

ITERA



Q3²⁰²³

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

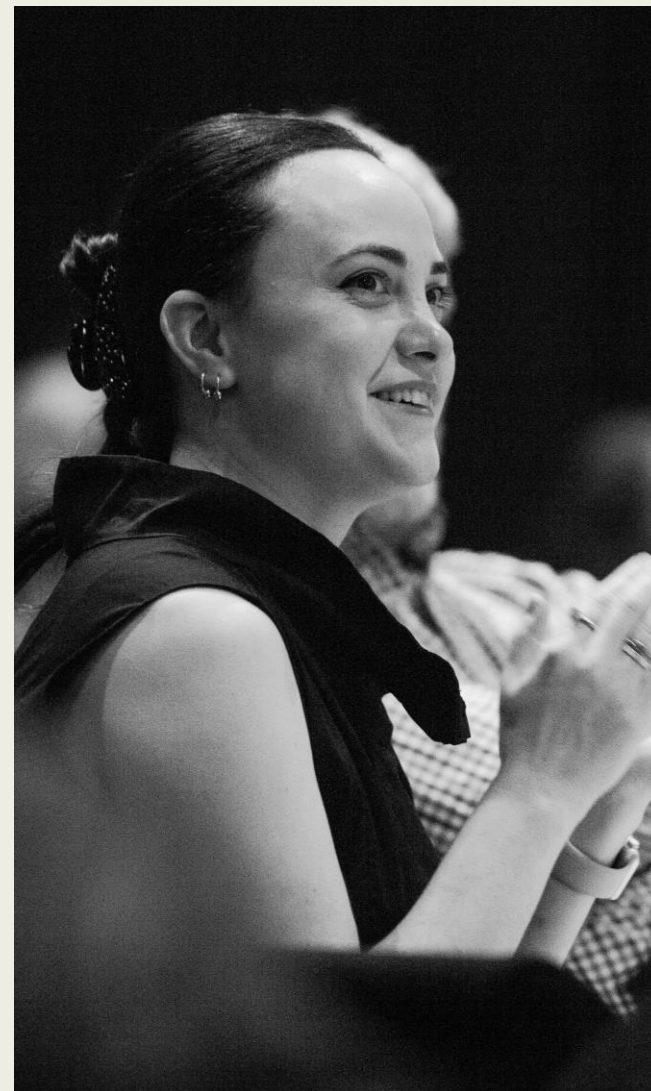
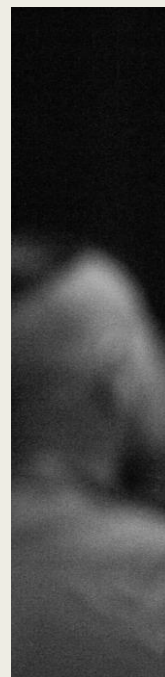


Bent Hammer
CHIEF FINANCIAL OFFICER



01

Highlights Q3 2023



Q3 in brief



14%

Organic revenue growth

Macro environment continues to be uncertain with various impact on industries, with longer sales cycles and tougher competition.

Temporarily slower pace of intake of new employees.

Number of employees increased by 21 in Q3 and 61 employees (9%) during the last 12 months.

Seasonal variations in order intake with book-to-bill of 0.6 in Q3 and 1.0 last 12 months.

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

4.5%

Operating margin

Profitability impacted by continued high inflation, fewer working days and the economy investment case in Cloud & Application Services.

Ongoing focus on demand generation and efficiency measures

Business optimization programme expected to improve margins by 1.2-1.6%.

Ecovadis has rated Itera among global top 2% of companies in our industry in sustainability.

A supplementary dividend of NOK 0.40 per share to be paid on Nov 10.

Total dividends paid in 2023 up by 40% to NOK 0.70 per share.

