

ITERA

Q3
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 Q3 2022



Q3 in brief



23%

Organic revenue growth

We continue to ramp up new offices and cloud capabilities to increase our international scalability

Entelios, a part of Agder Energi, has entered into a large end-to-end agreement to build a new customer solution

The pipeline of cloud migration and cloud modernisation opportunities is growing fast

Our operation in Ukraine is running as normal and ready to continue our growth

5.9%

Operating margin

Joachim von Ekensteen appointed as new CEO for Swedish entity

Book-to-bill of 0.8 in Q3 and 1.2 last 12 months

Number of employees increased by 112 last 12 months, of which 40 in Q3

Supplementary dividend for 2021 of NOK 0.30 per share

Key figures

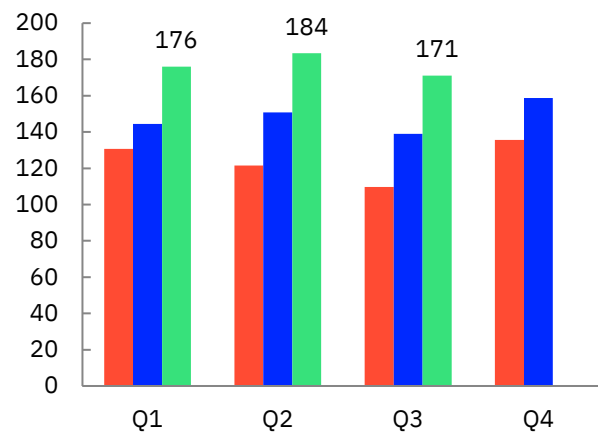
Q3
23% YTD
22%

Organic revenue
growth

Revenues

NOK million

2020 2021 2022



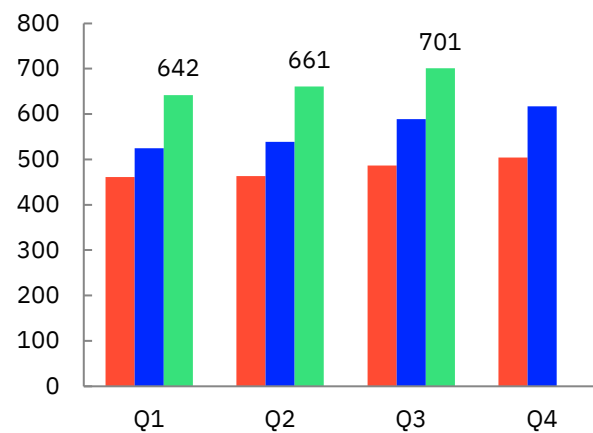
Q3
19% YTD
19%

Growth in number
of employees

Employees

End of period

2020 2021 2022



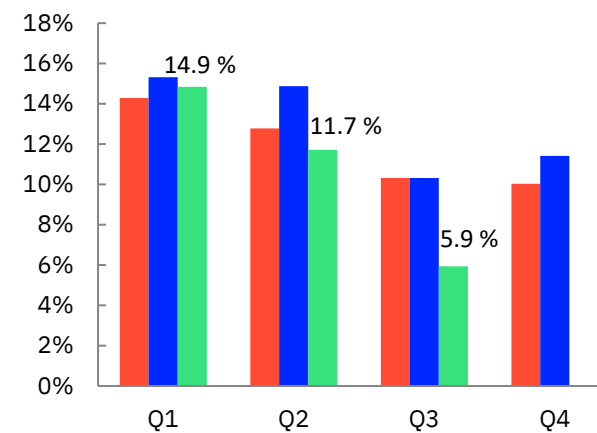
Q3
5% YTD
11%

Operating margin

EBIT margin

%

2020 2021 2022



02

Business review



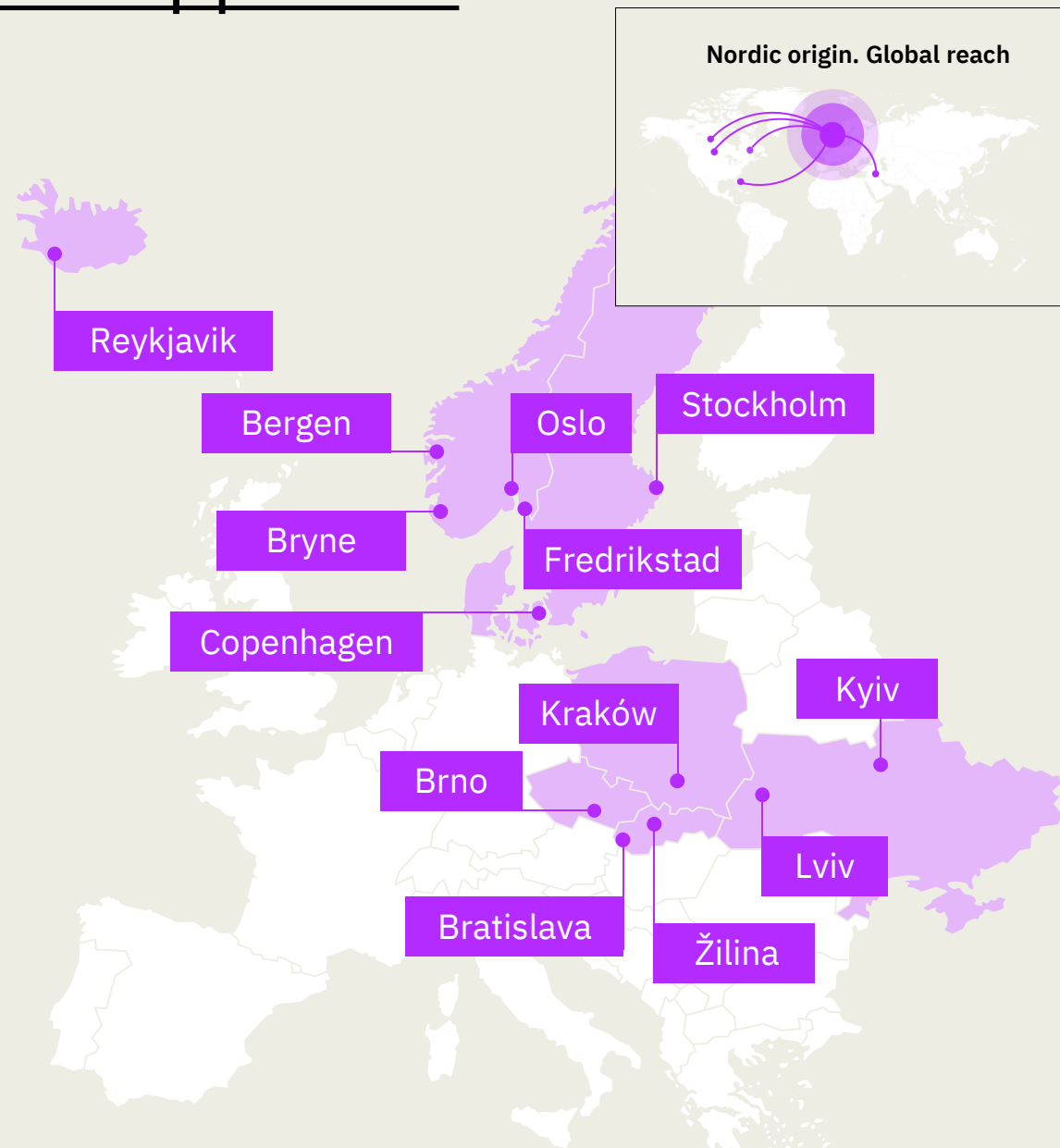
Nordic origin with an international approach

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.



