

ITERA

Q1
2022

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



Bent Hammer
CHIEF FINANCIAL OFFICER



01

Highlights Q1 2022



Q1 in brief



22%

Organic revenue growth

Successful implementation of business continuity plan when the war against Ukraine broke out

After initial period, all deliveries have been running close to normal during the war

New office opening in Zilina in Slovakia for further expansion

The remaining part of our data centre operation was sold to a new data centre vendor

14.9%

Operating margin

Book-to-bill of 1.3 in Q1 and 1.2 last 12 months

Number of employees increased by 25 in Q1 and 118 last 12 months

12 month rolling cash flow from operations of NOK 69 million

Proposal of ordinary dividend for 2021 of NOK 0.20 per share

Key figures

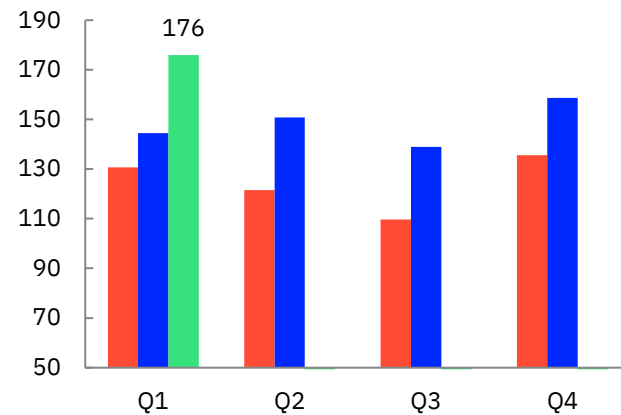
22%

Organic revenue growth

Revenues

NOK million

■ 2020 ■ 2021 ■ 2022



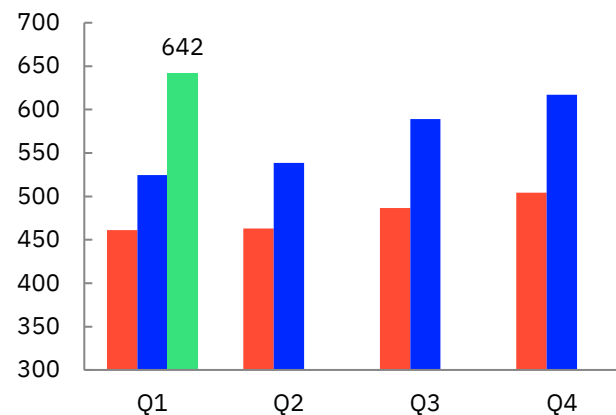
22%

Growth in number of employees

Employees

End of period

■ 2020 ■ 2021 ■ 2022



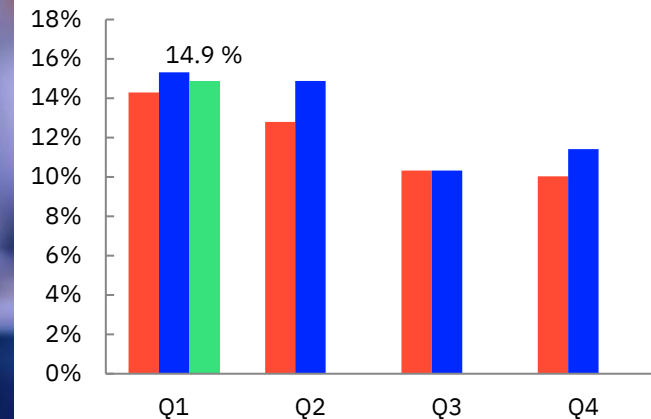
14.9%

Operating margin

EBIT margin

%

■ 2020 ■ 2021 ■ 2022



02

Business review



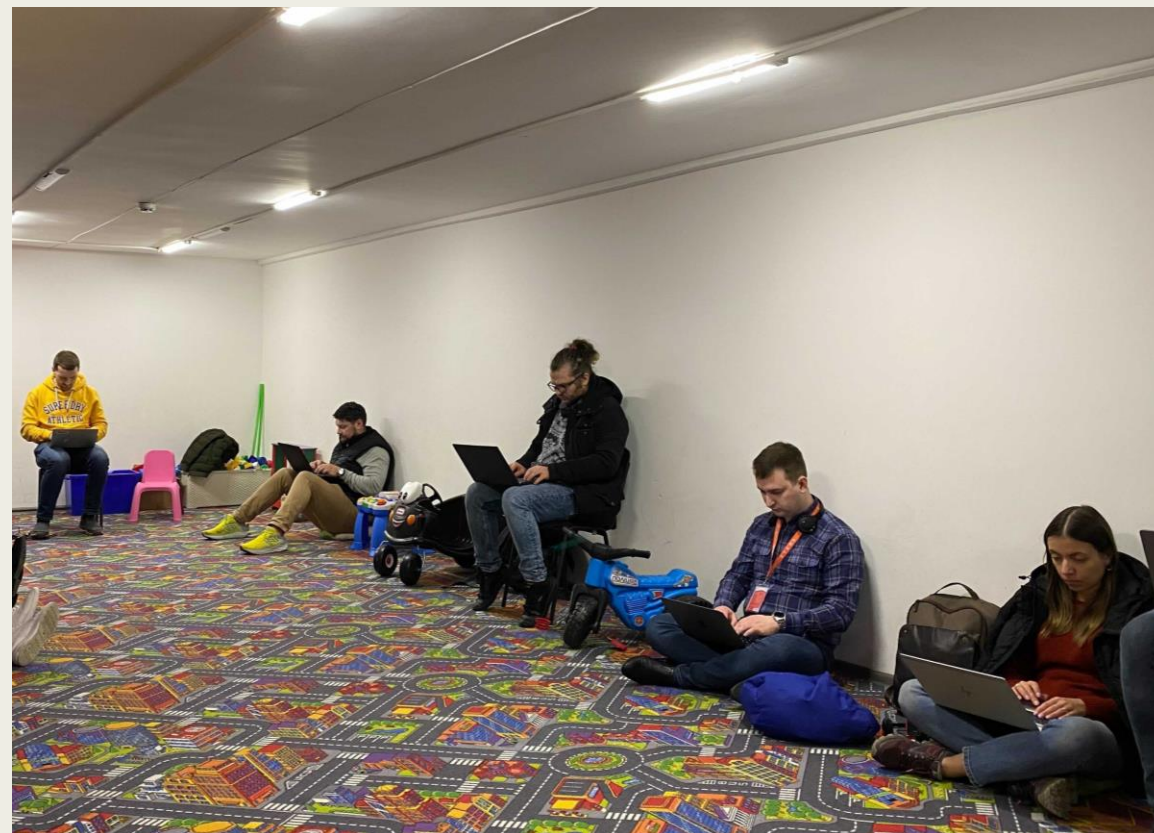
The Russian invasion of Ukraine

On February 24, when Russia invaded Ukraine, Itera's Business Continuity Plans (BCP) were immediately put into action, with an imperative focus on securing the safety of all employees.

The lives and security of our Ukrainian people and the fulfilment of obligations to our customers have been the 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.

After this initial impact, almost all projects have been running close to normal during the war.

