandatory reporting on sustainability for large Norwegian enterprises.

Itera voluntarily produces an annual sustainability report as part of its annual report. This report is based on Euronext Oslo's guidelines and provides an overview of all our sustainability efforts. Itera is a member of the UN Global Compact and supports the Ten Principles of the United Nations Global Compact on human rights, labour rights, the environment, and anti-corruption. Itera reports progress on the ten principles annually. Furthermore, Itera's main office in Oslo is certified as an Eco-Lighthouse and reports on its environmental impact and HSE matters (health and safety). As a consultancy company delivering services within the information and communications technology (ICT) sector, our emissions are not extensive. Our direct impact is related to our people and office locations.

Diversity and inclusion are priority areas at Itera. The ICT sector is heavily male-dominated (both at the employee and manager level), so we have an extra responsibility to support women in the industry. We support and hold partnerships with ODA and Tenk, both of which are initiatives for women in ICT. Itera also reports to the SHE Index, which focuses on diversity and inclusion in the Norwegian business community. In 2022, Itera received an impressive ranking of number 17 on the SHE Index of all ranked companies. This was a big climb from the previous year. Also, Itera's CEO Arne Mjøs was one of the three finalists for the "ODA Man of the year award" in 2022.

Itera holds EcoVadis certification, and Itera's sustainability efforts are evaluated by this institution annually. EcoVadis is the world's largest and most trusted provider of business sustainability ratings, creating a global network of more than 75,000 rated companies. In

2022, Itera received a score of 60 out of 100, better than 85 percent of all the assessed companies. In the global IT and consulting industry, Itera is in the top 10 percent of companies. EcoVadis analyses the companies' reported efforts related to the environment, labour and human rights, ethics, and sustainable procurement.

We continuously invest in our sustainability activities and have high ambitions related to our score on the next assessment. Itera holds a Nasdaq transparency certification as we report on environmental, social and governance-related questions to Nasdaq annually. Itera also delivers sustainability information upon request from customers, vendors, or other stakeholders.

You can download all our sustainability reports at <https://www.itera.com/en/about-us>.

Further into the cloud

We have worked cloud-based for many years and have delivered hybrid solutions for operations both from our own data centres and in the cloud. Q1 2022 represents a milestone for the company, as on 1 January we launched our new service delivery, Cloud and Application Services, and on 31 March we closed our own data centres.

Itera is now a full-service supplier of digitisation exclusively from the cloud.

We thank everyone who has been involved in this modernisation journey. We are grateful to our employees, existing and new, and to those customers and partners who have joined us on this journey.

The closing of our own data centre has been a structured process that began 2.5 years ago. Our position as a competent and secure cloud provider has been built up over a substantial period. In recent years, we have simultaneously run projects and deliveries from the cloud and our own data centres. Our experience of data centre operations and development has been valuable when building our expertise in cloud and hybrid solutions. We will continue to benefit from it now that we are focusing exclusively on cloud solutions and migrations.

We now have a state-of-the-art delivery model for developing new, innovative solutions in the cloud, for moving old solutions from on-premise data centres to the cloud, and for developing new solutions in the cloud. We can do it fast and can scale quickly when needed. This is what we call our Digital Factory at Scale.

Through our Digital Factory at Scale for data-driven business and our world-class Cloud Centre of Excellence, we are bringing together all our capabilities, from delivering three-horizon digital strategies and cloud transformation journeys to cloud migration, cloud-native development, and data, AI, application lifecycle management and change.

To make our Digital Factory at Scale capabilities even more useful, our partnership with the cloud giants allows us to bring out the best from their extensive library of relevant migration and modernisation resources, such as Microsoft's playbooks and their best practices. These playbooks increase our innovation capabilities, speed and quality. In addition, our scalability is less dependent on the expertise of individuals since the playbooks will work as easy-to-understand-and-apply frameworks.

Everything we have learned and done over 20 years as an operations provider, both on-premise and in the cloud, has provided

us with lessons and values that we will take with us in our work and deliveries going forward.

Data-driven Asset Management for the electric grid in USA

Itera has helped DNV modernise an outdated application that makes it easier for some of the largest electric utilities in the USA and Canada to improve the reliability of the electric grid.

Between 2026 and 2030 alone, NOK 7 billion needs to be invested in electrical grids globally to achieve our zero emissions targets by 2050 – an increase of 173% compared with the actual amount invested from 2016 to 2021.

DNV is committed to helping solve this challenge. As the world's leading quality assurance and risk management company, few companies know as much about local regulations and infrastructure requirements as DNV. Present in more than 100 countries and some of the largest industrial companies in the world as customers, DNV is in a unique position to drive the digital transformation going forward.

