

ITERA

ANNUAL REPORT

2020

Make a difference





2020 brought many things, uncertainty, challenges, new opportunities and big changes in where and how we do our work.

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We find the human solutions to complex challenges

At Itera we make a positive difference by creating sustainable digital businesses. We apply our expertise in technology, business and design to transform our customers' businesses, helping them to anticipate and adapt to the future.

What we value:

People

We are innovative

When all's said and done, it's our people who make the difference. At Itera, you will find a diverse and inclusive working environment, and a culture characterised by freedom of thought, relentless curiosity and a constant desire to innovate, to move things forward.

Passion

We are passionate

At Itera you'll find 550+ nerds, all highly passionate about their specialist areas. Individually, we're driven to keep on learning and growing, and we work on our personal development, continuing to fuel our passion.

Purpose

We are competent

We share a commitment to make a positive difference in the world. At Itera, we care about the projects we dedicate our time to and where we apply our skills. We get excited about really meaningful projects – working with customers who share our vision to advance society through the innovative use of digital technology.

2020 in brief

The year of Covid-19 forced us to rapidly adapt, and we succeeded. In spite of world wide challenges caused by the pandemic, Itera made new strategic relationships with customers. We delivered our commitments to grow our people within the company and of course to bring value to our customers and partners, helping them to grow.

2020 Key figures

The share of revenue from Itera's top 30 customers was 75% in 2020, up from 74% in 2019.

Q1

First quarter resulted in a growth of 13%, driven by a strong increase in new customers. The various shut-down measures, implemented in Itera's markets as a response to the Covid-19 virus outbreak, had limited impact on Itera's deliveries as our employees were able to continue their work from home. We strengthened the management team through the appointment of new a HR Director, a new Chief Delivery & Performance Officer and a new Chief Experience Director.

Q2

Despite Covid-19 having some detrimental impact, Itera achieved revenue growth of 5% in the second quarter. Due to cost savings, a further increase in profitability was seen, with Itera's EBIT margin reaching 10.5% (9.7%). This growth was driven by another strong increase in new customers, responsible for 11% of total revenue in the period. We continued to be listed as one of the most innovative businesses in Norway. A full-scale summer internship programme was run as planned in Norway, with 31 master's students working on five different customer projects.

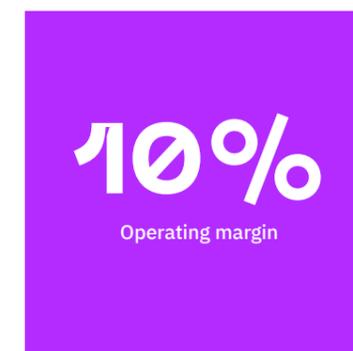
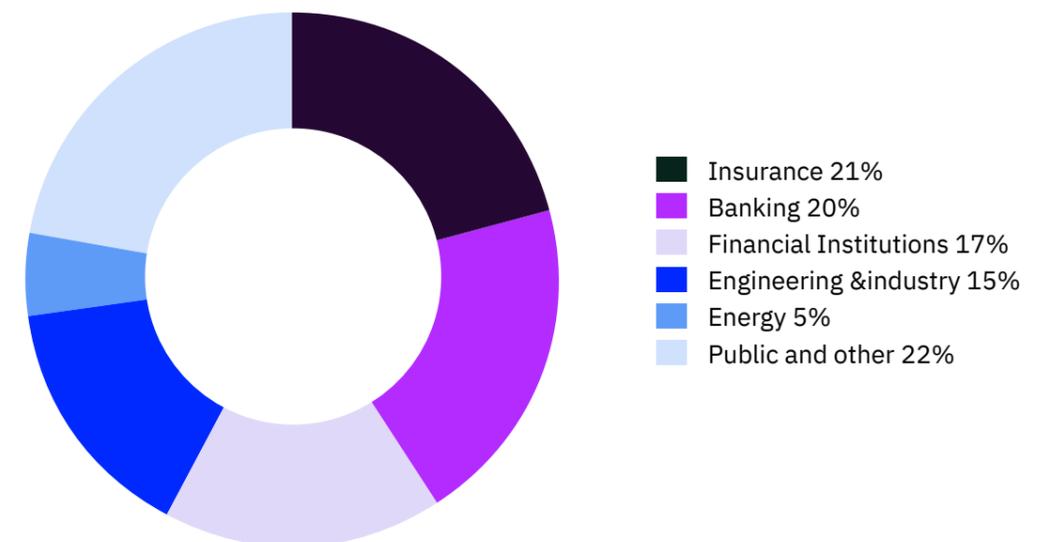
Q3

Despite Covid-19 presenting challenges for many of our customers, Itera achieved revenue growth of 8%. Lower growth in personnel expenses and other cost savings contributed to improved profitability, with its EBIT margin reaching 10.5% (7.7%). Continuing to have an ambition of achieving steady growth despite Covid-19. We carried out our extensive summer internship programme and also onboarded 18 new graduates in Oslo as planned. We were awarded top 1 in Europe and nr 4 Global in Project Management Offices. In response to the acceleration in digital innovation, Itera hired Head of Hybrid Cloud Services.

Q4

Delivering strong growth of 15% having continued to recruit throughout the Covid-19 crisis. Despite 2020 proving to be one of the most challenging times in world history, we have emerged stronger and enter 2021 with an even more durable foundation and an exciting future. We were ranked as top 1 in digital Solution Banking in Europe. We made an accelerated transition of our data centres to the cloud. End 2020, almost 2/3 of the business volume of our data centre operations was successfully migrated to the cloud by customers.

Revenue by Business Segment



Distributed delivery model

573
employees

To make a difference, we work differently. We're geared for seamless and efficient collaboration across disciplines and geographies.

To be a specialist means hiring and nurturing the best talent wherever they are. Our competence centres are now all over the Nordics as well as Slovakia and Ukraine. To ensure that what we do make a difference in our customers world, we assem-

ble our teams across geographical regions as well as areas of expertise. This distributed delivery model makes us able to scale teams up and down depending on the workload and what competence is needed when and where in a project lifecycle.

Norway

Ukraine

Slovakia

Denmark

Iceland

Sweden

"Our distributed delivery capabilities are very scalable and provide access to a much larger workforce than is available in local markets."

Our services are delivered to about 20 countries around the world today. We will continue to grow our international customers and partners. We will also consider moving into new geographies if the opportunity represents substantial, long-term value and the risks are controllable.

Our distributed delivery capabilities are very scalable and provide access to a much larger workforce than is available in local markets. We are tapping into the world's fourth largest pool of digitally talented people, a pool which is only a few hours by plane from the Nordic region. Our hybrid distributed

delivery model was recognised as providing the world's best customer experience by the Global Sourcing Association (GSA) in 2018 and for having the best Project Management Office in Europe by the PMO Global Alliance in 2020.



Continuing to raise the bar

Sustainability is big business

Despite the pandemic has been one of the most challenging times in world history, we have emerged stronger in 2020. Indeed, we achieved all time high revenue and profitability, and we were also able to return solid cash to shareholders while continuing to invest in our business.

2020 will be remembered as the year of COVID-19. We started the year with outstanding momentum – aiming to become the specialist in creating sustainable digital business. At the beginning of March, the global pandemic was declared, triggering a global health and financial crisis, meltdown in several industries and a significant increase in unemployment.

Our ability to rapidly adapt to this new situation demonstrates our fantastic people, the value we bring to our customers, our trusted long-term relationships with customers and partners, our strengths in digitalisation, our diversification across industries, and the importance of our world-class hybrid delivery model.

Delivering on our commitments

In 2020, our highly skilled people continued to deliver on our commitments to grow our people, our customers and our company. Among the highlights:

- Itera has again been ranked amongst the Top 25 most innovative companies across all industries in Norway for the fifth year in a row.
- We become amongst the Top 10 Digital Banking Solution Providers in Europe as well as amongst the Top 4 Global and Top 1 Europe within project management.
- We strengthened our position as an international company that delivers its services from various locations and entered into strategic agreements with new customers to accelerate industrial digitalization in B2B markets such as the green transition of oil & gas, power & utilities and maritime.

“The Nordic region is often regarded as a digital and sustainable front-runner that is well positioned to show the way globally”

- Our world-class hybrid delivery model that involves multidisciplinary teams working across borders continued its success, delivering a growth rate of 24% in 2020.
- With organic revenue growth of 10% and EBIT margin of 10.1%, we continued to grow amongst the best players in the market, while transforming 2/3 of business volume of own data centers into the cloud.
- Net cash flow from operating activities was a record NOK 102 million and we returned NOK 49 million in cash to shareholders as dividend of NOK 0.60 per share, continuing to deliver on our disciplined capital allocation model.

Once again, we delivered solid shareholder value with a total return, including dividends, of 36 % in 2020, which compares to a return of 5% for the Oslo Stock Exchange Benchmark Index (OSEBX). The total returns we have delivered over the previous two and three years of 92% and 130% respectively are outstanding.

Sustainability is about digitalization

The past year has brought the most significant change in our society and economy in modern history. The Cloud has been key to helping the world not only adapt but innovate. COVID-19 is accelerating digital innovation in almost every industry. The transition to a digital economy is regarded as a key front in the struggle for global CO2 reductions, where digital technologies contribute to more sustainable economic models, new pathways for industrial growth and far-reaching lifestyle changes.

In 2020, we established our sustainability governance framework and entered several customer projects with real sustainable impacts. For instance, Itera was engaged in a project for the start-up company ELOP to reduce concrete carbon footprint that accounts for 8 percent of the global CO2 emissions. Key industries and companies are now setting ambitious sustainability goals driven by climate policy, large governmental financial packages to stimulate the economy and technological developments.

Sustainability has become big business and a great opportunity for Itera as the specialist at creating sustainable digital business. The Nordic region is often regarded as a digital and sustainable front-runner that is well-positioned to show the way globally. This gives us an attractive position in relation to international customers.

Looking ahead

At Itera, one of our greatest strengths is that we are always striving to be better. With our talented people, our specialized capabilities, our ONE-Itera culture and our empowered organization, I am very confident that we will continue to raise the bar, redefining what is possible in creating sustainable digital business.

We have emerged stronger in 2020 and enter 2021 with an even more durable foundation and an exciting future. We have recently launched our new revitalized brand. The new brand shows a more professional outlook, a stronger international company and that we aim to be a visibly high value partner for customers and partners.

I want to thank all our Itera people for their incredible dedication and commitment both in 2020 and as we face our new reality. I would also like to warmly thank our customers, strategic partners, board of directors and shareholders for their continued trust and support with our journey. As a company, we have never been more committed to creating sustainable digital business.



Arne Mjøs

FOUNDER & CHIEF EXECUTIVE OFFICER

“We are launching a new revitalised brand that shows a more professional outlook, a stronger international company and a visibly high value partner for customers and partners”

One voice for future demands

A new brand to clarify our direction

When the world changes, so will we. The great digitalization that the industrial sector is now facing has given us unique opportunities to set a clear direction forward as an international realization partner in digital business.



The brand process was an open process within the company. In a few months, our own top designers on brand innovation, digital design and graphic design made this happen.

A more competitive player

To meet these challenges and new opportunities, we have lifted our brand. The new Itera brand is built on a strong strategic framework. Our vision throughout the process has been to create a brand and a corporate identity that clarifies our strategic direction, that positions us as a competitive player in high-tech customer and partner segments, as well as raising awareness and attraction for future employees. The overall goal is to establish a competitive brand with a global reach.

The concept of duality

We arrived at our design concept through a process of taking big ideas and stripping them back, layer by layer, down to something really simple. The concept of duality references the contrasts inherent in our work, our approaches and our people. It is how we see things and how we view opportunities. We see the other side, we adopt a different perspective, we explore unexpected connections and we visualize simultaneous realities and thus redefine futures. This is Itera, viewed through the concept of duality.

The brand is who we are

Itera's brand aspiration is bold, edgy and sharp, but always with a human touch. The dualities of digital/human, future/past, industrial/natural are a constant visual



theme throughout. Our brand is more than just a logo and some colours; it is also how we speak, act, and deliver our services.

Taken together, these factors make up our ecosystem, who we are and what we are about. Our brand is the unified personality of ordinary people designing extraordinary things for ordinary people.

Our people are our brand

As a company, our focus is to always work and operate as ONE Itera, across borders, teams, languages and cultures. A new brand was needed to create one voice - a voice that would represent the entire organization and its culture, but that would nonetheless be flexible enough to meet future demands. Diversity, integrity, quality, knowledge and thought leadership - are all fundamental aspects of our identity. With the new brand, it is easier for individuals to know where they belong and to feel part of Itera's culture and community. Our approach was to create a brand that helps individuals to think and operate in new ways internally, with the aim of transferring this uniqueness and image externally. Our people are our brand. They are Itera.

Itera's new brand has been built on a strategic framework that is based on our focus areas of Grow our people, Grow

our customers and Grow our company. We have also been inspired to become more bold, edgy and sharp in the way we communicate. In accordance with our strategy, our people and their experience will be even more widely broadcasted to the market. With the new strategy, the new brand and a bolder tone of voice, Itera has the foundation it needs to really stand out and to take a step up and become a leader in and outside of our industry.

The new brand will

- Make us more attractive internationally
- Open up new partnerships and meet the demands of new industries
- Increase attention, awareness and focus on sustainable business
- Unify the organization into one Itera



OUR STORIES 2020

The industrial revolution changed many aspects of how we work and function as a society, history is full of constant change and our ability to understand the impact this has on our current life will also help us build better solutions for tomorrow.

