

ITERA



Q2 2023

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 2023



Q2 in brief



23%

Organic revenue growth

Attractive market for digital transformation, driven by the green energy shift and sustainability and the rapid rise of generative AI interest

Macro environment continues to be uncertain with various impact on industries

Profitability impacted by lower utilization, higher PEX and OPEX, and the economy investment case in Cloud & Application Services until critical business volume is achieved.

Our operation in Ukraine is running as normal, with increasing interests from new customers.

8.2%

Operating margin

Book-to-bill of 0.6 in Q2 and 1.1 last 12 months.

Number of employees increased by 10 in Q2 and 80 employees (12%) during the last 12 months.

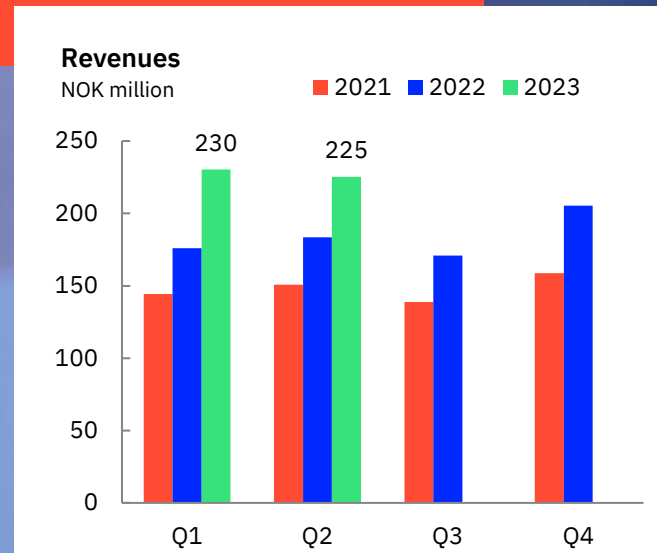
12-month rolling cash flow from operations increased by 80% to NOK 104 million.

Ordinary dividend for 2022 of NOK 0.30 per share paid and authorization to pay a supplementary dividend later.

Key figures

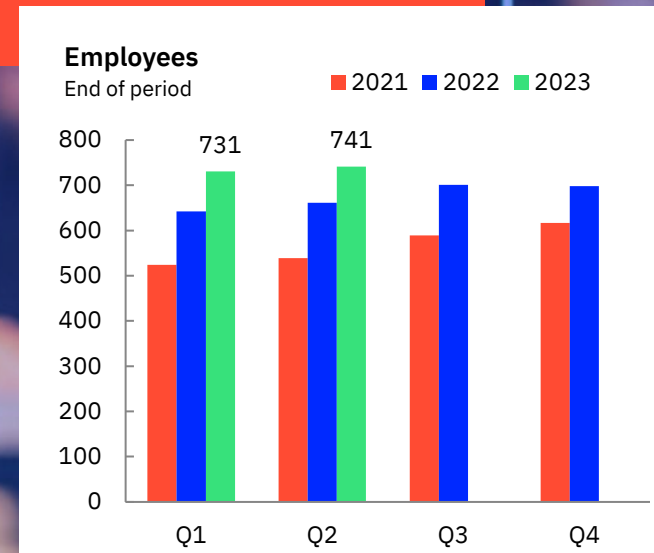
Q2
23% YTD
27%

Organic revenue
growth



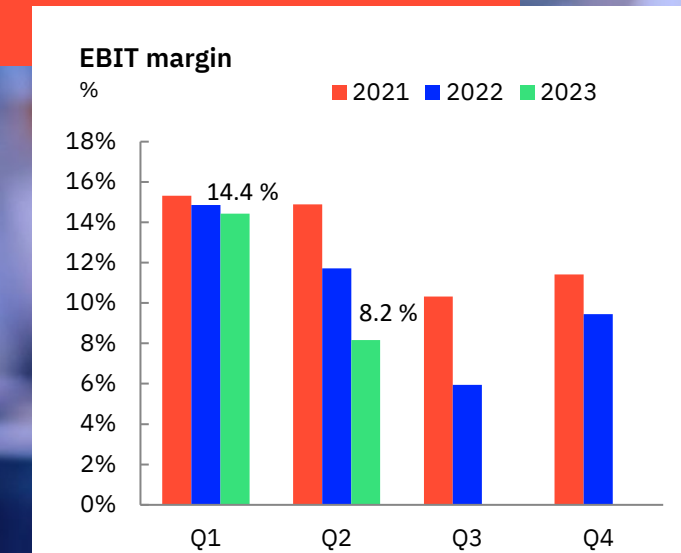
Q2
12% YTD
12%

Growth in number
of employees



Q2
8.2% YTD
11.3%

Operating margin



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Business review



We are specialists in sustainable digital transformation

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.



Our steady growth organic model

We have built a strong international ONE Itera operating model and will see more of divergence in the linearity between headcount and revenue growth.