DNV has started working on several projects to support its customers' transition to a digitised and sustainable future with this as its foundation. One of the projects involves modernising an asset management solution that DNV's customers use to monitor, maintain, and optimise their assets.

After providing consulting services for six months, Itera was awarded the task of creating a greenfield solution involving new technology and extensive requirements in terms of the user experience.

The project started in 2020 using a hybrid delivery team that consisted of a team from Itera's offices in Ukraine that worked closely with a department at DNV in Portland, USA.

"We discussed how we would be able to scale up the development work and decided to increase the staffing level from one to two hybrid scrum teams, each of which would have its own product owner but with a shared tech lead and architect. This was a great success", comments Yuriy Suvorov, Itera's project manager for its collaboration with DNV.

The project has resulted in a web-based solution with a modern look that is planned to be launched in spring 2022. This has enabled DNV to provide its customers with a modern solution at a time when socially critical infrastructure such as electricity is high on the agenda. The successful collaboration between DNV and Itera was one of the most important reasons it was possible to speed up the process.

"Itera's delivery expertise has enabled us to shorten our time to market and meet our digital transformation goals. We now continue to add value for our customers at high speed. Itera's consultants have also shared their knowledge with us, especially in relation to incorporating a new way of working", says Ron Howard, Head of Product Centre at DNV, Portland (USA).

DNV's level of ambition is sky high, and the scope of its aspirations is correspondingly wide-ranging. Itera is helping DNV as a digitalisation and delivery partner. The electrical grid project is one of a number that has been launched across industry areas and national borders.

"We find DNV's level of ambition very inspiring, and we are proud to be able to contribute to new solutions that will benefit us all in a more sustainable world", comments Jon Erik Høgberg.

Level up

Technology, opportunities, user expectations and trends are evolving rapidly. For our employees to have the best opportunities to further develop throughout their careers with us, Itera has developed a solid framework for continuous competence development called “Level Up”.

Level Up brings together activities, sources and resources that are useful for employees' development:

- An activity calendar that provides an overview of internal and external competence-related events and courses that lead to certifications, as well as more informal and social evening gatherings with discussions and experiments with new technologies.
- An overview of high-quality conferences and arenas for individual planning.
- “Practices” are Itera's way of conducting specialised professional development. A "practice" is an internal community for a specific subject area relevant to the development of our people, our customers and our company. Practices are where we build, share, nurture and develop our expertise across the entire organisation. Examples of practices are AI & Analytics, Azure, Brand Innovation, Digital Design, Service Design, Agile Transformation, QA, Cloud & Software Engineering and Service Design. All employees can be associated with one or more practices, depending on their professional perspective, interests and personal competence plan.

The Level Up framework was launched in Q1 and will continue to develop along with the company in the years to come.

Market and customer development

In the first quarter of 2022, Itera had an order intake equivalent to a book-to-bill ratio of 1.3. For the last twelve-month period, the book-to-bill ratio was 1.2. Itera entered into new or extended contracts with customers including Santander, Gjensidige, Aize, Kredinor, Landsbankinn, Sharecat Solutions, Vysus Norway, Pelagia and Trafsys.

The revenue from Itera's 30 largest customers accounted for 81% of its operating revenue, which is seven percentage points higher than in the first quarter of 2021. New customers, defined as customers won during the last 12 months, accounted for 9% of revenue.



Financial review

Financial review

Financial reporting

Itera completed the transition of its customers from its on-premise data centre operations to managed cloud services and transferred the residual customer portfolio with all associated supplier contracts and assets to a new data centre vendor with effect from 1 April 2022. See the separate section on this for more details.

Following the sale of this business, Itera reports the profit and loss statement relating to this business as discontinued operations on a net income basis. The continuing operations are equivalent to the core digital business that Itera reported as its primary segment in 2021.

The comments in this financial review relate to the performance of Itera's continuing operations in the first quarter of 2022 compared to the first quarter of 2021 unless otherwise stated. The figures given in brackets in this report refer to the equivalent period in 2021. Please refer to Note 3 for a description of the alternative performance measures used and to Note 4 for key financial figures for the discontinued data centre operations.

Itera (the Group) consists of Itera ASA (the Company) and its subsidiaries. Itera ASA is a public limited liability company incorporated in Norway and listed on the Oslo Stock Exchange with the ticker ITERA. The condensed consolidated interim financial statements cover the Group. As a result of rounding differences, some numbers and percentages may not add up to the totals given.

Accounting principles

These interim condensed consolidated financial statements for the quarter ending 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual report for 2021. The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021. The interim financial information contained in this report has not been audited or reviewed.