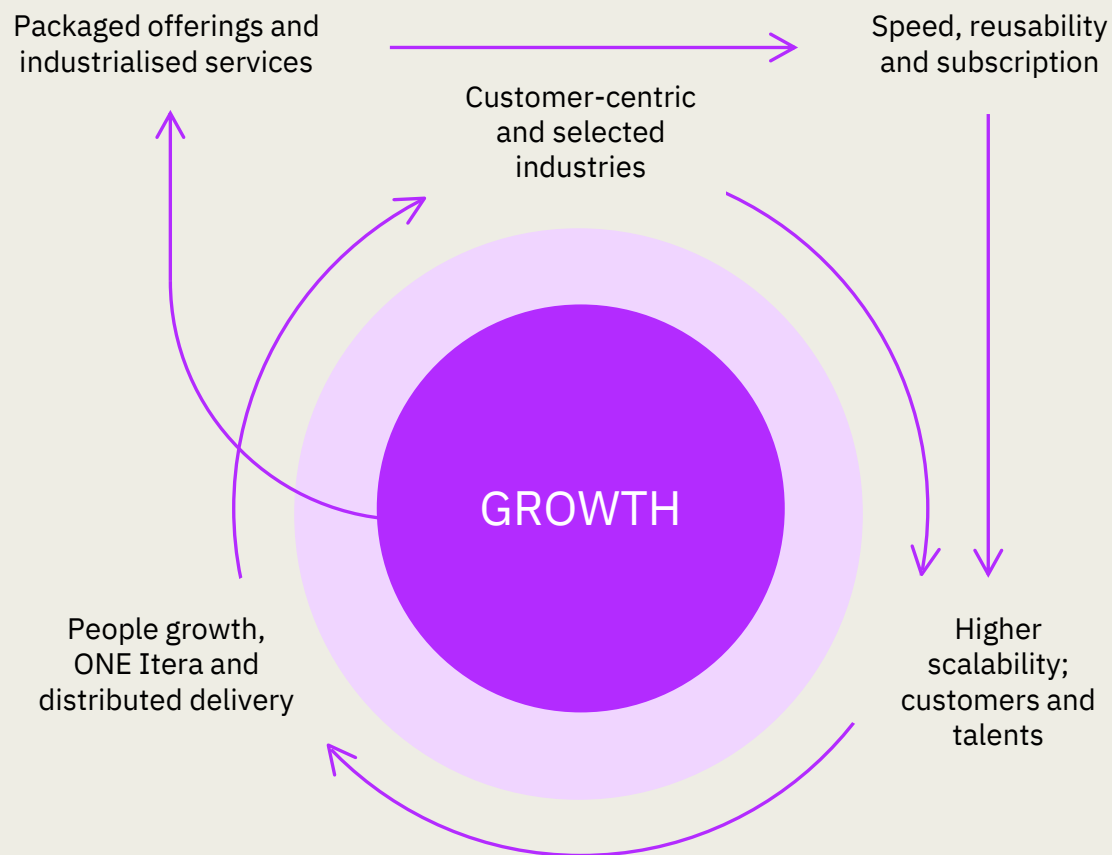
Our steady growth organic model

We continue our strong profitable growth trajectory while investing in our business and our people to increase our scalability as a strong international company.

We have built a strong ONE Itera foundation based on steady organic growth.

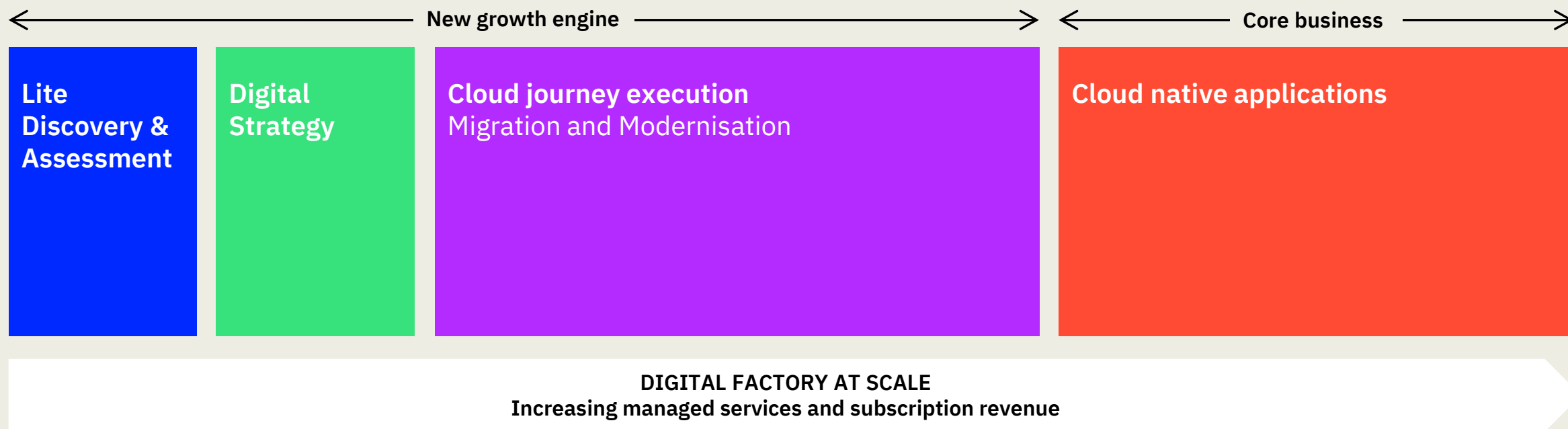
According to McKinsey, companies with more organic growth generate higher shareholder returns than those whose growth rely more heavily on acquisitions

Our culture is grounded in the growth mindset: Grow people, grow customers, grow company. This means everyone is on a continuous journey to learn and grow.