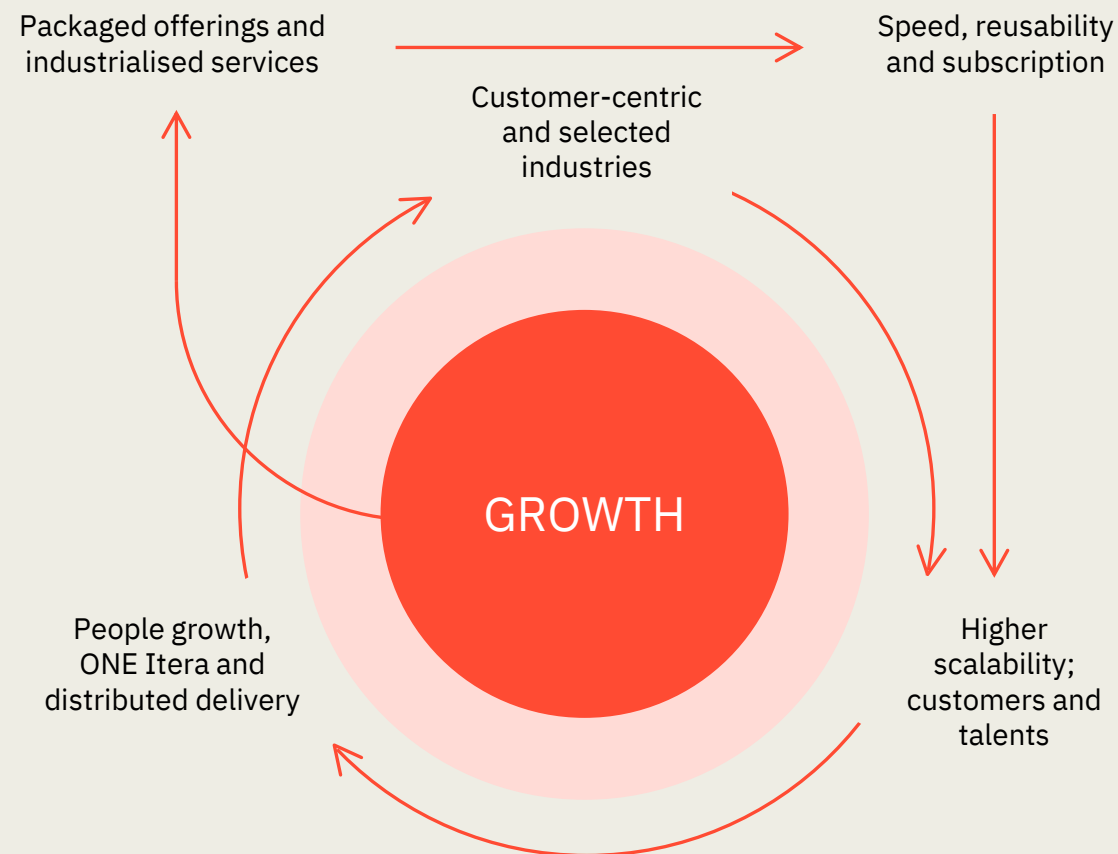
Our profitable growth trajectory is amongst the top peers in our industry and reflects our strong position to deliver on the promise of sustainable digital transformation for our customers

Digital transformation drives the global economy*

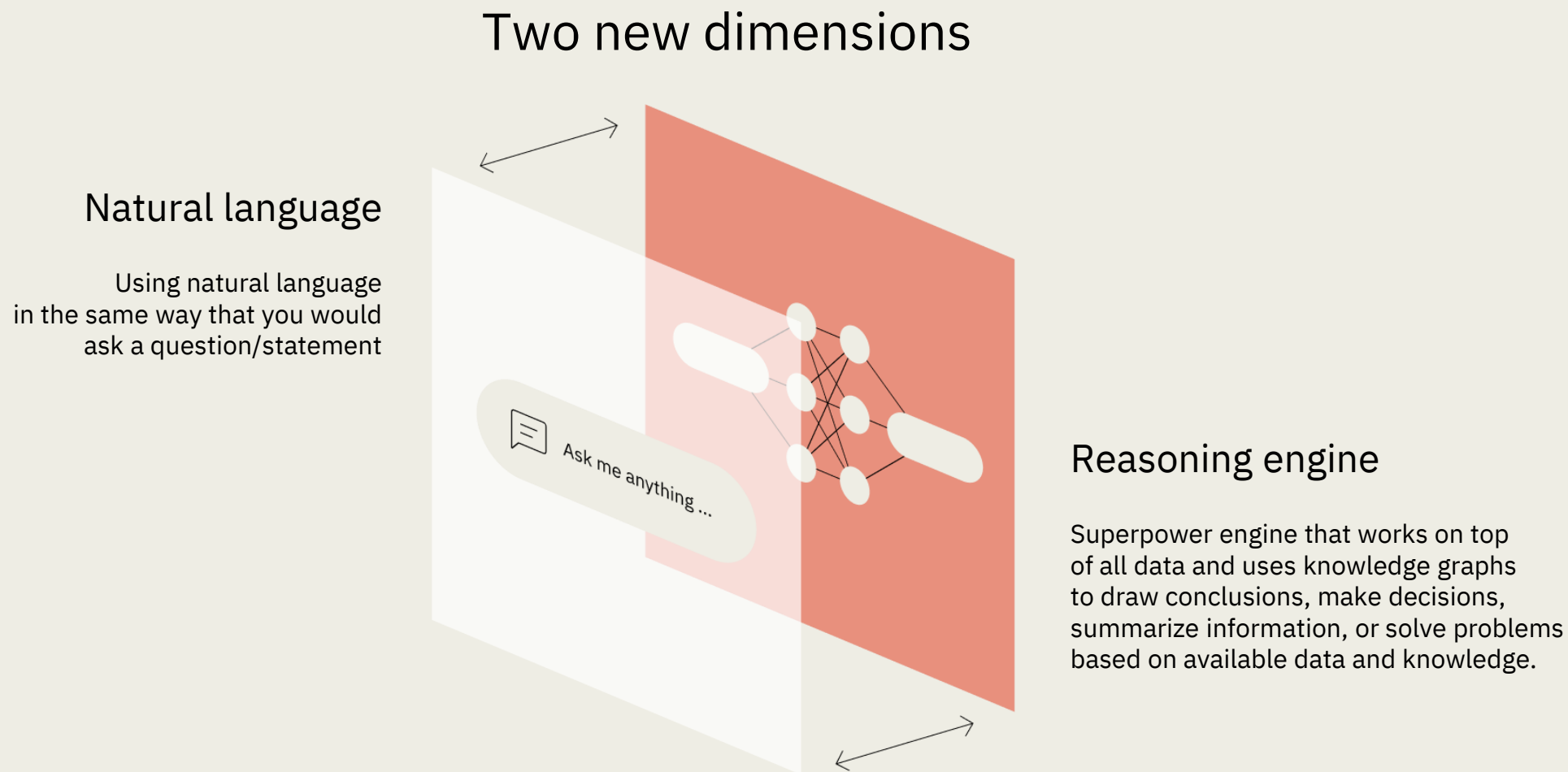
Digital transformation investment increases to 16.5% CAGR 2022-2024