Summary for the first quarter

Itera achieved organic revenue growth of 22% in the first quarter of 2022 relative to the first quarter of 2021. Gross profit increased by 22%, with the gross margin up by 0.4 points to 92.1%. The first quarter of 2022 contained one more working day in Norway than the corresponding periods of 2021. This had a positive impact of approximately NOK 1.3 million on revenue and profit.

The operating profit (EBIT) for the first quarter of 2022 was NOK 26.1 million (NOK 22.1 million), with an EBIT margin of 14.9% (15.3%).

A significant proportion of Itera's employees are located in Ukraine. As many of these employees fled to safer locations elsewhere in Ukraine and abroad, there was some business disruption in the first few days after the war broke out on 24 February. After this initial impact, almost all of our Ukrainian employees were able to resume deliveries at near pre-war levels, in line with the Ukrainian IT industry as a whole.

Operating revenue

Itera reports operating revenue of NOK 176.0 million (NOK 144.4 million) for the first quarter of 2022, which represents growth of 22%. This was driven by growth in the revenue from Itera's own services, which increased by 25% to NOK 146 million. Revenue from subscription-based services increased by 7% to NOK 16 million, while revenue from third-party services increased by 2% to NOK 11 million.

Gross profit (revenue minus cost of goods sold) was NOK 162.0 million (NOK 132.4 million) in the first quarter of 2022, which represents an increase of 22%.

Operating expenses

Total operating expenses in the first quarter of 2022 were 23% higher at NOK 149.9 million (NOK 122.3 million).

Cost of sales was NOK 14.0 million (NOK 12.0 million), and relates to subscription and third-party services and other revenue.

Personnel expenses were NOK 117.0 million (NOK 95.8 million) in the first quarter of 2022, which represents an increase of 22%. The average number of employees in the quarter was 20% higher than in the corresponding quarter of 2021. Personnel expenses per employee were 2% higher in the first quarter of 2022 than in the same quarter of 2021.

Other operating expenses were NOK 11.8 million (NOK 8.5 million) in the first quarter of 2022, up by 38% from last year. The increase was primarily due to more spending on sales & marketing, recruitment and travel.

Depreciation and amortisation totalled NOK 7.2 million (NOK 6.0 million) in the first quarter. The increase was primarily due to the amortisation of the investment in the Cloud Centre of Excellence.

Operating result

The operating result before depreciation and amortisation (EBITDA) for the first quarter of 2022 was a profit of NOK 33.3 million (NOK 28.1 million), giving an EBITDA margin of 18.9% (19.5%).

The operating result (EBIT) for the first quarter was a profit of NOK 26.0 million (NOK 22.1 million), giving an EBIT margin of 14.9% (15.3%).

Discontinued operations

In accordance with previously announced 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 transferred to Move as part of the transaction. Some employees were also transferred, and some were made redundant. The remaining staff previously engaged in data centre operations have been reskilled. They will be added to the Cloud & Application Services business as capacity to fuel growth in this area.

In the first quarter of 2022, the discontinued operations generated revenue of NOK 7.8 million (NOK 12.3 million) and an operating result of NOK -11.1 million (NOK -3.7 million). The operating result includes write-downs and accruals to cover any remaining asset values and future obligations to vendors and redundant employees, net of sales proceeds from Move.

Cash flow, liquidity and equity

Net cash flow from operating activities was NOK -0.4 million (NOK 0.6 million) in the first quarter of 2022. Of this, NOK -10 million (NOK -2.4 million) was related to the discontinued operations.

There was a net cash outflow from investing activities of NOK 4.1 million (NOK 7.3 million) in the first quarter of 2022, NOK 1.2 million of which related to investment in office equipment and inventory and NOK 2.8 million of which related to intangible assets.

There was a net cash outflow from financing activities of NOK 3.5 million (NOK 6.4 million) in the first quarter of 2022, NOK 2.9 million of which related to office facilities.

Contract assets (previously referred to as *work in progress*) at 31 March 2022 were NOK 4.7 million higher than at 31 March 2021, while capitalised contract costs were NOK 2.7 million lower. The capitalised contract costs relate to revenue the recognition of which is deferred under IFRS 15. Accounts receivable and other receivables were NOK 6.5 million higher and NOK 2.9 million lower respectively than at 31 March 2021.

Accounts payable at 31 March 2022 were NOK 5.4 million lower than at 31 March 2021. Public duties payable were NOK 9.1 million higher than at the end of the first quarter of 2021. Tax payable was NOK 4.2 million lower than at 31 March 2021. Contract liabilities at 31 March 2022 were NOK 1.8 million lower at NOK 22.5 million.