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.



Increasing supply capacity in Central Europe

Itera is investing in three new offices to mitigate slower growth in Ukraine during the war.

We are ramping up three new offices in Brno in the Czech Republic, Žilina in Slovakia and Kraków in Poland.

The setup costs of recruiters, offices, administration and onboarding had a negative impact on Itera's financial results of about NOK 5 million. This negative impact will continue in the fourth quarter, albeit to a lesser extent as the benefits of increased recruitment are gradually materialising.

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.

Indeed, our long-term ambition is an annual organic net growth of 200-350 FTEs.

Video from our office in Žilina.



Capacity (FTEs)

Illustrative purposes



Energy transition, digitalisation and rebuilding Ukraine

As agreed between Prime Minister Støre and President Zelensky, Norway will participate in the post-war reconstruction of Ukraine with a special focus on developing the most optimal ways to support Ukraine's energy sector.

During his third visit in Ukraine in September to meet our people, Arne Mjøs had a comprehensive meeting with Minister of Energy in Ukraine and his three Deputy Ministers in Kyiv. Together with Rystad Energy, they discussed how to develop an executable strategy for fast-tracking co-operation between Norway and Ukraine in the energy sector.

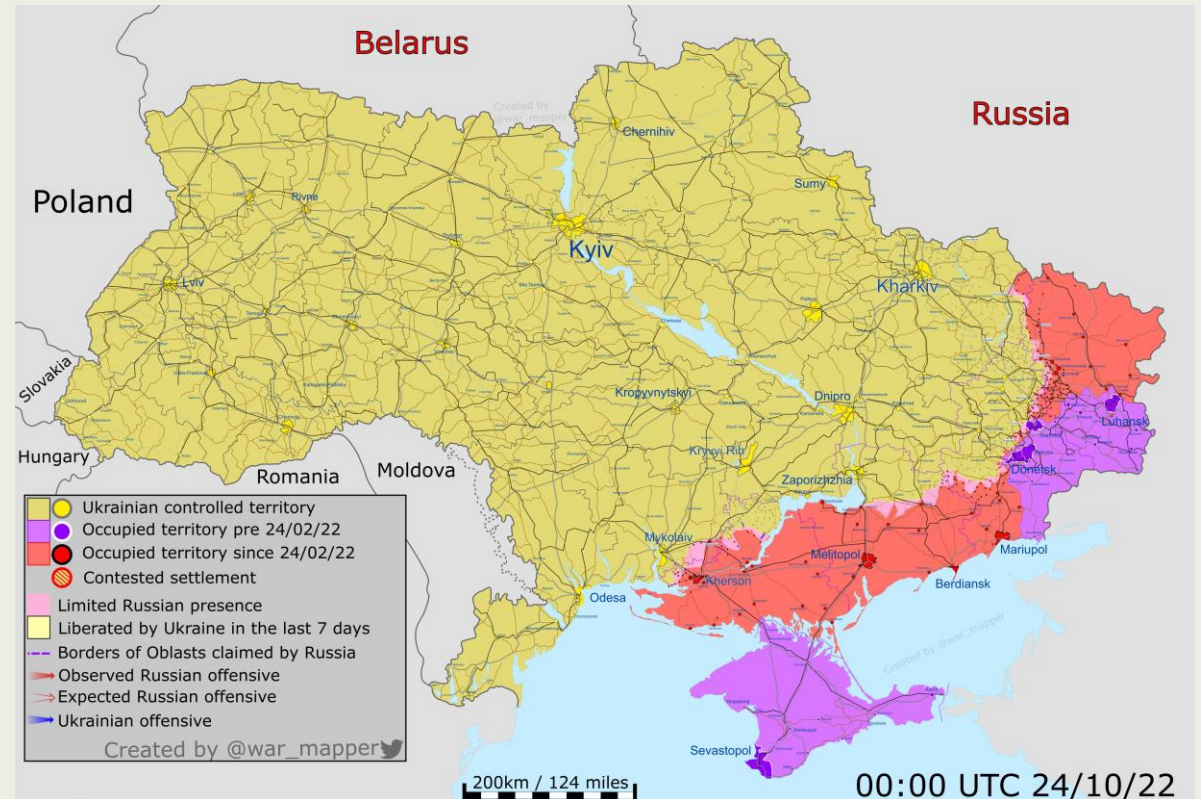
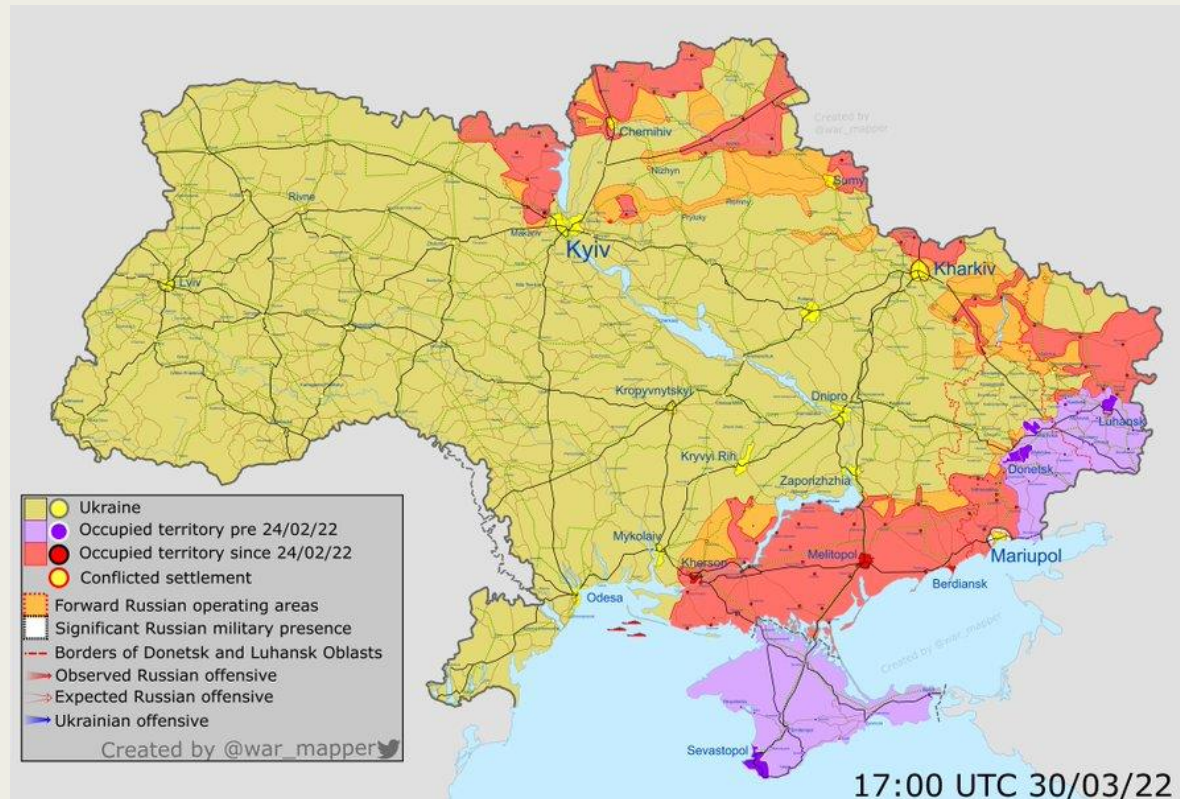
The upcoming Marshall Plan for Ukraina estimated to USD 349 billion, is an immense opportunity to demonstrate leadership in the green energy shift in both Ukraine and Europe. Itera is taking a lead position and is discussing several key opportunities in short term and long term.