Collective efforts pay out

A game changer in a time of crisis

The portal for the Norwegian government’s COVID-19 compensation scheme is estimated to have distributed several hundred billion NOK to Norwegian businesses during the coronavirus crisis, and Itera played a central role in setting up and operating the solution in the cloud.

MAIN ORGANISATIONS INVOLVED:

- Finance Norway
- Bits
- DnB
- Itera
- The Norwegian Tax Administration
- The Ministry of Local Government and Modernisation

COVID-19 has been the biggest test for Norwegian business and industry in modern times. Acting through the Norwegian Ministry of Finance, the government implemented an action plan in early March 2020 with the aim of ensuring that Norwegian businesses did not become insolvent as a result of the pandemic.

A number of the largest financial institutions and public sector organisations in Norway were engaged to build an automatic digital solution designed to help protect jobs throughout the coronavirus crisis.

Large-scale mobilisation in record time

[Kompensasjonsordningen.no](https://www.kompensasjonsordningen.no) saw the light of day in record time; the solution was developed in the space of a little over three weeks. Thanks to the large-scale collective effort, several hundred thousand companies have used the portal. The Ministry of Finance reports that Norway’s authorities estimate that the solution has paid out around NOK 20 billion per month. During the process, Itera was chosen to act as a consultant in relation to architecture, capacity planning, operations and monitoring for the cloud-based solution. Itera’s overall role was to ensure that the operations phase was a success.

Integrated operations processes

Bits AS, the banking and finance industry’s infrastructure company, engaged Itera to develop and manage an operations solution in Microsoft Azure. As a result, work on



“It is extraordinary that we were able to create this type of functionality and reliability in such a short amount of time. Particularly considering that the employees who delivered it were working from home”

Anine Ragnif

CHIEF OPERATING OFFICER

the digital solution was brought under the same operating processes as the Tenant and Subscription administration between Bits and Microsoft Azure with established automation, governance and cost control.

The agile process made it possible to be put in place so quickly. The project would also not have been possible without the digitalisation that has been carried out in recent years in the finance industry and by public sector organisations.

The solution is monitored 24/7 using Azure and various dashboards. These tools provide overviews of the solution’s performance, status and availability, as well as tools for automatically operating the solution in the cloud.

A system for monitoring for and following up incidents, including the option for escalation, was also set up.

What we achieved

- When the solution first opened for businesses to apply for compensation, 6,000 applications were received over the first weekend – without any performance-related problems.
- Several hundred thousand businesses have so far made use of the portal.
- The project was developed in record time – it was production-ready three weeks after the start date.
- A secure and stable operating solution.
- Quick and scalable high-quality support.

Passionate people with purpose

We are realizing our growth strategy

“Grow People” is one of our three focus areas. As we leave 2020 behind, we can reflect that it was a far from ordinary year. Yet it was not all bad in the sense that it was a year of change and new opportunities, including with regard to talent acquisition.

We are realizing our growth strategy to keep, develop and attract talented new employees through strong talent acquisition. To succeed with our growth ambitions, we know that diversity and inclusion make a difference and that a diverse culture is a sustainable culture. In 2020, we achieved an overall growth of 17% in the number of employees.

Through a rapid change to the digital recruitment process, we were able to hire new colleagues for all our offices, all ready to make a difference. Our delivery model is based on distributed teams, and this is a strength when it comes to recruitment as well. Over the past year, we have proven that we work well regardless of where we are located, and this opens up new opportunities for recruiting from different locations in the countries where we have offices.



Employer branding has never been more important than in today’s highly competitive market and we are focusing on strengthening our employer brand in relation to both students and professionals. With a dedicated team, clever campaigns and a focus on building a strong employer brand, Itera has succeeded in becoming more visible as an attractive employer.

We climbed 26 places on Universum’s ranking of the 100 most attractive employers in Norway in 2020 and were awarded the title of “Climber of the year” in the IT sector. Traditionally, we achieve our best results on the Universum survey of students, so we are very pleased that 2020 saw us climb strongly in the ranking for the survey covering our target group of professionals.

31 Summer Students

Our program for summer students was run as normal in 2020 despite Covid-19 and the associated restrictions, and we increased the number of students we accepted relative to previous years. Again, our delivery model gave us an advantage in that we were able to quickly organize our students into teams working on five different and exciting projects, which were for Kvaerner, KLP, Fjordkraft, Nordea and Pelagia. This would not have been possible without our great and opportunity-oriented customers who like us recognize the value of the projects our summer students deliver in collaboration with our experienced project managers.

18 Graduates and 4 Interns

We also increased the number of recent graduates we accept on to our graduate program, and in September 2020 we welcomed 18 talented new colleagues who specialize variously in development, business consulting, design and test management for what will be a great start to their careers, both professionally and socially due to their involvement in exciting customer projects.



“We became Climber of the year in Universum’s ranking of the 100 most attractive employers in Norway”

Mette Mowinkel

HEAD OF HUMAN RESOURCES

Data-driven business

A transformation in industry is now taking place

Companies in oil and gas, power generation and industry produce and store enormous quantities of data. And data of exactly this type has a key role to play in the digital transformation now taking place in industry globally.

ITERA'S DELIVERIES TO COGNITE:

- Service design
- Interaction design
- Delivery management
- Data engineering
- Data science
- Software development
- Data-driven business
- Benefits realisation
- Architecture

Itera has therefore entered into a close collaboration with Cognite in relation to its solutions that will in the future ensure that business and industry are far more data-driven and sustainable.

Itera and Cognite have had a close strategic collaboration for the last two years, and this consists of consultants from Itera working on the development of the Cognite Data Fusion (CDF) platform and the developer tools that it provides. Itera has also carried out a large number of projects at Cognite's customers. Itera has provided expertise to these customers that is ensuring that they become more data-driven. This approach creates the opportunity space for them to boost their value creation by making efficient use of their internal and external data.

Through its CDF platform Cognite collects data that describes the physical world in order to then visualise and analyse this information for varying purposes, for example in relation to the operation of factories, oil rigs and power networks. Its solutions make a big contribution to the transformation of industrial value chains, while also putting decision makers in a position to take value-adding decisions based on data-intensive processes and information.

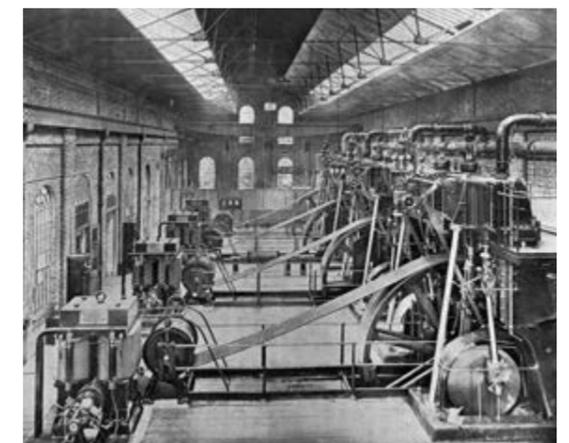


The two companies work as a joint team, right from sales through to implementation, with Cognite primarily focusing on the product portfolio and Itera on delivering CDF-based projects at customers across a range of countries, both in the Nordic region and internationally. In this way Itera is helping Cognite to achieve its growth ambitions.

Driving forward digitalisation

Digitalisation is one of the most important drivers for the further development of many of the biggest companies in oil and gas, energy production and industry. These types of company have been producing and storing large amounts of data for years but have struggled to extract insight and value from this data. This challenge is the gigantic opportunity that Cognite and Itera are working to solve together.

Itera has in recent years systematically invested in building its expertise in CDF and the development of data-driven businesses. It has used this expertise on a large number of successful customer projects at companies such as Aker Solutions, Kværner, North Oil, OMV, Statnett and Aize.



“Itera has a very skilled team that works with us to build applications for our Cognite Data Fusion customers, which is our industrial data platform. Together we develop, deliver and create value using industrial applications”

John Markus Lervik

CEO OF COGNITE

Make data work harder, and partnerships more productive - sums up the strange year of 2020 in the strategic collaboration between Cognite and Itera.

These projects have demonstrated that Itera’s expertise in digitalisation, the customer experience, data management and development are very well suited to delivering fresh impetus to large companies in these sectors. Further international growth in close collaboration with Cognite will therefore be one of Itera’s most important focus areas in the years ahead.

Efficient solutions for the long term

Alongside successful pilots and implementation projects, future success will require projects of this type to be scaled up. Itera is therefore focusing on setting up Dev-Ops-based processes, integrating security into its solutions and creating scalable solutions based on our Hybrid Cloud Service offering. Together these solutions form a platform for the further development of data-driven solutions and the creation of long-term value for their users.

The strategic collaboration between Cognite and Itera has developed very successfully, and it has demonstrated that the companies complement one another very well. Their collaboration will strengthen further in the years ahead, and will contribute to the data-driven transformation of the biggest and most ambitious energy and industrial companies both in the Nordic region and internationally.



Cooperation in a time of urgency

Alliances for greater impact

Linking the physical and digital world will make sustainable digital businesses possible and will impact the way we live and work. To succeed with this, Itera has partnered with one of the leading companies in the world.

“The Nordic region is often regarded as a digital and sustainable pioneer that is well positioned to show the way globally”

Itera is committed to making a positive difference, and we want to bring about a more sustainable world through digitalization. This endeavor requires alliances. As a world class provider of digital services, practices and expertise, Itera has chosen to partner with the world leader in assurance and risk management, DNV.

We strongly believe that this partnership will provide holistic and innovative end-to-end sustainable digital services and solutions for businesses around the world.

Increasing sense of urgency

Despite the fact that many businesses are currently successful in their industries, most businesses in industrial sectors are at the very start of their digitalization journey and are not ready to compete in the markets of tomorrow in the business-to-business (B2B) domain.

While digital adoption at business-to-consumer (BC2) companies is developing fast, B2B companies have made limited progress on their journey to improve and develop new sustainable services through digitalisation. The increasing sense of urgency in this space is what Itera and DNV are seeking to address with the partnership.

Accelerating Industry 4.0

Our combined offering will be valued by various industrial and B2B value chains, and by the maritime and energy industries in particular. For these industries, the partnership

is committed to delivering high quality innovative solutions in order to drive initiatives related to the transition to a more sustainable world.

DNV has entered into the partnership with Itera to accelerate its digital transformation across all its business units across the world. Another focus for the partnership is for DNV and Itera to jointly develop and deliver sustainable solutions and services to the market.

Scaling up with international partners/International growth with partners

Itera is seeking to grow its international customers and partners and is considering moving into new geographies of substantial long-term value. Our shared eco-system of business relationships will appreciate the value proposal of our partnership.

We build strong partnerships with customers and partners to drive fast international growth. Our goal is to be acknowledged as a specialist in creating sustainable and digital business across the world. This strategic ambition requires high value partnerships with world-renowned companies. Itera will leverage its existing capabilities and market trends to build new business in B2B sectors, such as the energy and maritime sectors.

What DNV and Itera bring to the market as partners

DNV's combination of core capabilities:

- The trusted voice for many of the world's most successful organizations

- The world's leading classification society and a recognized advisor to the maritime industry.
- World-renowned testing, certification and technical advisory services to the energy value chain, including renewables, oil and gas, and energy management.
- World-leading digital solutions for managing risk and improving safety and asset performance for ships, pipelines, processing plants, offshore structures, electric grids, smart cities and more.

Itera's combination of core capabilities:

- End-to-end digitalization services based on combining business, experience and technology
- A world-renowned distributed cross-border delivery model that scales rapidly, cost-efficiently and with a high level of quality
- A use-case and data-driven approach that delivers quick time to value
- A Cloud Centre Of Excellence with embedded security services

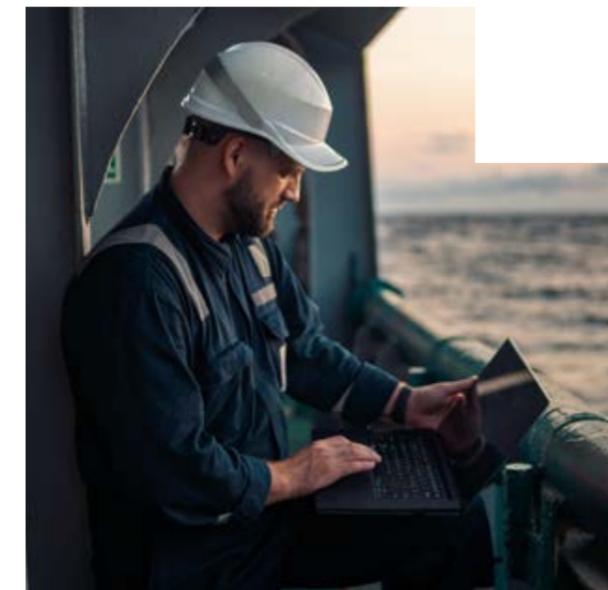
In sum, the partnership will deliver services based on the trust, risk management and uncompromised focus on quality of DNV in combination with Itera's high-quality delivery model with global reach and end-to-end digitalization capabilities.



“For the maritime and energy industries, the partnership is committed to delivering high quality innovative solutions in order to drive initiatives related to the transition to a more sustainable world”

Jon Erik Høegberg

GROUP CHIEF OPERATING OFFICER



Committed for unsolved challenges

We are "all in" on the cloud and AI

Three years ago, we declared we were going "all in" on the cloud and artificial intelligence through our platform-first strategy. We understood their power to transform and the opportunity they would create for every organisation to become a sustainable digital business.

The cloud is revolutionising how businesses create value. Our platform-first approach is at the core of our business, which is to say that digital platforms are the preferred option for solutions at Itera. We focus on both business platforms and technology platforms in everything we do, from solving the needs of customers and developing our services and capabilities through to building our expertise.