Cash and cash equivalents amounted to NOK 29.5 million at 31 March 2022, compared to NOK 41.2 million at 31 March 2021. Itera has a revolving credit facility of NOK 21.5 million.

Itera had lease liabilities totalling NOK 31.1 million (NOK 34.5 million) at 31 March 2022, which represents a net decrease of NOK 3.4 million. NOK 13.5 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 17.6 million are classified as non-current liabilities.

At 31 March 2022, Itera held 1,692,006 (1,269,136) own shares, valued at NOK 20.3 million (NOK 18.7 million).

Equity at 31 March 2022 totalled NOK 50.0 million (NOK 48.7 million). The equity ratio was 21.9% (21.5%). The equity ratio without the right-of-use assets included under IFRS 16 was 24.9% (24.5%).

Dividend

At its meeting on 28 April 2022, the Board of Directors confirmed its previous resolution to propose an ordinary dividend of NOK 0.20 per share at the Annual General Meeting on 24 May 2022. It will also ask for its authorisation to approve possible additional dividends to be renewed.

Personnel

Building on a strong Nordic heritage, we combine local presence with geographically distributed capabilities into a distributed delivery model that features multidisciplinary teams and a flexible distribution of work across borders.

Itera's headcount at the end of the first quarter of 2022 was 642 as compared to 524 at the end of the first quarter of 2021. This represents an increase of 118 employees (22%) during the last 12 months.

Itera has nearshore development centres in Slovakia and Ukraine. The proportion of Itera's capacity that is located in these locations (its nearshore ratio) was 54% (50%) at the end of the first quarter.

Our distributed delivery model is very scalable and provides access to a much larger workforce than is available in local markets. We are tapping into the world's fourth largest pool of digitally talented people, a pool which is only a few hours by plane from the Nordic region.

Our distributed delivery model was recognised for having the best Project Management Office in Europe by the PMO Global Alliance in 2021. Itera also received the PMO Ukraine Award for 2021, achieving the best results in the categories "Best Practices", "Customer Service", "PMO Path", "Value Generation", "Innovations", "Competency Development" and "Formation of commonality".

Significant risks and uncertainties

Itera's activities are influenced by several different factors, both within and outside of the company's control. As a service company, Itera faces business risks associated with competition and pressure on prices, project overruns, recruitment, loss of key employees, customers' performance and bad debts. Market-related risks include risks related to the business cycle. Financial risks include currency fluctuations against the Norwegian krone (NOK), principally in relation to the Danish krone (DKK), the US dollar (USD) and the euro (EUR). In addition, interest rate changes will affect the returns earned by Itera on its bank deposits, as well as leasing costs and the cost of credit facilities.

In late February of 2022, Russia started a military invasion of Ukraine. Itera's first and foremost concern was to facilitate the safety of its employees and their families. Itera supported them with relocating to its Lviv office in the Western region of Ukraine as well as to other countries. Once in safety, the employees immediately focused on customer deliveries. The temporary disruption to Itera's services delivered by 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 to minimise business disruption. As the war is ongoing, it is too soon to assess the longer-term impact on Itera's operations, its customer acquisition and retention, and on the market for IT services as a whole.

More information about risks and uncertainties can be found in Itera's annual report for 2021.

Outlook

The company's overall strategy of developing large, long-term customer relationships, increasing the number of project deliveries which involve the full range of Itera's services, using distributed teams of Nordic and nearshore resources and focusing on operational efficiency remains unchanged. Itera will further accelerate its expansion into more asset-intensive industries through partnerships with DNV and others.

Now that it has finally discontinued its data centre operations, Itera can fully focus its resources on capitalising on its investment into its Cloud Centre of Excellence and Digital Factory at Scale. The freed-up capacity will be offered as both consulting and managed services.

Itera is committed to continuing its profitable development in Ukraine. Our business continuity plans have proven to be resilient to the war thus far and our customers have by and large reiterated their commitments to continue with services from Ukraine, with some existing and new customers also signalling growth. The future development of the war and its impact are nevertheless surrounded by uncertainty at the current time.

The continued increase in demand for Itera's distributed delivery model has triggered decisions to open an office in Žilina, Slovakia, as well as in Brno, the Czech Republic. This will provide a wider range of recruitment potential in Central Europe.

Next interim report

The interim report for the first half will be published and presented on 25 August 2022.

Statement by the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the Itera Group for the three months ended 31 March 2022, including the comparisons with the corresponding period in 2021.

The Board has based its declaration below on reports and statements from the Group's CEO, on the results of the Group's activities, and on other information that is essential to assessing the Group's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the three months ended 31 March 2022 have been prepared in accordance with IFRS as adopted by EU and IAS 34 (Interim Financial Reporting) and the additional disclosure requirements pursuant to the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of the Itera Group's assets, liabilities, profit and overall financial position as at 31 March 2022.
- The information provided in the report for the first quarter of 2022 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing the Itera Group.