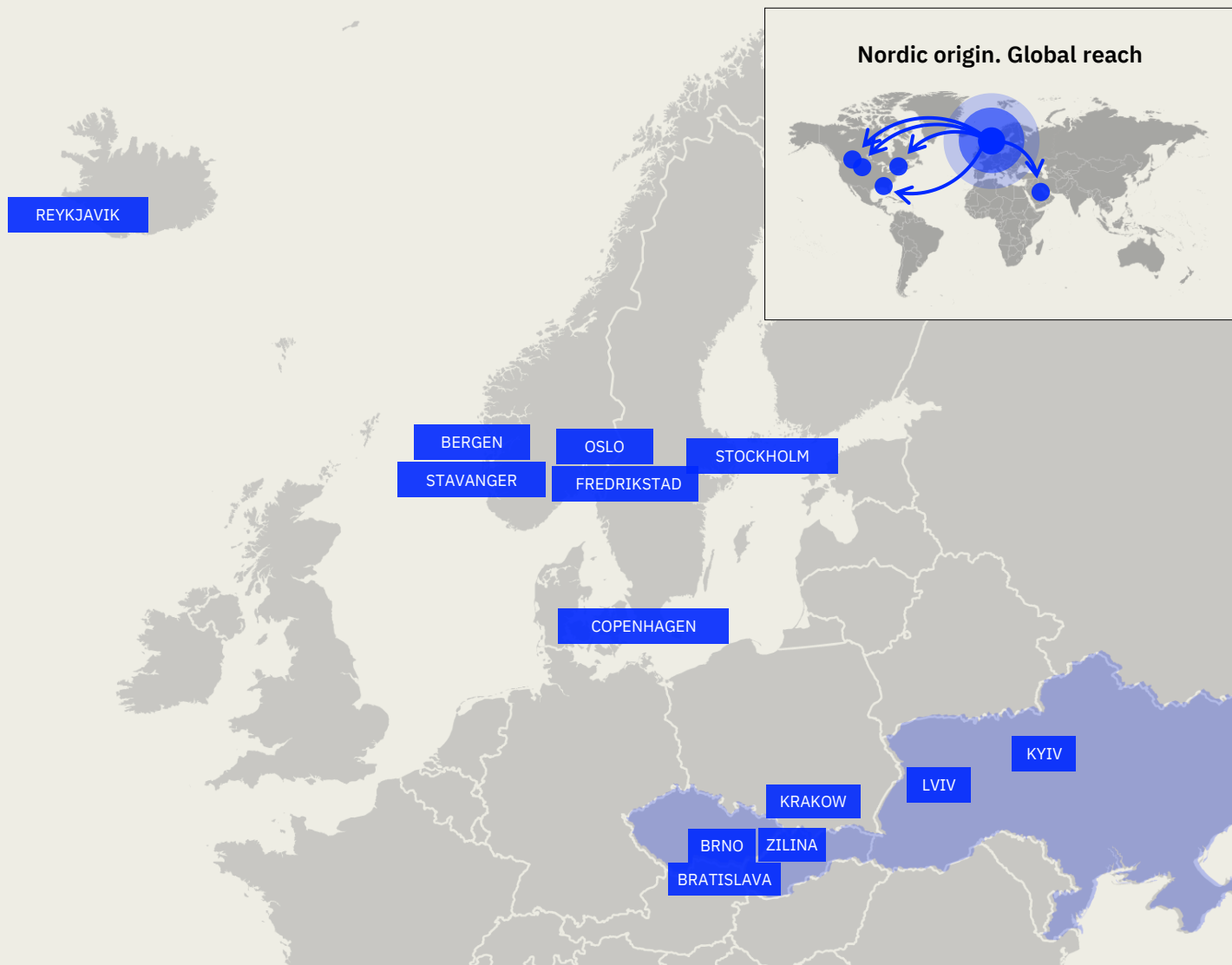


Itera Lviv, working from air raid shelter

Business Continuity Plan was successfully implemented

Business continuity execution in Ukraine

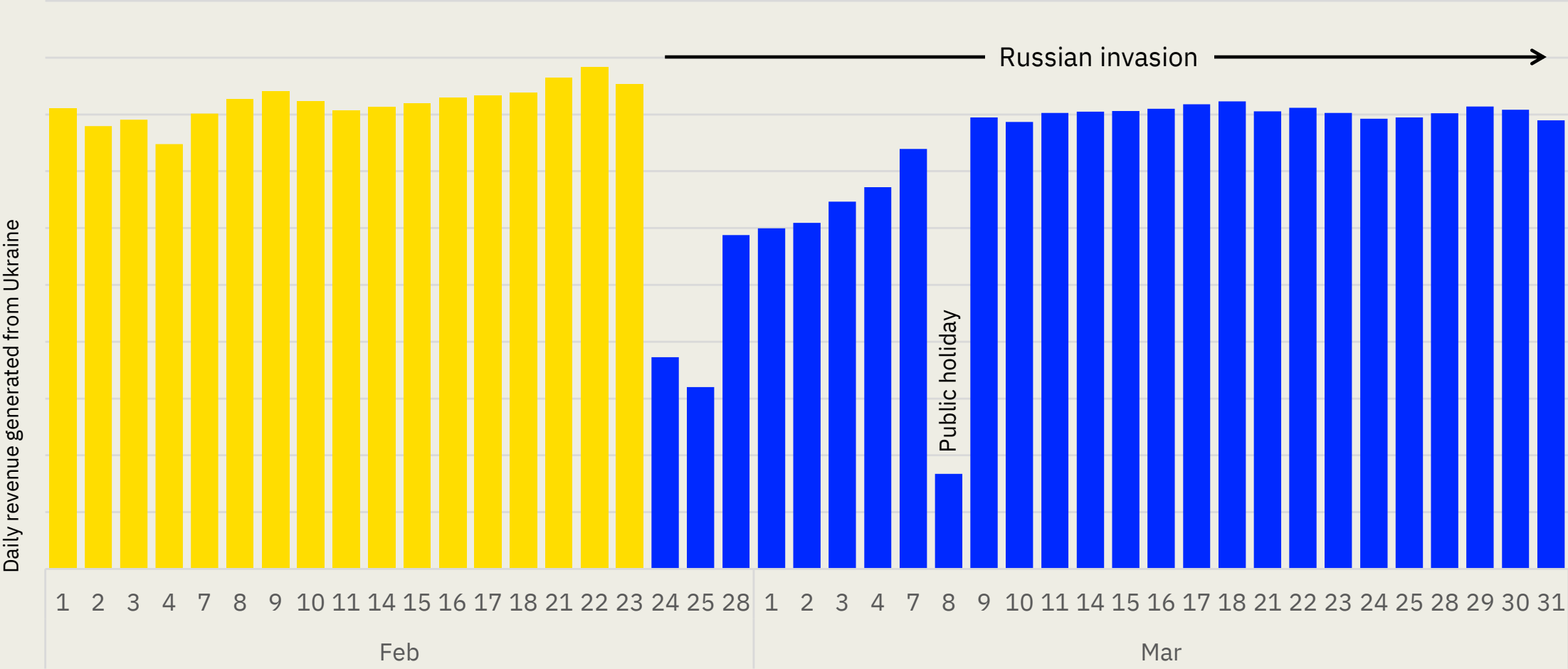
- People safety first. Moving people to Western part of Ukraine and other countries
- Implementation of an advanced security solution that is resilient for cyber warfare impact
- Customer deliveries towards normal level



Opening new locations outside Ukraine

- New office Zilina in Slovakia was established before the war started
- Temporary co-location office in Krakow in Poland in place
- Opening a new office in Brno in the Czech republic is planned for Q2

Daily revenue generated from Ukraine close to pre-war level



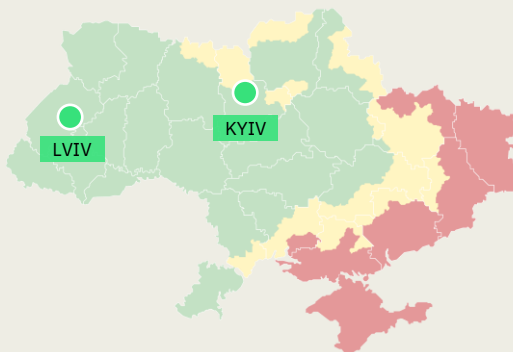
My visit to Ukraine as CEO

– As CEO, I visited our offices in Lviv and Kyiv and went by car through the Western part of Ukraine on 7-9 April 2022.

This visit was driven by the desire to demonstrate support to Ukraine, to all Ukrainian employees, to meet with Ukrainian government officials and discuss how to help Ukraine in the best way.

Itera people are really making a difference and we are all very proud of being part of the beautiful Ukraine. I really feel we stand with Ukraine in our hearts and everyday work life as ONE Itera.

Arne Mjøs, Founder & CEO of Itera



Itera stands with Ukraine

RELOCATION

Organise relocation of our people and their families to safe regions and abroad, assisting with transportation, accommodation and providing financial support.