This past year we have witnessed a second wave of digital transformation sweep every company and every industry. Now that all businesses in all industries are becoming digital, they need brand new technologies, delivery models and business models to adapt to this totally new digital age.

Distributed cloud and edge computing

Public cloud is now the preferred model and will continue to develop over the next decade. There are radical changes ongoing in computing architecture, from the materials and semiconductors through to the systems, across both the cloud and the edge. The cloud is at peak centralisation right now, as computing becomes embedded in everything and the physical and digital worlds converge, transforming how we interact with people, places, and things.

The volume, variety, and velocity of data will go through explosive growth in the cloud, and in particular, at the edge, and this will drive the decentralisation of computer architecture. Cloud and edge computing will enable more sovereignty and more decentralised control. We will also see new methods of federated machine learning drive the next generation of personalised yet privacy-preserving services.

At Itera, hybrid, multi-cloud and edge environments are growing and setting the stage for distributed cloud services going forward.

Artificial intelligence in the cloud

Cloud has disrupted much in IT and is now the enabler for most of the next big things. Business logic will change from being code that is written to being code that is learned from data. This entering digital twins that will drive a completely new generation of business processes and productivity systems.

At Itera, AI is creating a new foundation for tackling massive unsolved challenges, from the green transition of the oil & gas industry to the need for personalised medicine. We use the enormous power of AI in the cloud to enhance



predictive and analytic power, common-sense reasoning, alignment with human preferences and, perhaps most importantly, to augment human capabilities.

One example of a delivery to a customer that illustrates this is how we helped Cognite, a fast-growing start-up owned by Aker ASA, to develop a service to transform heavy asset industries, such as oil and gas and utilities, by making advanced use of digital twins, IoT and AI. Another example is provided by our development of a subsea field condition and performance monitoring tool that enables predictive and preventive maintenance for subsea assets for a global energy company. A third example is that we developed a power system planning tool for a large utility company that enables it to analyse the available capacity of electrical grids. Thanks to these kinds of solutions, our customers can realise substantial value and benefits more interactively and faster than ever before.

Human solutions to complex challenges

As the digital and physical worlds come together, we will use mixed reality technology to help people stay connected when they are apart and to address the complex challenges found in their industries. Mixed reality and AI enable us to provide human solution to complex challenges.



A typical example is how mixed reality is able to coach a surgeon performing a complex procedure regardless of where he is located, which increases access to specialised expertise and resources and helps overcome inequalities in care around the world. The impact of this is transformational. For customers, we are using mixed reality in combination with robots and drones that capture high resolution images to create precise digital twins, including to improve inspections, avoid production slowdowns and improve employee safety in complex environments in the energy industry.

Using the power of the cloud and all of its AI and computing capabilities and working seamlessly together from the edge to the cloud, we can create rich and immersive experiences across augmented reality, virtual reality, and even traditional 2D devices.

Delivery Factory at Scale

To succeed with their digital transformation, companies need to reorganise themselves into a product-based structure that is cross-functional and organised around customer problems in order to decrease their time-to-market. Gartner has found that 85% of organisations have either adopted or plan to adopt a product-centric application delivery model to deliver more quickly.

In response to this trend, we are building a Delivery Factory at Scale that will provide our full range of services and capabilities as ONE Itera across borders. The factory is built on agile principles of co-located and distributed teams, and drives enterprise design-thinking at scale, leverages DevSecOps tools and techniques for continued deliveries and operations, and provides highly scalable expertise and capabilities. It will enable us to accelerate digitalisation for our customers, to provide a unified experience end-to-end and to drive new revenue models, e.g. subscription.

In a world of hybrid work where anyone can literally be anywhere and offices are no longer tied to a single physical location, our Delivery Factory at Scale will give us a new collaborative environment, including mixed-reality gatherings with customers, partners and consultants in the same virtual room regardless of where they are in the world. This will make having a local presence even less important or even non-critical, and will enable us to work for customers AND with partners from across the world.

Cloud Centre of Excellence

We are building the foundation of this factory by investing in a project called "Cloud Centre of Excellence" with Microsoft. Microsoft will contribute their best practices to the project, which are the result of their own cloud trans-



"Digitalisation is a key enabler to moving quickly and boldly through the coming sustainable transformation. We are fully committed to something bigger than ourselves"

Bjørnar Engebretsen

DIRECTOR HYBRID CLOUD SERVICES

formation and what they have learned with their customers and partners across the globe.

The project will result in a new agile DevSecOps-based line organisation across all our geographies, with new agile and automated processes, new services with security built in by design, deployment and operations code libraries, new cloud native tools and much more. The investment is estimated to total about NOK 15 million during the first half of 2021.

Our Cloud Centre of Excellence will also support hybrid cloud environments based on Red Hat technology through a strategic partnership with IBM in relation to its transformation into a fast-moving hybrid cloud and AI powerhouse.

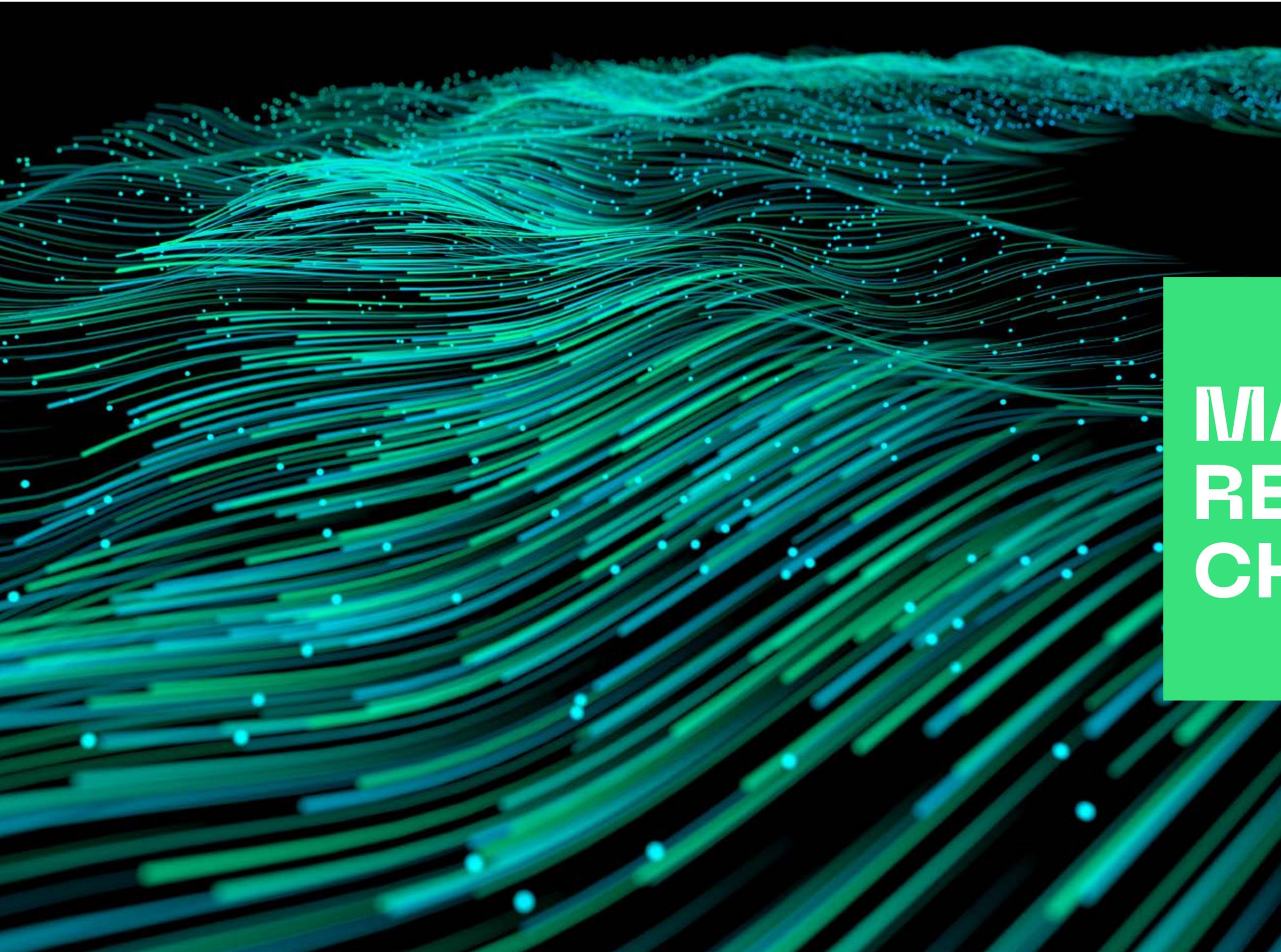
Sustainability is the new digital

Despite 2020 being dominated by the global pandemic, the sustainability transformation accelerated faster than expected, while also expanding to include a wider range of environmental and social issues.

Sustainability issues are broad and complex, and are beyond the capacity of any single company to manage, meaning teaming up is essential. At Itera, we are always teaming up with leading companies and partners, as

demonstrated by our collaborations with DNV, Cognite, Microsoft etc. All organisations need to work together to create a green economy that recognises the limits and consequences of everything we extract, manufacture, consume and waste. As the sustainability transformation expands, accelerates and disrupts, it is forcing businesses to reassess themselves as we move into a future that few imagined.

Digitalisation is a key enabler to moving quickly and boldly through the coming sustainable transformation. As the specialist in creating sustainable digital businesses, we are fully committed to something bigger than ourselves around the world. The Nordic region is often regarded as a digital and sustainable pioneer that is well-positioned to show the way globally. As a Nordic based company with global reach, we will seek to show the way.



MAKE REAL CHANGE

Our own individual contribution might feel small but as a company that enables the transition to more sustainable digital solutions we can make a real difference in people's life.

We enable the transition the world needs

Itera aims to be recognised as the specialist in creating sustainable business. Our starting point for achieving this position is the best it can be. We have made sustainability a driver for our services and solutions, we have dedicated employees who want to help make a difference – and we have good partners who will accelerate business opportunities into a greener future. And, just as importantly, digitalisation is an essential requirement for sustainable growth.

Our strategy is to take a comprehensive approach to sustainability and business. We have therefore decided to integrate our sustainability work into the group's business strategy starting in 2021. This means that we will no longer have a separate sustainability strategy – for us it is natural that sustainability consists of taking responsibility for society's common challenges and at the same time for us to use this as a catalyst for strengthening our business. For us, it is simply a question of always striving to achieve the group's vision of making a difference.

We have prioritised those of the UN's Sustainable Development

Goals to which we can contribute. This provides us with a direction for how Itera can have a positive impact through its business activities. Smart concepts, including in the area of energy, will be an important focus.

Digitalisation and technology will be key to the opportunities of the future. We are therefore already investing in new solutions that will have a positive impact on our customers and on a sustainable future. Our new Cloud Centre of Excellence, which was developed in collaboration with Microsoft, offers efficient and secure solutions for customers, while reducing energy and material consumption.

The pandemic has provided us with confirmation that one of the advantages of technology is that it can deliver significant environmental gains. Itera has therefore had a significant advantage in relation to the new situation for day-to-day work, as we have already been working in a decentralised way using digital channels for a number of years. At the same time, the strict coronavirus measures have reminded us that physical meetings are still important, and that having a good quality of life will always depend on meeting our need for social contact.

Itera will integrate sustainability into its end-to-end services. We help our customers to realise their strategies and innovative business models through technology and communication. We think it is important that both we and our customers demonstrate what we are doing to bring about a sustainable future. We even took the first step as long ago as 2000, when we became environmentally certified. Then it was a matter of curiosity, today it is a natural, integral part of our ambitions, strategies and business.

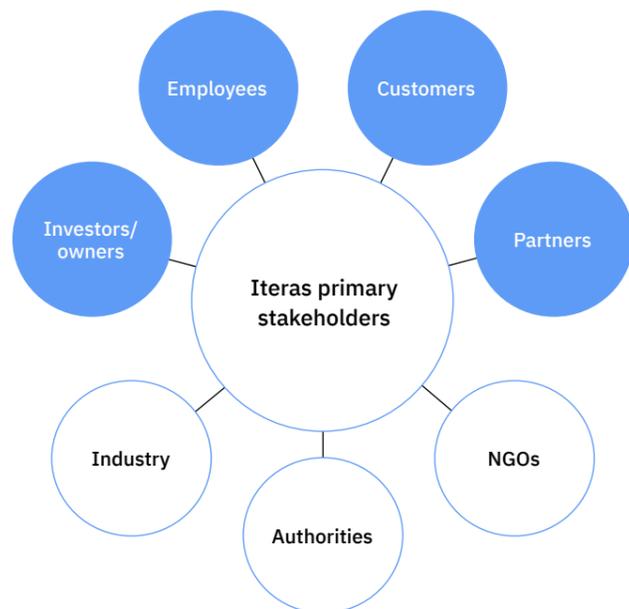
"We think it is important that both we and our customers demonstrate what we are doing to bring about a sustainable future"



Living up to expectations

Itera has numerous stakeholders. We affect their day-to-day activities – and they affect our activities. In order to gain insight into what our stakeholders expect and require of us, we completed a materiality analysis in 2019. This provides valuable input for Itera’s strategic business decisions.

