

ITERA

Q2
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

Q2 2022



Q2 in brief



22%

Organic revenue growth

The situation in Ukraine is stabilised and we are ready to continue our growth

Implementing three new offices to scale up even higher than before invasion

Several new strategic wins and increasing sales pipeline for cloud journey opportunities

Itera teams up with Microsoft global consulting division to increase sales and deliveries

11.7%

Operating margin

2+2 years framework agreement with IMDi with expected value of 40-60 MNOK

Book-to-bill of 1.1 in Q2 and 1.2 last 12 months

Number of employees increased 122 last 12 months, of which 19 in Q2

Ordinary dividend for 2021 of NOK 0.20 per share paid

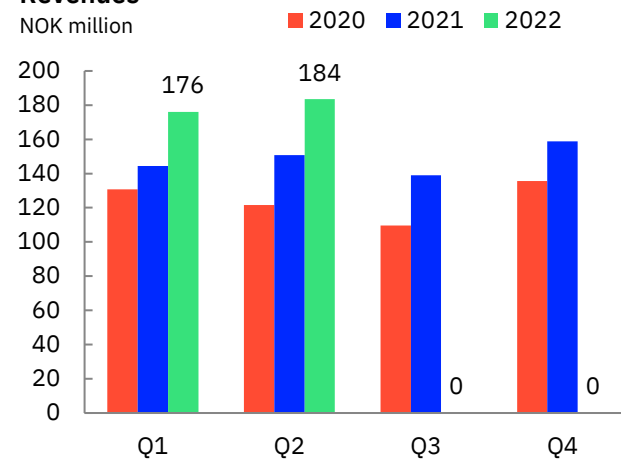
Key figures

22%

Organic revenue growth

Revenues

NOK million

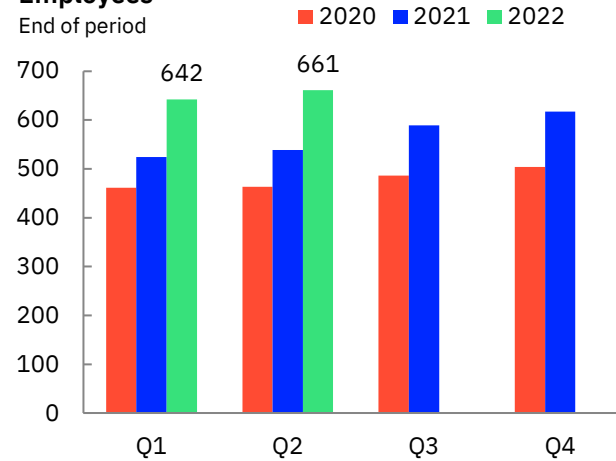


23%

Growth in number of employees

Employees

End of period

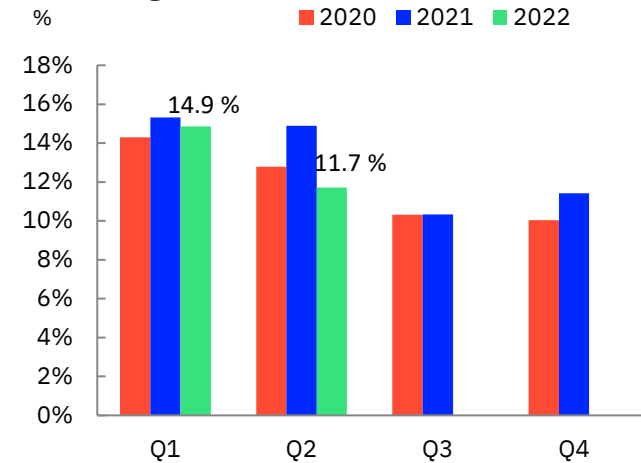


11.7%

Operating margin

EBIT margin

%



02

Business review



Impact of Russia's invasion of Ukraine

Key topic for NHO Annual Conference in May was the new security situation in Europe after the Russia's invasion of Ukraine and the support for Ukraine.

Arne Mjøs of Itera was the first top executive to visit Ukraine after the invasion and shared his stories after meeting our people in Ukraine and the ministries in Kyiv.

Ukraine's fight is also our fight for our freedom and sovereignty. Therefore, buying more products and services from Ukraine is the biggest corporate social responsibility (CSR) contribution that the private and public sectors can make.

This conference is the de facto annual meet up where all key stakeholders of the government and businesses in Norway are attending.



NHO Annual Conference 2022 [Link to recording](#)

Visiting Ukraine after the Russian invasion

– As CEO, I visited our offices in Lviv and Kyiv in April and June and went over 2000 km by car through the Western part of Ukraine

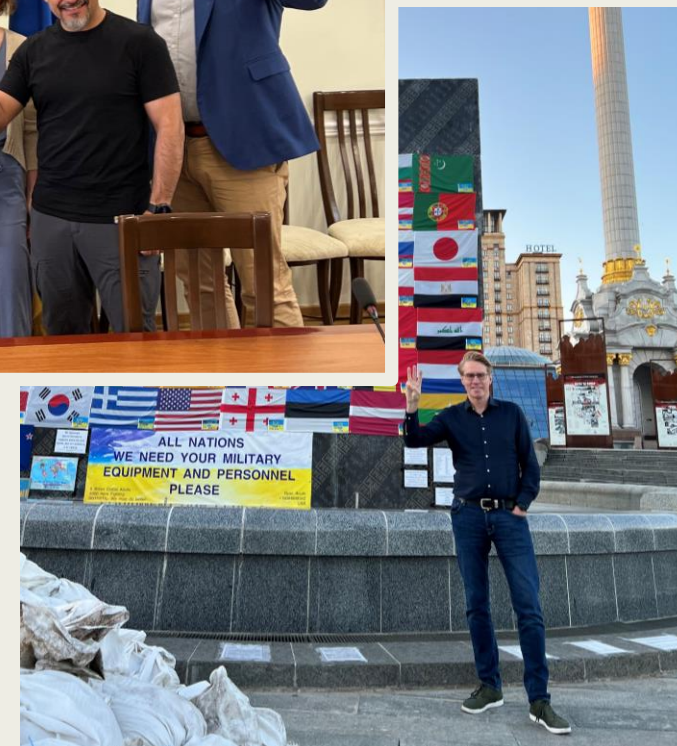
I am incredibly proud to witness the way our people of Itera in Ukraine have managed to keep the business running despite the war. Indeed, we achieved almost normal capacity utilisation about one week after the invasion. Today, most of the colleagues have returned to their homes.