Key figures

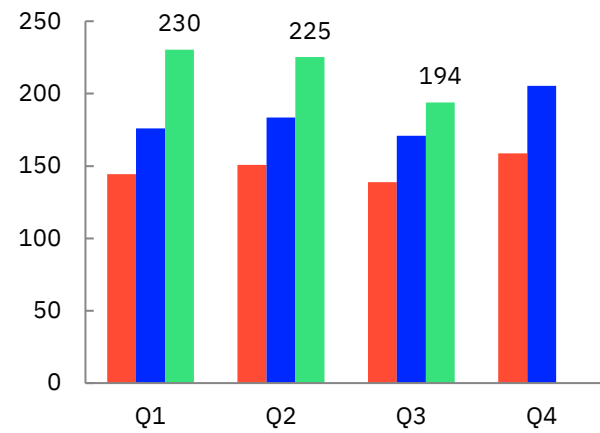
Q3
14% YTD
22%

Organic revenue
growth

Revenues

NOK million

2021 2022 2023



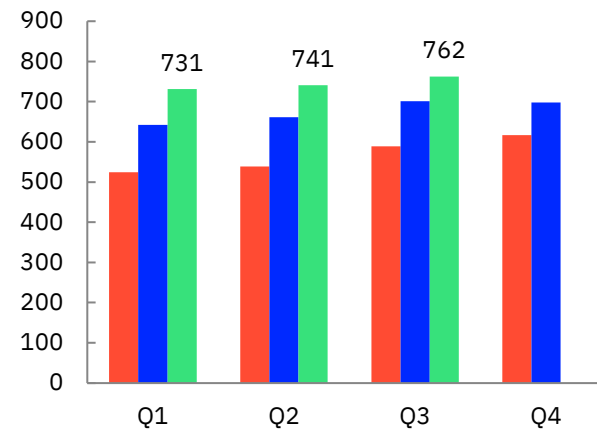
Q3
9% YTD
9%

Growth in number
of employees

Employees

End of period

2021 2022 2023



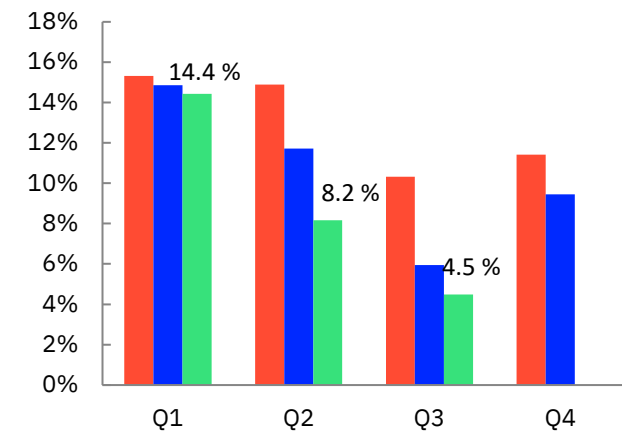
Q3
4.5% YTD
9.3%

Operating margin

EBIT margin

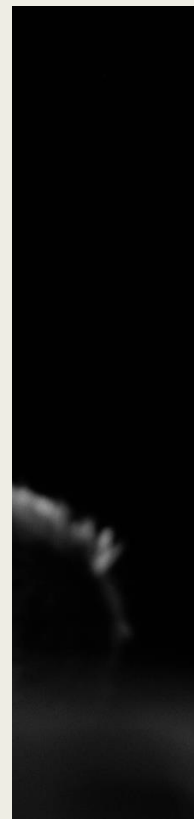
%

2021 2022 2023

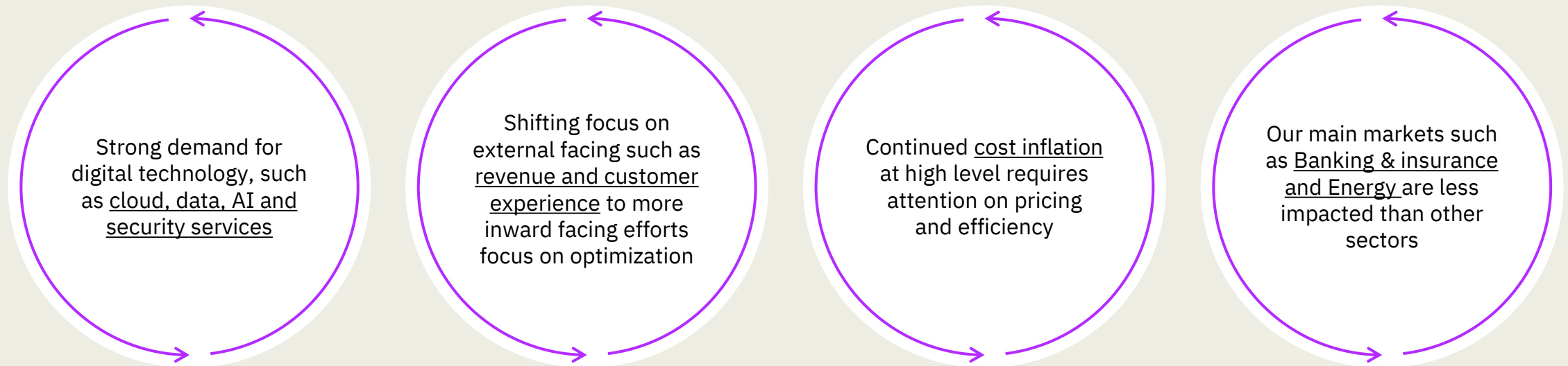


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Business review



A mixed market environment



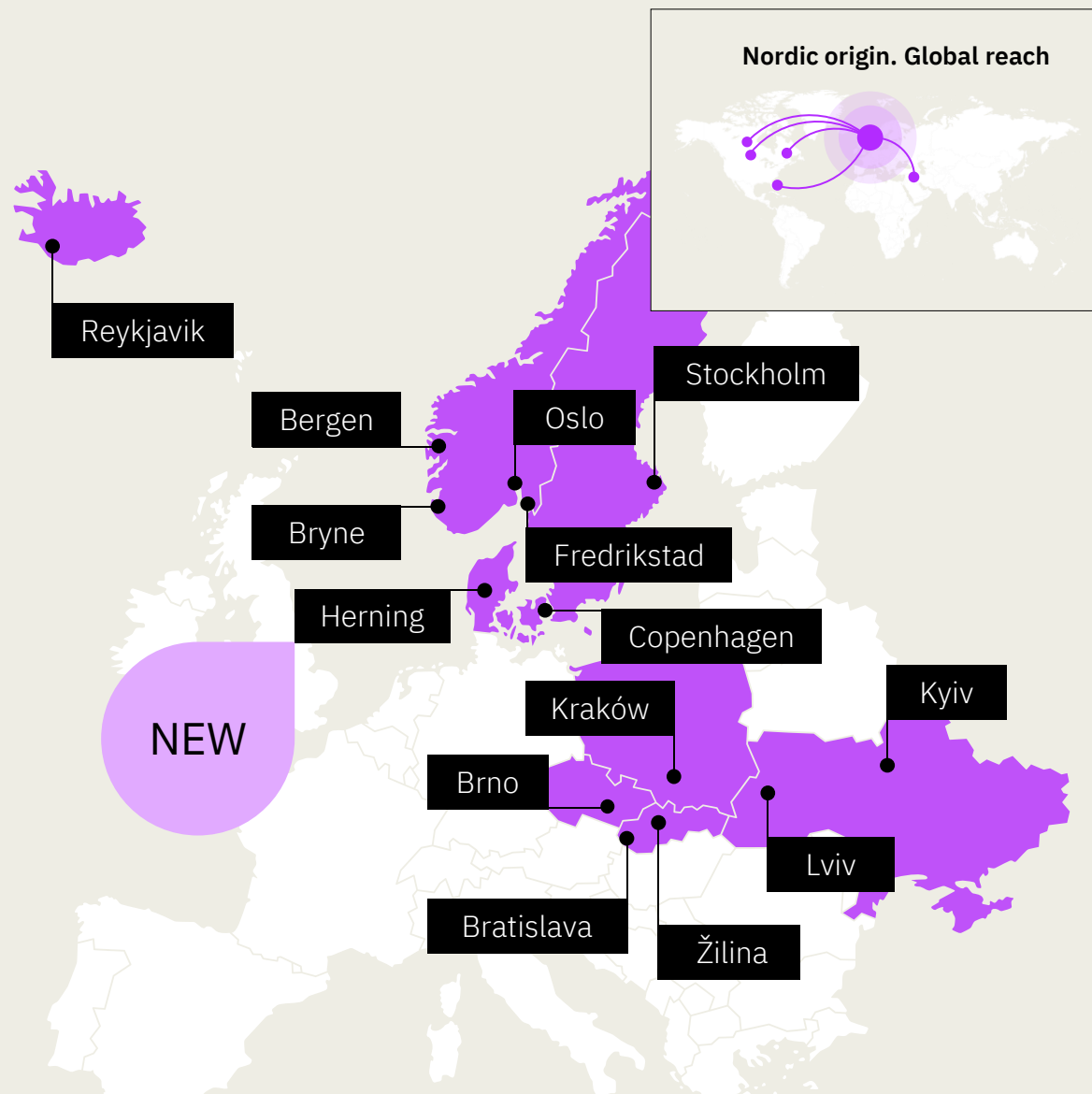
Customer focus on short-term solutions to add value, as well as digitally transforming their businesses.

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.

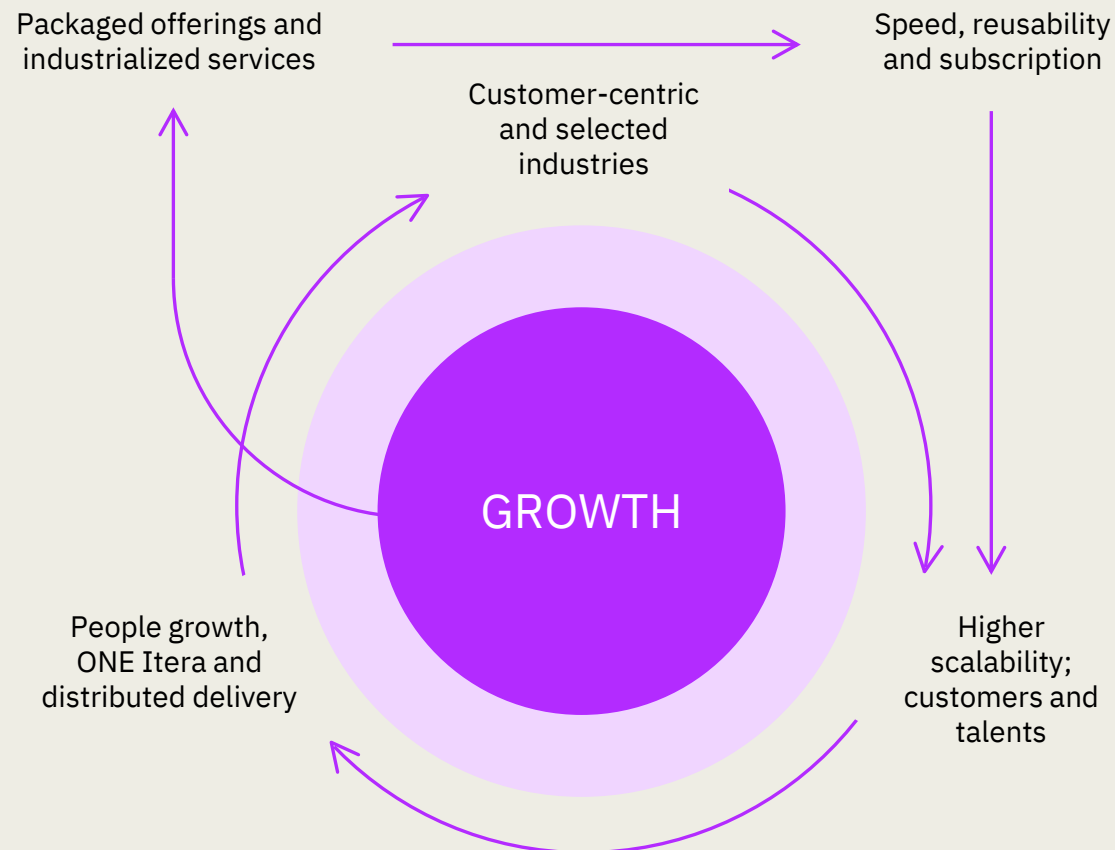
Our profitable growth trajectory is amongst the top peers in our industry and reflects our strong position to deliver on the promise of sustainable digital transformation for our customers.