Oslo, 28 April 2022

The Board of Directors and CEO of Itera ASA

Morten Thorkildsen
Chairman

Marianne Killengreen
Board Member

Jan-Erik Karlsson
Board Member

Gyrid Skalleberg Ingerø
Board Member

Andreas Almquist
Board Member

Anne Nyseter Perez
Board Member

Arne Mjøs
CEO



Interim condensed financial information

Consolidated statement of comprehensive income

Amounts in NOK thousand	2022 1-3	2021 1-3	change	change %	2021 1-12
Sales revenue	176 016	144 450	31 566	22 %	592 956
Operating expenses					
Cost of sales	13 971	12 021	1 950	16 %	45 699
Gross Profit	162 045	132 428	29 616	22 %	547 257
<i>Gross Margin</i>	92.1 %	91.7 %		0.4 pts	92.3 %
Personnel expenses	116 976	95 815	21 161	22 %	403 688
Other operating expenses	11 752	8 489	3 263	38 %	41 944
Depreciation and amortisation	7 171	6 000	1 170	20 %	24 582
Total operating expenses	149 870	122 325	27 545	23 %	515 912
Operating profit (EBIT)	26 146	22 125	4 021	18 %	77 044
Other financial income	480	211	269	127 %	2 424
Other financial expenses	584	423	161	38 %	3 602
Net financial income (expenses)	(105)	(212)	107	51 %	(1 178)
Profit before taxes	26 041	21 913	4 128	19 %	75 866
Income taxes	6 047	4 753	1 294	27 %	17 333
Net income from continuing operations	19 994	17 160	2 834	17 %	58 533
Net income from discontinued operations*	(8 652)	(2 911)	(5 741)	(197 %)	(14 385)
Net income	11 342	14 248	(2 906)	(20 %)	44 148
Other comprehensive income					
Translation differences on net investment in foreign operations	(497)	88	(585)	(664 %)	274
Total comprehensive income	10 845	14 337	(3 491)	(24 %)	274
Total comprehensive income attributable to:					
Shareholders in parent company	10 845	14 337	(3 491)	(24 %)	58 807
Earnings per share continuing operations	0.25	0.21	0.04	17 %	0.73
Fully diluted earnings per share continuing operations	0.25	0.21	0.04	17 %	0.72

*) See note 4 for information about discontinued operations.

Consolidated statement of financial position

Amounts in NOK thousand	2022 31 Mar	2021 31 Mar	change	change %	2021 31 Dec
ASSETS					
Non-current assets					
Deferred tax assets	4 747	4 912	(164)	(3 %)	4 791
Other intangible assets	34 566	23 083	11 483	50 %	34 826
Property, plant and equipment	14 639	14 389	250	2 %	15 729
Right-of-use assets	27 194	27 387	(192)	(1 %)	30 917
Lease receivable - long term	-	3 449	(3 449)	(100 %)	-
Total non-current assets	81 146	73 219	7 927	11 %	86 262
Current assets					
Contract assets	7 823	3 222	4 601	143 %	1 120
Contract costs	3 363	6 053	(2 690)	(44 %)	4 035
Lease receivable - short term	2 469	2 382	87	4 %	3 370
Accounts receivable	87 767	81 241	6 526	8 %	76 092
Other receivables	15 902	18 928	(3 025)	(16 %)	12 794
Cash and cash equivalents	29 530	41 198	(11 668)	(28 %)	37 457
Total current assets	146 855	153 024	(6 169)	(4 %)	134 867
TOTAL ASSETS	228 001	226 243	1 758	1 %	221 130
EQUITY AND LIABILITIES					
Equity					
Share capital	24 656	24 656	-	0 %	24 656
Other equity	14 023	9 774	4 249	43 %	(29 870)
Net income for the period	11 342	14 248	(2 906)	(20 %)	44 750
Total equity	50 021	48 678	1 343	3 %	39 536
Non-current liabilities					-
Other provisions and liabilities	1 491	591	900	152 %	1 944
Lease liabilities - long-term portion	17 625	18 759	(1 134)	(6 %)	20 036
Total non-current liabilities	19 116	19 350	(234)	(1 %)	21 980
Current liabilities					-
Accounts payable	15 939	21 345	(5 406)	(25 %)	18 846
Tax payable	2 163	6 362	(4 198)	(66 %)	7 278
Public duties payable	50 447	41 351	9 096	22 %	37 136
Contract liabilities	22 517	24 360	(1 843)	(8 %)	18 318
Lease liabilities - short term	13 505	15 729	(2 225)	(14 %)	15 163
Other current liabilities	54 293	49 068	5 225	11 %	62 736
Total current liabilities	158 864	158 215	649	0 %	159 477
Total liabilities	177 980	177 565	415	0 %	181 457
TOTAL EQUITY AND LIABILITIES	228 001	226 243	1 758	1 %	221 130
Equity ratio	21.9 %	21.5 %		0.4 pts	17.9 %