MENTAL HEALTH

Mental health support program is organised for all employees as needed in these challenging times.

VOLUNTEERING

Volunteers from Itera are actively involved in various local Ukraine support initiatives, find the necessary equipment for the Army, provide humanitarian aid to those who need it the most.

SPECIAL SALARIES

Pay salaries to those employees who joined the Armed Forces or the Territorial Defense Forces.

Support those who cannot work at all due to objective financial reasons.

DONATIONS

National Bank of Ukraine's fundraising to the Ukrainian Army.

Norwegian-Ukrainian Chamber of Commerce (NUCC) fundraising including food, mental health and humanitarian aid.

The energy transition, digitalisation and Ukraine

Norway, the second-biggest supplier of gas to Europe behind Russia, is urged by President Zelenskyy to deliver more energy to stop Russian supply of gas that is financing Putins' war.

Norway as an advanced and reliable producer of energy

- As an advanced and reliable producer of energy, Norway can make Europe greener while at the same time contributing to Europe's energy security.
- Norway is at the forefront when it comes to offshore wind, clean hydrogen, carbon capture & storage and batteries.
- Renewable electricity is also the key lever for reducing emissions in the main industries such as transport, industry, and oil & gas.
- Digital technology is available for the new energy system and is estimated to contribute to one third of the required carbon reduction within 2030.