Digital transformation drives the global economy*

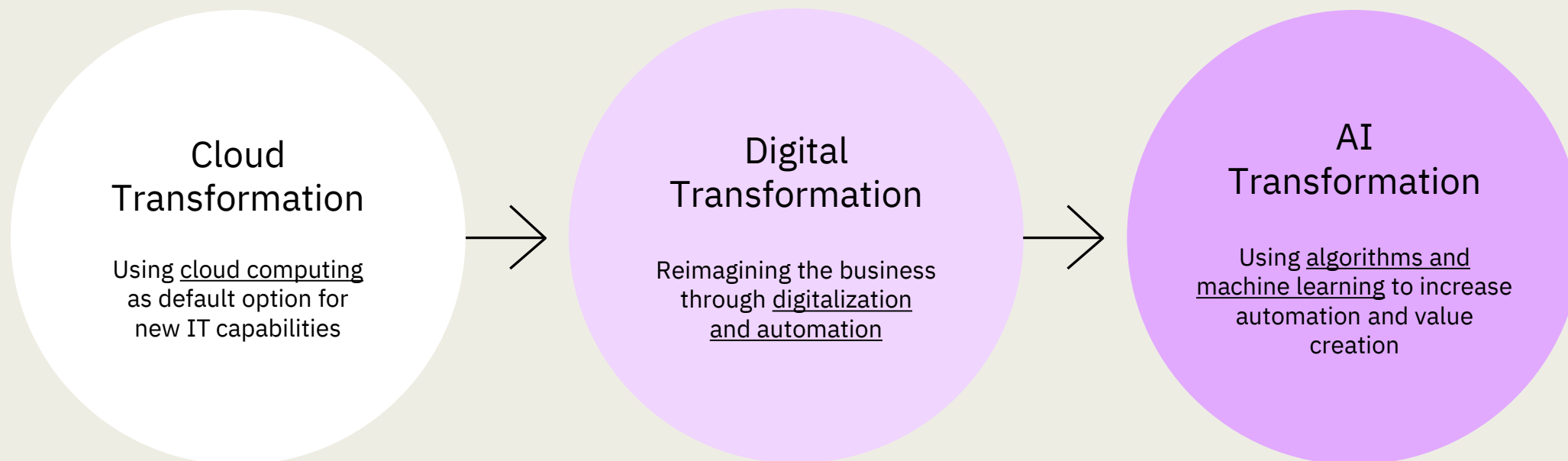
Digital transformation investment increases to 16.5% CAGR 2022-2024

Digital transformation investment = 55% ICT investment by 2024

>50% Global economy influenced by digital



Towards AI transformation

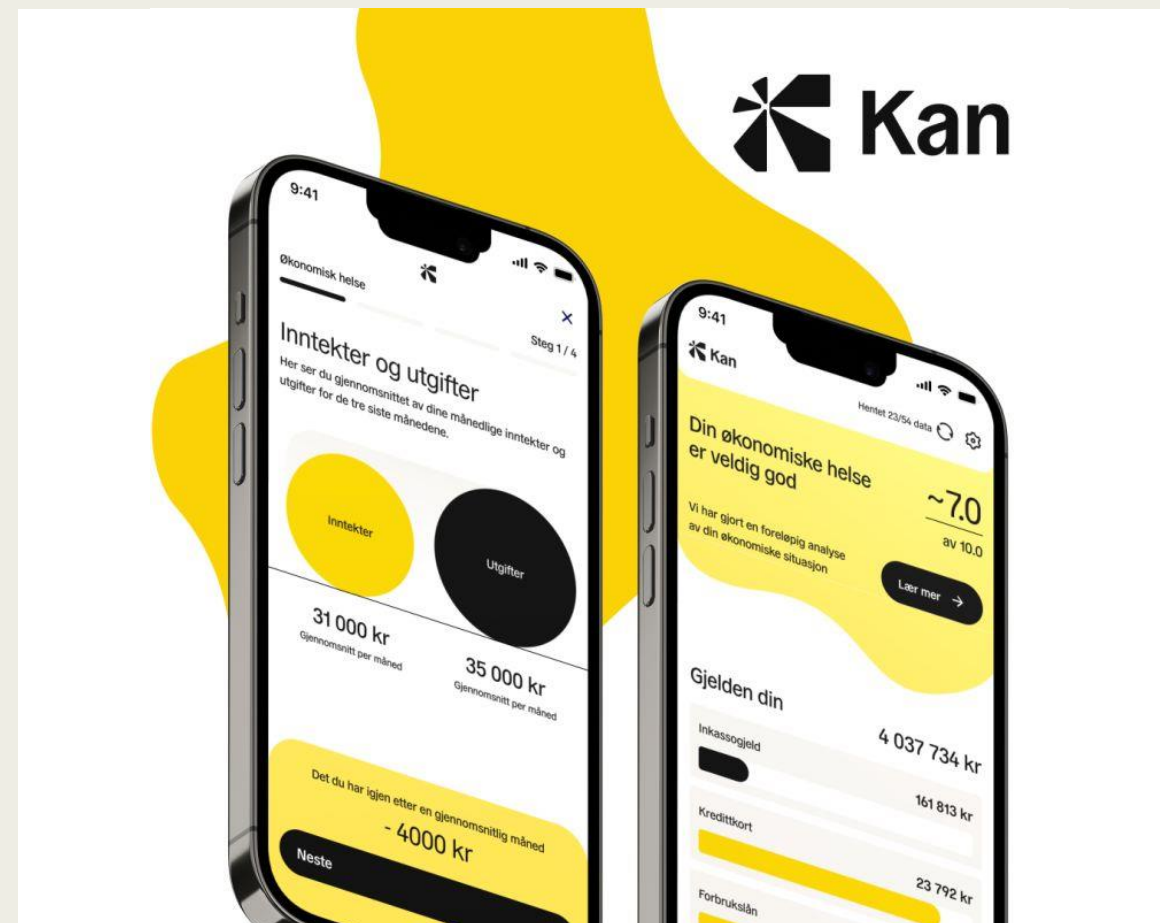


10 new customers were onboarded to drive AI transformations with business-altering value

Kreditor 'Kan'

Itera has played a pivotal role in developing and implementing a new and innovative product for Kreditor, which can be explained as revolutionary within the Norwegian debt collection market.

- Kan is a service that aims to enhance employees' financial well-being. It includes:
 - Comprehensive overview of debt and personal finances
 - 1:1 counselling with our experts
 - Action plan with active follow-up
 - Tailored debt management measures
- Itera has been a part of the conception and is now a driving force for high-speed delivery to reach the market with the product before year-end.
- An MVP has already been launched, and customers are using the product.



Transforming Business Pension Solutions

Itera has had a key role at Storebrand, helping develop their new pension and insurance solution 'Bedriftsveilederen' for small businesses

- The result has been a groundbreaking solution that has earned them the prestigious UX Nordic Award 2023.
- Previously, it could take weeks to complete the purchase of pension and insurance numerous manual processes. Now, Storebrand has obtained a fully automated online solution that enables the entire process to be completed in just 10 minutes.
- Service design professionals from Itera had the privilege of collaborating with Storebrand to create this award-winning digital solution.