Digital transformation investment = 55% ICT investment by 2024

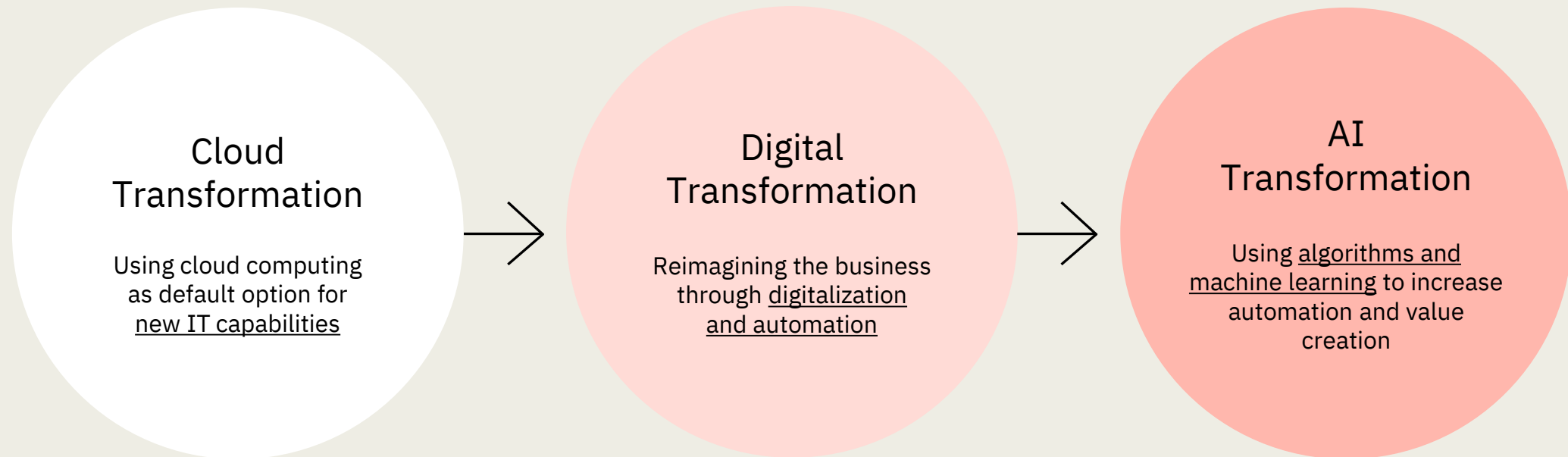
>50% Global economy influenced by digital



AI: The next platform shift



Towards AI transformation



Characteristics of companies that win in the area of AI



Leader-led
transformation



Maximized
use of data



Willingness
to change

Our opportunity

Digital technology drives **market cap** beyond people and machines

Most companies **~80%** don't have the data to use the generative AI effectively

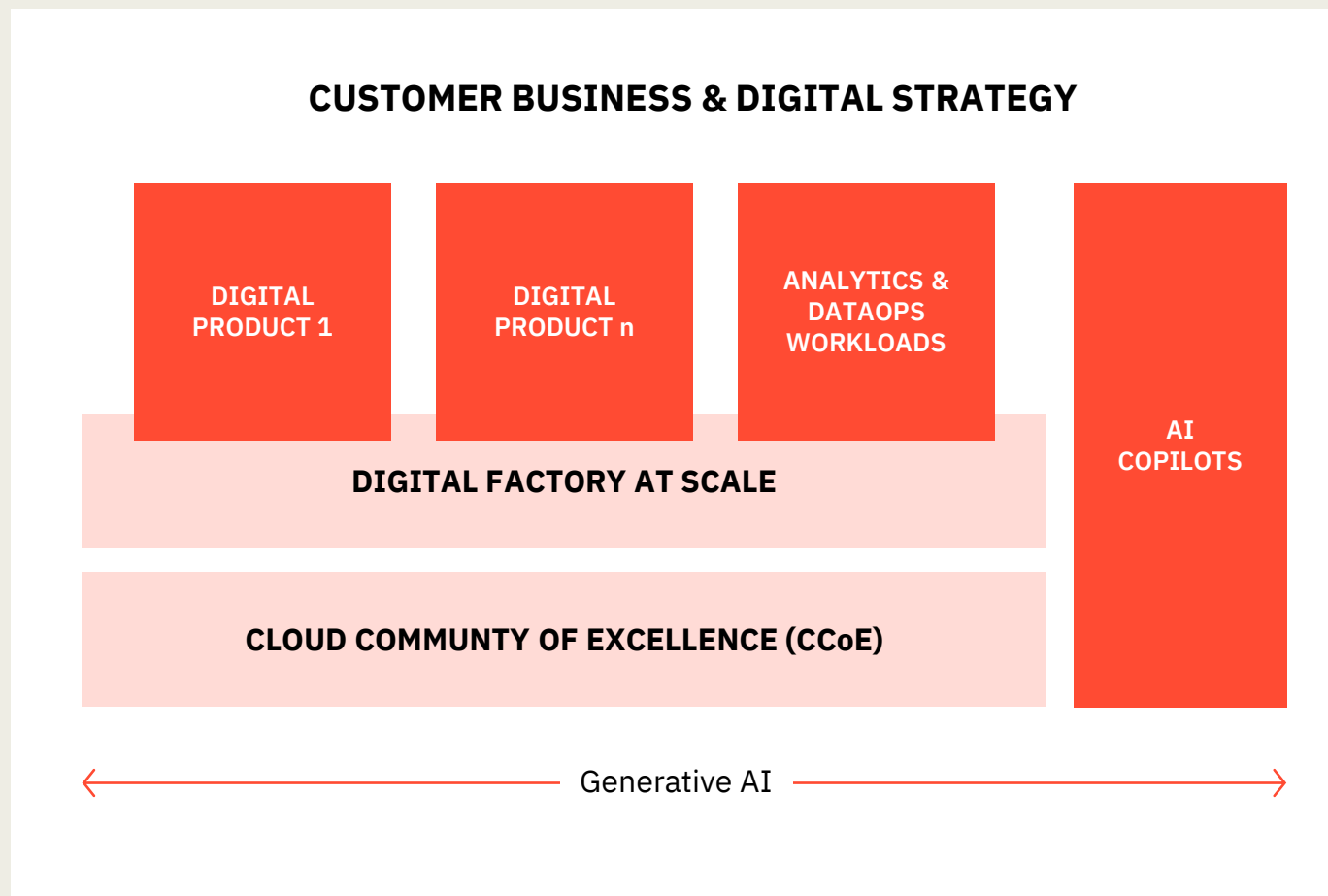
Almost **~90%** of worldwide IT spend yet to move or adapt to the cloud