Ukraine can meet Norway's need for IT specialists

- To succeed with making Europe greener, Norway is facing a shortfall of 40,000 – 80,000 IT specialists by 2030.
- The IT industry in Ukraine has 285,000 specialists, increased by 40,000 in 2021, and 53% of high school students say they will study IT.
- IT services can be provided from Ukraine so that we do not brain drain the country of highly educated people.
- In return, Norway will provide export revenues of NOK 15-20 billion to Ukraine.

According to Mckinsey, the green transition could in 2030 create **210,000 new jobs** and generate about **NOK 310 billion** in increased Gross Domestic Product (GDP) in Norway. This represents 70% of the GDP contribution from oil and gas in 2020.

DN Studio: How to accelerate the green energy transition

Itera is committed to participating in the global effort to create a sustainable world.

As an element of our contribution, we took, together with the Norwegian newspaper DN and NHO (Confederation of Norwegian Enterprises), the initiative for an important TV broadcast called on this topic.



[Link to DN Studio panel debate](#)

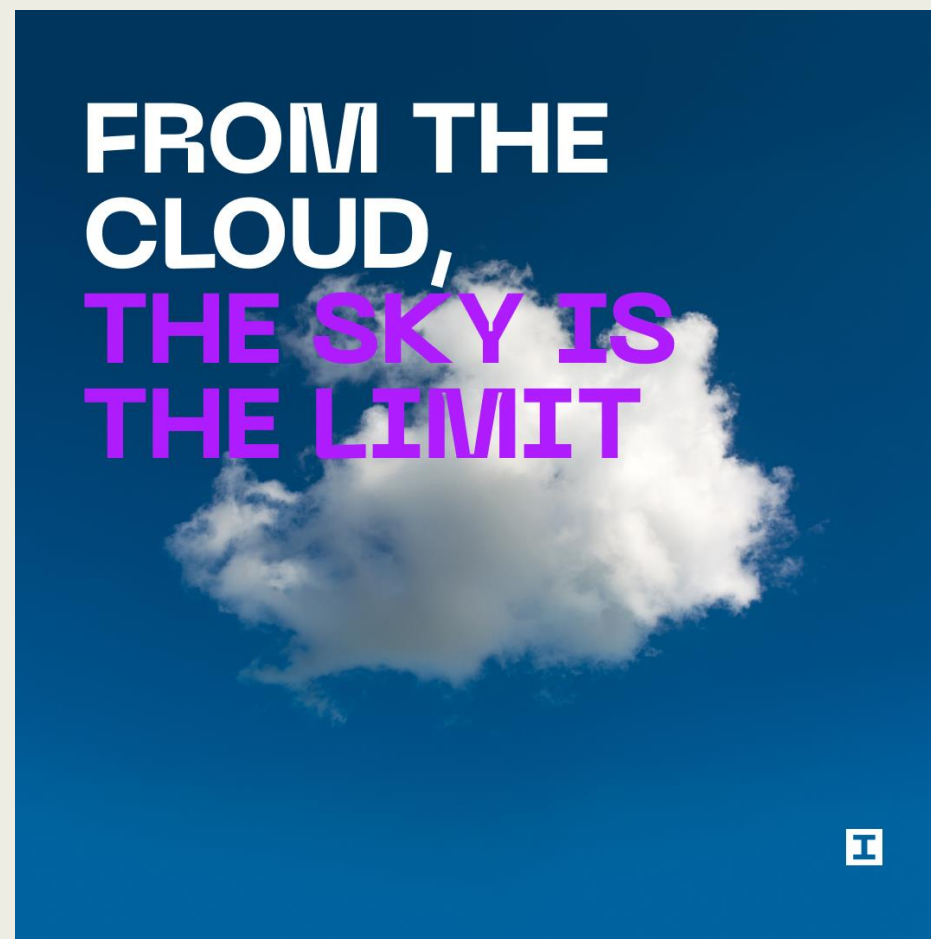
Sunsetting of own data centre operation completed

The remaining part of our data centre operation that had not already been migrated to the cloud was sold to a new data centre vendor by the end of the quarter.

Q1 2022 represents a milestone for the company, as we have both launched our new capability Cloud and Application Services and closed our own data centres.

Hence, our financial figures are reported as fully core digital business in 2022.

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



Delivery model for DNV created an electric atmosphere

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

As the world's largest quality assurance and risk management company, there are few companies that know as much about local regulations and infrastructure requirements as DNV.

After having provided consulting services for some six months, Itera was awarded the task of creating a solution from scratch involving new tech and a focus on the user experience.

A full fledged Digital Factory at Scale and Cloud Centre of Excellence working from Ukraine and other locations are used to create the new solution in Azure by combining deep industry knowledge and digitalisation at scale



Between 2026 and 2030 alone, NOK 7 billion needs to be invested in electrical grids globally to achieve the zero emissions targets by 2050.

The successful collaboration between DNV and Itera was one of the most important reasons for which it was possible to speed up the process.

Itera is helping DNV as a digitalisation and delivery partner. The electrical grid project is one of a number that have been launched across industry areas and national borders.

How an app can improve quality of life

Itera has assisted Össur in developing an app that gives amputees a better patient journey, and prosthetic providers a better basis for decision-making.

The solution consists of an app and a web interface used to create a statistical overview. The app, called Pro App is used to administer outcome tests with patients and gathers all the information in one place. This spares the prosthetic provider much paperwork.

From our offices in Kyiv, we worked with the customer's team in Iceland. The solution needed development - both the front and back end of the web interface - and it had to be designed for the American market.

Since Itera started working with Össur, the team has helped with continuous improvements to enhance the experience for end-users. The app is currently being used by clinics across the USA



In 2017, an estimated 57 million people worldwide were living with limb amputation due to traumatic causes.

MedTech is a highly regulated industry with strict guidelines and requirements regarding the quality and safety of the solutions and how personal data is stored and processed.

The result is flexible and secure business systems, rapid access to new functionality, and accelerated delivery of innovative solutions and time to market.