Cyber security is not an obstacle since we have implemented advanced security services in the cloud that are basically removing the risks related to any end-user devices in Ukraine.

We also had several meetings in Kyiv with ministries of the Ukrainian government to discuss how Norway and the Nordics can accelerate the green shift in the energy sector as well as taking a leading position within industrial software and services.

Arne Mjos

Founder & CEO of Itera



A greeting from the Vice Prime Minister of Ukraine and Minister of Digital Transformation in Ukraine

“



– Of course, it's important to donate and help Ukrainian refugees. But my message will be the following: in order to quickly rebuild Ukraine's economy, world shouldn't be afraid of investing in Ukraine now.

So, engage Ukrainian IT specialists, take a look at Ukrainian startups and IT companies. They are ready to help any business in any sector in Norway to increase the speed.

Mykhailo Fedorov

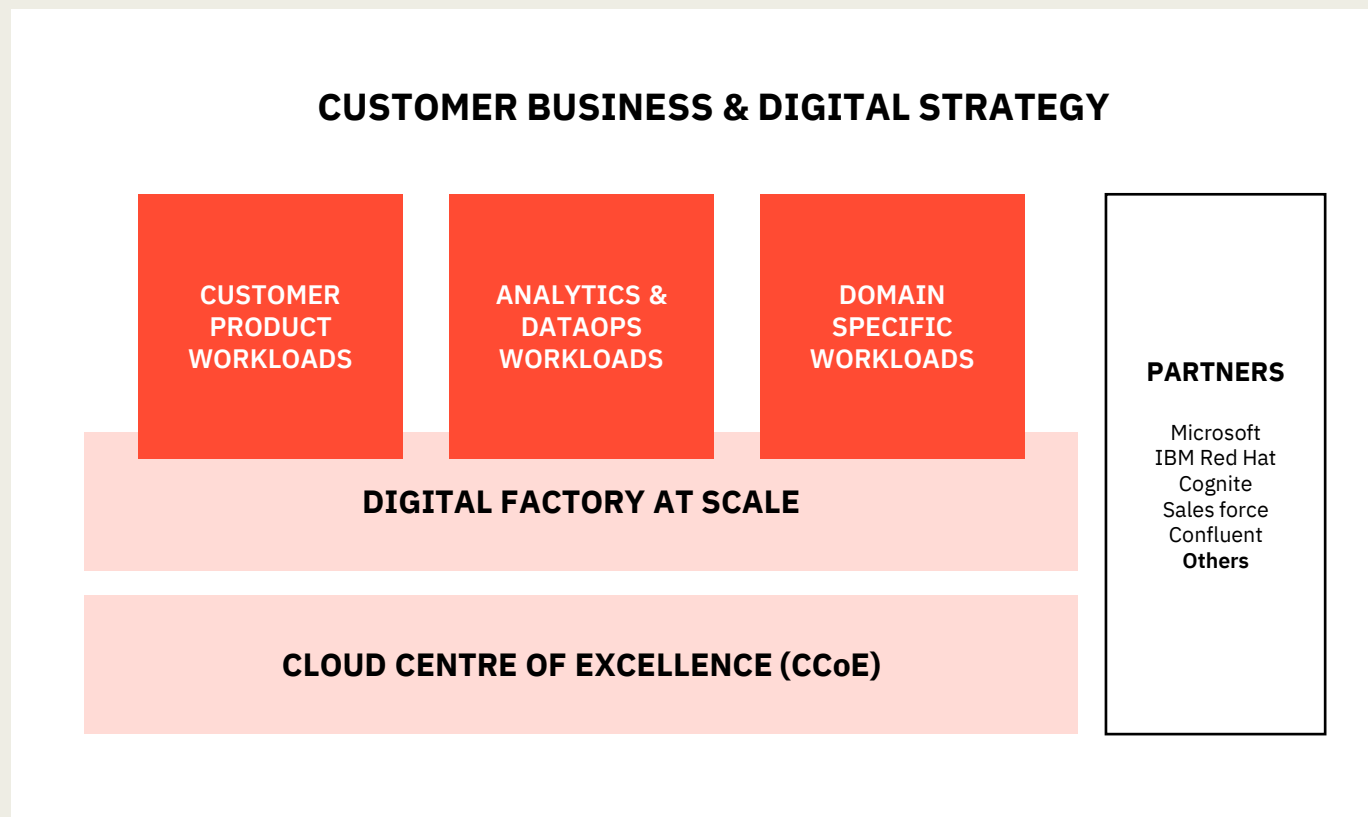


Itera for Energy: Powering a sustainable future

Operate for the future	Transform your workforce	Transition to clean	Reimagine energy
 <p>Increase operational resiliency while generating value for stakeholders</p> <ul style="list-style-type: none"> ▪ Health & safety ▪ Intelligent supply chain ▪ Connected assets & operations ▪ Physics-based models 	 <p>Attract, train, and retain employees for your next-generation workforce</p> <ul style="list-style-type: none"> ▪ Digital field worker ▪ Skills enhancement ▪ Knowledgeable management & collaboration ▪ Productivity & process improvement 	 <p>Achieve net-zero commitments through emissions reductions and decarbonization</p> <ul style="list-style-type: none"> ▪ Measure emissions & environmental performance ▪ Manage & reduce carbon ▪ Enhance renewables & decarbonize the Grid ▪ Power the intelligent grid 	 <p>Capitalize and expand your market positioning, growth opportunities, and new business models</p> <ul style="list-style-type: none"> ▪ Accelerate energy efficiency ▪ Scale electric vehicles ▪ Enhance sustainable industries ▪ Unlock innovative business models
Digital Factory at Scale			

Digital Factory at Scale for data-driven businesses

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



Nordic origin with an international approach

The Nordics is often positioned as digital and sustainable front-runner that show the way globally

We are growing together with international customers and partners based on our ONE Itera model across borders.