[Ukraine Recovery and Reconstruction \(europa.eu\)](https://europa.eu)






Meeting with the Ministry of Energy in Ukraine on 30 September in Kyiv. The meeting was summarised by the Ministry of Energy as very effective with several key actions for follow up.

The war in Ukraine at turning point



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 decarbonisation</p> <ul style="list-style-type: none"> ▪ Measure emissions & environmental performance ▪ Manage & reduce carbon ▪ Enhance renewables & decarbonise the Grid ▪ Power the intelligent grid 	 <p>Capitalise 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			

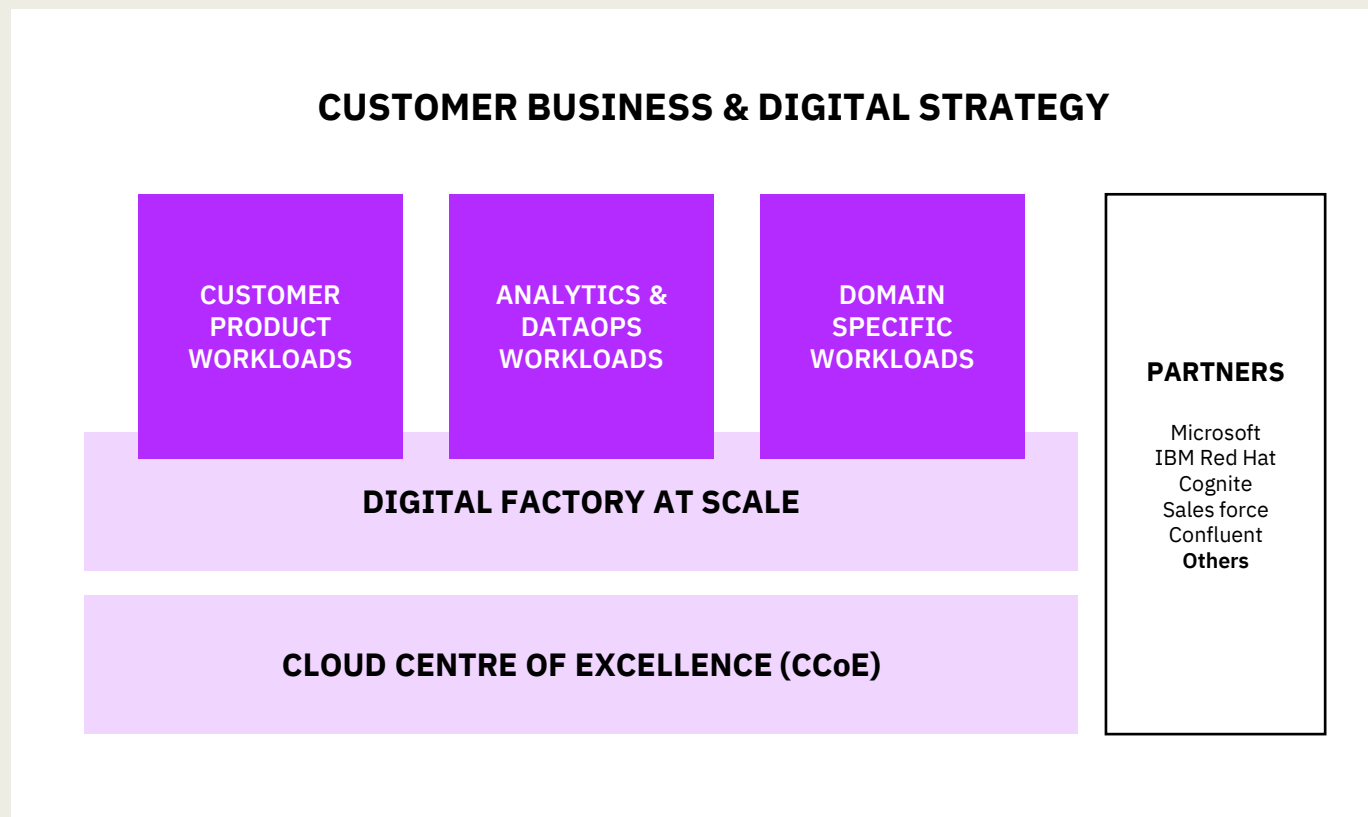
Digital Factory at Scale for data-driven businesses

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



Energy solutions for a sustainable future at Entelios

Entelios, Norway's largest electricity supplier to the corporate market, has chosen Itera as their digitalisation partner.

First project is to develop a customer solution with a solid data platform to deliver the optimal experience for their customers.

According to Chief Digital Officer Åsne Taksrud, Entelios' ambition with the new customer solution is to offer their customers a platform where they have access to their own data and market information.

The new platform will help their customers to analyse consumption and plan and implement energy efficiency measures. In return, the customers will be able to reduce their electricity costs, strengthen the company's finances and reach their sustainability goals.



Entelios provide clean energy, expertise and technology that enables industries, companies and the public sector to become a driving force in the transition to a renewable and sustainable future.

Entelios and Itera started the collaboration in September. This will be solved as an agile project where we launch new functionality on a new platform.

To achieve a fast start-up and good progress, expertise, tools, and processes from Itera's **Digital Factory at Scale** are used.