↑ Storebrand receiving the UX Nordic Award. Represented by Yago Martinez Parrondo, Product Manager in Storebrand, and Hanna Kongshem, Service Designer in Itera and part of the award-winning project.
←

Large Public Sector framework agreements

Itera has won some of the largest Public Sector framework agreements in Norway by forming alliances with other consulting firms in a bid to compete with the biggest players

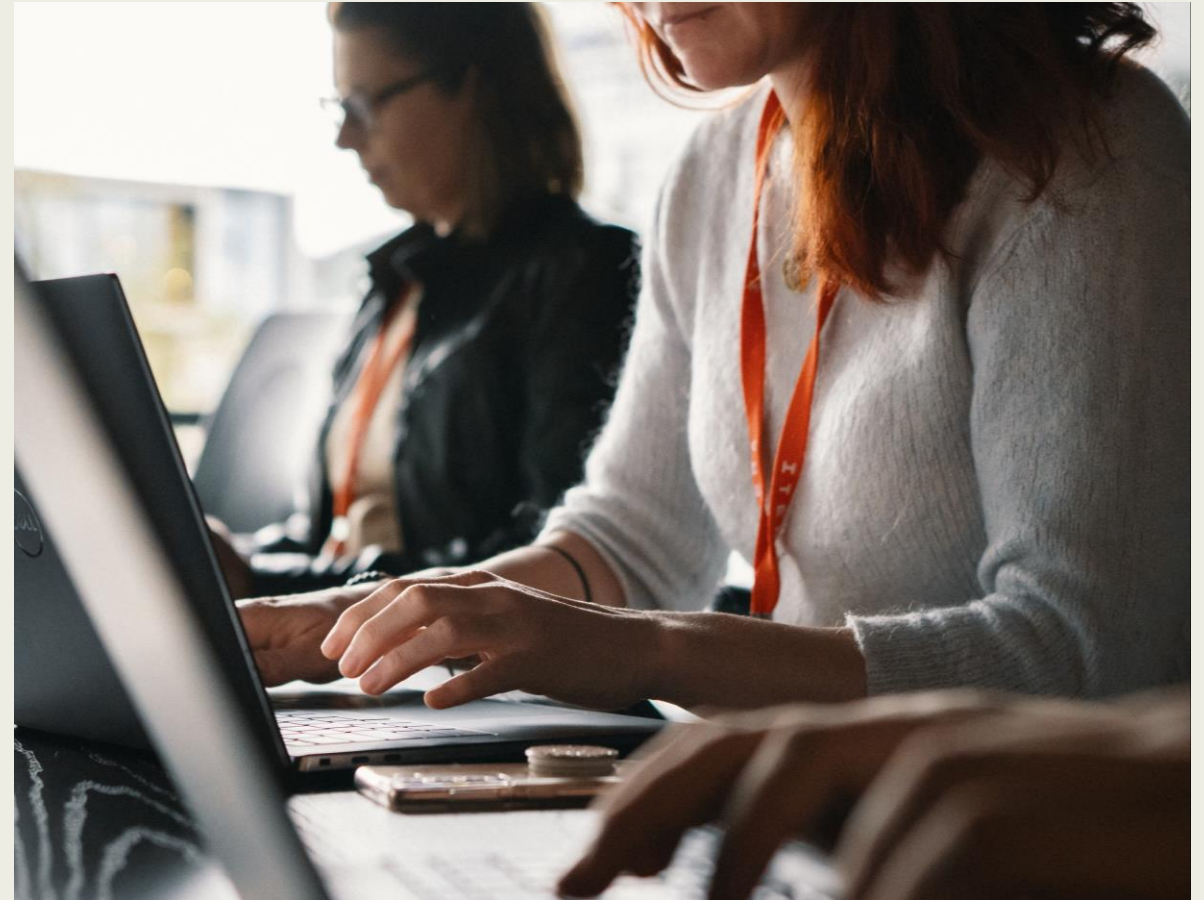
Following Skatteetaten and NAV earlier this year, our consortium was one of three winners of a 4-year agreement for the Norwegian Police with an estimated total value of NOK 4 billion.



Skatteetaten



POLITIET



New edition of the Energy Market Report

In late September, we published another edition of The Power Market Report, a bi-yearly publication in cooperation with Thema Consulting.

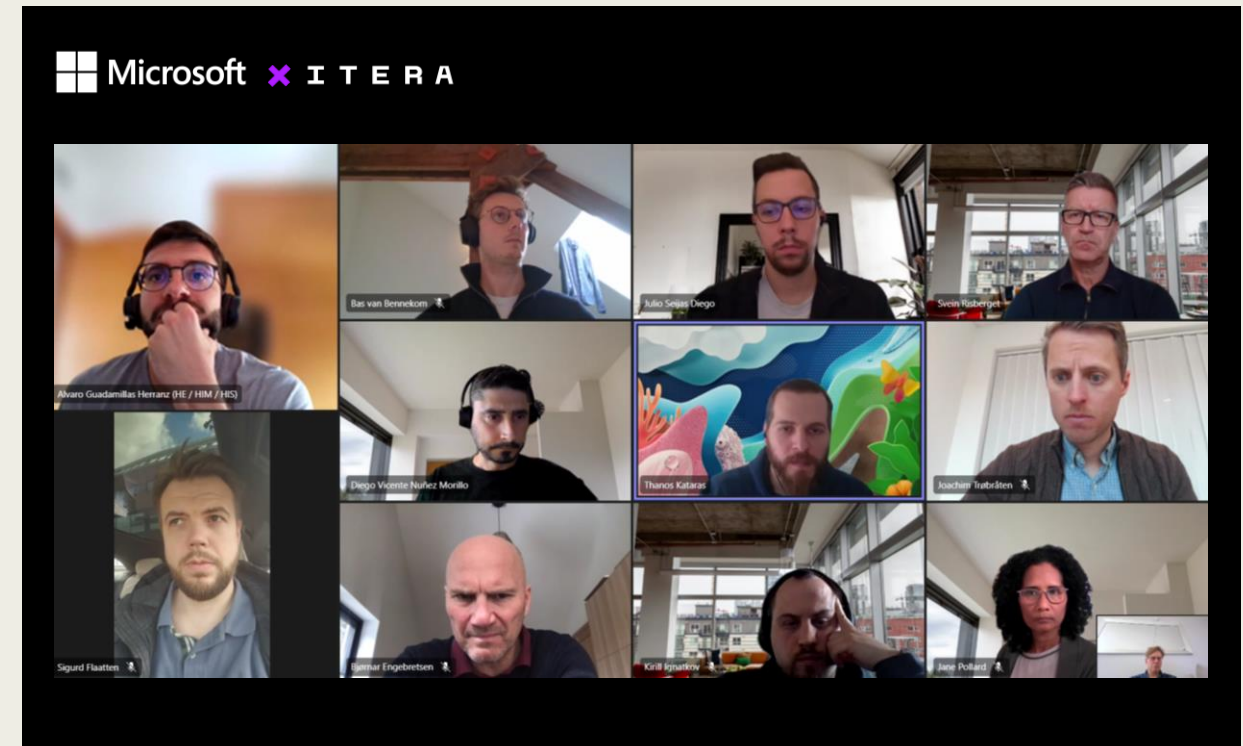
- The report focuses on the Northern European Markets, where new customer-facing solutions will be crucial for succeeding in an era with volatile prices and a rapidly changing energy system.
- The largest power companies in Norway are paying customers for the report and actively utilize it in the further development of their business. A condensed version of the report is read by several hundred industry specialists in leading Nordic companies.
- The report strengthens Itera's position as a leading player in the energy industry and significantly contributes to our success in winning new projects with ambitious companies in the sector, and it contributes to demand generation.



Strengthened partnership with Microsoft

Itera's strategic partnership with Microsoft Industry Solutions Delivery (ISD) is materializing. Together, we have progressed to mature stages of opportunities, presenting and co-selling as a unified unit.

- The partnership gives Itera access to ISD's worldwide team of 15,000 experts and their developed intellectual property (IP), which is based on best practices from successful digital transformation projects.
- We are actively working on developing the next generation of transformational IP for our customers.
- While our CCoE is rooted in Microsoft's best practices, it is designed to support other hyperscalers such as Google Cloud and Amazon Web Services (AWS), as well as hybrid cloud environments like IBM Red Hat Openshift.



↑ Preparation with worldwide best practices for a customer meeting

Gold ranking in sustainability reporting by EcoVadis!