Itera’s primary stakeholders



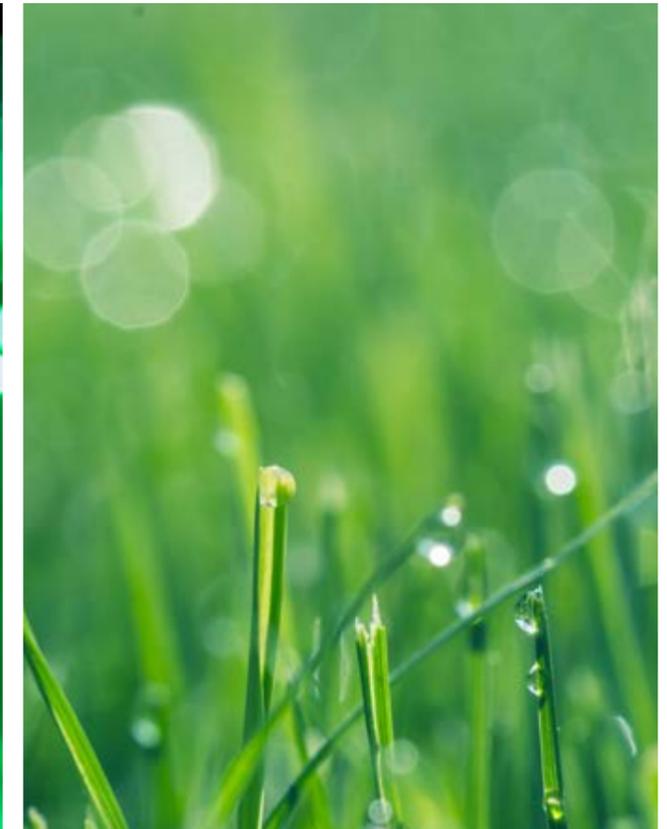
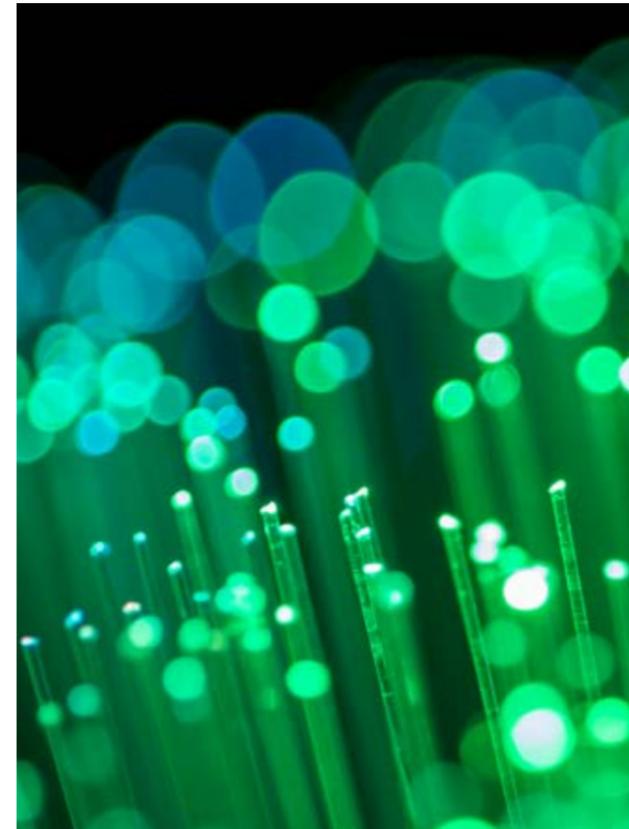
The materiality analysis identifies which stakeholders are important to us and what they think Itera should deliver on. This is the basis for how Itera prioritises its efforts on the areas that will produce the greatest benefit for society and for the company.

The materiality analysis confirmed that our primary stakeholders are our customers, our employees, our investors/owners and our partners.

The following summary is an extract from the materiality analysis:

Technology is increasingly a driver and a pre-requisite for more sustainable solutions. Itera’s competitive advantage is that we have expertise, experience and delivery capabilities that can meet our stakeholders’ expectations. We constantly aim to integrate sustainability into our deliveries. This creates trust and meets the expectations of our primary stakeholders:

- Our customers will recognise us as an attractive provider if we display clear targets, expertise and an active commitment to sustainable, value-adding solutions. Many of our customers have put sustainability on their agenda and look for partners that can contribute to a sustainable future.
- Our owners and investors increasingly recognise the value of businesses operating ethically and sustainably. Sustainability is smart business, and investors regard this as a requirement for good investment returns.



“Itera has a duty to make a positive contribution. This is communicated by our ‘Make a difference’ vision”

Ane Gjennestad
CHIEF COMMUNICATION OFFICER

- Our employees are our most important resource. Our employees are committed to contributing to sustainable growth and want a meaningful working day. Through its commitment to sustainability, Itera will seek to ensure that we are an attractive employer for skilled people who want to make a difference.
- Our collaboration partners also want to operate sustainably. We often rely on one another to meet our customers’ needs. This means that we need to have the same responsible attitude to what represent the most sustainable and value-adding solutions – for the benefit of our customers and our customers’ customers.

Goals for a sustainable business

Itera is committed to being part of the global effort to create a sustainable world. Through our strategy work, it became clear that Itera cannot make a meaningful contribution to all of the UN's 17 Sustainable Development Goals. Our approach is therefore to prioritise those goals where we can make a difference through our company.

Our sustainability strategy work, and the materiality analysis in particular, clearly identified the targets where our business and our employees can make a credible contribution to sustainable development.

Itera believes that technology and digitalisation are helping to create sustainable societies. Big data, cloud solutions, the internet of things and other technologies, in addition to open arenas for democratic processes, are the basis for our shared resources to be managed responsibly.

Itera has formulated and implemented four purposes:

- We realize sustainable innovation
- We integrate sustainability into our deliveries
- We are sustainable in our day-to-day operations
- We collaborate to achieve our goals

Goals prioritised by Itera

The three Sustainable Development Goals set out below have been prioritised by Itera as a guide for our organisation. Over the next few years, Itera will focus on innovation and developing measures and services that are in line with these overarching ambitions.



Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Itera has prioritised measures that mean that we can be a capable advisor to our customers on building sustainable value chains. We've put in motion internal competence development activities, including by setting up the Itera Sustainability Academy. In 2020, we also arranged a large event for all of the group's employees at which we presented our strategy and policy for sustainable business.



Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

Itera develops sustainable smart concepts via its interdisciplinary teams of specialists. Smart cities, smart mobility and smart energy are important and appropriate focus areas. **procurement activities are as sustainable as possible.**



Responsible consumption and production

Ensure sustainable consumption and production patterns.

Itera rewards internal conduct that contributes to responsible consumption. We have ambitious targets in relation to recycling or reusing equipment for which the company no longer has a use. Itera will also set requirements to ensure its procurement activities are as sustainable as possible.

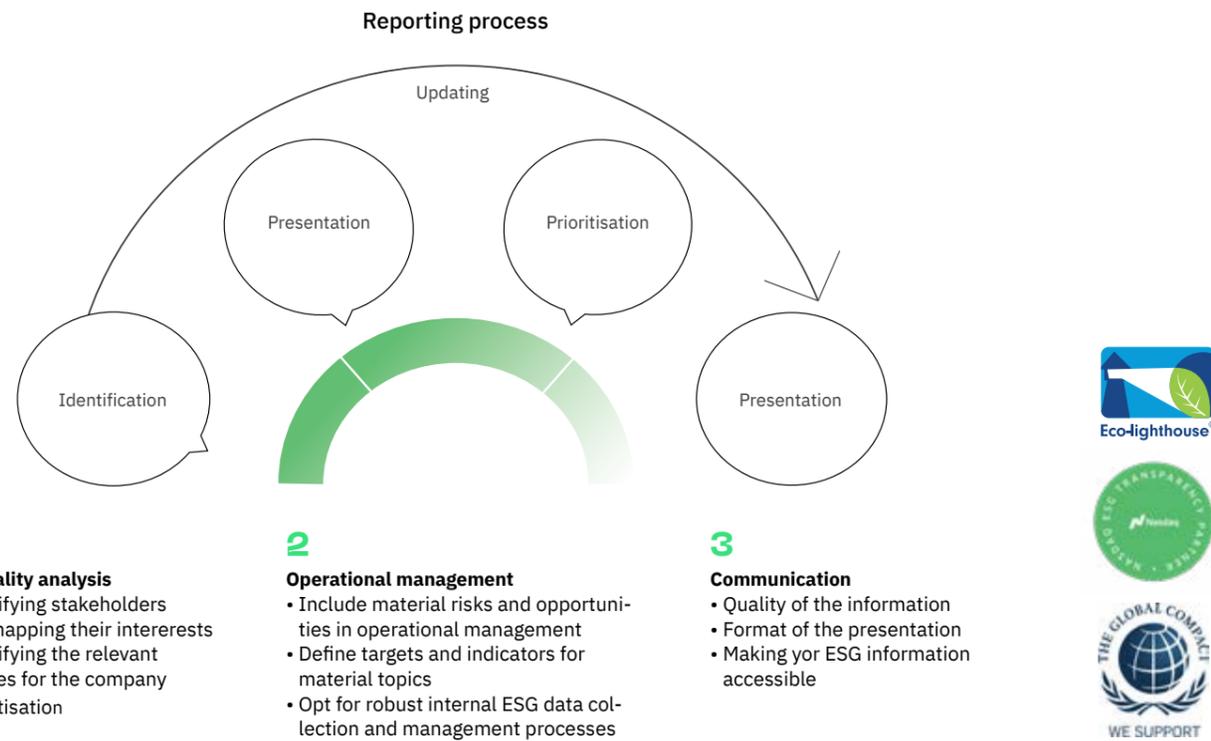


Global effort

The UN's 17 Sustainable Development Goals are the world's shared blueprint for eradicating poverty, fighting inequality and stopping climate change by 2030.

Sustainable development is about meeting the needs of people alive today without compromising the ability of future generations to meet theirs. The Sustainable Development Goals reflect the three dimensions to sustainable development: the climate and environment, the economy, and social issues.





We are open about what we do

Itera is committed to reporting its sustainability work in a transparent way. This is also in line with the growing requirements to which listed companies are subject.

Itera’s objective is to have a set reporting structure that we use to regularly report on our targets, where we are in relation to them, and what measures we have taken for the KPIs we have prioritised.

We have been inspired by the process model for ensuring comprehensive reporting and use of reported data that is recommended by organisations including Oslo Børs. We are on the right path, and in 2021 we have again been certified

as a Transparency Partner by NASDAQ. This serves as confirmation of Itera’s commitment to sustainability and transparency, including its commitment to ensuring human rights, looking after the environment and operating responsible business activities.

Itera is also certified as an Eco-Lighthouse. This requires us to be open about our environmental impact and the measures we take to reduce our environmental footprint.

Corporate governance
Itera applies corporate governance that is based on the requirements of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The separate section on corporate governance provides more information on how Itera complies with Section 3-3(b) paragraph 2 of the Norwegian Accounting Act and the provisions of the Norwegian Code of Practice for Corporate Governance.

How we create value

Itera takes a comprehensive approach to how we contribute to sustainable value creation. Our foundation is formed of our vision and strategy, our strengths, and our core deliveries. When these are combined, value is created for our customers, our employees and our owners.

<u>Our vision and strategy</u>	<u>Our strengths</u>	<u>Our main activities</u>	<u>Our value creation</u>
<p>Vision Make A Difference</p> <p>Strategic position The specialist in creating sustainable digital business</p> <p>UN SDGs prioritised by Itera</p> <p>9: Industry, innovation and infrastructure</p> <p>11: Sustainable cities and communities</p> <p>12: Responsible consumption and production</p>	<p>Expertise Technology, design and business expertise applied correctly contribute to sustainability</p> <p>Commitment Employees motivated to make a difference</p> <p>Customer portfolio We can have an impact on many of the largest companies in the Nordics</p> <p>We integrate sustainability into our deliveries</p> <p>We establish innovative and future-oriented partnerships that strengthen and develop our sustainable solutions.</p>	<p>Realise sustainable innovation Identify, sell and deliver projects</p> <p>Test and learn methods</p> <p>Sustainability in deliveries Skills development through “Sustainability Check”</p> <p>Sustainable day-to-day operations We are sustainable in our day-to-day operations</p> <p>“Sustainability Academy” for employees</p> <p>Collaborators Identify any relevant partners</p>	<p>Investors Long-term and ethical investments</p> <p>Customers Attractive partner with clear standpoints and contributions to sustainability</p> <p>Employees Projects with purpose in a value-based company</p>

By applying our expertise in digital technology, business and design, we’re transforming our customers’ businesses and helping them to realise their ambitions for a sustainable future.

Itera's focus on sustainability

Itera has a constant focus on improvement, and sustainability is an important driver for responsible business. In this section we present the initiatives we have prioritized, where we are at present and the targets we have set.

Working Environment

Number of employees



HSE framework

Itera will be vulnerable to poor employee engagement, frequent and/or prolonged sick leave, fire or evacuation or unwanted high staff turnover. Our employees work in a safe and appealing environment where digital and physical collaboration among people is at the core of our working pattern.

By focusing on systematic HSE work with policies, processes, system support and roles and responsibilities, we improve the health and well-being of employees, reduce sick leave and enhance the commitment and satisfaction of employees in a safe and sustainable environment. All in all, Itera provides an attractive workplace.

The HSE targets we have set ourselves are part of our systematic work on health, safety and the working environment. With regard to health, safety and the working environment, our main focus is on promoting employee well-being, preventing accidents and injuries that lead to health problems, and encouraging health-promoting activities.