Our Digital Factory at Scale with cross-functional teams across border was recognised as best in the world by Global Sourcing Association in 2018.

Since the invasion, we have invested in three new offices to balance the new situation in Ukraine.



New locations

Zilina



- The 4th largest city of Slovakia with a population of approximately 80,000
- 2 hours drive from Itera office in Bratislava
- Several Itera people working there already
- Ramping up recruitment capacity

Brno



- The second-largest city in the Czech Republic with high talent pool due to tech universities
- 1.5 hours drive from Bratislava
- Legal, economical, cultural similarities with Slovakia
- Several relocated Itera people from Ukraine as well are new hires
- Ramping up recruitment capacity

Krakow



- The second-largest city in Poland
- Tier 1 city for IT talent – no scalability limits in observable future
- Direct flights from other Itera offices
- Co-location with a customer
- Several relocated Itera people from Ukraine as well are new hires
- Using recruitment capacity from Ukraine

Increasing supply capacity in Central and Eastern Europe

We are growing our capacity in Central Europe to accommodate new demand and transition out of Ukraine for a couple of customers.

After adapting the normal in Ukraine, we will continue to grow at full speed since more customers will buy more services to stand with Ukraine.

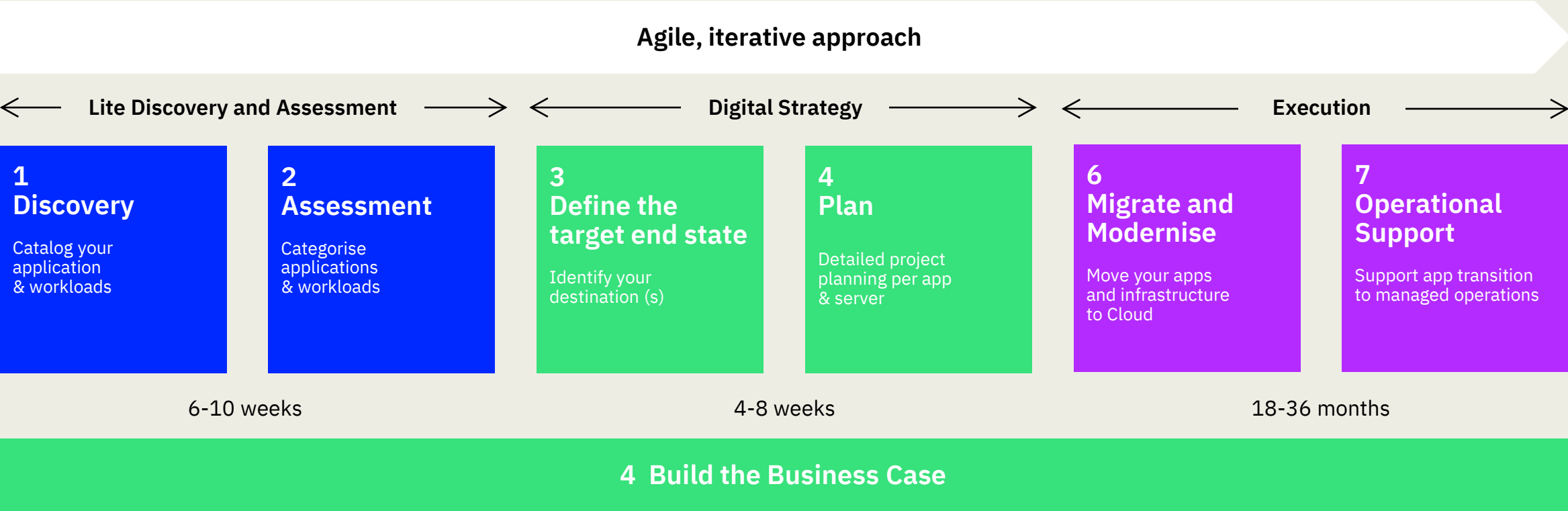
Once the new offices are running at full speed, our growth capacity will be even larger than before the invasion and less vulnerable to any situation in Ukraine.