Digital Factory at Scale: Doing more with less

20-30%

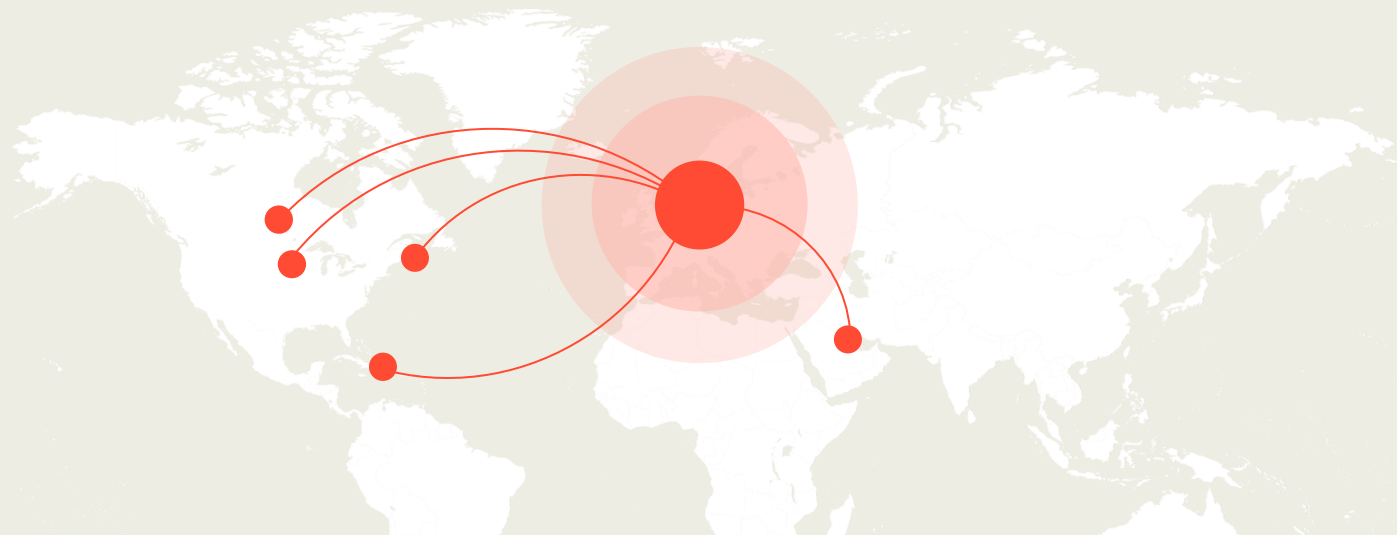
Typically, the speed and throughput are increased by 20-30% or more compared to staff augmentation

- 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



Global Center of competence

Our global capabilities in Data, AI & Analytics brings together our expertise and cutting-edge technologies to help our customers unleash the power of data and AI at scale.



**Data
Strategy**

**Data
Platform**

**Machine
Learning
operations
(MLOps)**

**Generative
AI**

**Data Literacy,
culture and
adoption**

**Data
Visualisation
& Insight**

AI exploration for NHO

Itera has done an exploratory project for NHO (The Confederation of Norwegian Enterprise), investigating how they can use AI to streamline their work and help their members faster.

Through the project, we identified several relevant applications and developed several AI solutions based on chatGPT.

The project explored technical aspects, addressed safety challenges and laid the foundation for further development and innovation for NHO using artificial intelligence.

– Itera impressed us with their commitment, effort and relevant expertise. This project and its deliveries are an important input in our future work with AI.

Kristian Enger. Director of innovation, development and business management, NHO



Projects at IMDi – powered by Digital Factory at Scale

In the past year, Itera has had a central role at IMDi, and solved several projects for them - using the Digital Factory at Scale.

- In Q2, designers from Itera, among others, have had a central role in the "Bedre Bosetting" project at IMDi. They have defined the overall user experience for mapping resettlement-relevant information from refugees to be resettled in Norway.
- The designers have worked closely with stakeholders from IMDi to map existing tools, uncover challenges and develop future solutions.
- The goal has been to ensure a user-friendly and efficient application that contributes to reliable settlement in Norwegian municipalities.



Private sector led recovery of Ukraine

The rebuilding of Ukraine is a collective effort that will only succeed if public and private actors work together.

It is time for the Nordic region's energy sector, supplier industry and technology industry to step in and see how we can contribute, with the focus on business and not just donations.

We at Itera invite the private sector to step up and do business with Ukraine during the war to keep its economy running and to attend international conferences or visit Ukraine to gain insight into the opportunities.



↑ President Volodymyr Zelenskyy speaks via video link to the Ukraine Recovery Conference 2023 in London.

← Attendants from Norway from the left by Innovation Norway, Itera, Ministry of Foreign Affairs of Norway, Norwegian-Ukrainian Chamber of Commerce (NUCC), Ministry of Trade of Norway, Emergy, Norad and Eksfin.

Ukraine towards the green energy and digital hub for Europe

European FLAGSHIP

in the green energy and industrial transition, including green metallurgy, fertilizer, logistics and transportation.

360 GW

renewables in 2050, mostly wind, solar, storage, green hydrogen.

90%

Supply chain

mostly local energy equipment manufacture and huge local access to minerals i.e. lithium.

310 000

IT talents

the global most digital society in 2025, +50.000 educated per year to become largest digital hub in Europe.

Arendalsuka 2023

Digital transformation, the green shift, the war in Ukraine and artificial intelligence were all topics for our events at Arendalsuka.

The symbiosis between business and politics has rarely had more significance than now, which is why we arranged two events during Arendalsuka 2023:

- “AI love you – How to navigate a world powered by AI”
- “Rebuild Ukraine towards a significant renewable power producer in Europe”



↑ AI-event with IKT-Norge

← Rebuild Ukraine event with Dagens Næringsliv

Welcome to our new headquarters

Itera moved its headquarters to Stortingsgata 6 in central Oslo.

- Hybrid workplace
- Attractive to top talents
- Availability to our customers
- Sustainable

We look forward to opening the doors to customers, partners, investors, and anyone who is curious about working with us this autumn!



97% re-use of existing office furniture

Board of directors

Two new board members (from May 2023)



Morten Thorkildsen
Chairperson of the board



Gyrid Skalleberg Ingerø
Member of the board



Helge Leiro Baastad
Member of the board
→ NEW



Åshild Hanne Larsen
Member of the board
→ NEW



Jan Erik Carlson
Member of the board



Siren Tønnesen
Member of the board, employee



Joachim Trøbråten
Member of the board, employee



Read more about our
Board members at itera.com

Order intake

Order intake from selected new and existing customers.