Itera has achieved a gold rating in the EcoVadis sustainability report. This places us among the top 2% of companies in our industry on a global basis.

- EcoVadis is a recognized rating agency within sustainability and has rated over 100,000 companies in over 100 countries over the past 15 years.
- The ranking is based on a number of factors, including the environment, social responsibility and ethics, that are important to a sustainable business.

— We have a strong focus on quality management, business ethics, IT security and treating employees and partners with respect and fairness, regardless of their background.

Erlend Jevnaker Straand. Head of Sustainability in Itera



Collaboration for the Future of Business in Ukraine

Together with Bergen Chamber of Commerce, we organized an event in September on how Western Norwegian companies can get engaged in supporting Ukraine from both short and long-term perspectives.

- Norway has unique opportunities to establish close business ties with Ukraine, thanks to our breadth, expertise, and background as an exporting and manufacturing nation.
- On stage from Itera were Odd Khalifi (Director of Global Business Development) and Arne Mjøs (CEO)

– There will be a time after the war. Do you want to be on the right side of history? When Itera will be remembered for something, it was because we chose to engage.

Odd Khalifi, Director of Global Business Development in Itera



↑ From the event with Bergen Næringsråd.

Order intake

Order intake from selected new and existing customers.

Book-to-bill ratio^{*)} of 0.6 in Q3 and 1.0 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 94.9% (91.3%) of revenues in Q3 2023
- New customers won over the past year generated revenues of NOK 9.8 (14.8) million in Q3 2023 (5.1% share)

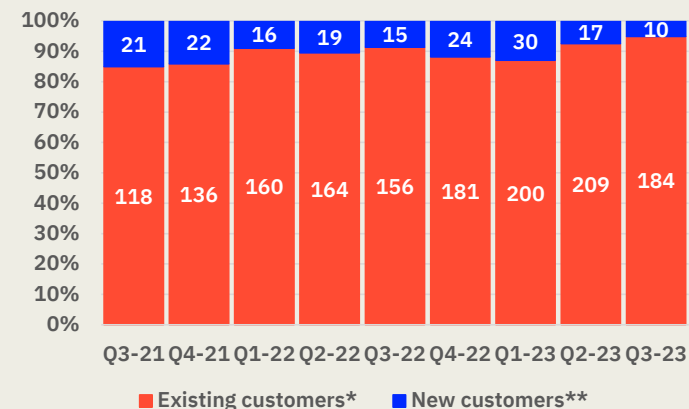
Good visibility

- Share of revenue from top 30 customers 83% (83%)
- High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Distributed delivery across borders

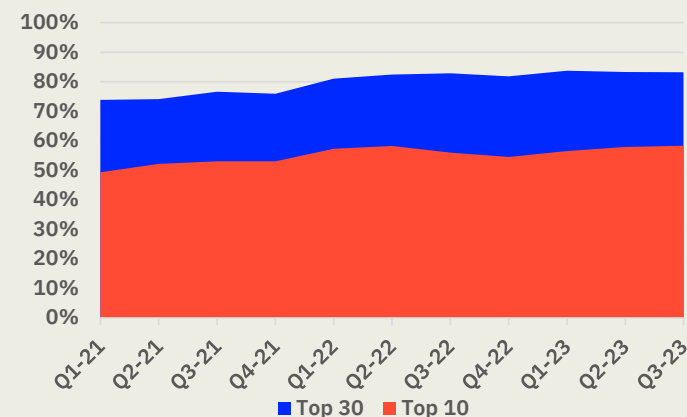
* Existing customers defined as customers that were invoiced in the corresponding quarter last year

** New customers defined as customers won since end of corresponding quarter last year

Revenue customers split (in MNOK)



Largest customers' share of revenue



Skilled and innovative employees

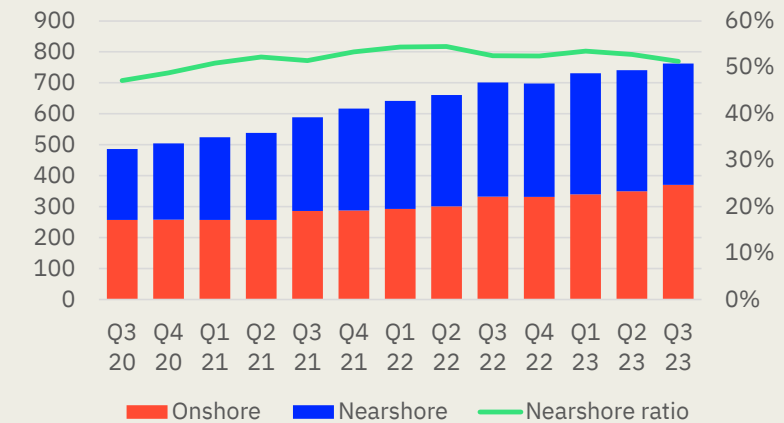
762 employees at the end of the quarter

- Up by 61 (79) last twelve months
- More than 60% of the FTE growth in the Nordics

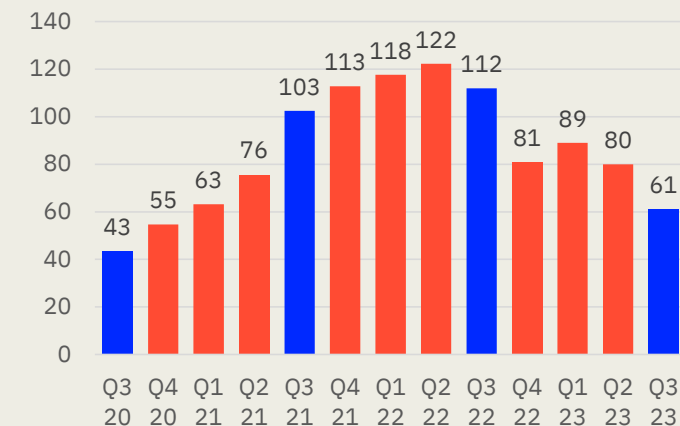
Nearshore ratio of 51% (52%)