Illustrative purposes



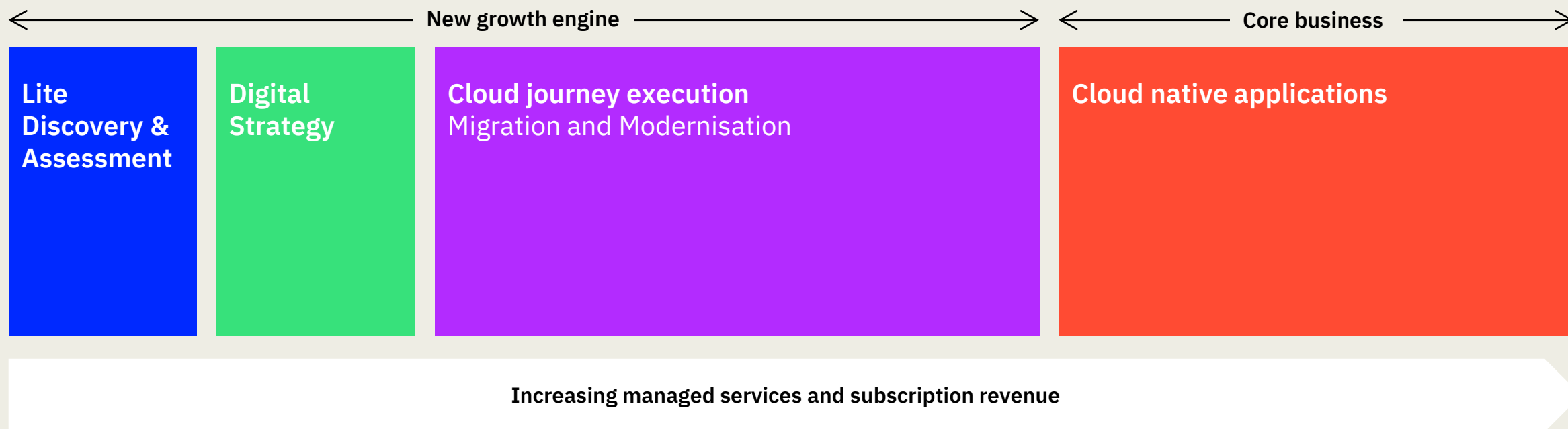
A typical cloud journey

Creating a sustainable digital business starts with a modern cloud platform.
95% of new digital workloads will be deployed on cloud-native platforms by 2025.



A new growth engine with increasing recurring revenue

There is a gradual shift taking place in the nature of the demand for managed services. Cloud Application Services is our economic investment case with gradually improving profitability during the next 3-12 months.



Low Code at Itera

It's estimated that by 2030 there will be a shortage of about 85 million tech workers worldwide. Part of the solution is to democratise the creation of applications and access to data.

Low Code platforms, like Microsoft Power Platform, aim to empower every developer to do more.

For our customers, Low Code can be a great prototyping tool and a way of quickly validating project goals and business needs before big development projects. We see successful fusion teams where both low coders and pro coders work side-by-side on the same project.



Ulrikke Akerbæl, Practice Lead Low Code at Itera and Microsoft MVP

A unique and preferred partner of Microsoft

In June 2022, Itera and Microsoft's global consultancy division Industry Solutions Delivery (ISD) in Norway entered a unique cooperation agreement to increase sales and deliveries to selected customers.

The agreement obliges both parties to cooperate on sales and deliveries to joint customers. The aim is to accelerate the development of digital strategies and transformations for strategically selected customers.

Through joint sales and delivery teams, Itera is tapping into Microsoft ISD worldwide team of 20,000+ experts and a full range of developed IP (intellectual property) based on best practices from digital transformation of leading companies in the world.



Arne Mjøs, CEO of Itera and Øystein Sulutvedt, Director Microsoft ISD Norway

Developed sustainability dashboard for Storebrand

Itera has assisted Storebrand in developing a new sustainability dashboard. The tool visualises how the pension savings of business customers score on sustainability.

More and more companies have started to report on sustainability in terms of purchasing, operations and investments.

Storebrand has a rich data selection, but availability has been a challenge. In January 2022 Itera was engaged to develop a solution that visualises how pension savings score on various sustainability dimensions.

The solution was developed in close collaboration between Itera and Storebrand, and followed agile development principles. Itera was responsible for developing the solutions for both backend and frontend.



Sustainability is central to Storebrand, which is ranked at the very top in the Global 100 and Dow Jones Sustainability Index ratings.

The dashboard provides insight into how the pension savings deliver in four areas:

- Carbon footprint
- investments in sustainable solutions
- exposure to fossil fuel companies
- sustainability score

In June, the dashboard was launched, and is now available for companies with a defined contribution pension in Storebrand.

Modern digital registry services with IMDi

The Directorate of Integration and Diversity (IMDi) and Itera have entered into a 2+2 years framework agreement with an expected value of 40-60 MNOK.

The framework agreement entails that Itera will work with IMDi to develop and modernise digital registry services and ensure that IMDi has the necessary expertise and capacity to establish a modern, cloud-based platform.

The goal is to bring new digital services to IMDi's target groups and create better user experiences for the individual.

"The collaboration with Itera will play a key role in IMDi's digital transformation," says Christine Rabassa Stautland, who is Head of Digitisation at IMDi.



IMDi's vision is to ensure "equal opportunities, rights and responsibilities in a diverse society".

Itera will deliver according to our Digital Factory at Scale, using all our services as One Itera.

The first product to be developed, called "Jobbsjansen", aims to increase employment among immigrant women who are not part of the labor market today

Order intake

Order intake from selected new and existing customers.

Book-to-bill ratio^{*)} of 1.1 in Q2 and 1.2 for the last 12 months

**SECTOR
ALARM**•••••



GLITRE
ENERGI



SHARE cat-X

Kredinor

Vysus Group



 **storebrand**



Gjensidige 

klp



ÖSSUR

^{*)} 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

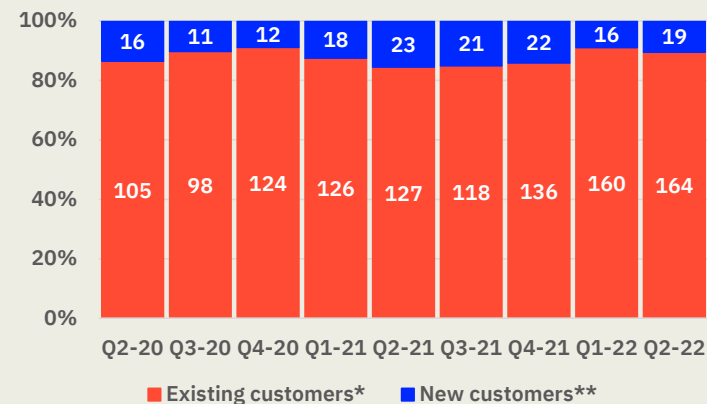
New business

- Existing customers accounted for 89.5% (84.5%) of revenues in Q2 2022
- New customers won over the past year generated revenues of NOK 19.3 (23.4) million in Q2 2022 (10.5% share)