Book-to-bill ratio^{*)} of 0.6 in Q2 and 1.1 for the last 12 months



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

Customer development

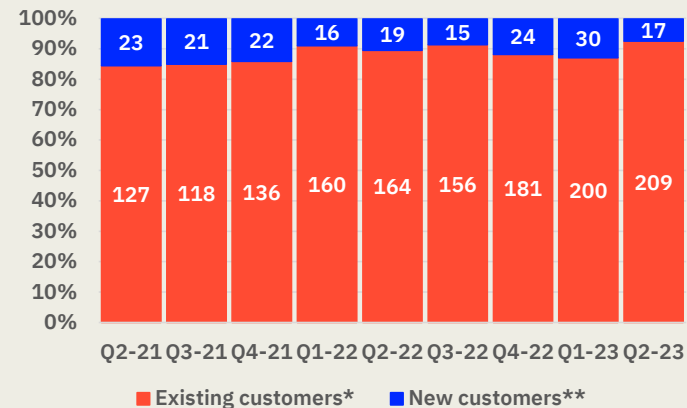
New business

- Existing customers accounted for 92.6% (89.5%) of revenues in Q2 2023
- New customers won over the past year generated revenues of NOK 16.7 (19.3) million in Q2 2023 (7.4% share)

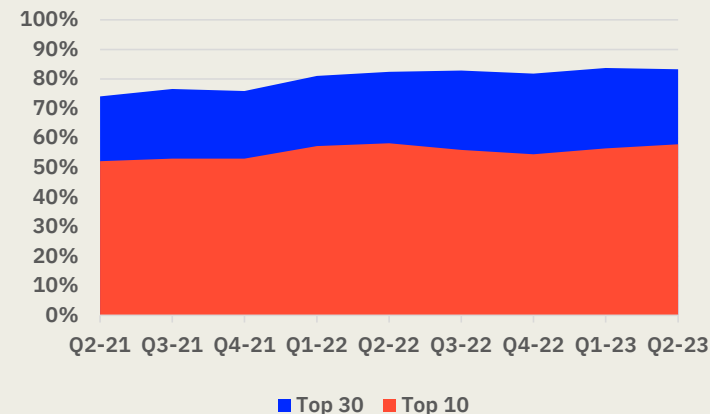
Good visibility

- Share of revenue from top 30 customers 83% (82%)
- 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

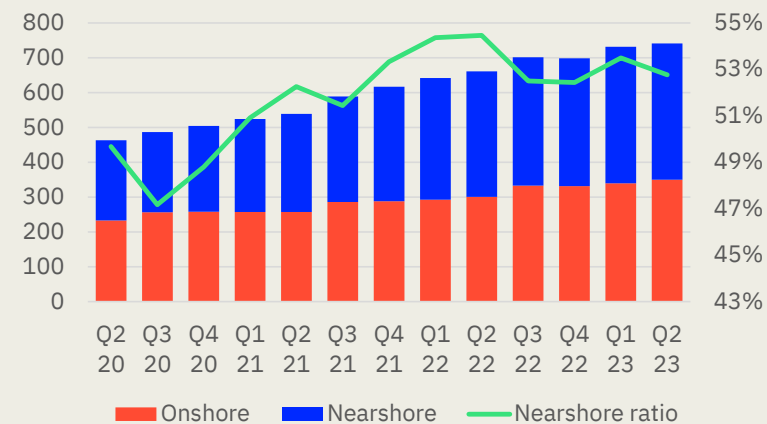
741 employees at the end of the quarter

- Up by 80 (82) last twelve months, temporarily impacted by the invasion in Ukraine
- More than 60% of the FTE growth in the Nordics

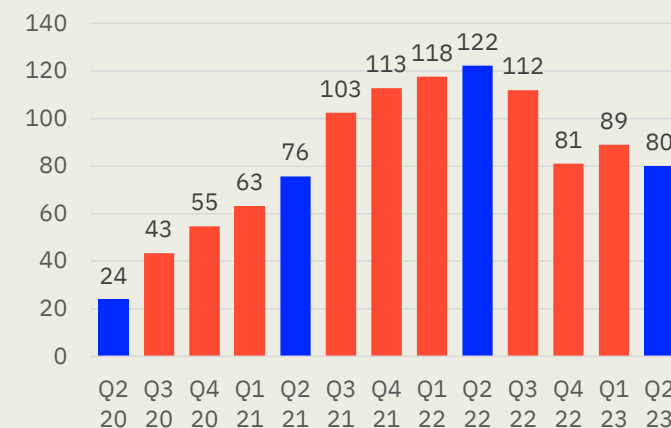
Nearshore ratio of 53% (54%)