- 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

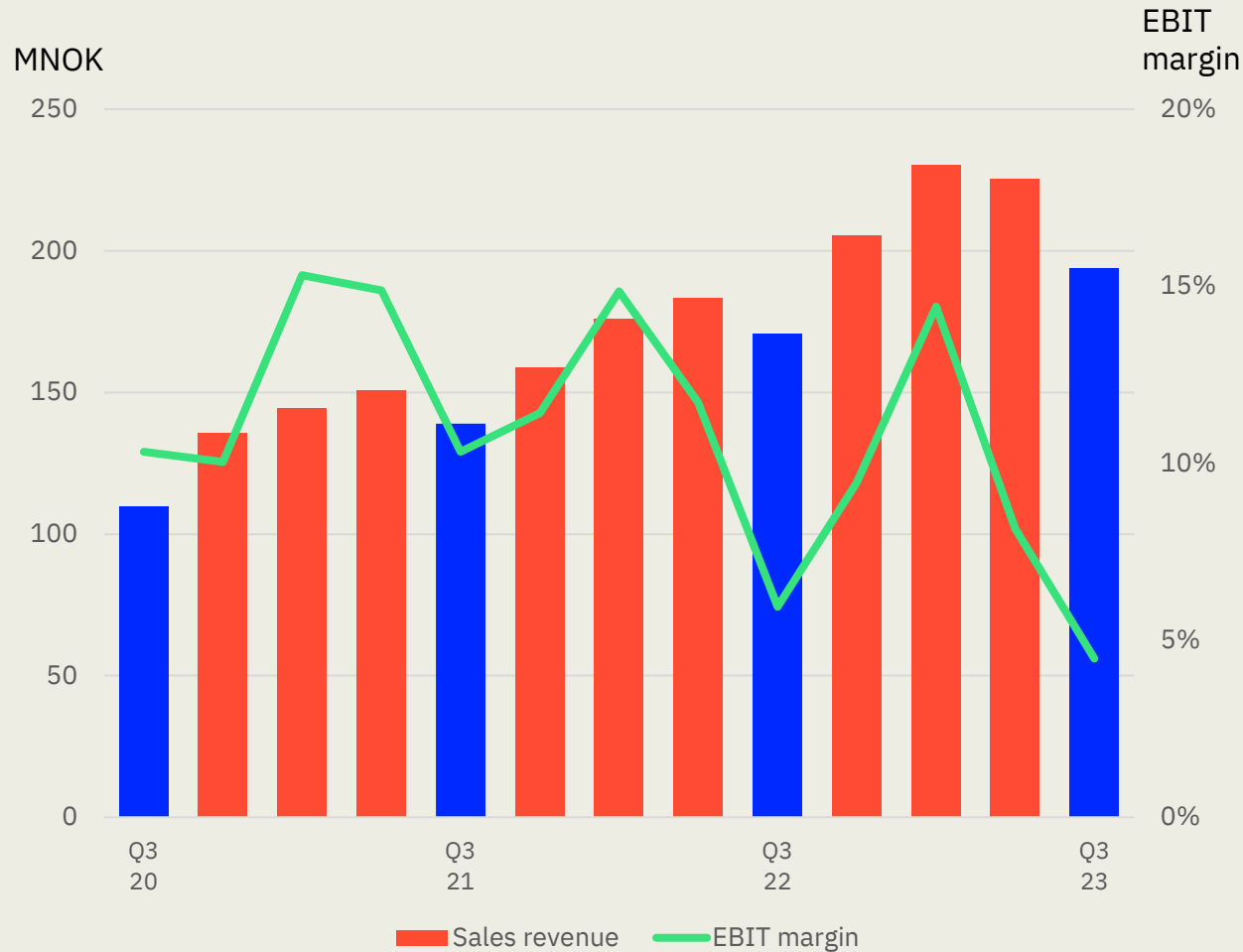


Key financials

	2023	2022	Change	2023	2022	Change	2022
NOK Million	7-9	7-9	%	1-9	1-9	%	FY
Operating revenue	193.9	170.9	14%	649.5	530.4	22%	735.8
Gross profit	181.6	160.6	13%	607.5	492.2	23%	684.2
Personnel expenses	148.8	124.6	19%	471.8	369.6	28%	471.8
Other opex	15.9	17.3	-8%	51.6	41.8	23%	51.6
EBITDA	16.9	18.7	-9%	84.1	80.8	4%	109.0
EBITDA margin	8.7%	10.9%	-2.2pts	13.0%	15.2%	-2.3pts	14.8%
Depreciation	8.2	8.5	-3%	23.8	23.0	4%	32
EBIT	8.7	10.2	-14%	60.3	57.8	4%	77.2
EBIT margin	4.5%	5.9%	-1.5pts	9.3%	10.9%	-1.6pts	10.5%
Net cash flow from operations	(2.3)	22.0	-111%	38.6	34.6	11%	76.0
Cash and cash equivalents	42.2	41.0	3%	42.2	41.0	3%	41.9
Employees at end of period	762	701	9%	762	701	9%	698
Employees in average	752	681	10%	734	659	11%	669

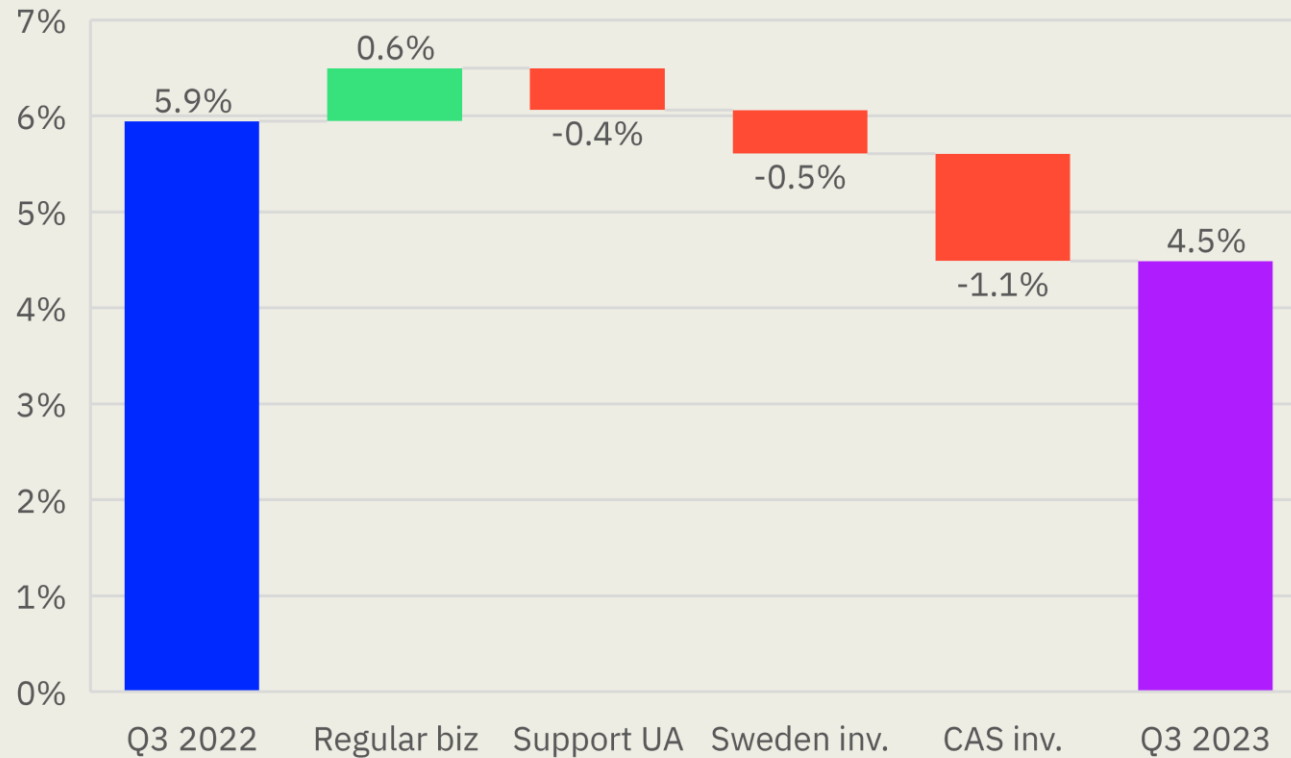
- Organic revenue growth of 14%
- Personnel expenses driven by FTE growth, NOK depreciation and salary growth
- Opex decrease following business optimization programme
- EBIT of MNOK 8.7 (10.2)
- EBIT margin of 4.5% (5.9%)
- Cash flow from operations MNOK -2.3 (22.0)
- No. of FTEs 762 (+61)

Revenue and earnings development



- Strong sales growth year over year with 2-year CAGR of 22.5% and an average of 10.1% EBIT margin
- Quarterly figures are impacted by number of working days less vacations. Q3 2023 had a weighted average of 64.0 (65.1) working days (impact -3 MNOK vs LY) and included the main vacation period.