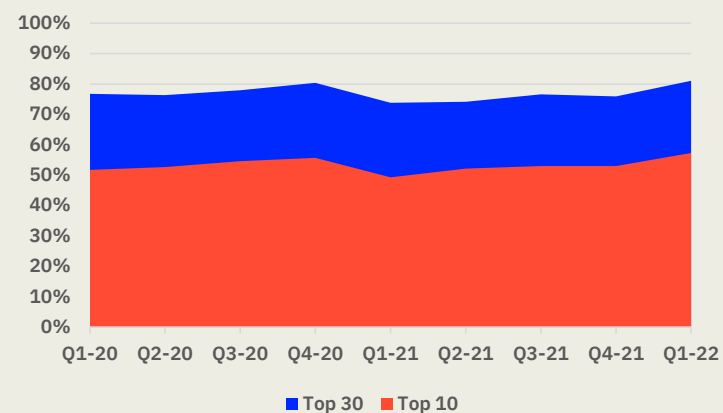
Good visibility

- Share of revenue from top 30 customers 82% (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

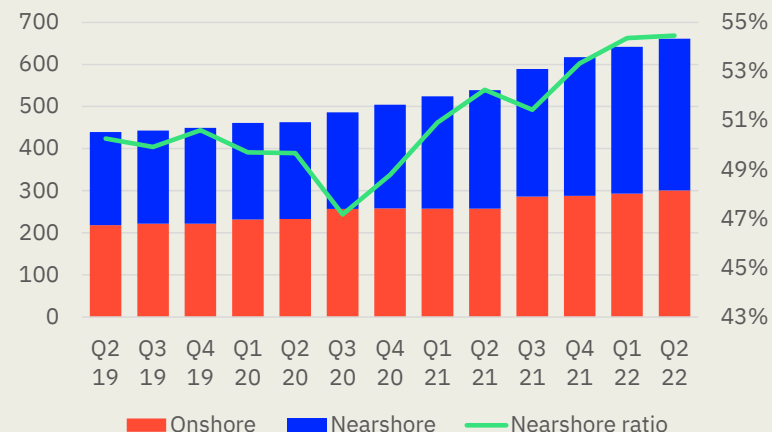
661 employees at the end of the quarter

- Up by 19 in the quarter
- Up by 122 (76) last twelve months

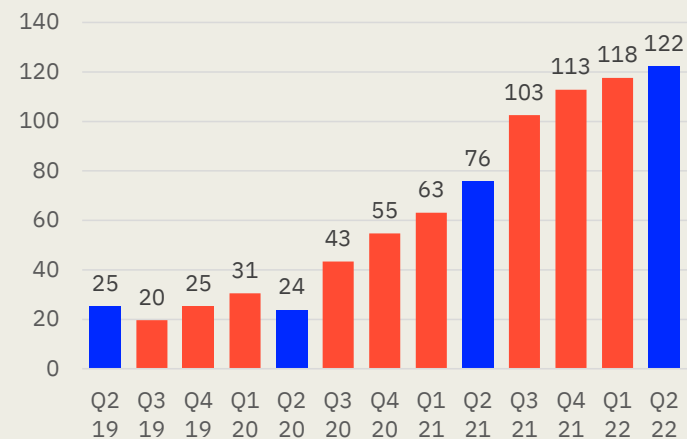
Nearshore ratio of 54% (51%)