We have set the following HSE targets:

1. Promote employee engagement
2. Maintain a low sick leave rate

Employee engagement

Itera does not measure employee satisfaction but employee engagement, as we are of the view that this is a strong indicator of employee well-being. The engagement score is an overall indicator of how engaged our employees are (the maximum score is 10). Employee engagement is measured every two weeks by means of a digital survey consisting of around 10 questions. Each employee gives his/her score and feedback on a wide range of relevant topics, such as his/her work-life balance, professional development, workload and adherence to Itera's values. Employees are given the opportunity to share their opinion on which areas and measures should be prioritized in order to improve the results. Based on the input our employees provide, various types of analysis are carried out and different measures to improve engagement are implemented.

Diversity and inclusion

Itera strongly believes that diversity and inclusion make a difference to

Employee engagement: Actual and target scores

Unit	Actual 2020	Target 2020	Target 2021
Itera Group	8.2	8.0	8.0

Sick leave			
Unit	Actual 2020	Target 2020	Target 2021
Itera Group	2.3%	3.0%	3.0%

Itera, our customers and society. At Itera we share a commitment to making a positive difference to the world. To make this happen, our mission is to create sustainable digital business. We believe all our individual unique characteristics represent the driving force for our winning team in their work to grow our customers and our employees. We believe a diverse culture is a sustainable culture. As a company, Itera cultivates a working environment where everyone feels valued and included.

Itera developed a diversity and inclusion framework in 2020 on the basis of which it will focus on three areas: ensuring representation of diverse talent, enabling equality of opportunity through fairness and transparency, and tackling micro-aggressions and promoting multi-variate diversity. The diversity and inclusion framework will help us to

make a positive difference to our development and hiring of talented people from currently underrepresented groups, while also nurturing a culture where everyone feels welcome and respected.

Greater diversity is correlated with a significantly greater likelihood of out-performance. Furthermore, fostering a diverse and inclusive culture is a critical factor for success: it enables individuals both to shine in their own right and to pull together as ONE Itera.

ODA

Itera's focus on helping to increase the number of women in technology is demonstrated by the fact it is a partner to ODA, the largest network for women in technology in the Nordic region. In September we hosted a digital kick-off event for the 2020 ODA Mentorship program that

was attended by over 80 women. The program is an important shared meeting space for inspiration and motivation and delivers tools for empowering the participants, and together with ODA it promotes technology as a great area in which to work.

SHE

The SHE Index is a catalyst for encouraging stakeholders to focus on diversity and inclusion in leadership and the workforce, equal compensation and work life balance. The Index consists of six categories that focus on different aspects of gender equality.

Itera joined the She Index in 2019 and our first score upon joining was 58 out of a possible 100, and we are very pleased to see that our score in 2020 has increased to 84 out of 100. This is mainly due to the new diversity and inclusion framework we developed in 2020.

Women as a proportion of Itera employees

Unit	Actual 2020	Target 2020	Target 2021
Itera Group	32%	34%	35%
Itera Norway	33%	37%	37%
Itera ASA	71.4%	50%	50%

Diversity and inclusion framework
 In 2020, Itera developed a framework for improving diversity and inclusion. This framework will be implemented in 2021 and Itera's senior management team and managers will deliver on our diversity and inclusion agenda and be responsible for our progress as a company. We will focus on three high-level areas of diversity and inclusion:

- ensuring the representation of diverse talent
- enabling equality of opportunity through fairness and transparency
- tackling microaggressions and promoting multivariate diversity

Itera accelerates inclusion
 Gender equality is a global challenge and gender parity in labour force participation is one of the most important criterias. 88% of employees do not believe their company is doing what it takes to improve gender diversity. An initiative by MAK and ODA, the "Diversity Equity, and Inclusion Pledge" aims to bring together leaders and decision-makers from businesses and organizations who believe in the value of gender, ethnic and multicultural diversity. Itera has signed the pledge.

ODA is the leading network for women in tech in the Nordics with more than 11.000 members and more than 50 strategic partners across various industries. The network is a non-profit organization, and more than 70 enthusiastic volunteers facilitate events, networking sessions, mentoring and professional expertise with the overall goal to increase gender diversity and inclusion in tech. Together we are on a mission to reach our goal of 40% women in tech.

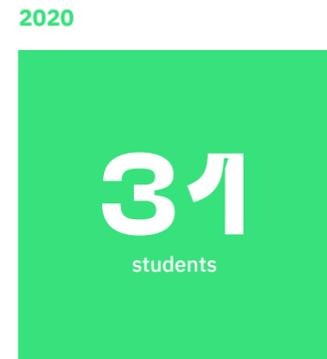
MAK is a leading Norwegian organization working on systemic change around diversity, equity and inclusion - with a particular focus on ethnicity and gender – as a com-

petitive advantage for Norway and Norwegian businesses and organizations. In the past five years, MAK has worked actively and systematically across society, business and community.

Itera: Climber of the year
 Universum is a global leader in employer branding, and between October 2019 and April 2020 it surveyed over 219,500 students studying business, engineering and IT from the 12 largest economies. Itera climbed 26 places on Universum's ranking of the 100 most attractive employers in Norway in 2020 and was awarded the title of "Climber of the year" in the IT sector. We normally achieve our best results on the Universum survey of students, so we are very pleased that 2020 also us climb strongly in the ranking for the survey covering our target group of professionals.

Summer internship: An important contribution
 To contribute to recruitment in a sector where the demand for employees exceeds the supply, Itera runs an annual summer internship program targeted at students at major universities. This program is a strategic tool intended to help Itera to build relationships with the most talented students at an early stage in their education, with some students offered positions at Itera as early as after the second or third year of their master's program. The students are tasked with solving strategic problems in a variety of eight-week customer projects, each led by one of Itera's experienced project managers.

Summer internships



Environment

Itera is a certified Eco-Lighthouse company. This is a natural extension to Itera's history: In 2001 Itera became the first Norwegian communication and technology company to obtain certification in accordance with the environmental standard ISO 14001.

We are committed to operating our business activities in such a way that we avoid damaging the external environment. At Itera, we have a pronounced environmental policy that is reflected across our entire organisation.

- Measures:**
- Limit paper usage
 - Encourage use of public transport
 - Sort waste electronic equipment (return scheme).

Transport

Air travel*	2019**	2020	2020
	Itera Norway	Itera Norway	Group
No. of flights in the Nordic region	289	134	135
No. of flights within Europe	175	12	106
No. of flights to the rest of the world	12	6	8

*Roundtrip = 1
 **The 2019 figures apply to the Norwegian part of the Group

Car travel	2020
Total kilometres driven	54 665
Total kilometres driven in an electric car	32 000 ¹⁾
Litres of diesel/petrol used	1 329
No. company cars	2

1) Estimates

WASTE

(The figures apply to the Norwegian part of the Group)

Residual waste: 5681 kilos
Recycled waste: 3915 kilos
Total: 9597 kilos

Recycled waste

(The figures apply to the Norwegian part of the Group)

Food waste:	
2019	2020
1874 kg	1125 kg

Paper and cardboard:	
2019	2020
905 kg	985 kg

Sorted waste

	2019	2020	Target 2021
Source-sorted waste	40%	42%	45%
Residual waste	60%	58%	55%

Equipment that cannot be reused is disposed of as hazardous waste.

Glass and metal:	
2019	2020
432 kg	290 kg

Waste Electrical and Electronic Equipment:

2019	2020
133 kg	125 kg

Hardware recycling

Itera has a target of recycling all computer equipment for which we no longer have a use. Used screens, keyboards and mice are given to employees free of charge. PCs that are no longer being used by Itera are formatted and prepared with a Windows operating system for a new life in low-income families.

Procurement

We focus on sustainable products. As an example, all our cleaning products, coffee and office supplies are environmentally certified. In 2020, Itera increased its focus on the companies from which we purchase goods and services. We constantly identify which of our suppliers currently have environmental certifications and / or sustainability strategies and establish internal guidelines to ensure that future suppliers also take on environmental commitments. These measures will help us to reach our target for 2025, which is for 90% of the companies from which we buy goods and services to have a sustainability strategy and / or a certification.

(The figures apply to the Norwegian part of the Group)

Number of suppliers that have a certified environmental management system, such as Environmental Lighthouse, ISO 14001, EMAS or equivalent: equivalent or sustainability strategy.

2019	2020	Target 2021
18	28	32

Percentage (%) of purchase volume (measured in NOK) spent on third-party eco-labelled /environmentally certified goods and services:

2019	2020	Target 2025
46%	56%	90%

The figure are based on our 50 largest suppliers.

Sustainability-related initiatives

Mobile telephone scheme

Itera's employees are entitled to NOK 6,000 plus value-added tax every second year to buy a new mobile phone. In 2020 Itera introduced a scheme that rewards all employees who keep their phone for more than two years. This involves employees who choose to keep their phone for more than 24 months seeing their next entitlement increase by NOK 250 plus value-added tax per month. The scheme applies retroactively to the last time the employee purchased a phone.

If an employee uses his or her phone for the entire third year, the additional entitlement amounts to NOK 3,000 plus value-added tax, meaning the total entitlement for a replacement mobile phone would be NOK 9,000 plus value-added tax. If the employee purchases a telephone that is cheaper than his/her total entitlement, the difference can be put toward the next telephone he/she purchases.

Digital signing of contracts

To make life easier for our customers and also to contribute to sustainability, Itera has introduced a solution that allows contracts to be signed digitally. Instead of having to print, sign, scan and return contracts, customers can receive their documents by email and then choose whether to sign them on their mobile, tablet or PC.

Policies

Human rights

Itera is committed to ensuring internationally recognised human rights such as those defined in the United Nation's Universal Declaration of Human Rights and other UN conventions. Itera has operations in countries outside Scandinavia, specifically Ukraine and Slovakia, and considers that the establishment of these workplaces has contributed to increasing the living standards of its employees in these countries.

Anticorruption

Itera does not tolerate any form of corruption.

The Group is exposed through its nearshore activities in Ukraine to a certain level of corruption risk as the country has a low score on the Transparency International Corruption Index. Itera has therefore decided to protect the Group from this risk by not delivering services to the public or private sectors in Ukraine where the problem of corruption is principally found, and by only exporting its services to countries where western business standards are the norm.

The Group has guidelines for all employees concerning the acceptance of gifts and other benefits or advantages.



Board of directors' report

[The company](#)

Itera (the Group) is a specialist in creating digital business. It utilises its strong, multidisciplinary skills in business, customer experience and technology to design, develop and operate innovative digital solutions for Nordic based customers. The Nordic region is often positioned as digital and sustainable front-runner that gives us an attractive position for international customers.

Itera has a strong customer portfolio in Business-to-Customer (B2C) markets, such as banking and insurance, retail and public as well as Business-to-Business (B2B) markets, such as the green transition of oil & gas, power & utilities, fishery and other heavy assets industries. Building on a strong Nordic heritage, we combine local presence with geographically distributed capabilities into a hybrid delivery model that features multidisciplinary teams and a flexible distribution of work across borders.

Our hybrid delivery capabilities are very scalable and provide access to a much larger workforce than is available in local markets. We are tapping into the world's fourth largest pool of digitally talented people, a pool which is only a few hours by plane from the Nordic region. Our hybrid delivery model was recognised as providing the world's best customer experience by the Global Sourcing Association (GSA) in 2018 and for having the best Project Management Office in Europe by the PMO Global Alliance in 2020.

The Group also owns two niche SaaS companies with mostly subscription based recurring revenues: Cicero Consulting, which provides advisory services and solutions to the banking and finance sector, and Compendia, which specialises in products and services for the HR, quality and management areas. Both companies are using hybrid capabilities in Itera with increasing cross-business opportunities.

The Group is headquartered in Nydalen in Oslo. The Group also has offices in Bergen, Bryne, Stockholm, Copenhagen, Reykjavik, Kiev and Bratislava. Through strategic partnerships with DNV, Cognite and others, Itera delivers services to several locations in Europe, USA and Middle East. The flexibility of the hybrid delivery model makes local presence less important or even non-critical. The company will continue to grow with international customers and partners and will consider opening a local office if opportunity is qualified as substantial, long-term value.