EBIT margin development

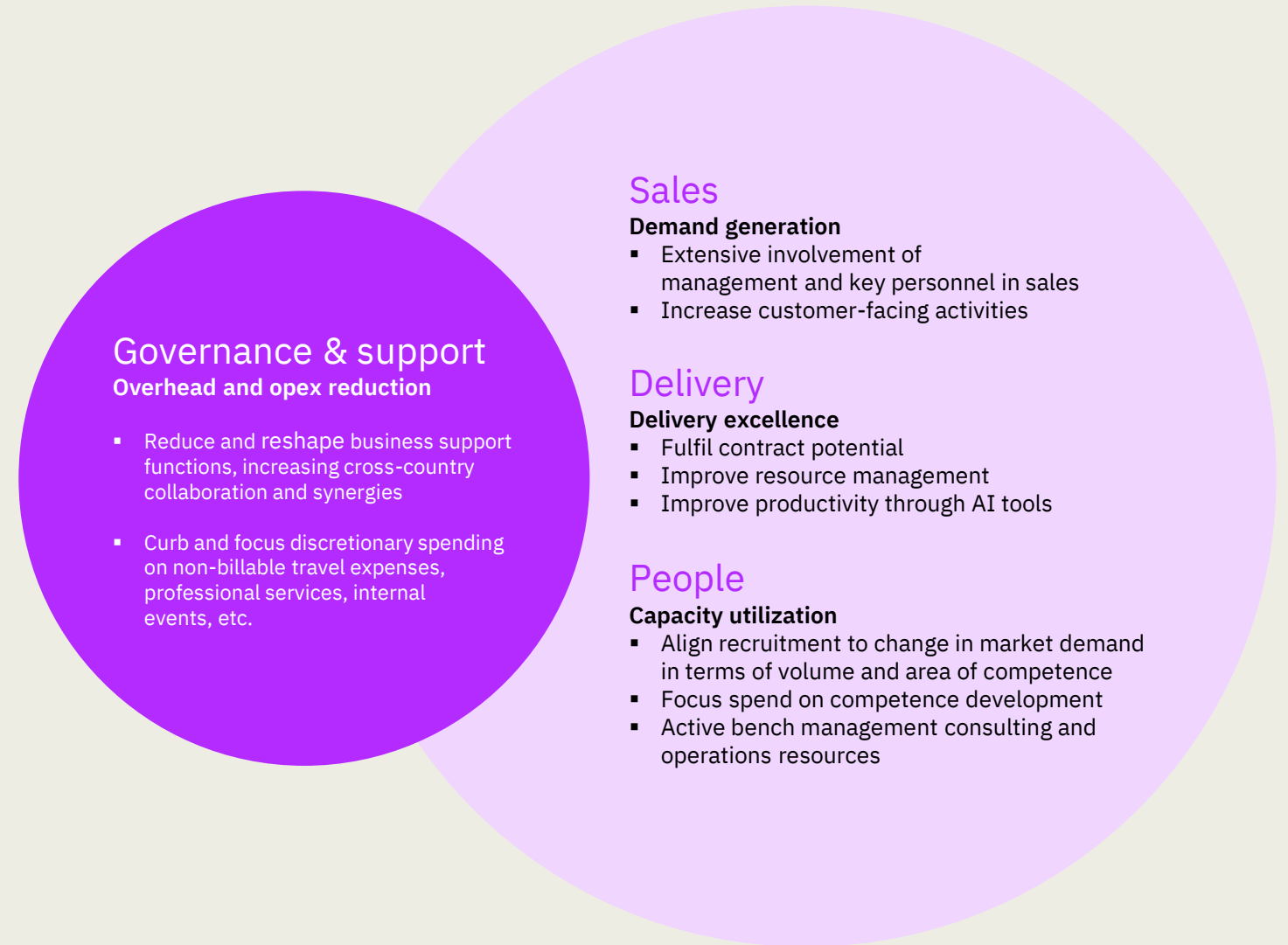


EBIT margin development:

- Margin increase regular business: 0.6%
 - Reduced opex
- Support to Ukraine: -0.4%
- Entry cost in Sweden: -0.5%
- Investment in capacity readiness for cloud expansion: -1.1%

Business Optimization

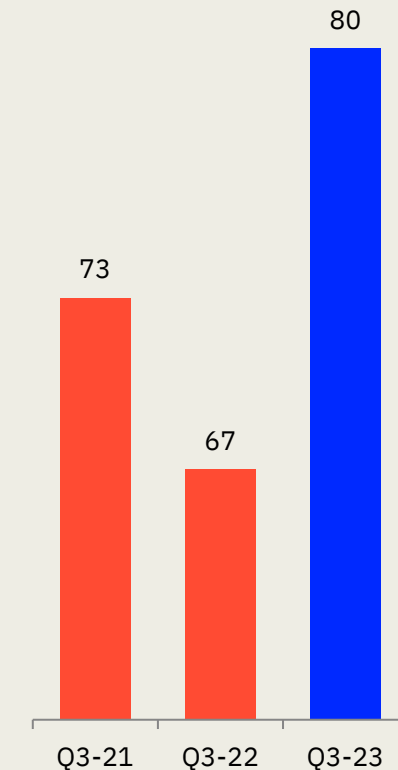
- A periodic full review of the business undertaken to identify and implement optimizing actions in all business units and corporate functions
- Impact of improvements expected to add **1.2%-1.6%** EBIT margin when in full effect
- Focus on remaining a safe and attractive employer despite cyclical downturn



Statement of cash flow

NOK Million	2023 7-9	2022 7-9	2023 1-9	2022 1-9	2022 FY
EBITDA	16.9	18.7	84.1	80.8	109.0
Change in balance sheet items	(19.3)	3.4	(45.6)	(46.2)	(32.9)
Net cash flow from operating activities	(2.3)	22.0	38.6	34.6	76.0
Net cash flow from investment activities	(7.9)	(3.7)	(15.6)	(11.6)	(15.2)
Purchase of own shares	-	-	(0.1)	(0.6)	(9.1)
Sale of own shares	-	-	6.2	6.6	6.6
Equity settlement of options contract	-	-	0.3	-	-
Principal elements of lease payments	(4.2)	(4.0)	(11.0)	(11.7)	(15.5)
Instalment of sublease receivable	-	-	-	1.8	1.8
Long-term borrowings	5.0	-	5.0	-	-
External dividend paid	-	-	(24.7)	(16.1)	(40.5)
Net cash flow from financing activities	0.8	(4.0)	(24.2)	(20.1)	(56.8)
Net change in bank deposits and cash	(9.8)	13.9	0.2	3.5	4.5
Bank deposits at the end of the period	42.2	41.0	42.2	41.0	41.9

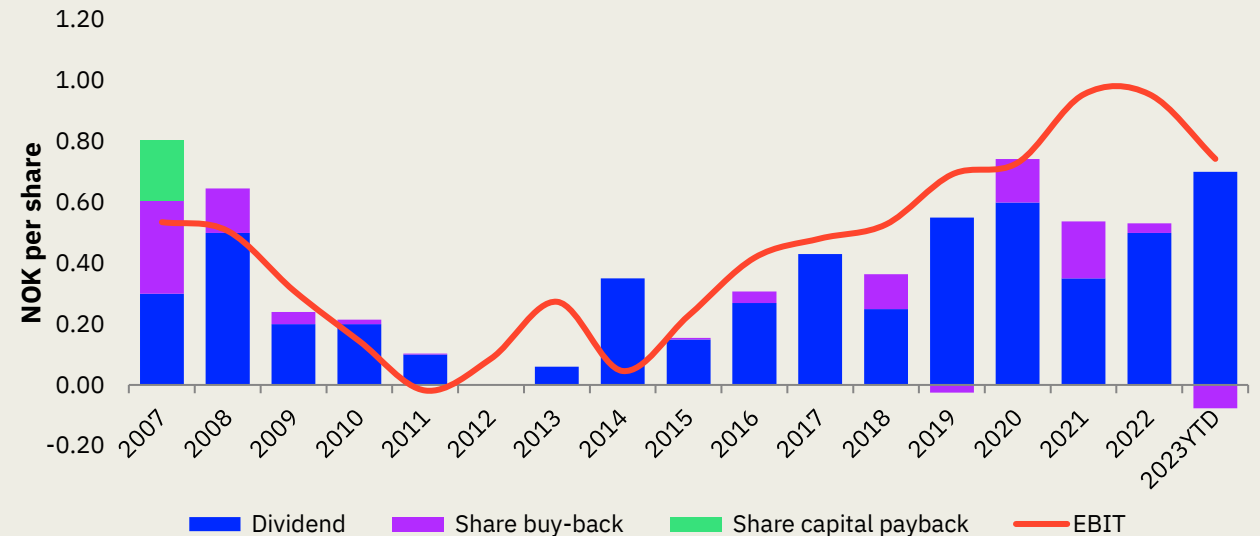
12 month rolling cash flow from operations (NOK Million)