- 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

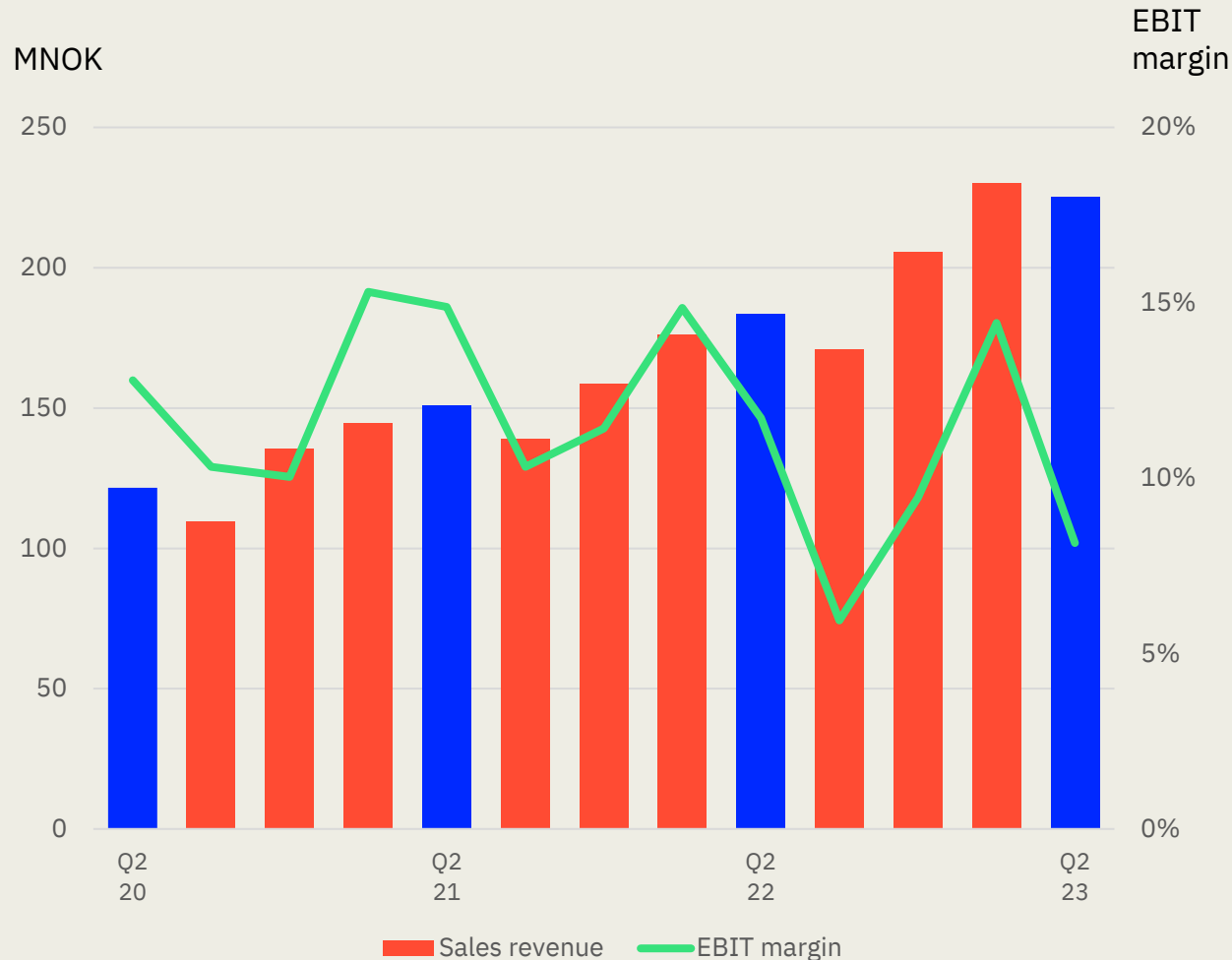


Key financials

	2023	2022	Change	2023	2022	Change	2022
NOK Million	4-6	4-6	%	1-6	1-6	%	FY
Operating revenue	225.2	183.5	23%	455.5	359.5	27%	735.8
Gross profit	208.8	169.6	23%	425.9	331.7	28%	684.2
Personnel expenses	165.1	128.0	29%	323.0	245.0	32%	323.0
Other opex	17.3	12.8	35%	35.7	24.6	45%	35.7
EBITDA	26.4	28.8	-8%	67.2	62.1	8%	109.0
EBITDA margin	11.7%	15.7%	-4pts	14.7%	17.3%	-2.5pts	14.8%
Depreciation	8.0	7.3	9%	15.6	14.5	8%	32
EBIT	18.4	21.5	-15%	51.6	47.6	8%	77.2
EBIT margin	8.2%	11.7%	-3.6pts	11.3%	13.3%	-1.9pts	10.5%
Net cash flow from operations	33.0	13.0	154%	40.9	12.6	225%	76.0
Cash and cash equivalents	52.0	27.1	92%	52.0	27.1	92%	41.9
Employees at end of period	741	661	12%	741	661	12%	698
Employees in average	736	667	10%	725	664	9%	677

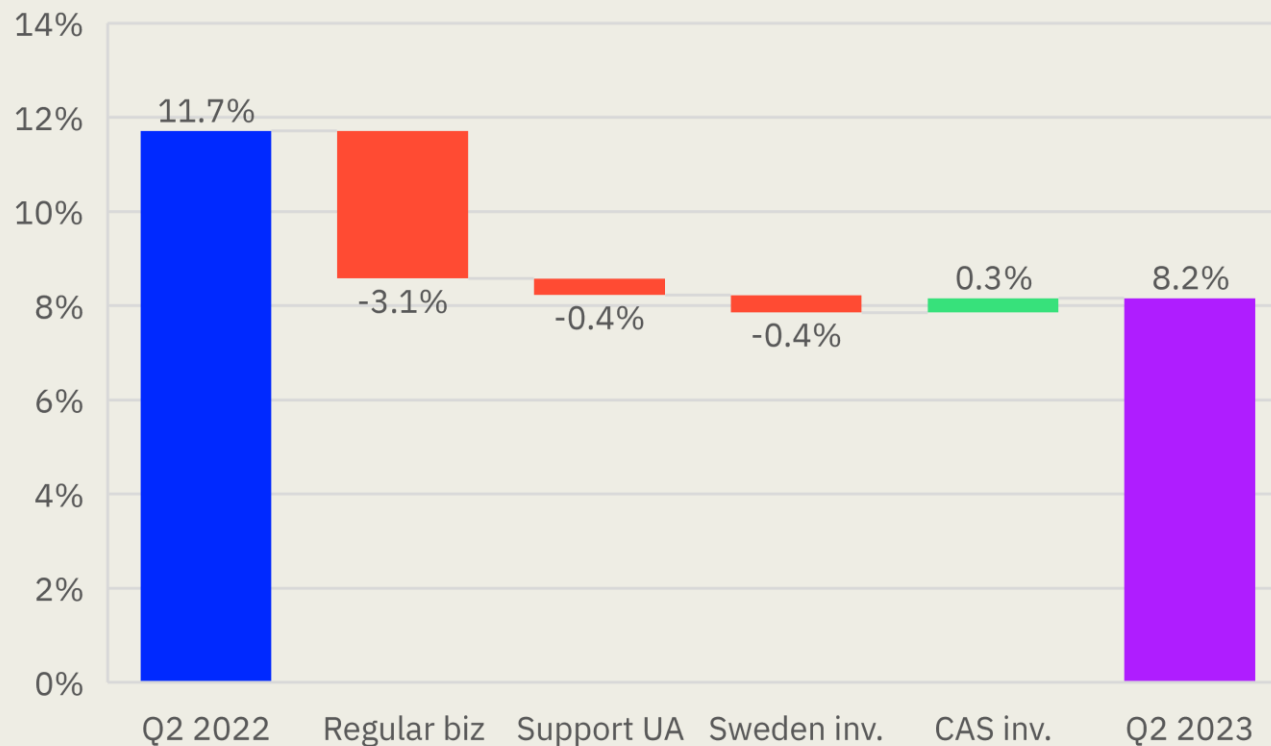
- Organic revenue growth of 23%
- Personnel expenses driven by FTE growth, NOK depreciation and salary growth
- Opex increase from higher spending on travelling and training + relocation of HQ
- EBIT of MNOK 18.4 (21.5)
- EBIT margin of 8.2% (11.7%)
- Cash flow from operations MNOK 33.0 (13.0)
- No. of FTEs 741 (+80)