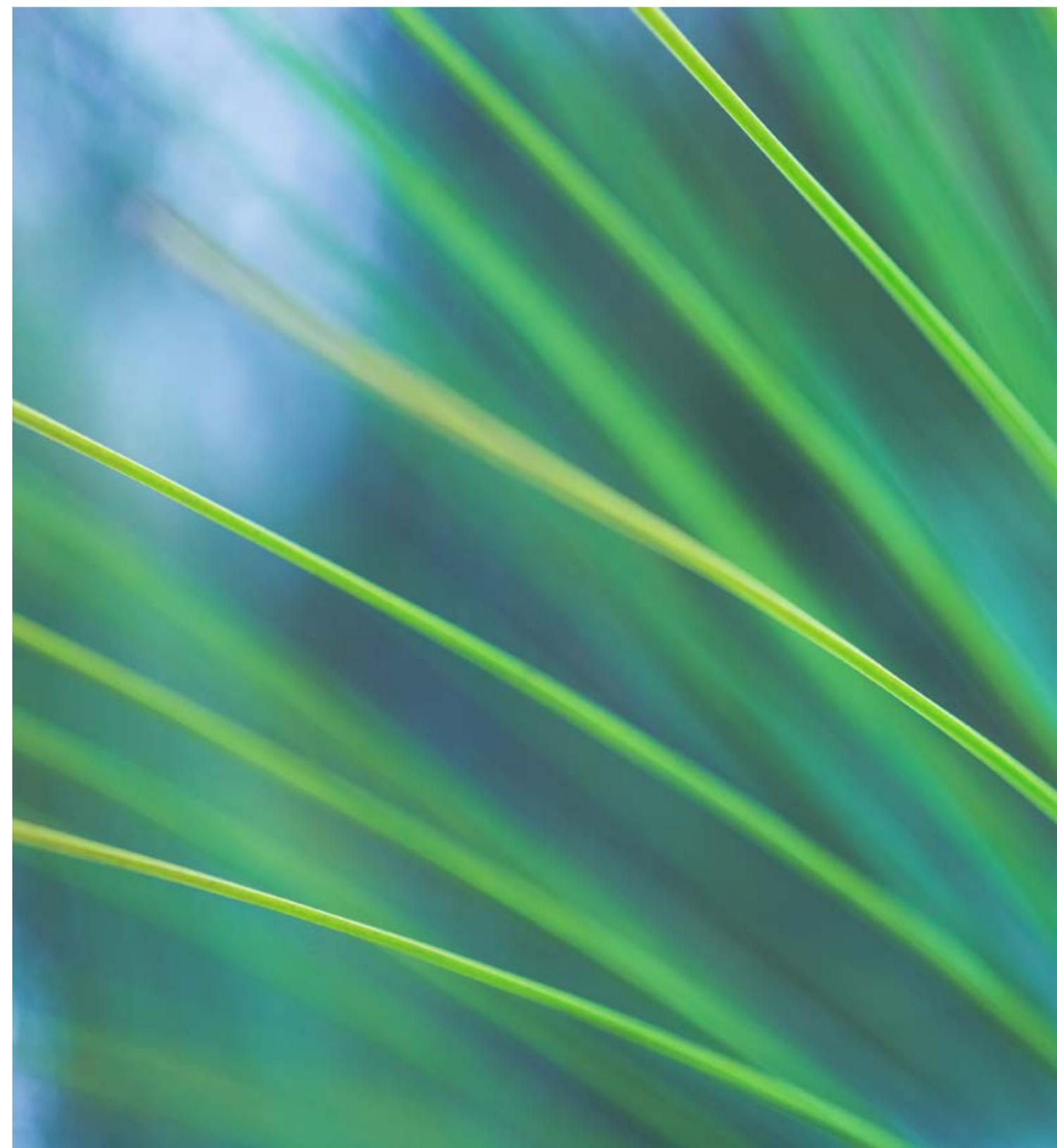
[Market conditions](#)

Itera experienced strong market demand for its services in 2020 and has continued to build its solid position as specialist in creating sustainable digital business. The cloud is revolutionizing how businesses create value. For 3 years ago, we declared we are all-in on the cloud through our Platform first strategy because we understood its transformation promise and the opportunity it would create for every organization to become a sustainable digital business.

Capturing the value in the cloud

The Cloud has been key to helping the world adapt during Covid-19. We witnessed a second wave of digital transformation, sweeping every company in every industry, from health care to digital twins in energy companies in its green transition, to remote work and learning across organizations. Cloud adoption is not just an engine for revenue growth and efficiency. Its speed, scale, innovation and productivity benefits are essential to the pursuit of broader digital business opportunities, now and well into the future.

We are going through a radical change in computing architecture, from the materials to semiconductors to the systems, from the cloud to its edge. The result of all this will be continued fast



growth in compute capacity. However, as computing becomes increasingly embedded in our world, transforming how we interact with people, places and things is a requirement. Physical and digital worlds converge. Cloud and edge computing will evolve to meet all of these real-world needs.

The volume, variety and velocity of data will go through rapid growth in the cloud, and in particular, at the edge, driving that decentralized architecture of compute with mixed reality to help people stay connected when they are apart. Cloud platforms and artificial intelligence open new opportunities in all industries the Group are engaged in, and Itera is correspondingly experiencing demand for expertise in all areas of the Group's range of services, from consulting, architecture, design and development to operations and security. Cloud also facilitates the adoption of emergent technologies such as augmented reality and blockchain.

Industrial digitalization

In business-to-consumer (B2C) markets such as banking and insurance, retail, and the public sector, technology has disrupted our everyday (consumer) lives. Examples include the way in which we buy goods and services, how we interact with public services, and how we connect, collaborate, and socialise with others.

The potential for businesses to become more sustainable is even larger in business-to-business (B2B) industries, e.g. oil & gas through its transition to renewables like floating wind, as well as in the power and utilities, manufacturing, fishery and maritime industries. Data is often locked down in independent system silos, with some systems more than 20 years old. Digitalisation in B2B industries means changing how we work, how we operate machines and how we change the business models.

It is not possible to replace legacy systems or to take a master data approach to understanding massive volumes of data. New AI-based technologies such as Cognite Data Fusion have been developed to ingest and contextualise data across entire IT and OT (Operational Technology) systems in which the OT devices control the physical world while the IT systems manage the data in order to create an operational digital twin at scale.

The B2B market is growing much more quickly than the B2C market. McKinsey estimates that there is about four trillion dollars per year of upside from industrial digitalisation in the B2B market by 2025, essentially the same amount of value as that which has been created in the B2C market until now. By 2030, its value will be two to three times greater than in 2025.

Customers and projects

Itera helps its customers to digitalise their business to achieve higher efficiency, improved customer satisfaction through new and personalised products and services, greater customer loyalty, a stronger brand, a better reputation and stronger barriers against competitors, which in turn contribute to additional sales and increased profitability.

A central part of Itera's strategy is to maintain and develop its largest, strategic customer relationships. In 2020, several new, exciting relationships were developed with customers such as Cognite, DNV, Insurance Technology Solutions, Aize, Pandion Energy, Vizrt, Statnett, Glommen Mjøsen Skog and BITS. These add to the strong brands that have continued their long-lasting relationship with Itera, including Santander Consumer Bank, Gjensidige, Storebrand, KLP, If and Islandsbanki. The share of revenue from Itera's top 30 customers was 75% in 2020, up from 74% in 2019. During 2020, Itera has on its own merits and through strengthened partnerships with the likes of Cognite, DNV and Microsoft established itself as a credible technology solution provider to large international customers in the B2B market. An ongoing investment into a Cloud Centre of Excellence based on the Microsoft Azure platform will form the foundation of a Delivery Factory at Scale that will provide our full range of services and capabilities as ONE Itera across borders. This will enable us to accelerate digitalisation for our customers, to provide a unified experience end-to-end and to drive new recurring revenue models.

Sustainability

Itera's vision – "Make a difference" states an obligation to contribute positively, both in the solutions it develops together with the customers, but also in society at large. From 2020, sustainability is integrated into the com-

pany's commercial strategy with binding and measurable KPIs. The company's sustainability focus has been systematised through the three UN Sustainable Development Goals that Itera has adopted (Goal 9: Industry, Innovation and Infrastructure, Goal 11: Sustainable Cities and Communities and Goal 12: Responsible Consumption and Production), which are relevant to ensuring that its services can make the best possible contribution through the deliveries to customers.

Financial results

Itera's core digital business experienced strong growth and margins. During 2020, the Group successfully invested in the transformation of its traditional data centre operations into managed cloud services. By the end of 2020, almost 2/3 of the business volume of our data centre operations had been successfully migrated to the cloud by customers.

The Group's consolidated operating revenue for 2020 totalled NOK 615 million as compared to NOK 560 million in 2019. The growth came first and foremost from Itera's success in hybrid deliveries, where it combines customer proximity with highly scalable and cost-efficient deliveries from the Group's nearshore centres in Ukraine and Slovakia. The investment made over the past decade to build a common culture and operating model across shores has enabled the Group to run agile and innovative digitalisation projects for Nordic customers with as much as 70–100% of the consultants delivering remotely from the nearshore centres.

Operating revenue in Norway was NOK 568 million as compared to NOK 510 million in 2019, representing an increase of 12%. This includes revenue from customers outside of Norway that are served by the Norwegian Group entities. Operating revenue in Denmark decreased by 6% to NOK 47.2 million from NOK 50.4 million in 2019.

The Group's operating result before depreciation and amortisation (EBITDA) was a profit of NOK 105.1 million as compared to a profit of NOK 92.0 million in 2019. This represents an operating profit margin before depreciation and amortisation of 17.0%, as compared to 16.4% in 2019. Payroll and personnel expenses were NOK 392.5 million in 2020, which represents an increase

of 13% from 2019. The increase was mainly due to growth in average number of employees compared to 2019. In addition, average personnel expense per employee increased by 4% mostly due to a weaker NOK during 2020. Other operating expenses amounted to NOK 46.0 million in 2020 as compared to NOK 42.7 million in 2019. Total depreciation, amortisation and write-downs were NOK 42.5 million, an increase of 19% from 2019. The increase was mainly due to a write down of a leased asset, which was offset by a corresponding remuneration from a customer.

The Group's operating result was a profit of NOK 62.6 million in 2020 as compared to a profit of NOK 56.2 million in 2019.

Net financial items were NOK -0.8 million as compared to NOK -2.6 million in 2019. The Group's result before tax was a profit of NOK 61.8 million as compared to a profit of NOK 53.6 million in 2019.

Tax expense totalled NOK 13.2 million in 2020 as compared to NOK 12.0 million in 2019. Tax paid in 2020 was NOK 9.4 million as compared to NOK 10.0 million in 2019.

The result for the year was a profit of NOK 48.6 million as compared to a profit of NOK 41.6 million in 2019.

The Board of Directors is satisfied with the progress achieved by Itera in 2020 in terms of its financial results. Its core digital business is delivering at a higher growth and with better profitability than many of its peers. The traditional data centre operations have embarked on a transformation to cloud services which will be an important strategic asset in the future.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the Group's activities in 2020 and its financial position at the end of the year.

Research and development

Expenditure of NOK 5.7 million relating to the development of new solutions was capitalised in 2020 as compared to NOK 8.3 million in 2019. Further development effort was made to the ComPublish solution and the embedded chatbot functionality.

The expenditure on research and development was capitalised as it was incurred since it was considered that the requirements for capitalisation were met. The solutions principally relate to contracts entered into that have fixed future revenue associated with them or with demonstrated commercial interest.

[Cash flow and financial position](#)

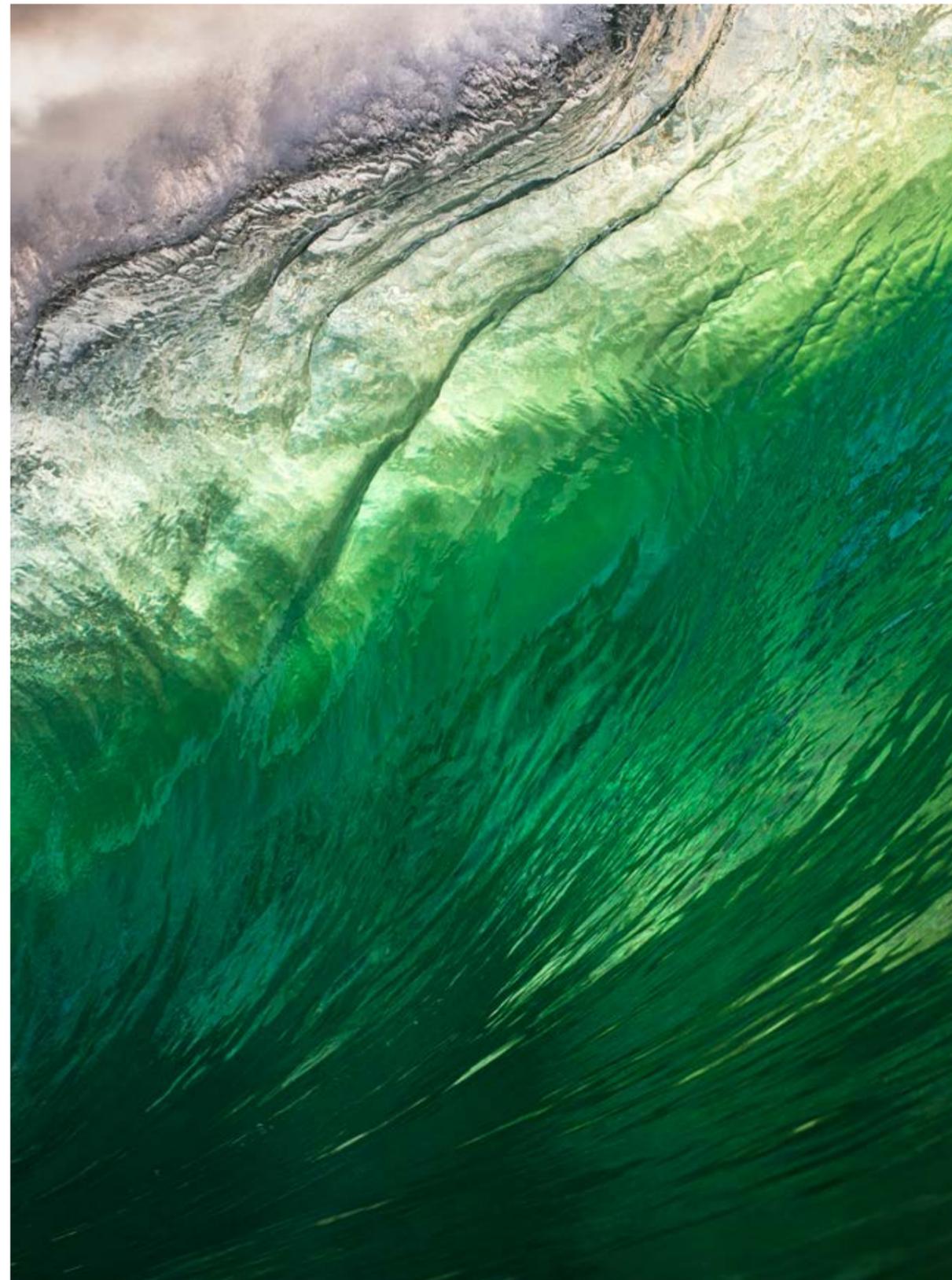
Itera generated cash flow from operating activities of NOK 99.2 million in 2020 as compared to NOK 80.0 million in 2019. The Group paid shareholders a dividend totalling NOK 48.6 million in 2020. At 31 December 2020, Itera had a cash balance of NOK 54.4 million as compared to NOK 53.1 million at 31 December 2019. The difference between cash flow from operating activities and the Group's operating profit is primarily due to depreciation costs that have no effect on cash flow, but also reflects tax payments and financing costs.