Order intake

Order intake from selected new and existing customers

Book-to-bill ratio^{*)} of 1.3 in Q1 for core digital business and 1.2 for the last 12 months

The logo for Sector Alarm, featuring the word "SECTOR" in black and "ALARM" in red with three red dots.The logo for Fotoware, featuring a black circle with a white 'f' and the word "fotoware" in black.The logo for Pizo, featuring the letters "P", "I", and "Z" in green, blue, and green respectively, with a small orange dot.The logo for Glitre Energi, featuring the word "GLITRE" in blue and "ENERGI" in smaller blue letters below it.The logo for Landsbankinn, featuring a red and blue square icon and the word "Landsbankinn" in blue.The logo for Sharecat, featuring the word "SHARE" in green and "cat" in grey with a white 'X'.The logo for TrafSYS, featuring the word "TRAFSYS" in blue.The logo for Vysus Group, featuring a green 'V' icon and the words "Vysus Group" in green.The logo for Santander, featuring a red flame icon and the word "Santander" in red.The logo for Storebrand, featuring a red infinity symbol and the word "storebrand" in black.The logo for Eviny, featuring a green circle icon and the word "eviny" in black.The logo for Wise, featuring a blue lightning bolt icon and the word "wise" in blue.The logo for Gjensidige, featuring the word "Gjensidige" in blue and a blue circle icon with a white figure.The logo for Norgesgruppen, featuring a blue wave icon and the word "Norgesgruppen" in black.The logo for Pelagia, featuring a purple infinity symbol and the word "PELAGIA" in purple.The logo for Össur, featuring a blue square icon and the word "ÖSSUR" in blue.

^{*)} 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

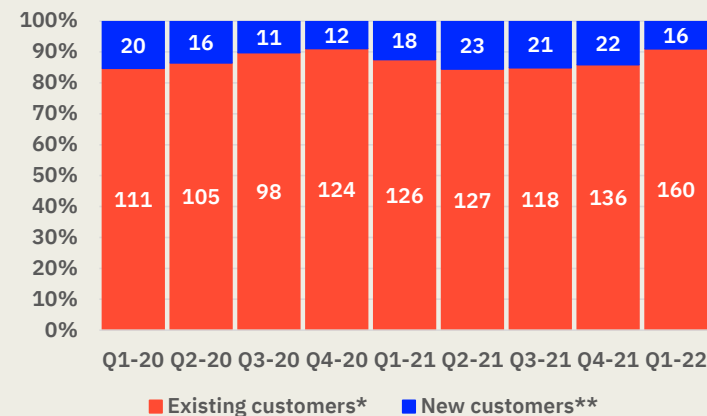
New business

- Existing customers accounted for 91.0% (87.5%) of revenues in Q1 2022
- New customers won over the past year generated revenues of NOK 22.5 (12.1) million in Q1 2022 (13.4% share)

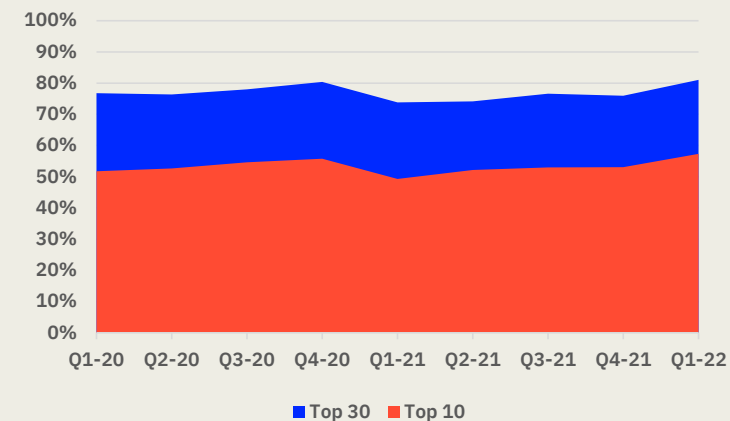
Good visibility

- Share of revenue from top 30 customers 81% (74%)
- High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Distributed 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

Skilled and innovative employees

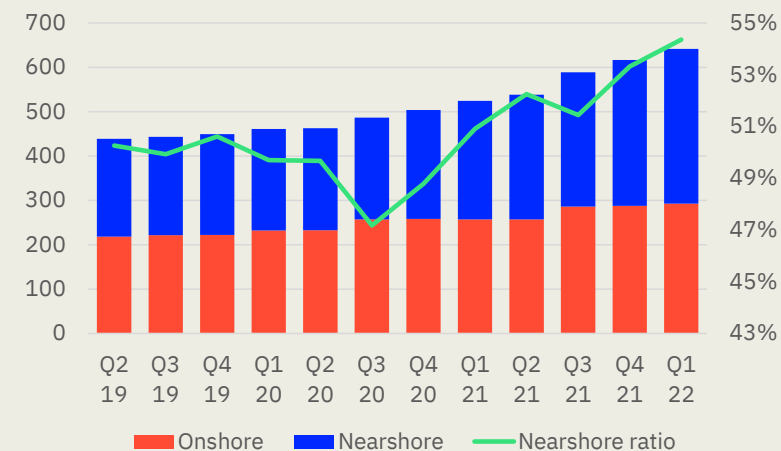
642 employees at the end of the quarter

- Up by 25 in the quarter
- Up by 118 (63) last twelve months

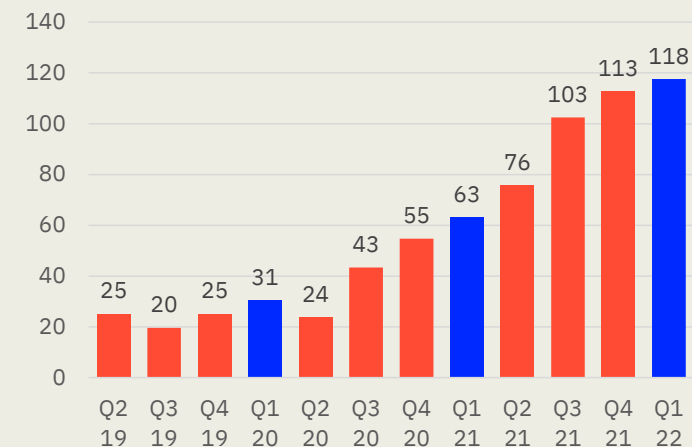
Nearshore ratio of 54% (50%)

- Our distributed delivery model of onshore and nearshore consultants are increasing our price competitiveness as well as providing high scalability through access to a very large talent pool

Number of employees end of quarter by shore



Rolling 12 months net FTE growth



Norway's top 25 most innovative

In the first quarter, Itera was recognised 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.