Consolidated statement of cash flow

Amounts in NOK thousand	2022 1-3	2021 1-3	change	2021 1-12
Profit before taxes	14 949	18 181	(3 232)	57 424
Income taxes paid	(8 674)	(5 462)	(3 212)	(13 223)
Depreciation and amortisation	7 928	7 080	848	28 467
Share option costs	261	-	261	763
Change in contract assets	(6 703)	(2 027)	(4 676)	75
Change in accounts receivable	(11 676)	(13 966)	2 290	(8 817)
Change in accounts payable	(2 907)	(1 824)	(1 083)	(4 323)
Change in other accruals	277	(301)	578	11 414
Effect of changes in exchange rates	5 683	(1 129)	6 811	(2 040)
Net cash flow from operating activities	(400)	553	(952)	69 740
Investment in fixed assets	(1 196)	(775)	(421)	(7 492)
Investment in intangible assets	(2 854)	(6 531)	3 677	(25 297)
Net cash flow from investing activities	(4 051)	(7 306)	3 255	(32 789)
Purchase of own shares	(621)	-	(621)	(23 522)
Sales of own shares	-	-	-	8 427
Cash settlement of options contract	-	-	-	(978)
Equity settlement of options contract	-	-	-	3 951
Principal elements of lease payments	(3 794)	(7 350)	3 556	(17 533)
Instalment of sublease receivable	941	903	38	3 616
Dividends paid to equity holders of Itera ASA	-	-	-	(27 853)
Net cash flow from financing activities	(3 475)	(6 447)	2 972	(53 892)
Effects of exchange rate changes on cash and cash equivalents	(1)	(1)	0	(2)
Net change in cash and cash equivalents	(7 926)	(13 201)	5 275	(16 945)
Cash and cash equivalents at the beginning of the period	37 456	54 399	(16 943)	54 399
Cash and cash equivalents at the end of the period	29 530	41 198	(11 668)	37 457

Consolidated statement of changes in equity

Amounts in NOK thousand	Share capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
Equity as of 1 Jan 2021	24 655	(381)	(21 563)	563	31 066	34 341
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	-	(518)	(23 005)	-	-	(23 522)
Sale of own shares	-	223	8 205	-	-	8 427
Dividends	-	-	-	-	(27 853)	(27 853)
Equity as of 31 Dec 2021	24 655	(492)	(32 811)	820	47 362	39 536
Net income for the period	-	-	-	-	11 342	11 342
Other comprehensive income for the period	-	-	-	(497)	-	(497)
Share option costs	-	-	261	-	-	261
Purchase of own shares	-	(17)	(605)	-	-	(621)
Equity as of 31 Mar 2022	24 655	(509)	(33 155)	323	58 704	50 021