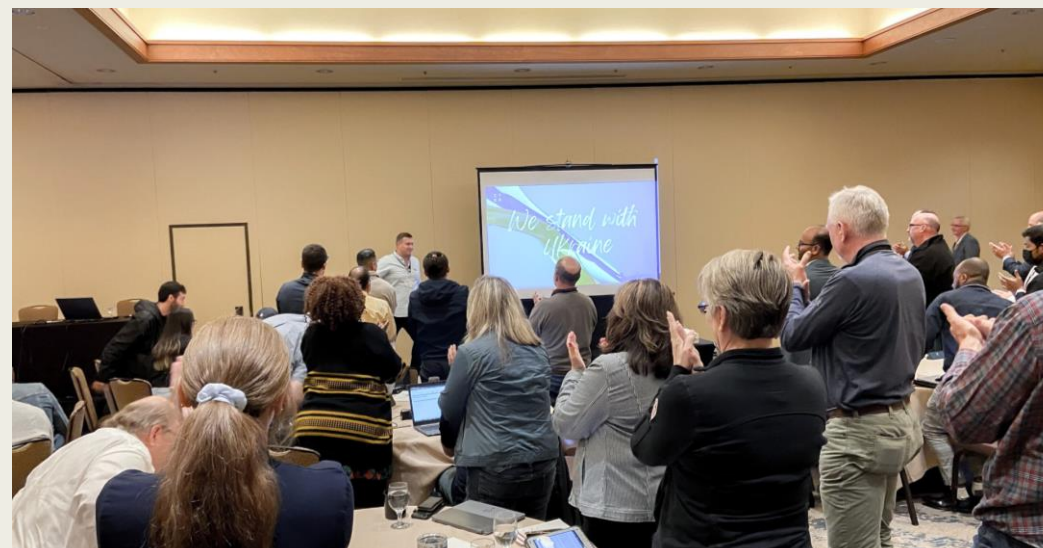
Smart asset management monitoring of the electric grid

Itera has helped DNV to make it more efficient for 150 of the largest electricity suppliers in the USA and Canada to provide electricity to their customers

The cloud based solution was demonstrated live with great success for the DNV Electric Grid User Group in Oregon in US in September.

As their strategic software development partner, Itera was invited to the event and to share with the audience our contribution to this success: how we worked efficiently by Azure DevOps and were able to complete the project on time, within scope and cost.

The demonstration was held by Yuriy Suvorov from Ukraine, and the audience responded with a two minute standing ovation.



DNV's asset management application, Cascade, enables utility companies to manage critical assets in the electric grid with data analytics, condition monitoring and predictive maintenance, to support better operational decisions.

Itera is using Digital Factory at Scale with a multi-disciplined team to build a new cloud-based solution to increase speed, innovation and cost efficiency.

Read the full Cascade customer story on itera.com.

Helping immigrant women in working life and society

The Directorate of Integration and Diversity (IMDi) is responsible for implementing the Government's integration policy. Together we work on several projects, one of them is called “*Jobbsjansen programme*”, using all assets from our Digital Factory at Scale.

The main goal of *Jobbsjansen-programmet* is to increase employment among immigrant women who are far from the labour market and who need qualifications to get a job or ordinary education.

This is a qualification programme for stay-at-home immigrant women who after several years in Norway have no permanent connection to working life.

"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 goal of Jobbsjansen is that 70 per cent of the participants go into work or education at upper secondary school level or at college/university after completing the program.

Increasing local footprint in the Swedish market

Itera has appointed Joachim von Ekensteen as our new CEO for the Swedish entity.

He will lead our efforts to capture market shares and build a local organisation in Sweden. Joachim comes recently from Sopra Steria where he grew their Nearshoring business significantly across Europe. He has an extensive background in IT Management consulting, consulting sales, and Nearshore deliveries.

According to Joachim, we have a strong platform for growth in Itera, and that is what attracted him to join us.



Joachim von Ekensteen,
CEO of Itera in Sweden



Building the leading Experience unit in the Nordics

Our design and user experience unit, named Experience, has taken pole position by developing and hiring the top talents in the market.

Despite a demanding talent market, the unit has increased by 20% year to date, and now counts around 50 generous and highly skilled people.

Experience is fully integrated in ONE Itera, works interdisciplinary in end-to-end projects and consists of five teams:

- Service design
- Business Design
- Brand Innovation
- Interaction Design
- Digital Design

Experience will continue to create opportunities at a higher level with the customer, working with the business and product agenda and creating high value by delivering the optimal experience, broadly defined, for the customer.



André Nymoen,
head of Experience in Itera

Itera at Arendalsuka

Arendalsuka is the largest business and political gathering in Norway every summer.

Itera participated this year with two successful events. One panel debate with key roles from Norwegian Industry and Vice Prime Minister of Ukraine and Minister of Digital Transformation in Ukraine, Mykhailo Fedorov.

The other was about the democratisation of data, with two of our principal experts on this field.



Grow people

In September, we invited all employees in Itera for a weekend at Vestlia Resort in Geilo

It was a busy weekend focused on competence development, onboarding of new employees, bonding, good food, and fun activities.

Here is some of the feedback from employees who attended:

“

- Best trip so far! I've been in Itera since 2018 and this is certainly the best trip yet. Very happy and satisfied, feeling closer to colleagues and to Itera.

- The Itera family is wonderful.



Order intake

Order intake from selected new and existing customers

Book-to-bill ratio^{*)} of 0.8 in Q3 and 1.2 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

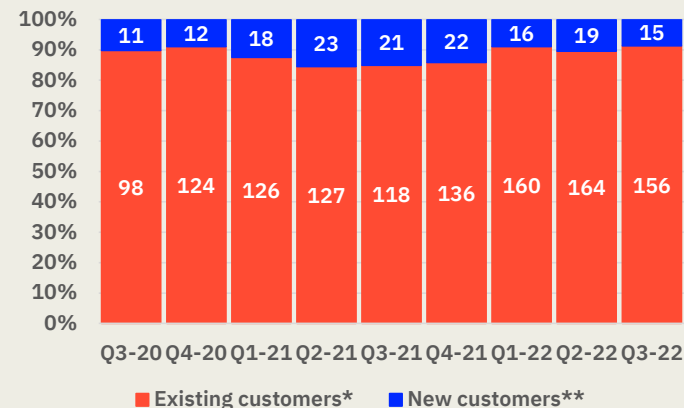
New business

- Existing customers accounted for 91.3% (84.9%) of revenues in Q3 2022
- New customers won over the past year generated revenues of NOK 14.8 (20.9) million in Q3 2022 (8.7% share)