WE FIND
THE HUMAN
SOLUTIONS
TO COMPLEX
CHALLENGES

03

Financial review



Financial reporting 2022

Itera reported during 2021 on its **core digital business** as its dominant reporting segment in anticipation of the **data centre operations** being sunset. As of Q1 2022, the data centre operations have been discontinued and Itera only reports on one segment going forward, equal to that of its core digital business

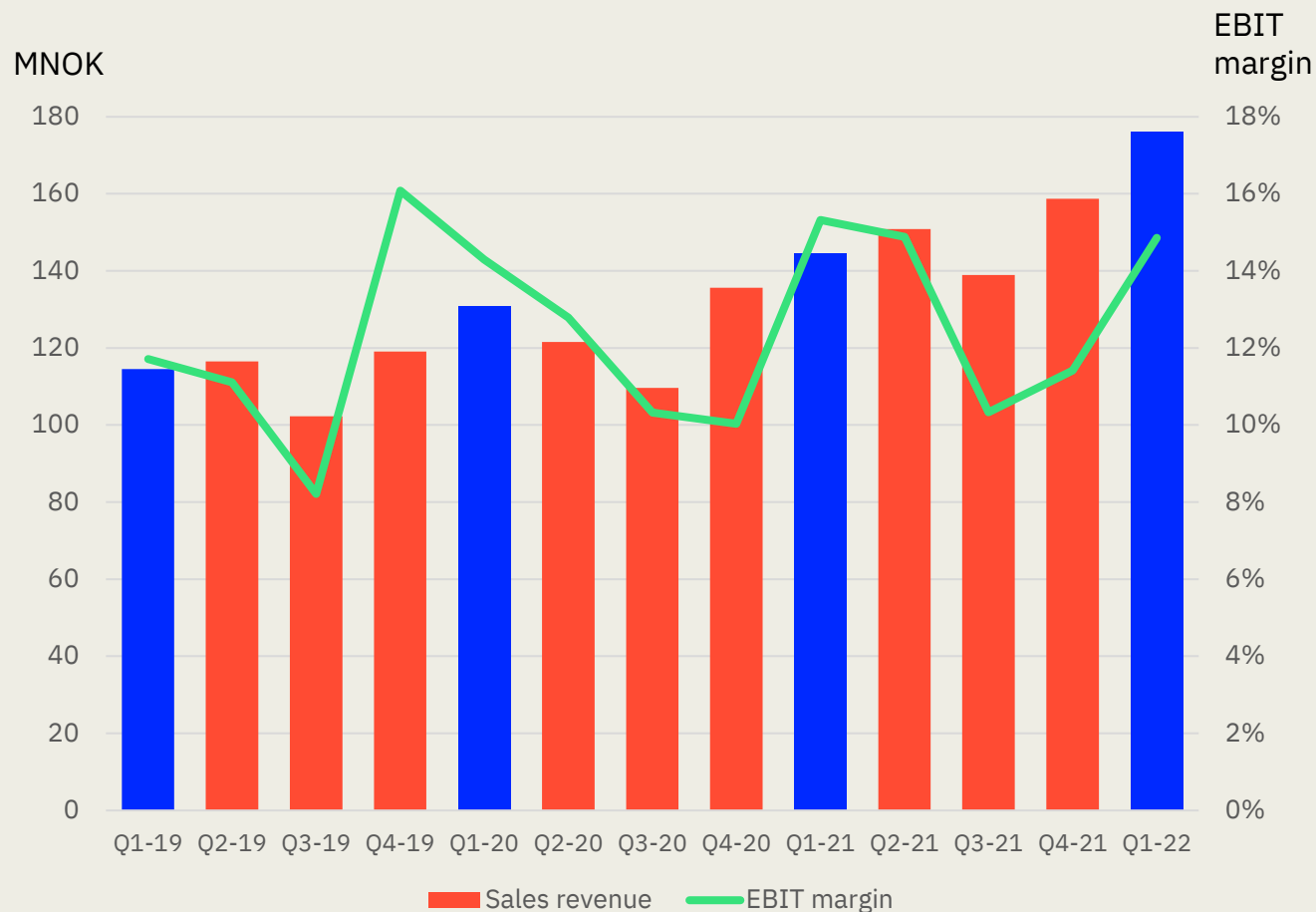


Key financials

NOK Million	2022 1-3	2021 1-3	Change %	2021 FY
Sales revenue	176.0	144.4	22 %	593.0
Gross profit	162.0	132.4	22 %	547.3
Personnel expenses	117.0	95.8	22 %	117.0
Other opex	11.8	8.5	38 %	11.8
EBITDA	33.3	28.1	18 %	101.6
EBITDA margin	18.9 %	19.5 %	-0.5 pts	17.1 %
Depreciation	7.2	6.0	20 %	25
EBIT	26.1	22.1	18 %	77.0
EBIT margin	14.9 %	15.3 %	-0.5 pts	13.0 %
Net cash flow from operations	(0.4)	0.6	(172 %)	69.5
Cash and cash equivalents	29.5	41.2	(28 %)	37.5
Employees at end of period	642	524	22 %	617
Employees in average	630	525	20 %	556