- 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



03

Financial review



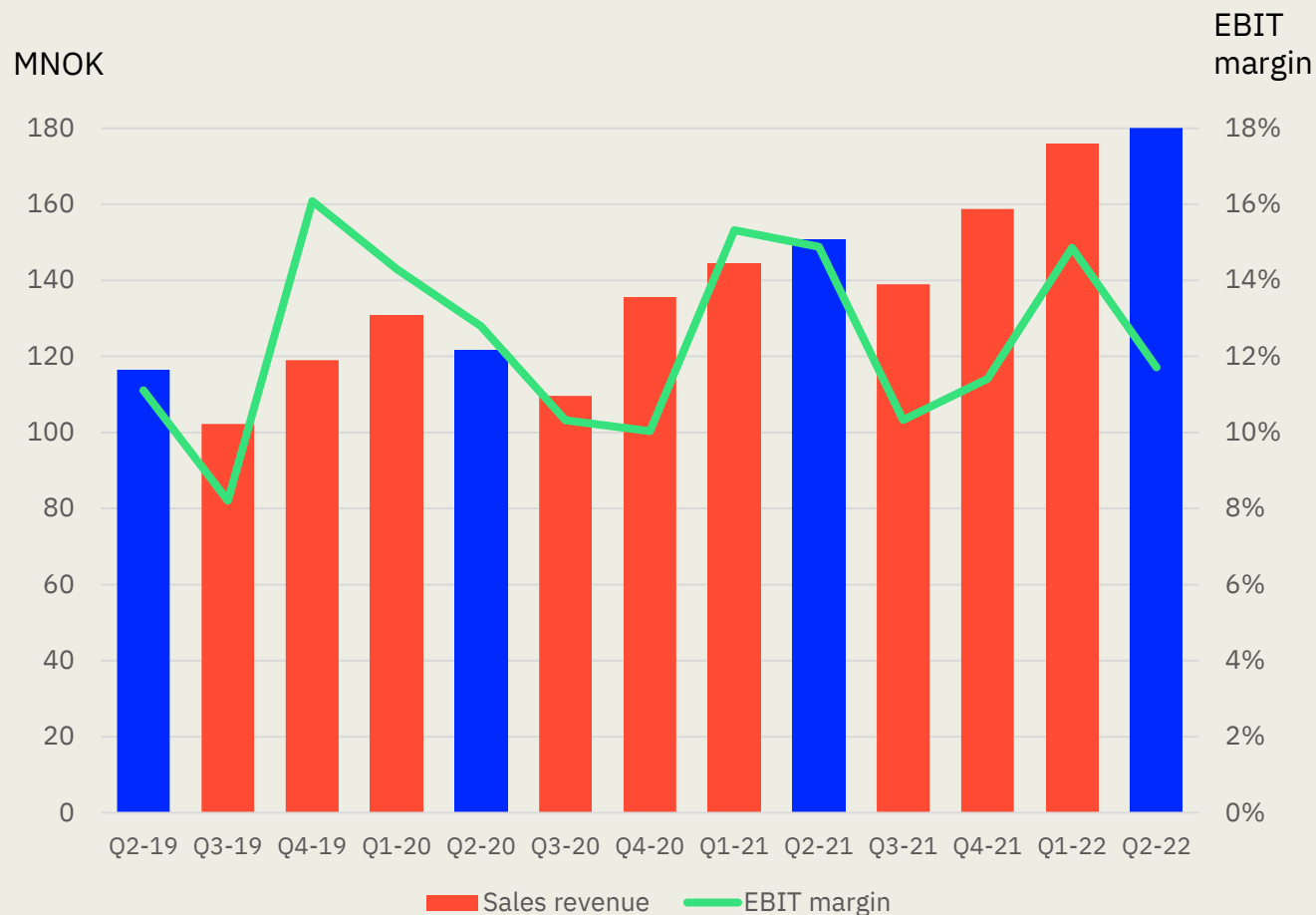
Key financials

NOK Million	2022 4-6	2021 4-6	Change %	2022 1-6	2021 1-6	Change %	2021 FY
Operating revenue	183.5	150.8	22%	359.5	295.3	22%	593.0
Gross profit	169.6	138.5	22%	331.7	271.0	22%	547.3
Personnel expenses	128.0	100.8	27%	245.0	196.6	25%	245.0
Other opex	12.8	9.2	39 %	24.6	17.7	39 %	24.6
EBITDA	28.8	28.6	1%	62.1	56.7	10%	101.6
EBITDA margin	15.7%	18.9 %	-3.2 pts	17.3%	19.2%	-1.9 pts	17.1%
Depreciation	7.3	6.1	20%	14.5	12.1	20%	25
EBIT	21.5	22.4	-4%	47.6	44.6	7%	77.0
EBIT margin	11.7%	14.9 %	-3.2 pts	13.3%	15.1%	-1.8 pts	13.0%
Net cash flow from operations	13.0	23.8	-45%	12.6	24.4	-48%	69.5
Cash and cash equivalents	27.1	15.4	76 %	27.1	15.4	76 %	37.5
Employees at end of period	661	539	23%	661	539	23%	617
Employees in average	667	532	25%	664	528	26%	556

- Growth of 22% fuelled by volume increases of top customers
- Personnel expenses mainly driven by FTE growth
- Opex increase from new offices and higher spending on sales & marketing, recruitment and travelling
- Depreciation up from amortisation of Cloud Centre of Excellence
- EBIT down 4% to MNOK 21.5
- EBIT margin of 11.7% (14.9%)
- No. of FTEs up 122 to 661

1. Stabilising Ukraine
2. Investment in new delivery capacity
3. Readiness for implementation of industrialised managed services

Revenue and earnings development



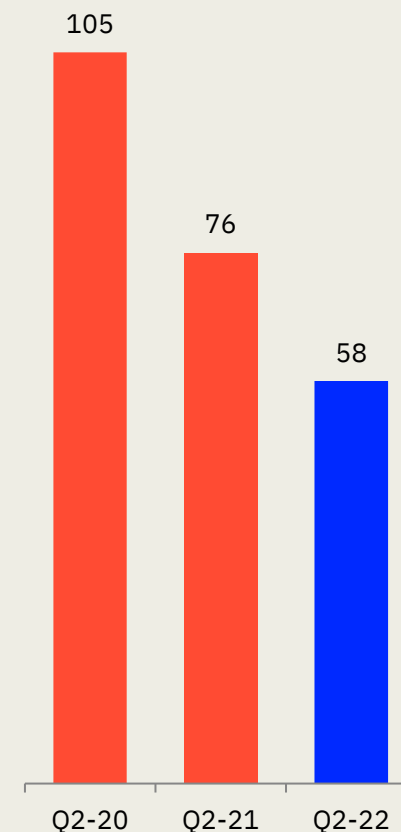
- Strong sales growth year over year with 2-year CAGR of 17.8% and an average of 12.5% EBIT margin
- Quarterly figures are impacted by number of working days net of vacations. Q2 2022 had 59 (59) days

Statement of cash flow

NOK Million	2022 4-6	2021 4-6	2022 1-6	2021 1-6	2021 FY
EBITDA	28.8	28.6	62.1	56.7	101.6
Change in balance sheet items	(15.8)	(4.7)	(49.5)	(32.3)	(32.1)
Net cash flow from operating activities	13.0	23.8	12.6	24.4	69.5
Net cash flow from investment activities	(3.9)	(11.4)	(8.0)	(18.7)	(32.8)
Purchase of own shares	-	(23.5)	(0.6)	(23.5)	(23.5)
Sale of shares	6.6	8.4	6.6	8.4	8.4
Cash settlement of options contract	-	-	-	-	(1.0)
Equity settlement of options contract	-	-	-	-	4.0
Principal elements of lease payments	(3.9)	(4.3)	(7.7)	(11.6)	(17.5)
Instalment of sublease receivable	0.8	0.9	1.8	1.8	3.6
External dividend paid	(16.1)	(19.8)	(16.1)	(19.8)	(27.9)
Net cash flow from financing activities	(12.7)	(38.3)	(16.1)	(44.7)	(53.9)
Net change in bank deposits and cash	(2.4)	(25.8)	(10.4)	(39.0)	(16.9)
Bank deposits at the end of the period	27.1	15.4	27.1	15.4	37.5