Revenue and earnings development



- Strong sales growth year over year with 2-year CAGR of 24.0% and an average of 10.8% EBIT margin
- Quarterly figures are impacted by number of working days net of vacations. Q2 2023 had a weighted average of 59.4 (59.5) working days, whereas Q1 2023 had 64.4 days

EBIT margin development



EBIT margin development:

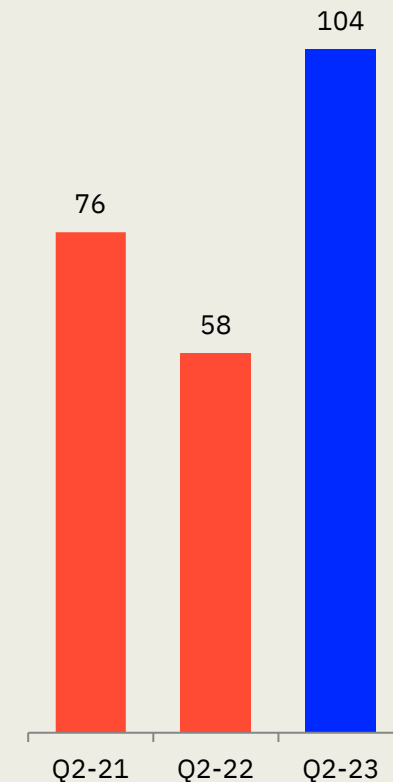
- Margin decrease regular business: -3.1%
 - Lower utilization, salary costs, one-off opex
- Support to Ukraine: -0.4%
- Investment in Sweden: -0.4%
- Investment in capacity readiness for cloud expansion: +0.3% vs LY but significantly dilutive until critical business volume

Statement of cash flow

NOK Million	2023 4-6	2022 4-6	2023 1-6	2022 1-6	2022 FY
EBITDA	26.4	28.8	67.2	62.1	109.0
Change in balance sheet items	6.6	(15.8)	(26.3)	(49.5)	(32.9)
Net cash flow from operating activities	33.0	13.0	40.9	12.6	76.0
Net cash flow from investment activities	(3.7)	(3.9)	(7.6)	(8.0)	(15.2)
Purchase of own shares	-	-	(0.1)	(0.6)	(9.1)
Sale of own shares	-	6.6	6.2	6.6	6.6
Equity settlement of options contract	0.3	-	-	-	-
Principal elements of lease payments	(3.5)	(3.9)	(6.8)	(7.7)	(15.5)
Instalment of sublease receivable	-	0.8	-	1.8	1.8
External dividend paid	(24.7)	(16.1)	(24.7)	(16.1)	(40.5)
Net cash flow from financing activities	(27.9)	(12.7)	(25.3)	(16.1)	(56.8)
Net change in bank deposits and cash	2.2	(2.4)	10.0	(10.4)	4.5
Bank deposits at the end of the period	52.0	27.1	52.0	27.1	41.9

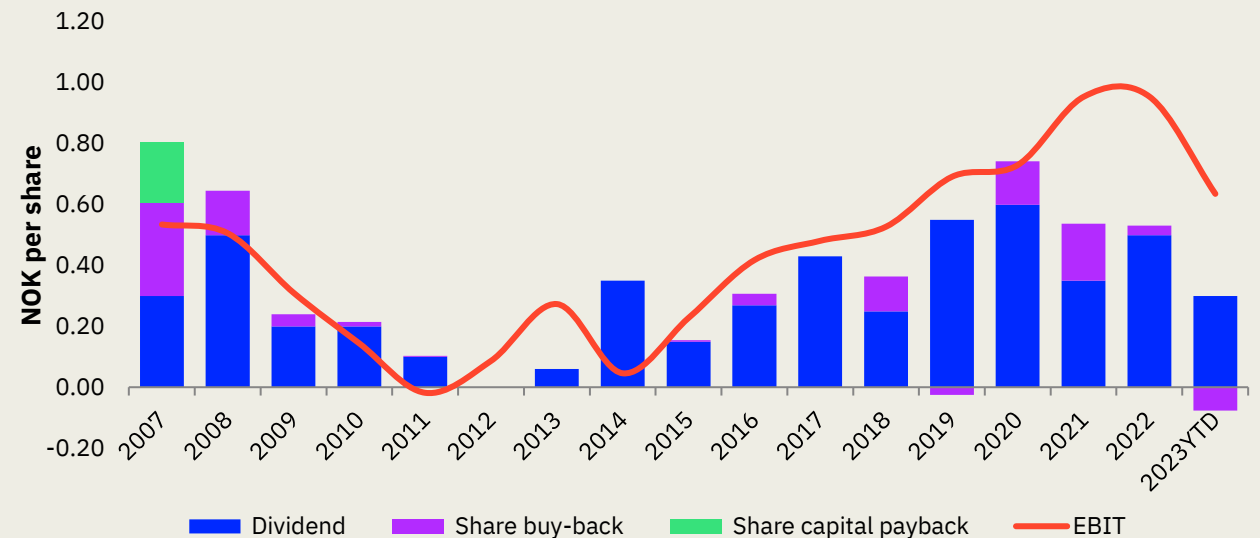
- Cash flow from operations NOK 33.0 (13.0) million in Q2
- 12-month rolling cash flow from operations was NOK 104.3 (58.0) million
- Cash conversion from EBITDA of 91% last 12 months

12 month rolling cash flow from operations (NOK Million)