In addition to the investment made in research and development, NOK 4.6 million was invested in 2020 in hardware, software and fixtures etc. as compared to NOK 11.9 million in 2019.

Total assets at 31 December 2020 amounted to NOK 224.4 million (NOK 241.2 million). Non-current assets were NOK 82.8 million (NOK 101.6 million). Accounts receivable were at NOK 67.3 million (NOK 57.1 million).

The Group's equity at 31 December 2020 was NOK 34.3 million as compared to NOK 46.4 million at the same point in 2019. This represents an equity ratio of 15.3% as compared to 19.2% at the same point in 2019. The decrease is due to dividend payments and repurchase of own shares. Long-term interest-bearing liabilities totalled NOK 25.0 million (NOK 35.6 million). The decrease in liabilities is primarily due to the of IFRS 16 in 2020. Other current liabilities were NOK 43.2 million (NOK 53.5 million).

Itera held 1,269,136 of its own shares with a market value of NOK 19.0 million at the end of 2020, while at the end of 2019 it held 769,891 own shares.



[Financial risk](#)

The Group is exposed to currency risk, liquidity risk and credit risk. The Group's executive management team and the Board of Directors monitor these risk factors continually and take action as required.

The revenues and expenses associated with Itera's activities in the Nordic region are denominated in Norwegian kroner (NOK), Danish kroner (DKK), and Swedish kronor (SEK). Changes in the exchange rate of the Norwegian krone against the Danish krone and the Swedish krona therefore affect the Group's results. This risk is limited by the fact that the majority of associated expenses are also incurred in these currencies. The Group is also exposed through its nearshoring activities in Ukraine and Slovakia to expenses in American dollars (USD) and euros (EUR). The currency risk associated with this is limited by the fact that the prices Nordic customers are charged for these services are largely adjusted on a monthly basis in accordance with changes in the exchange rates.

The Board of Directors considers the Group's liquidity situation to be satisfactory and does not regard it as necessary to take further measures to reduce the Group's liquidity risk.

The Group has historically incurred very low losses on receivables. This trend continued in 2020.

[Business risk](#)

The Group has deliveries world wide and offices in multiple locations in Europe and assess and manage risk per country and deliveries. Itera closely monitors and manages country risks, local financial and social regulations and development, and has zero-tolerance policy on corruption. It does not carry out any domestic activities in countries where the problem of corruption is at its greatest. Best practice data security procedures and checks have been implemented at the Group together with a legal framework that safeguards data security and intellectual property across national borders.

The outbreak of the Covid-19 virus had an unprecedented impact on society and business. Itera is used to operating with a distributed

work force and was quickly able to shift modus operandi to home offices. The impact on the company's business was limited to somewhat longer sales cycles that impacted demand in the short run. However, Itera believes demand for sustainable digital business has emerged even stronger as a result of the pandemic. The Group has developed contingency plans to mitigate any major reduction in business volume or availability of delivery personnel should they occur.

As a related consequence of the virus outbreak, the NOK experienced a significant deterioration against USD and EUR, which impacted the competitiveness of the company's nearshore deliveries. On the other hand, more customers have now gained first-hand experience with working with distributed teams and seen how effective this can be. This may induce more customers to utilise Itera's acclaimed hybrid delivery model.

Quality policies and approach support Itera to achieve high levels of customer satisfaction, employee engagement and profitable growth. Itera applies a quality management framework combining world-class standards with its business models. Certificates and authorisations as ISO 27001 and BCR-P (Binding Corporate Rules for Processors) are examples of these. Itera's quality assurance team conduct internal audits of appliance and value of framework practices to continuously develop the Group's capabilities. Management of non-conformities and quality improvement process is part of Itera's quality approach.

Corporate risk management is performed on Group level. This includes assessment, risk approval and reports on risk management and mitigation to the Board of Directors. Risk management is also performed for deliveries to customers and internal projects.

Organisation

The Group has a strong portfolio of customers in the Nordic region, where many customers are served from more than one of Itera's locations. Itera strengthened its progress in this area in 2020 by making good use of its nearshore delivery units and resources across the entire Group.

The Group's headcount at 31 December 2020 was 573 as compared to 512 at the end of 2019.

The average number of full-time equivalent positions at the Group in 2020 was 538 as compared to 498 in 2019.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 47% at the end of 2020 as compared to 49% at the end of 2019. The Group's delivery centres in Kiev and Bratislava provides significant scalability and cost effectiveness in a heated market for digital business.

Absence due to sickness in 2020 was 2.3%, which the Board considers very satisfactory. No accidents or injuries occurred during the year. The Board considers the working environment to be good. Surveys are regularly carried out to assess the Group's working environment.

The Board wishes to warmly thank everyone at Itera for their continued hard work, passion and dedication to our customers and our business in 2020 in what has been a trying year for them and the society at large.

Social responsibility

Itera recognises that it has a responsibility to the society of which it is part and seeks to contribute to the positive development of those areas of society which are most related to its activities. The Group's ethical guidelines describe the standards that apply to the Group's relationships with customers, suppliers, the public authorities and its own employees.

Further information on Itera's ethical guidelines – The Itera Business Code of Ethics – is available at www.itera.com/en/investor-relations

Corruption

Itera does not tolerate any form of corruption. The Group is exposed through its nearshore activities in Ukraine to a certain level of corruption risk as the country has a low score on the Transparency International Corruption Index. Itera has therefore decided to protect the Group from this risk by not delivering services to the public or private sectors in Ukraine where the problem of corruption is principally found, and by only exporting its services to countries where western business standards are the norm.

The Group has guidelines for all employees concerning the acceptance of gifts and other benefits or advantages. The Group's ethical guidelines can be consulted for further information.

Integrity and general legislation

Itera complies with the national legislation and regulations of all the countries in which it operates. All its employees are encouraged to disclose internally any cases in which they have concerns with regards to the Group's integrity or where they are aware that laws or regulations are being breached. Employees can make such disclosures confidentially if they so wish, and the Group will not take adverse action against whistle-blowers, regardless of whether the content of the disclosure is found to be true or false.

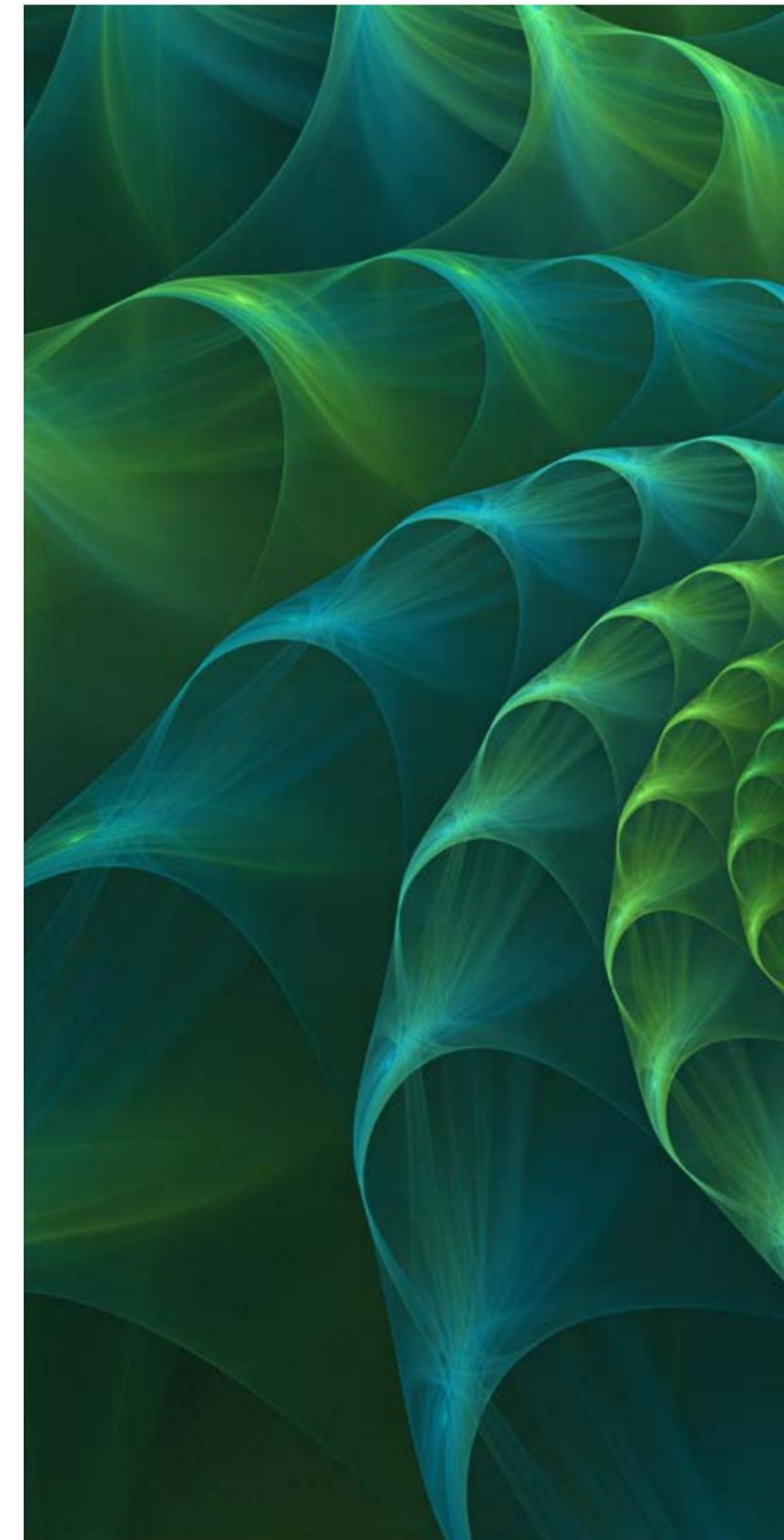
Human rights

Itera is committed to ensuring internationally recognised human rights, such as those defined in the United Nation's Universal Declaration of Human Rights and other UN conventions, are respected. No-one shall in any way contribute to an individual's human rights being breached or circumvented. The Group places special emphasis on ensuring that employees' fundamental rights are respected. Itera has operations in countries outside Scandinavia, specifically Ukraine and Slovakia, and considers that the establishment of these workplaces has contributed to increasing the living standards of its employees in these countries.

Environment

Itera's activities only pollute the external environment to a limited extent. The Group's environmental impact is principally a result of its use of energy, business travel and the waste created by its office activities. The Group is Eco-Lighthouse certified (re-certified for another three years in 2019), which means it operates environmentally friendly and sustainable procedures in areas including business travel, procurement and waste management.

The Group is headquartered in a BREEAM-NOR certified building. BREEAM is the world's longest-established (1990) and Europe's leading environmental assessment tool for buildings, and BREEAM certification is based on a building's documented environmental performance across nine sustainability categories: management, health and well-being, energy, transport,



water, materials, waste, land use and ecology, and pollution. The office part of the building has received an assessment rating of “Very good”. Other environmental initiatives at the Group seek to promote the use of organised recycling schemes for obsolete IT equipment, to reduce travel by ensuring video meetings are used as effectively as possible and to encourage responsible waste management.

All employees have a duty to consider the environmental impact of work-related activities and to favour solutions, products and methods that impact the environment as little as possible. Details of this can be found in the Group’s ethical guidelines (<https://www.itera.com/en/investor-relations>).

Information security

Based on Itera security strategy and policy, the Group has implemented a security framework applicable for all subsidiaries. Security as a subject area comprises the aspects of privacy, information security, data protection, and cybersecurity. Itera’s security framework forms the basis for both its deliverables for customers and its own operation. This includes, but is not limited to, processes, technology and organisation to be compliant with GDPR and to comply with our unique status with approval of EU Bindings Corporate Rules for Processors (BCR-P). BCR-P is designed and was provided by EU Article 29 Management Group in 2017 and executed locally by the three Scandinavian Data Protection Authorities. BCR-P gives Itera the authority to manage its own personal data, and personal data on behalf of the Group’s customers, from Itera locations outside EU borders (Ukraine). Itera’s nearshore activities are fully integrated with its Nordic activities, and the entire Group therefore follows the same procedures and ethical standards. The Group operates a common IT infrastructure with all customer data stored on servers located in the Nordic region. Financial processes are carried out by a central function.

All employees that are part of the Group’s nearshore activities have signed confidentiality agreements that include undertakings in respect of data processing and other security arrangements.

Human resources

Equality

Itera regards gender equality as important. It believes that women and men should be given the same remuneration and the same personal and professional development opportunities. The Group seeks to ensure employees of both genders are able to combine their work and private lives, and therefore offers maternity and paternity leave arrangements, home office solutions and part-time positions to support this.

32% of the Group’s employees in 2020 were women as compared to 33% in 2019. The Group’s core management team consisted of three men and three women in 2020. The shareholder-elected Board members are two women and two men, while the employee-elected representatives and observers are two women and two men.