- Growth of 22% fuelled by volume increases of top customers
- Personnel expenses mainly driven by FTE growth
- Opex increase from new SK office and higher spending on sales & marketing, recruitment and travelling
- Depreciation up from amortisation of Cloud Centre of Excellence
- EBIT up 18% to MNOK 26.1
- EBIT margin of 14.9% (15.3%)
- No. of FTEs up 118 to 642

Revenue and earnings development



- Strong sales growth year over year with 2-year CAGR of 15.5%
- Quarterly figures are impacted by number of working days net of vacations. Q1 2022 had 64 (63) days

Discontinued operations

	2022	2021	change	2021
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
<i>Gross margin</i>	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
<i>EBITDA margin</i>	-131.8%	-21.6%	-110.2%	-36.3%
EBIT	-11.1	-3.7	-7.4	-18.4
<i>EBIT margin</i>	-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

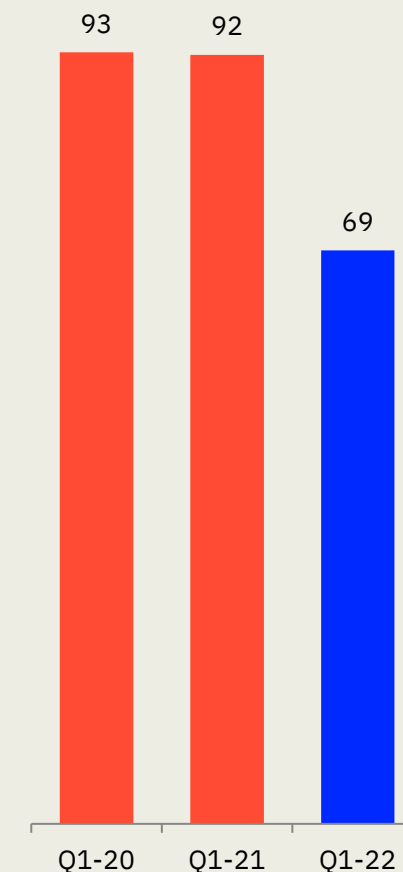
- Data centre operations completed migration of customers in Q1
- Residual customer portfolio with related assets and supplier agreements sold to Move with effect from 1 April
- Q1 includes final exit costs net of sales proceeds
- Discontinued operations are reported on a net income basis, i.e. not included in sales revenue, operating expenses, etc

Statement of cash flow

NOK Million	2022 1-3	2021 1-3	2021 FY
EBITDA	33.3	28.1	101.6
Change in balance sheet items	(33.7)	(27.6)	(32.1)
Net cash flow from operating activities	(0.4)	0.6	69.5
Net cash flow from investment activities	(4.1)	(7.3)	(32.8)
Purchase of own shares	(0.6)	-	(23.5)
Sale of shares	-	-	8.4
Cash settlement of options contract	-	-	(1.0)
Equity settlement of options contract	-	-	4.0
Principal elements of lease payments	(3.8)	(7.4)	(17.5)
Instalment of sublease receivable	0.9	0.9	3.6
External dividend paid	-	-	(27.9)
Net cash flow from financing activities	(3.5)	(6.4)	(53.9)
Net change in bank deposits and cash	(7.9)	(13.2)	(16.9)
Bank deposits at the end of the period	29.5	41.2	37.5

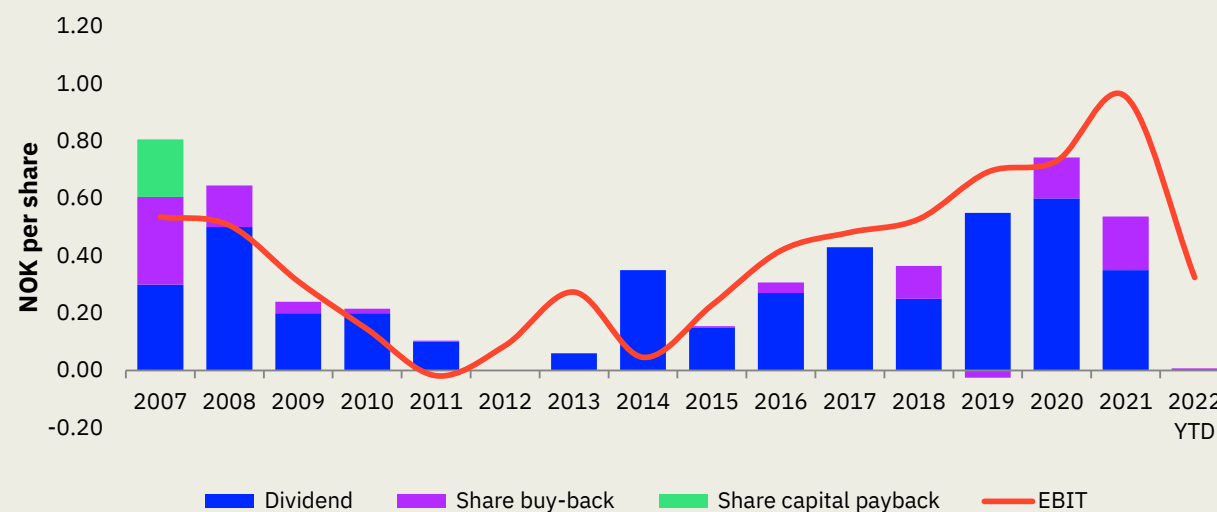
- Cash flow from operations NOK -0.4 (0.6) million in Q1
- 12 month rolling cash flow from operations was NOK 68.8 (92.2) million