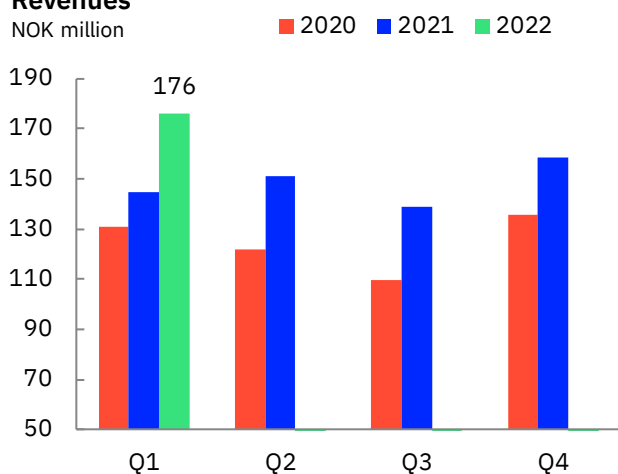
Key figures

Amounts in NOK thousand	2022 1-3	2021 1-3	change %	2021 1-12
Profit & Loss continuing operations				
Sales revenue	176 016	144 450	22 %	592 956
Gross profit	162 045	132 428	22 %	547 257
EBITDA	33 316	28 125	18 %	101 626
<i>EBITDA margin</i>	18.9 %	19.5 %	-0.5 pts	17.1 %
Operating profit (EBIT)	26 146	22 125	18 %	77 044
<i>EBIT margin</i>	14.9 %	15.3 %	-0.5 pts	13.0 %
Profit before taxes	26 041	21 913	19 %	75 866
Net income for the period	19 994	17 160	17 %	58 533
Net income for the period incl. discontinued operations	11 342	14 249	(20 %)	44 148
Balance sheet				
Non-current assets	81 146	73 219	11 %	86 262
Bank deposits	29 530	41 198	(28 %)	37 456
Other current assets	146 855	111 826	31 %	97 412
Total assets	228 001	226 243	1 %	221 130
Equity	50 021	48 678	3 %	39 673
Total non-current liabilities	19 116	19 350	(1 %)	21 980
Total current liabilities	158 864	158 215	0 %	159 477
<i>Equity ratio</i>	21.9 %	21.5 %	0.4 pts	17.9 %
Current ratio	1.11	0.97	15 %	0.85
Cash flow				
Net cash flow from operating activities	(400)	553	(172 %)	69 546
Net cash flow	(7 926)	(5 850)	(35 %)	28 249
Share information				
Number of shares	82 186 624	82 186 624	0 %	82 186 624
Weighted average basic shares outstanding	80 522 118	80 917 488	(0 %)	80 687 569
Weighted average diluted shares outstanding	81 023 879	81 534 550	(1 %)	81 077 670
Earnings per share continuing business	0.25	0.21	17 %	0.73
Diluted Earnings per share continuing operations	0.25	0.21	17 %	0.72
EBITDA per share continuing operations	0.41	0.35	19 %	1.26
Equity per share	0.62	0.60	3 %	0.49
Dividend per share	0.00	0.00	0 %	0.35
Employees continuing business				
Number of employees at the end of the period	642	524	22 %	617
Average number of employees	630	525	20 %	556
Operating revenue per employee	280	275	2 %	1 067
Gross profit per employee	257	252	2 %	985
Personnel expenses per employee	186	183	2 %	726
Other operating expenses per employee	19	16	15 %	75
EBITDA per employee	53	54	(1 %)	183
EBIT per employee	42	42	(1 %)	139