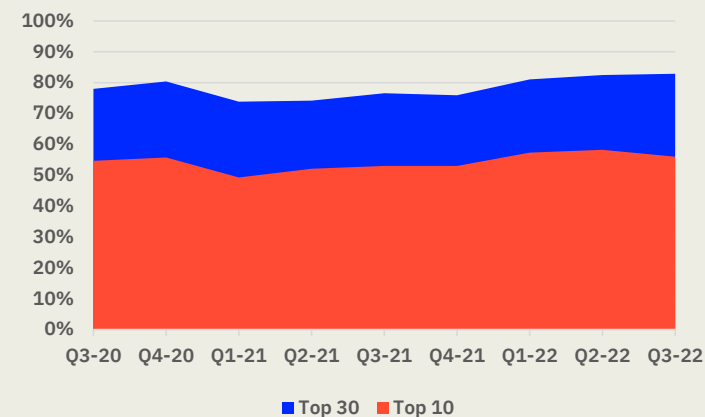
Good visibility

- Share of revenue from top 30 customers 83% (77%)
- 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

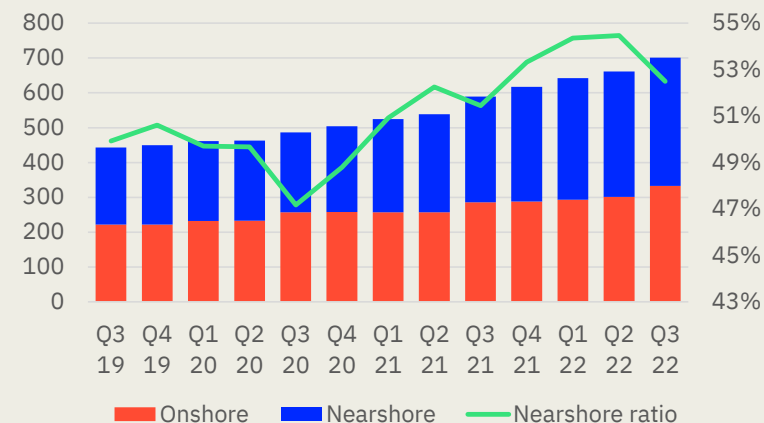
701 employees at the end of the quarter

- Up by 40 in the quarter
- Up by 112 (103) last twelve months

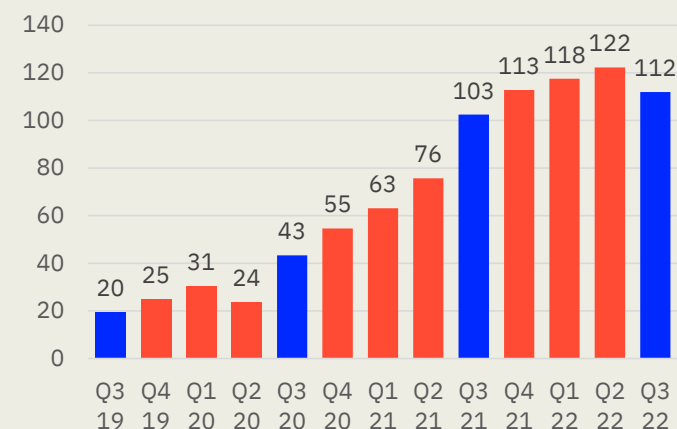
Nearshore ratio of 53% (51%)