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



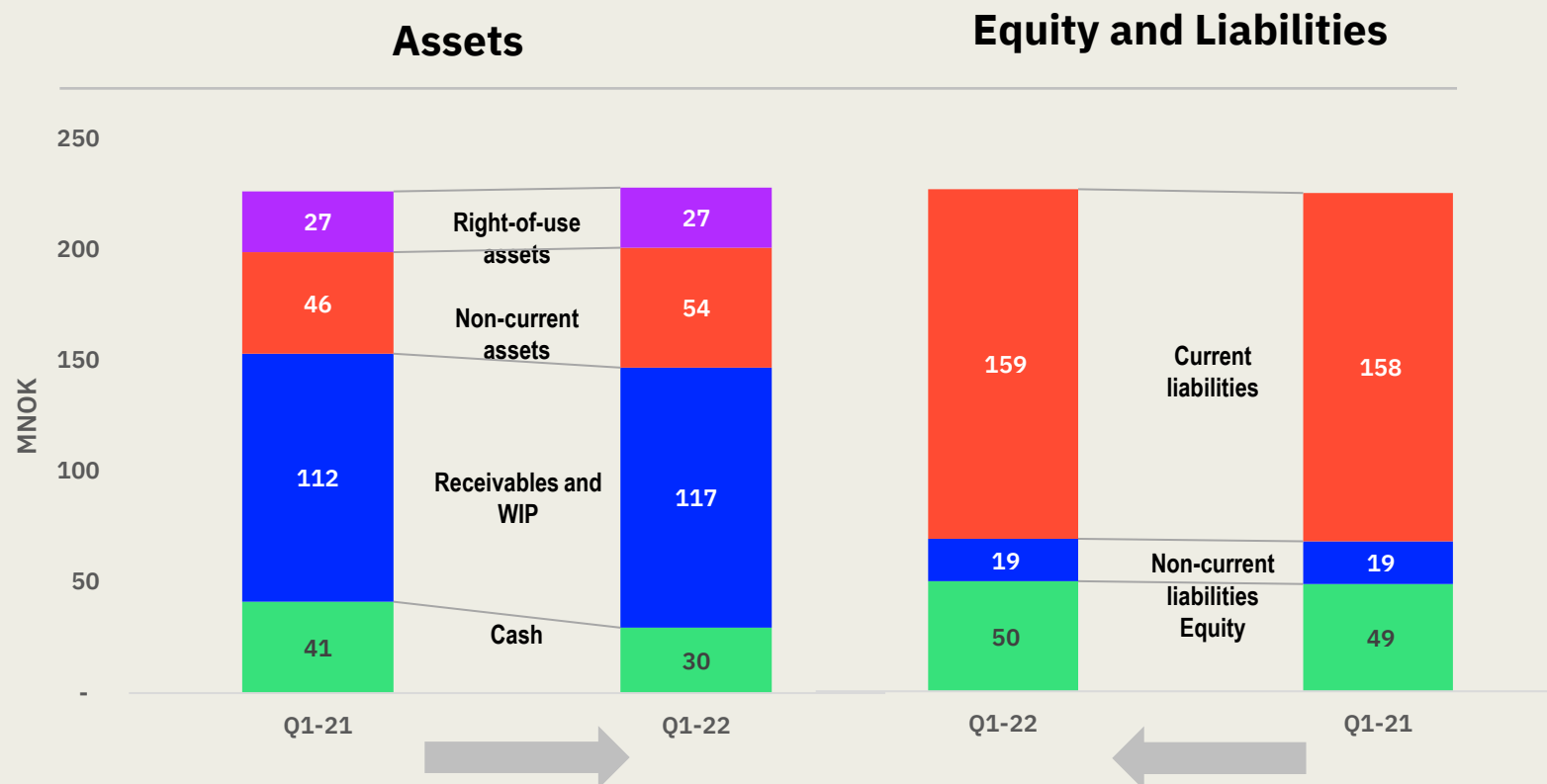
Dividend and own shares

- The Board has proposed an ordinary dividend of NOK 0.20 per share for 2021 with the opportunity to pay a supplementary dividend later in the year
- Share price was NOK 12.00 at the end of March 2022, an decrease of 18% (16% incl. dividends) from NOK 14.70 at the end of March 2021.
- Current holding of own shares is 1,692,006 shares. Value at 31 March 2022 was MNOK 20.3
- Consistent high distribution of earnings



Statement of financial position

- Equity ratio of 22% (22%) per 31 March 2022
 - 25% (25%) excl. IFRS 16 Leasing
- Cash balance of MNOK 30 (MNOK 41)
- Total balance increased by MNOK 2 to MNOK 228



04 Outlook



Outlook

Full commitment to Ukraine with efficient business continuity processes still allowing close to full operations

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

Profitable growth and cash flow are key focus areas.

Data centres closed down and reported as discontinued business.

Regional expansion in the Nordics and Central Europe for access to more talents

05

Q&A



We stand with
Ukraine

Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	30.25	NOR	24 863 031
2	OP CAPITAL AS	5.54	NOR	4 556 083
3	GIP AS	5.08	NOR	4 171 500
4	EIKESTAD AS	3.65	NOR	3 000 000
5	SEPTIM CONSULTING AS	3.59	NOR	2 950 000
6	BOINVESTERING AS	3.27	NOR	2 686 968
7	GAMST INVEST AS	3.08	NOR	2 527 867
8	DnB NOR Bank ASA	2.84	NOR	2 331 483
9	JØSYRA INVEST AS	2.68	NOR	2 200 000
10	ITERA ASA	2.06	NOR	1 692 006
11	DZ Privatbank S.A.	1.61	NOR	1 320 000
12	HØGBERG, JON ERIK	1.27	NOR	1 042 039
13	AANESTAD PANAGRI AS	1.16	NOR	950 000
14	FRAMAR INVEST AS	1.12	NOR	920 000
15	VERDIPAPIRFONDET STOREBRAND VEKST	1.04	LUX	851 465
16	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700 000
17	NYVANG, JETMUND GUNNAR	0.77	NOR	630 500
18	JENSEN, LARS PETTER	0.76	NOR	627 800
19	MORTEN JOHNSEN HOLDING AS	0.73	DEN	600 000
20	GRØSLAND, KIM KJETIL	0.72	NOR	590 000
TOP 20		72.04		59 210 742

*Arne Mjøs Invest AS holds a future contract on 2,400,000 shares. The total controlling interest of Arne Mjøs is thus 27,263,031 shares (33.2%).