Quarterly development 2020-2022

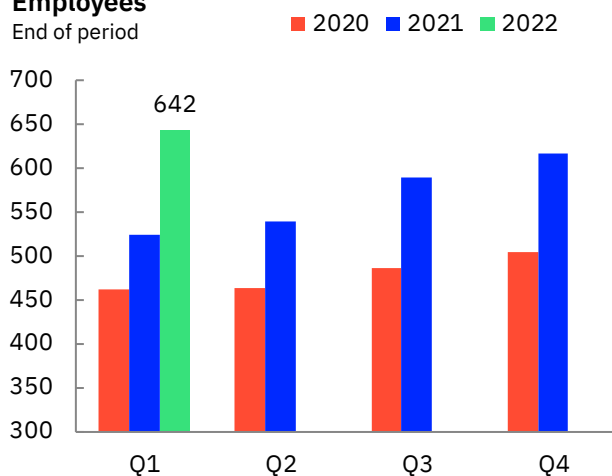
Revenues

NOK million



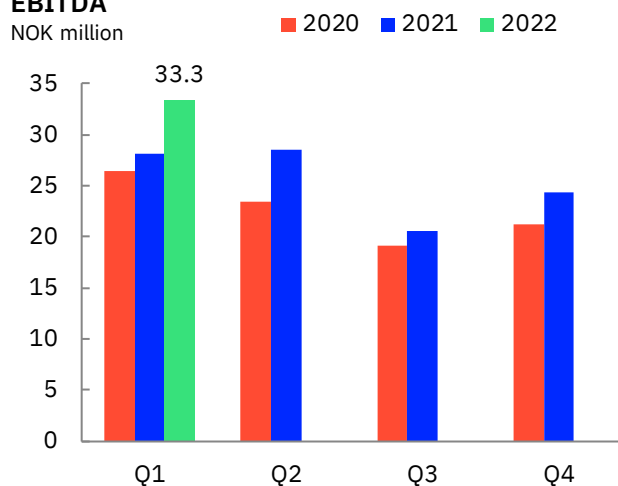
Employees

End of period



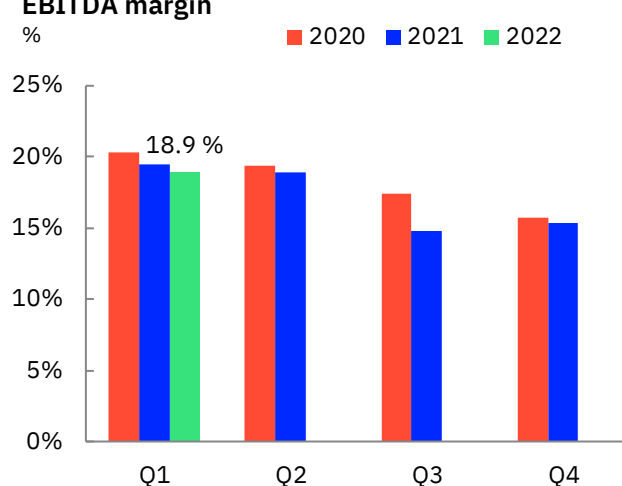
EBITDA

NOK million



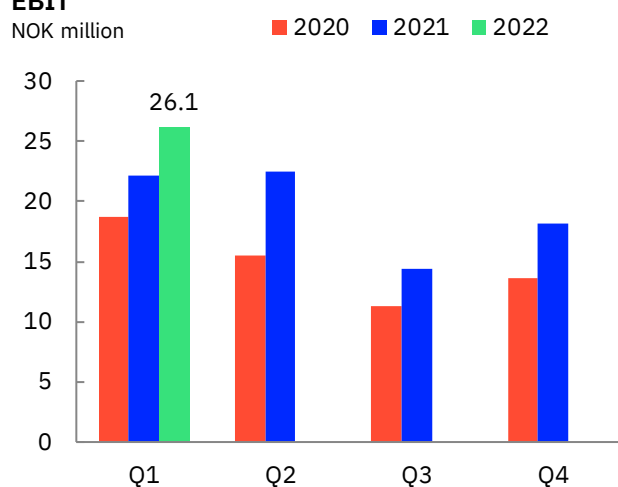
EBITDA margin

%



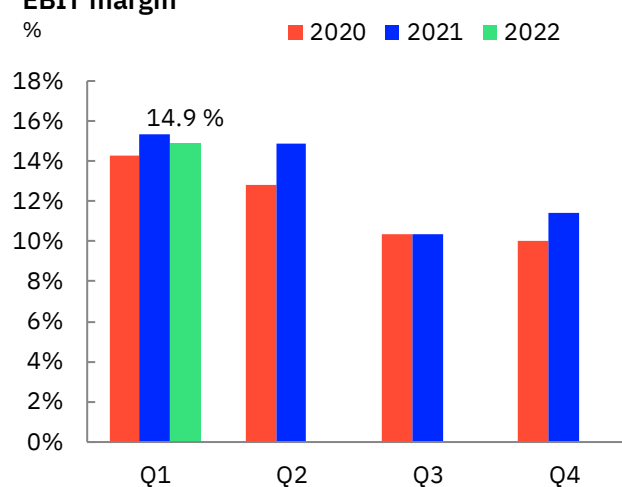
EBIT

NOK million



EBIT margin

%



Notes

Note 1: Transactions with related parties

There have been no material transactions with related parties during the reporting period 1 January 2022 to 31 March 2022.

Note 2: Events after the balance sheet date

There have been no events after 31 March 2022 that would have a material effect on the interim accounts.

Note 3: 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.

Non-recurring costs are significant costs that are not expected to reoccur under normal circumstances.

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.

Note 4: Discontinued operations

As part of its strategy to exit its own data centre operations and migrate fully to the cloud, Itera sold its remaining data centre operations to Move AS at the end of the first quarter. This business segment is now reported as discontinued operations on a net income basis (IFRS 5).

Below are figures from the discontinued operations presented on a gross basis in order to provide further insight into the figures. The first quarter of 2022 includes write downs of the remaining book values of assets retired, allocation of extra resource costs to prepare the business transfer and severance pay to redundant employees. No further costs are expected in relation to the discontinued operations.

	2022	2021	change	2021
Amounts in NOK million	1-3	1-3		1-12
Sales revenue	7.8	12.3	-4.4	40.1
Cost of sales	4.1	4.9	-0.8	17.4
Gross profit	3.7	7.4	-3.7	22.7
Gross margin	47.2%	60.1%	-12.9%	56.6%
Personnel expenses	11.9	8.6	3.3	31.0
Other operating expenses	2.1	1.4	0.7	6.2
Depreciation and amortisation	0.8	1.1	-0.3	3.9
Total operating expenses	18.9	16.0	2.9	58.5
EBITDA	-10.3	-2.7	-7.7	-14.6
EBITDA margin	-131.8%	-21.6%	-110.2%	-36.3%
EBIT	-11.1	-3.7	-7.4	-18.4
EBIT margin	-141.5%	-30.4%	-111.1%	-46.0%
Income taxes	-2.4	-0.8	-1.6	-4.1
Net income from discontinued operations	-8.7	-2.9	-5.7	-14.4

I T E R A

*Make a
difference!*

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