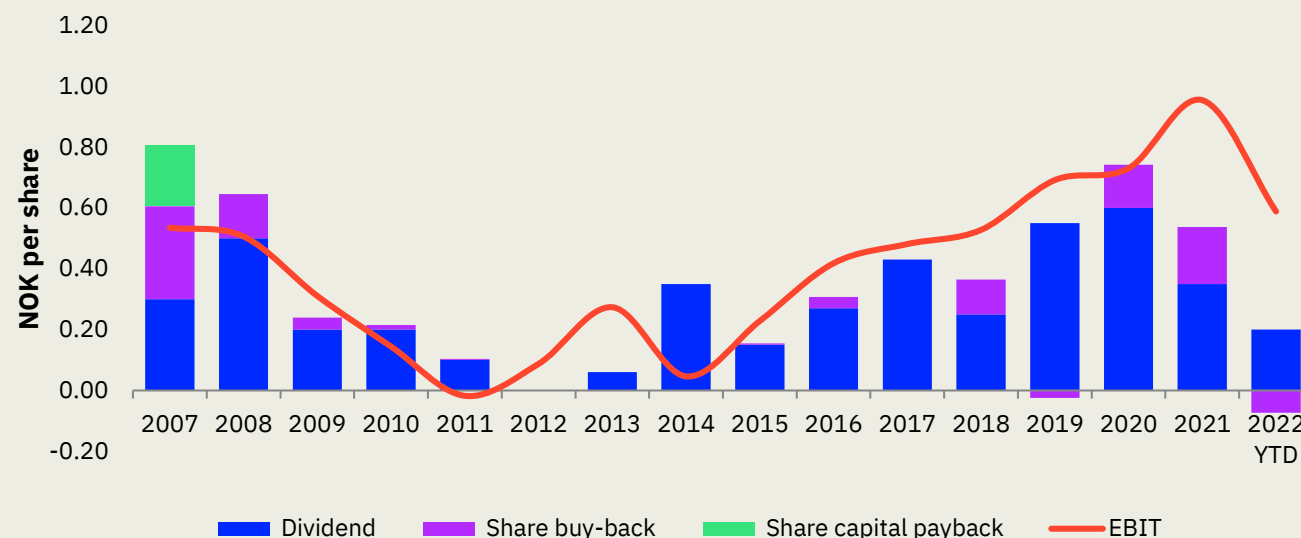
- Cash flow from operations NOK 13.0 (23.8) million in Q2
- 12 month rolling cash flow from operations was NOK 58.0 (76.4) million –
 - Approx. NOK -22 mill from discontinued operations