- 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

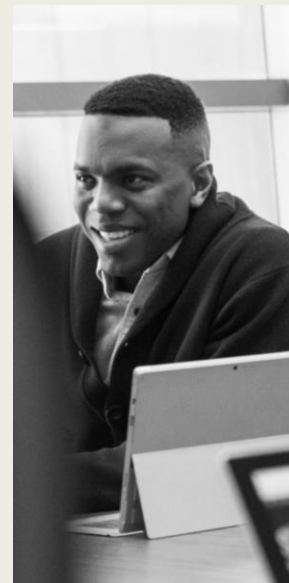


Rolling 12 months net FTE growth



03

Financial review



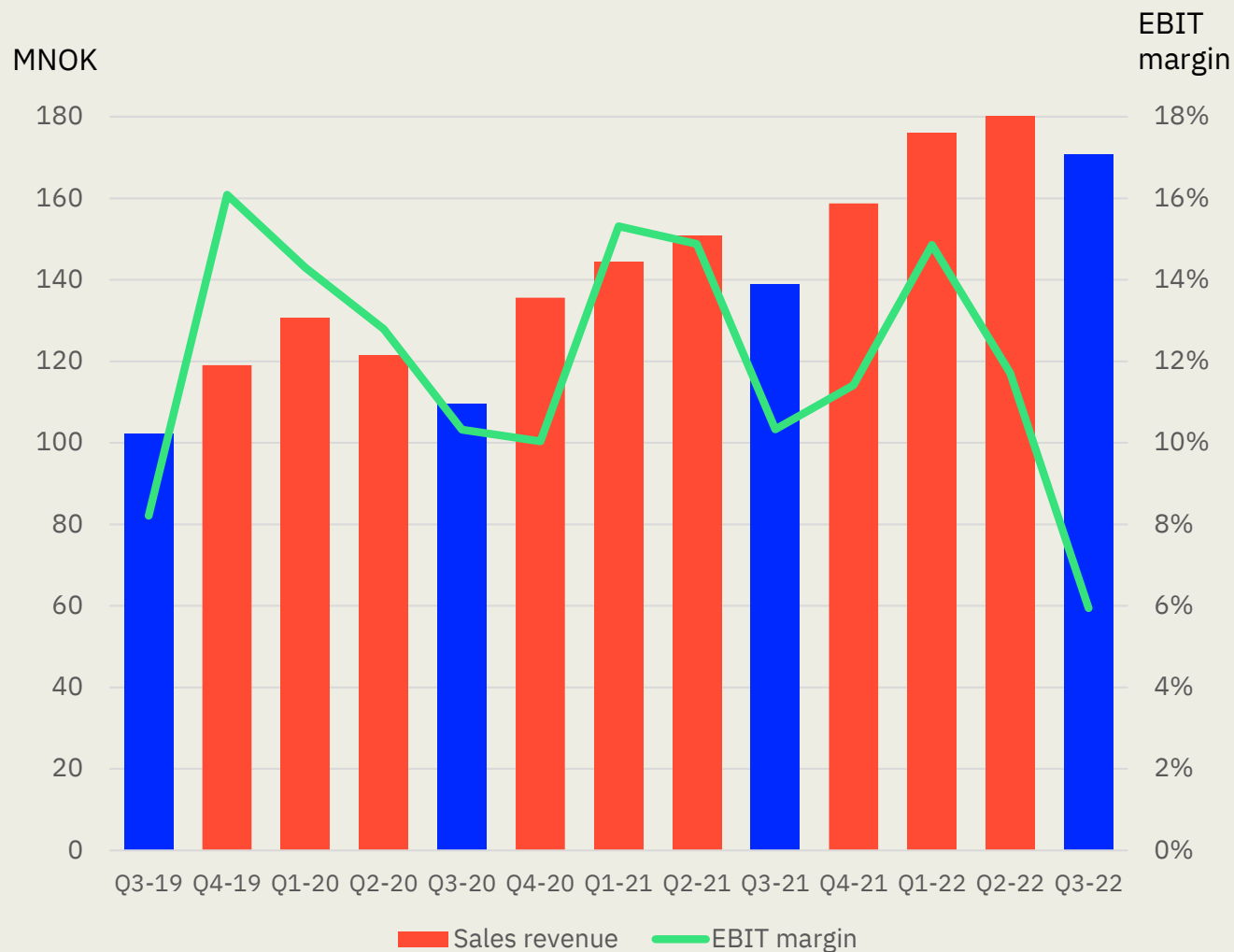
Key financials

	2022	2021	Change	2022	2021	Change	2021
NOK Million	7-9	7-9	%	1-9	1-9	%	FY
Operating revenue	170.9	138.9	23%	530.4	434.2	22%	593.0
Gross profit	160.6	129.0	24%	492.2	399.9	23%	547.3
Personnel expenses	124.6	97.0	28%	369.6	293.6	26%	369.6
Other opex	17.3	11.4	51 %	41.8	29.1	44 %	41.8
EBITDA	18.7	20.6	-9%	80.8	77.3	5%	101.6
EBITDA margin	10.9%	14.8 %	-3.9 pts	15.2%	17.8%	-2.6 pts	17.1%
Depreciation	8.5	6.2	37%	23.0	18.3	25%	25
EBIT	10.2	14.3	-29%	57.8	58.9	-2%	77.0
EBIT margin	5.9%	10.3 %	-4.4 pts	10.9%	13.6%	-2.7 pts	13.0%
Net cash flow from operations	22.0	12.5	76%	34.6	36.9	-6%	69.5
Cash and cash equivalents	41.0	22.6	82 %	41.0	22.6	82 %	37.5
Employees at end of period	701	589	19%	701	589	19%	617
Employees in average	681	564	21%	670	540	24%	556

1. Continued high growth
2. Investment in new delivery capacity
3. Readiness for implementation of industrialised managed services

- Growth of 23% fuelled by volume increases of top customers
- Personnel expenses driven by FTE growth, FX depreciation and salary growth
- Opex increase from new offices and higher spending on recruitment and travelling + social
- Depreciation up from amortisation of Cloud Centre of Excellence
- EBIT down 29% to MNOK 10.2
- EBIT margin of 5.9% (10.3%)
- No. of FTEs up 112 to 701

Revenue and earnings development



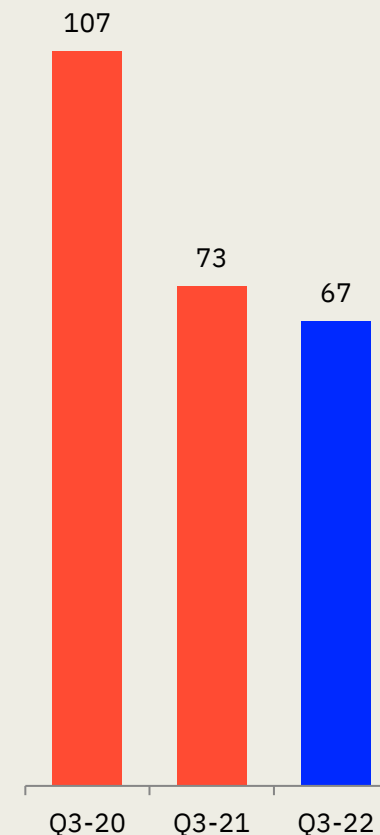
- Strong sales growth year over year with 2-year CAGR of 19.7% and an average of 11.8% EBIT margin
- Quarterly figures are impacted by number of working days net of vacations. Q3 2022 had 66 (66) working days but includes the main vacation period

Statement of cash flow

NOK Million	2022 7-9	2021 7-9	2022 1-9	2021 1-9	2021 FY
EBITDA	18.7	20.6	80.8	77.3	101.6
Change in balance sheet items	3.4	(8.0)	(46.2)	(40.3)	(32.1)
Net cash flow from operating activities	22.0	12.5	34.6	36.9	69.5
Net cash flow from investment activities	(3.7)	(6.4)	(11.6)	(25.0)	(32.8)
Purchase of own shares	-	-	(0.6)	(23.5)	(23.5)
Sale of own shares	-	-	6.6	8.4	8.4
Cash settlement of options contract	-	(1.0)	-	(1.0)	(1.0)
Equity settlement of options contract	-	4.0	-	4.0	4.0
Principal elements of lease payments	(4.0)	(2.9)	(11.7)	(14.5)	(17.5)
Instalment of sublease receivable	-	0.9	1.8	2.7	3.6
External dividend paid	-	-	(16.1)	(19.8)	(27.9)
Net cash flow from financing activities	(4.0)	1.0	(20.1)	(43.7)	(53.9)
Net change in bank deposits and cash	13.9	7.2	3.5	(31.8)	(16.9)
Bank deposits at the end of the period	41.0	22.6	41.0	22.6	37.5

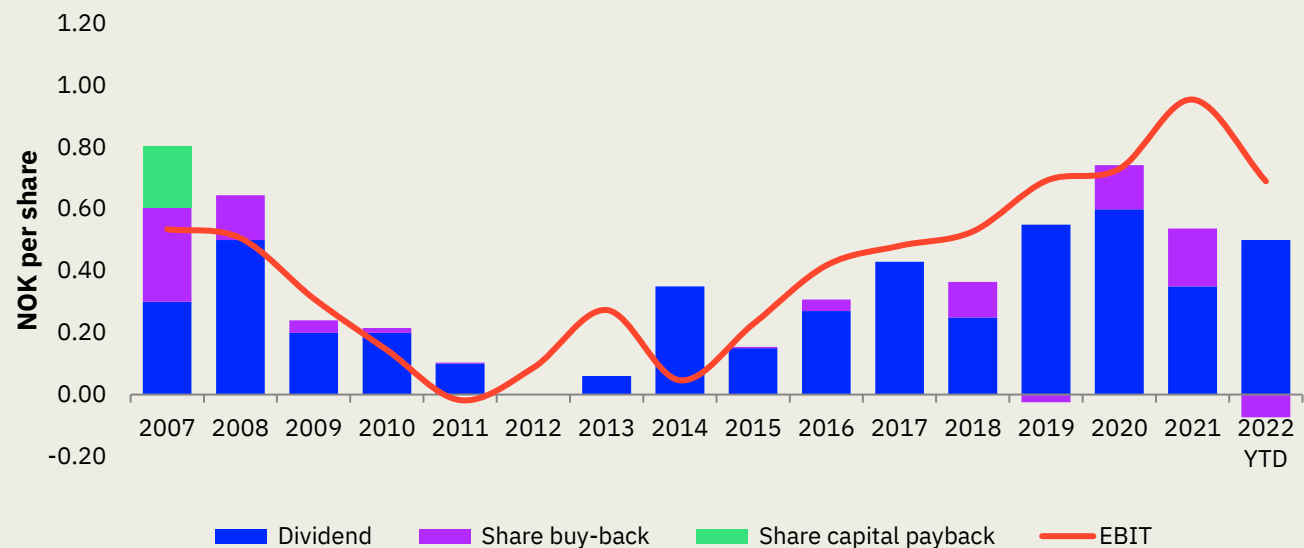
- Cash flow from operations NOK 22.0 (12.5) million in Q3
- 12 month rolling cash flow from operations was NOK 67.5 (72.5) million –
 - Approx. NOK -20 mill from discontinued operations