- Cash flow from operations NOK -2.3 (22.0) million in Q3 with substantial payments received in early October
- 12-month rolling cash flow from operations was NOK 85.0 (67.5) million
- Cash conversion from EBITDA of 71% last 12 months

Dividend and own shares

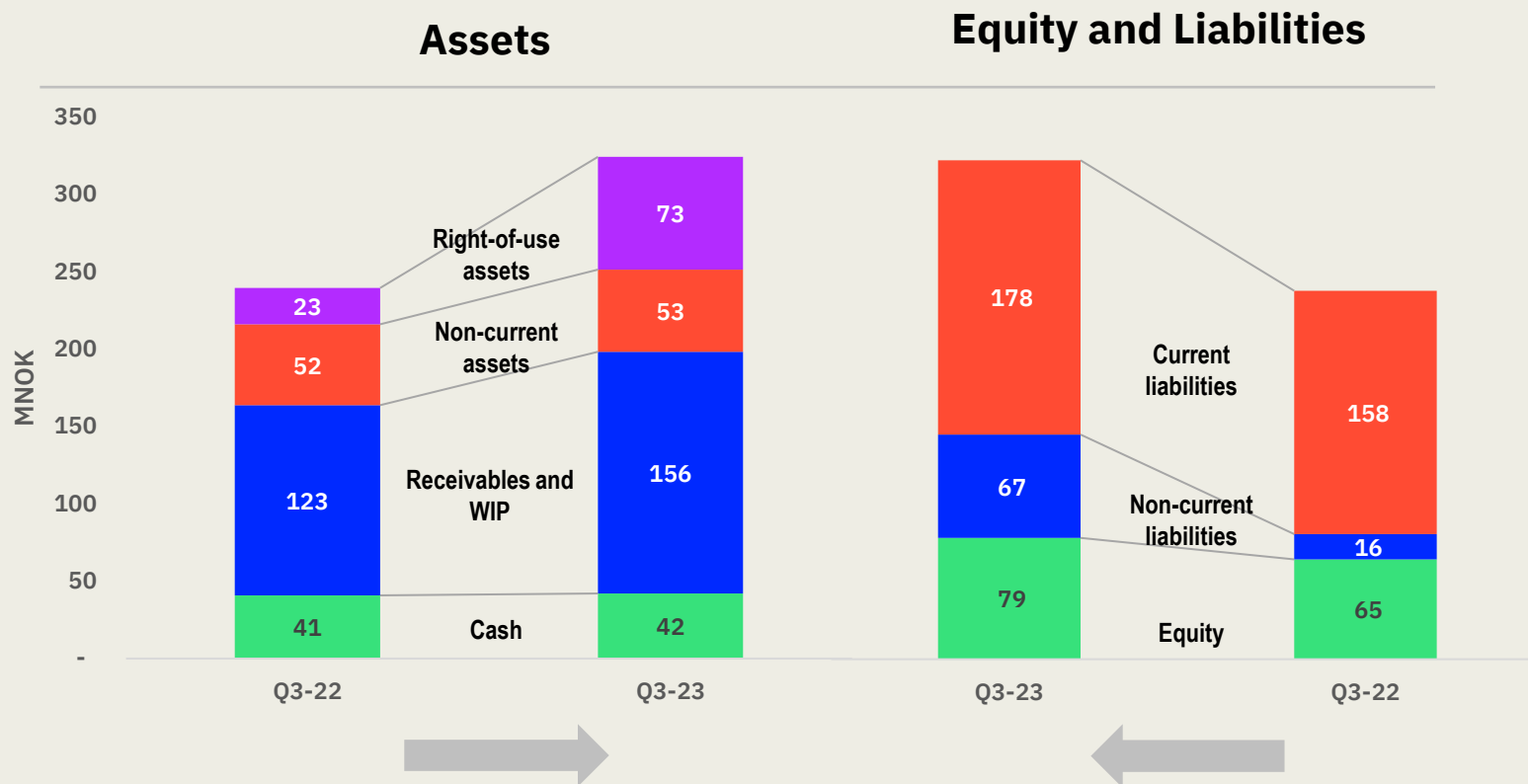
- A supplementary dividend of NOK 0.40 per share for 2022 to be paid on 10 Nov
- Share price was NOK 12.05 at the end of Sep 2023, a change of 0% incl. dividends from NOK 12.65 at the end of June 2022
- Current holding of own shares is 948,059. Value at 30 Sep 2023 was MNOK 11.4
- Consistent high distribution 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% (27%) per 30 Sep 2023
 - 31% (30%) excl. IFRS 16 Leasing
- Right-of-use assets up MNOK 50 from new facility agreements
- Cash balance of MNOK 42 (MNOK 41)
- Total balance increased by MNOK 85 to MNOK 325



04 Outlook



Outlook

Underlying strong demand for digital transformation through existing and new customers but softer total market

Continued attention on **business optimization** to mitigate current market situation

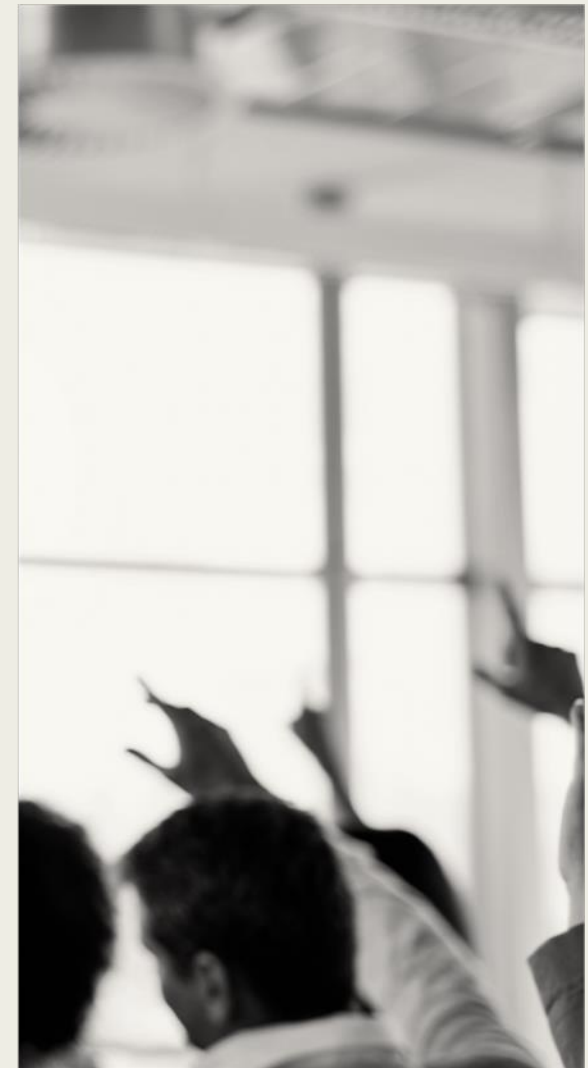
Readiness to migrate and operate larger scale cloud transformations.

Connecting Ukraine and the Nordics to enable the green energy shift

Profitable growth and cash flow are key focus areas.

05

Q&A



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	5.21	NOR	4 285 000
4	SEPTIM CONSULTING AS	3.94	NOR	3 235 343
5	BOINVESTERING AS	3.49	NOR	2 867 862
6	GAMST INVEST AS	3.13	NOR	2 575 070
7	DZ Privatbank S.A.	2.82	LUX	2 320 000
8	JØSYRA INVEST AS	2.68	NOR	2 200 000
9	EIKESTAD AS	2.56	NOR	2 100 000
10	HØGBERG, JON ERIK	1.46	NOR	1 197 356
11	DNB BANK ASA	1.22	NOR	1 000 000
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	NYVANG, JETMUND GUNNAR	0.86	NOR	709 000
16	ALTEA AS	0.85	NOR	700 000
17	JENSEN, LARS PETER	0.78	NOR	639 200
18	GRØSLAND, KIM-KJETIL	0.76	NOR	622 678
19	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600 000
20	SOBER KAPITAL AS	0.70	NOR	575 786
TOP 20		72.24		59 373 627

*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%).



We stand with
Ukraine