Dividend and own shares

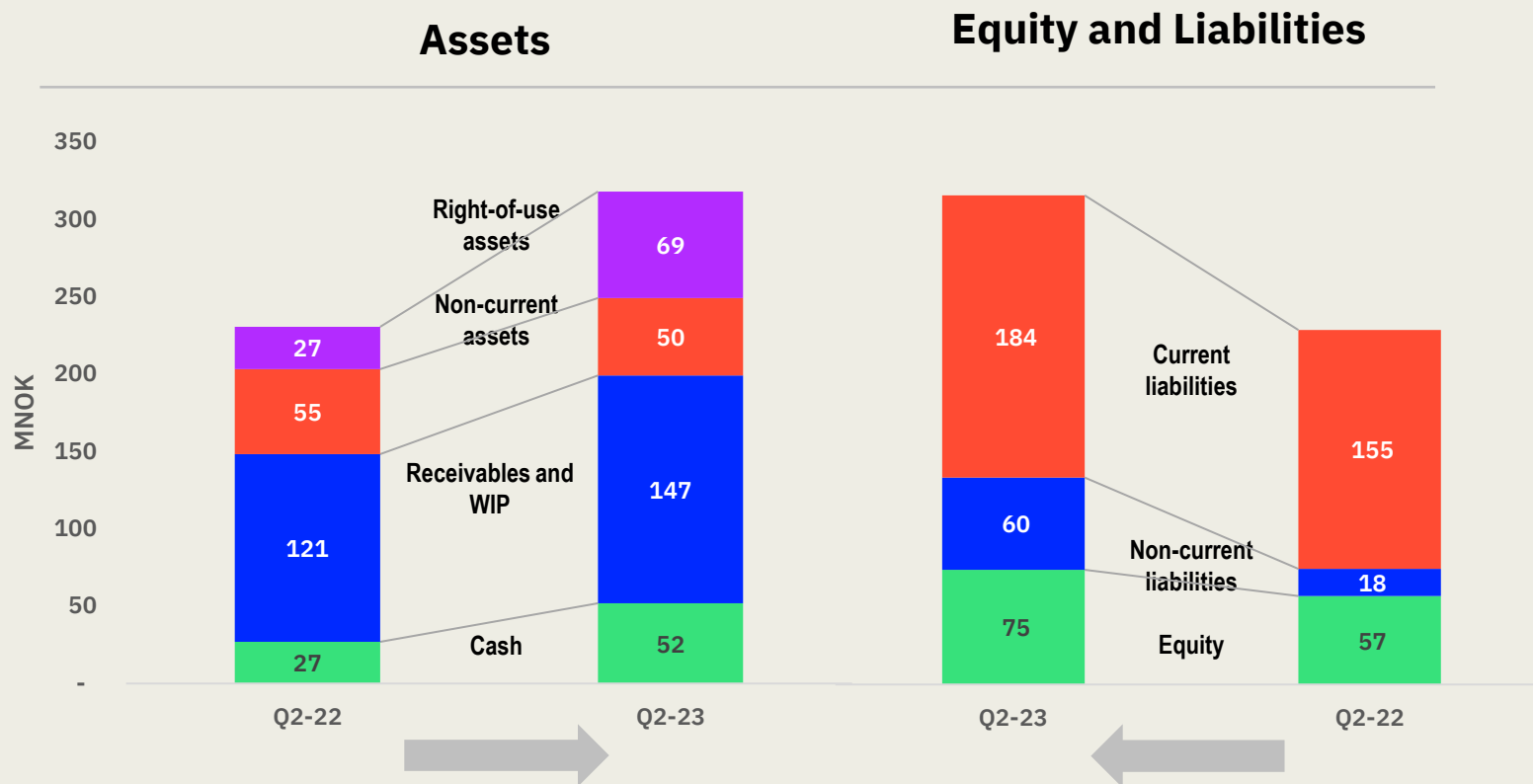
- An ordinary dividend of NOK 0.30 per share for 2022 paid + authorization for potential supplementary dividend
- Share price was NOK 15.00 at the end of June 2023, a change of +22% incl. dividends from NOK 12.80 at the end of June 2022
- Current holding of own shares is 948,059. Value at 30 June 2023 was MNOK 14.2
- Consistent high distribution of earnings.



EBIT in 2021 and 2022 is excluding discontinued operations of -0.23 and -0.17 per share

Statement of financial position

- Equity ratio of 24% (25%) per 30 June 2023
 - 30% (28%) excl. IFRS 16 Leasing
- Right-of-use assets up MNOK 42 from new facility agreement
- Cash balance of MNOK 52 (MNOK 27)
- Total balance increased by MNOK 88 to MNOK 318



04 Outlook



Outlook

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

Continued high growth for digital transformation through existing and new customers but softening of market in general

Readiness to migrate and operate larger scale cloud transformations.

Connecting Ukraine and the Nordics to enable the green energy shift

Profitable growth and cash flow are key focus areas.

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

05

Q&A



We stand with
Ukraine

Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS	32.08	NOR	26,363,031
2	OP CAPITAL AS	5.60	NOR	4,605,242
3	GIP AS	5.19	NOR	4,262,000
4	SEPTIM CONSULTING AS	3.93	NOR	3,226,876
5	BOINVESTERING AS	3.47	NOR	2,852,862
6	EIKESTAD AS	3.16	NOR	2,600,000
7	GAMST INVEST AS	3.13	NOR	2,575,070
8	JØSYRA INVEST AS	2.68	NOR	2,200,000
9	DZ Privatbank S.A.	2.51	LUX	2,060,000
10	HØGBERG, JON ERIK	1.46	NOR	1,197,356
11	DNB BANK ASA	1.21	NOR	996,262
12	AANESTAD PANAGRI AS	1.16	NOR	950,000
13	ITERA ASA	1.15	NOR	948,059
14	FRAMAR INVEST AS	1.07	NOR	880,000
15	ALTEA AS	0.85	NOR	700,000
16	NYVANG, JETMUND GUNNAR	0.83	NOR	685,000
17	JENSEN, LARS PETER	0.78	NOR	637,450
18	GRØSLAND, KIM-KJETIL	0.76	NOR	622,678
19	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600,000
20	HAMMER, BENT	0.69	NOR	566,695
TOP 20		72.43		59,528,581

*Arne Mjøs Invest AS holds a future contract on 1,000,000 shares. The total controlling interest of Arne Mjøs is thus 27,363,031 shares (33.3%).