12 month rolling cash flow from operations (NOK Million)



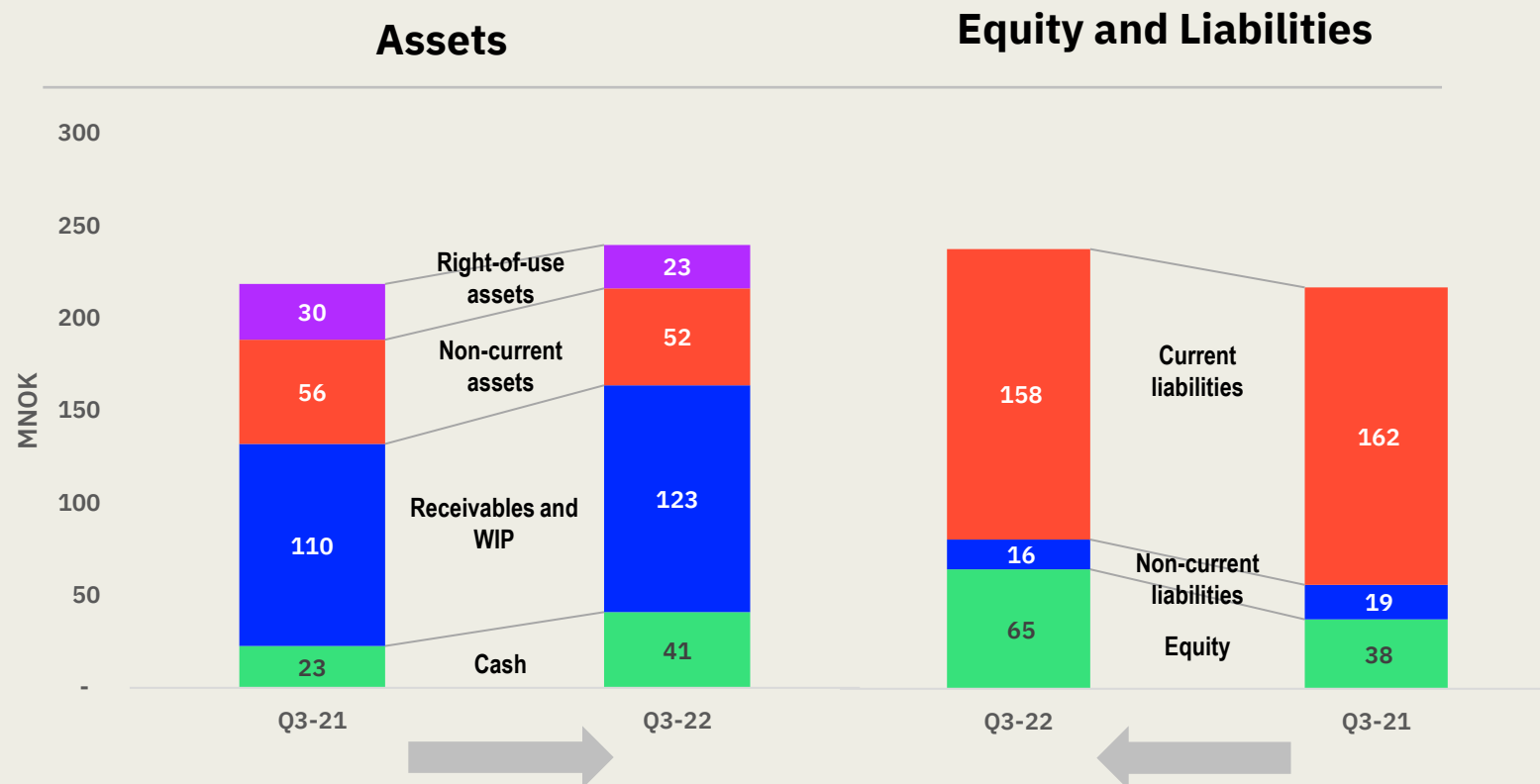
Dividend and own shares

- The board has resolved to pay a supplementary dividend of NOK 0.30 per share for 2021. Payment will be made on November 4.
- Share price was NOK 12.65 at the end of September 2022, a change of -19% (-18% incl. dividends) from NOK 15.70 at the end of September 2021.
- Current holding of own shares is 1,011,602 shares. Value at 30 September 2022 was MNOK 12.8
- Consistent high distribution of earnings



Statement of financial position

- Equity ratio of 27% (17%) per 30 September 2022
 - 30% (20%) excl. IFRS 16 Leasing
- Cash balance of MNOK 41 (MNOK 23)
- Total balance increased by MNOK 21 to MNOK 240



04 Outlook



Outlook

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

Continued high growth through existing and new customers

Readiness to migrate and operate larger scale cloud transformations.

Connecting Ukraine and Norway 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	30.62	NOR	25,163,031
2	OP CAPITAL AS	5.60	NOR	4,605,242
3	GIP AS	5.09	NOR	4,186,000
4	SEPTIM CONSULTING AS	3.72	NOR	3,060,000
5	EIKESTAD AS	3.65	NOR	3,000,000
6	BOINVESTERING AS	3.44	NOR	2,827,361
7	GAMST INVEST AS	3.09	NOR	2,542,782
8	JØSYRA INVEST AS	2.68	NOR	2,200,000
9	DNB BANK ASA	2.67	NOR	2,197,853
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	ALTEA AS	0.85	LUX	700,000
16	NYVANG, JETMUND GUNNAR	0.79	NOR	650,000
17	JENSEN, LARS PETER	0.77	NOR	630,000
18	MORTEN JOHNSEN HOLDING AS	0.73	DEN	600,000
19	GRØSLAND, KIM-KJETIL	0.72	NOR	590,000
20	SOBER KAPITAL AS	0.66	NOR	540,786
TOP 20		71.64		58,879,013

*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%).