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



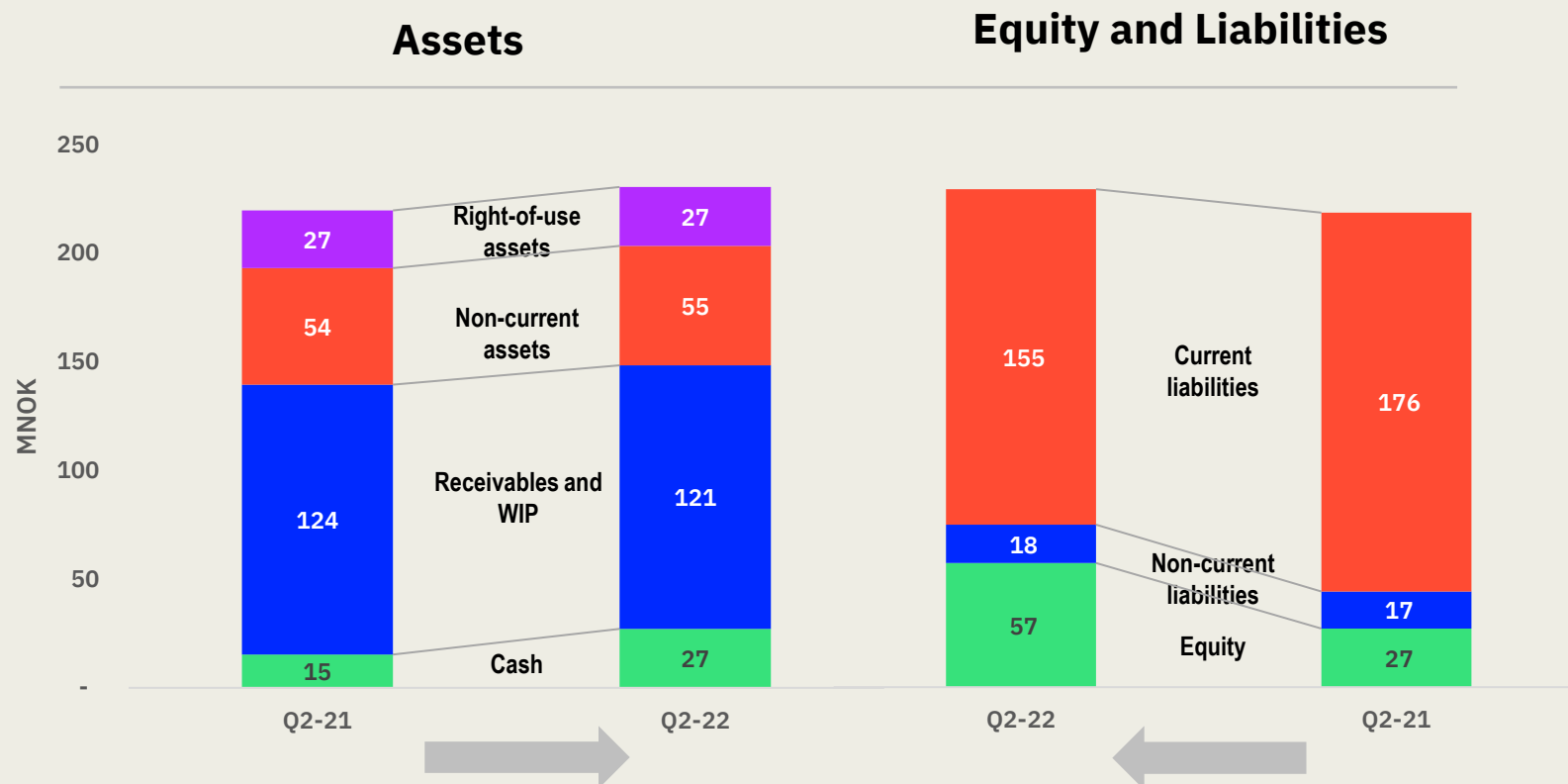
Dividend and own shares

- An ordinary dividend of NOK 0.20 per share for 2021 was paid in Q2. The Board is authorised to decide on a supplementary dividend later in the year
- Share price was NOK 12.80 at the end of June 2022, an change of -9% (-6% incl. dividends) from NOK 14.00 at the end of June 2021.
- Current holding of own shares is 1, 011,602 shares. Value at 30 June 2022 was MNOK 12.9
- Consistent high distribution of earnings



Statement of financial position

- Equity ratio of 25% (12%) per 30 June 2022
 - 28% (14%) excl. IFRS 16 Leasing
- Cash balance of MNOK 27 (MNOK 15)
- Total balance increased by MNOK 11 to MNOK 231



04 Outlook



Outlook

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

Microsoft agreement generates more cloud journey assessment leads.

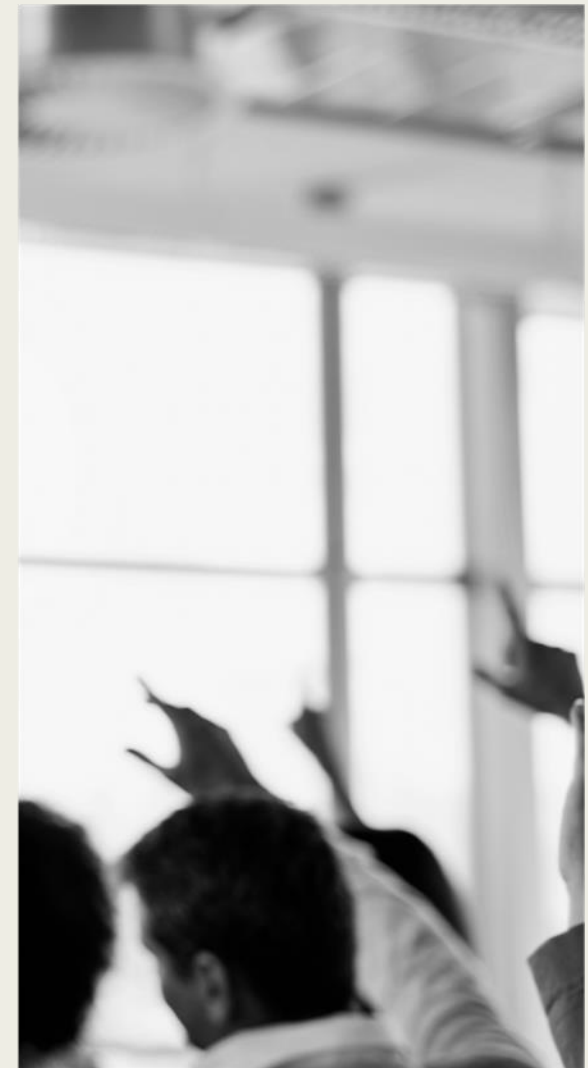
Readiness to migrate and operate larger scale cloud transformations.

Full commitment to Ukraine as an invaluable source of IT specialists to realise sustainable digitalisation needs

Profitable growth and cash flow are key focus areas.

05

Q&A



We stand with
Ukraine

Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	30.62	NOR	25,163,031
2	OP CAPITAL AS	5.60	NOR	4,605,072
3	GIP AS	5.09	NOR	4,185,000
4	SEPTIM CONSULTING AS	3.71	NOR	3,045,762
5	EIKESTAD AS	3.65	NOR	3,000,000
6	BOINVESTERING AS	3.39	NOR	2,786,968
7	GAMST INVEST AS	3.09	NOR	2,537,782
8	JØSYRA INVEST AS	2.68	NOR	2,200,000
9	DnB NOR Bank ASA	2.59	NOR	2,130,710
10	DZ Privatbank S.A.	1.65	LUX	1,360,000
11	HØGBERG, JON ERIK	1.39	NOR	1,144,356
12	ITERA ASA	1.23	NOR	1,011,602
13	AANESTAD PANAGRI AS	1.16	NOR	950,000
14	FRAMAR INVEST AS	1.12	NOR	920,000
15	VERDIPAPIRFONDET STOREBRAND VEKST	0.92	LUX	755,925
16	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700,000
17	NYVANG, JETMUND GUNNAR	0.79	NOR	650,000
18	JENSEN, LARS PETTER	0.77	DEN	629,850
19	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600,000
20	GRØSLAND, KIM KJETIL	0.72	NOR	590,000
TOP 20		71.75		58,966,058

*Arne Mjøs Invest AS holds a future contract on 2,200,000 shares. The total controlling interest of Arne Mjøs is thus 27,363,031 shares (33.3%).