There are large differences in the proportion of women employed in the Group’s various areas of expertise. The proportion of women is lower in technology-focused areas in development and operations, while the proportion of women is higher in areas that are more specialised in consultancy, communication, content and testing. More than 71% of the parent company’s employees are women. There is an uneven distribution of men and women in management positions. The Group has a goal of improving this balance in its management groups.

Diversity

Itera regards diversity at the Group as important, and seeks to recruit, develop and retain the best employees regardless of gender, ethnicity or disability. In 2020, Itera developed a diversity framework for approaching diversity and inclusion. We will focus on three high-level areas of diversity and inclusion: ensure representation of diverse talents, enable equality of opportunity through fairness and transparency, and tackle microaggressions and promote multivariate diversity. The Group’s ethical guidelines also serve to promote diversity and prevent discrimination. For more information, see www.itera.com/en/investor-relations

Employee engagement

Employees who are satisfied perform the best – we therefore constantly listen to the signals

we receive – formal and informal. The employee survey is our “formal” way of obtaining information. The engagement is measured every 2 weeks in the form of a digital survey with about 10 questions each time. Over time, each employee has had the opportunity to give his/her score and feedback within a wide range of relevant topics, such as experience of work-life balance, professional development, workload and adherence to Itera’s values. Employees are given the opportunity to share their opinion on which areas and measures should be prioritized for improving the results. Measures that are assumed to have effect for several parts of the organization are implemented under the guidance of the Group’s HR function. Measures that are more locally targeted are carried out by the department in question under the direction of the relevant manager.

The overall average engagement score at 8.0 in 2020 surveys shows that employees find Itera a good place to work.

The engagement score is an overall indicator of how engaged Itera’s employees are. It is an average of scores given on a scale of 0 to 10 in response to the questions below:

- Engagement - How likely is it you would recommend Itera as a place to work?
- Loyalty - If you were offered the same job at another organisation, how likely is it you would stay at Itera?
- Satisfaction - Overall, how satisfied are you working at Itera?

Skills and expertise development

A high level of skills and expertise is crucial to the Group’s competitiveness. Itera works in a targeted way to develop the skills and expertise of all its employees with regards to our practice areas and capabilities as well as business framework, entrepreneurial culture, sales and management. The skills and expertise programs run at Itera together constitute the “Itera Academy”, which is the overall structure for all training. The training available through the “Itera Academy” is closely linked with the Group’s strategy and with the various requirements of the business areas, and ranges from courses on the role of the consultant for new graduates, through courses of varying levels on project management, system development and user experience, to management skills training for both new and experienced managers.

[Shares and shareholder relations](#)

The share capital of Itera ASA is NOK 24,655,987 divided into 82,186,624 shares each with a face value of NOK 0.30 per share.

Itera held 1,269,136 own shares at the end of 2020. The Group has four ongoing share options programs, the last of which was issued in December of 2020, and the exercise price for all of these programs was below the share price at the end of 2020. In 2017, Itera introduced an annual Employee Share Purchase Programme, where employees could purchase shares up to a market value of NOK 20,000 at a 20% discount. The key objectives of these programmes are to align the interest of employees and shareholders, and to give employees an opportunity to take part in the value creation and long-term development of the Group. In total, 93 employees purchased a total of 152,164 shares through the offering in 2020.

Itera had 2,216 shareholders at the close of 2020. The 20 largest shareholders owned 59.5 million shares, which represents 72 % of the share capital.

An ordinary dividend of NOK 16.3 million was paid in 2020 based on the Group's 2019 results, which is equivalent to NOK 0.20 per share. In addition, a supplementary dividend of NOK 32.4 (NOK 0.40 per share) was paid in November 2020. The Board of Directors proposes the payment of an ordinary dividend of NOK 0.25 per share based on the Group's 2020 results and will also request from the General Meeting an authorisation to pay an additional dividend later in the year.

[Corporate governance](#)

Itera applies corporate governance that is based on the requirements of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The separate section on corporate governance provides more information on how Itera complies with Section 3-3(b) paragraph 2 of the Norwegian Accounting Act and the provisions of the Norwegian Code of Practice for Corporate Governance. The Board of Directors of Itera ASA held 7 board meetings in 2020. The Board of Directors has two subcommittees, namely the Audit Committee and the Compensation Committee. The Audit Committee consists of two board members and held four meetings in

2020. The Compensation Committee consists of two board members and held three meetings in 2020. The Compensation Committee prepares and makes recommendations to the Board regarding the CEO's remuneration. The Compensation Committee acts as an advisory body for the CEO on compensation-related issues and other significant personnel questions related to the executive management.

Further information on this area is provided in the corporate governance report at the end of this report.

[PARENT COMPANY](#)

[Financial results](#)

Internal support processes and shared solutions are structured as Group Functions in the parent company Itera ASA in areas where this facilitates significant economies of scale and synergies.

The scope of Group Functions is managed in line with the Group's requirements, and covers areas such as accounting/finance, HR, communication, marketing and internal IT. The parent company's operating revenue of NOK 38.1 million (NOK 32.6 million) was related to sales of these services to other Group companies.

The parent company's operating result was a loss of NOK 3.4 million (NOK 5.7 million). Its operating loss reflects the costs of owning the subsidiary companies.

As the owner, the parent company receives group contributions and dividends from the subsidiary companies. In 2020, the parent company received group contributions and dividends totalling NOK 53.4 million (NOK 51.2 million). The parent company's profit before tax was NOK 50.3 million (NOK 44.5 million) and the profit after tax was NOK 50.4 million (NOK 44.5 million).

[Profit allocation](#)

The Board of Directors proposes that the profit of NOK 50,353k recorded by the parent company Itera ASA is allocated as follows:

- NOK 20,547k to ordinary dividend

- NOK 32,875k to supplementary dividend paid in 2020
- NOK -3,069k to other equity

The book value of the parent company's investments in the subsidiary companies is NOK 115.2 million. The parent company administers the Group bank account system. The Group's positive cash flow also appears as an increase in the liquid assets held by the parent company as this shows the combined bank deposits held in the Group bank account system. The parent company reports the bank deposits held by the subsidiary companies in the Group bank account system as liabilities to Group companies. The Norwegian companies are also jointly VAT registered, and the parent company is responsible for paying VAT on behalf of all these companies. The total VAT liability is reported as a liability on the parent company balance sheet but is offset by intragroup receivables due from subsidiaries.

The parent company's headcount at the end of 2020 was 21 as compared to 18 as at end of 2019. 15 of the 21 employees are women. Absence due to sickness in 2020 was 4.6% as compared to 2.6% in 2019. No accidents or injuries occurred during the year. The Board considers the working environment to be good as supported by the company's employee satisfaction score.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the parent company's activities in 2020 and its financial position at the end of the year.

[Going concern assumption](#)

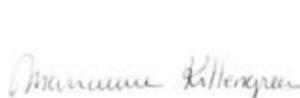
In accordance with Section 3-3a of the Norwegian Accounting Act, it is confirmed that the going concern assumption is applicable and that the annual accounts have been prepared on this basis. The forecast for 2021 and the Group's equity situation and liquidity situation provide the basis for the going concern assumption.

[Outlook](#)

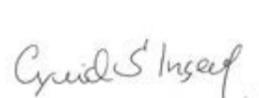
Itera has a well-founded strategy and it continues to work in a targeted way. Its overall strategy of developing larger, long-term customer relationships, achieving greater operational efficiency and using delivery models that combine resources from across the Nordic region and its nearshore locations remains unchanged. The Group is seeing satisfactory levels of activity in all the markets in which it is represented and is keeping a close watch on how market trends are developing. Itera has only been lightly impacted by the Covid-19 outbreak and does not anticipate any negative long-term effects.

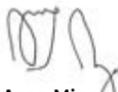
Oslo, 27 April 2021
The Board of Directors of Itera ASA

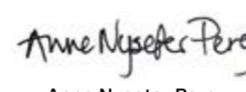

Morten Thorkildsen
Chairman of the board

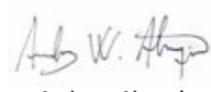

Marianne Killengreen
Board member


Jan-Erik Karlsson
Board member


Gyrid Skalleberg Ingerø
Board member


Arne Mjøs
Chief Executive Officer


Anne Nyseter Perez
Board member


Andreas Almquist
Board member

Corporate governance

The Board of Directors and executive management of Itera ASA carry out an annual review of the principles for corporate governance and how they function within the Group. Itera provides here an account of its principles and practice for corporate governance pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES) as issued on 17 October 2018.

The Norwegian Code of Practice for Corporate Governance is available on www.nues.no/en/. A description of how Itera complies with the 15 recommendations set out in the Code of Practice for Corporate Governance is provided below.

[1. Implementation and reporting on corporate governance](#)

Itera ASA's principles for corporate governance ensure an appropriate division of roles and good collaboration between the company's owners, its Board of Directors and its executive management as well as satisfactory control of its activities. This helps to ensure the greatest possible value creation over time in the best interests of owners and other stakeholders.

The company's ethical guidelines address conflicts of interest, relationships with customers, suppliers and the media, inside information issues and other relevant financial interests of a personal nature. The ethical guidelines apply to all employees of the Itera Group.

Itera's employees increasingly regard non-financial incentives as important. Itera's management principles therefore contain a clear set of values for employees to identify with. Itera also focuses

on making social and moral considerations part of its business processes. This means that customers or projects may be rejected on account of their being in conflict with the Group's set of values and vision, which is: "Make a difference". This applies to all the contexts in which Itera is present; the aspiration is for Itera's employees to view working at Itera as more than just a job, for its customers to find real value in collaborating with Itera, for its owners to receive a greater return from their investment than would be the case with other comparable investments, and for the company to make a positive contribution to economic and social development the local environments in which it operates.

Itera complies with the Norwegian Code of Practice for Corporate Governance with no material deviations from the Code's recommendations, with the exception of the deviations set out in sections 6 and 14.

[2. Business \(No deviation from the Code\)](#)

Itera is a specialist in creating digital business, with communication, technology and innovation as the core competency tools. Itera delivers projects and services in cross-functional teams to Nordic organisations that see the instrumental

contribution that innovation, efficient communication and smart utilisation of technology can make to achieving their goals. Itera's core sectors are banking and insurance, public, healthcare, the service industry, energy and utility. The company's Articles of Association are available on its website (www.itera.no).

The annual report contains details of the company's goals and strategies, and the financial markets are provided with continual updates by the company's quarterly presentations.

[3. Equity and dividends \(No deviation from the Code\)](#)

The company's capital situation is kept under constant review in relation to its objectives, strategy and desired risk profile.

The company's objective is to generate a competitive return for its shareholders through dividends and increases in the share price that is in line with comparable investments. Itera's dividend policy is intended to strike a balance between capital adequacy and providing shareholders with a reasonable return. The company's current dividend policy is to distribute at least 50% of the Group's adjusted annual profit after tax. Payment of the annual dividend is dependent on the company's financial situation, its working capital requirements and investment/acquisition opportunities. The Annual General Meeting approves the annual dividend based on a proposal from the Board of Directors. For 2020, the Board of Directors proposes the payment of an ordinary dividend of NOK 0.25 per share. The Board of Directors has also resolved to ask the Annual General Meeting to renew its authorisation to pay a supplementary dividend for 2020 if the Group's financial situation makes this possible.

At the Annual General Meeting in 2020, the Board of Directors was granted authorisation to increase the company's share capital by up to NOK 1,232,799 by issuing for subscription up to 4,109,331 new shares with a nominal value of NOK 0.30. The authorisation is effective until 30 June 2021 and replaced the authorisation approved by the Annual General Meeting held on 21 May 2019. The Board is authorised to waive the preferential rights of shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The authorisation also covers capital increases for non-cash payment or other special subscription terms pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The authorisation also covers resolutions in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

At the same Annual General Meeting, the Board of Directors was granted authorisation to buy back own shares up to a nominal value of NOK 1,232,799, equivalent to 4,109,331 shares each of a face value of NOK 0.30. The authorisation was effective until 30 June 2020 and replaced the authorisation granted at the Annual General Meeting held on 21 May 2019. The authorisation was used to buy back 1,500,000 shares in June 2020 for the purpose of implementing employee share purchase programmes.

The Board of Directors as part of its preparations for the Annual General Meeting carries out an annual review of whether it should ask for authorisation from the Annual General Meeting to increase the company's share capital and/or to be allowed to buy back own shares. Any authorisation is normally granted for one year, and the basis for such authorisation must be clearly communicated at the Annual General Meeting.

[4. Equal treatment of shareholders and transactions with close associates \(No deviation from the Code\)](#)

The company is committed to treating all shareholders equally. There is only one class of shares. The Articles of Association do not impose any restrictions on voting rights. Treating all shareholders equally is regarded as important. All information liable to influence the company's share price is published through the Oslo Stock Exchange's information system and on the company's website.

The company's transactions in its own shares (share buy-backs) are carried out through the stock exchange at market rates, except in cases of exercising buy-back options in discontinued employee share incentive programmes. The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

[5. Shares and negotiability \(No deviation from the Code\)](#)

Itera shares are listed on the Oslo Stock Exchange and are freely negotiable. Itera has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations. The Articles of Association of Itera ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

According to the conditions in Share Purchase Programme offered to selected managers and key personnel in 2018 and 2020, a three-year lock-in period applies to ownership of the shares purchased under this programme. Itera has a buy-back option of the shares in cases where the employee terminates his or her employment with Itera within the lock-in period. Itera considers that such trading limitation does not cause disturbances in the market due to limited scope and thus is not in violation of the NUES recommendation.

[6. Annual General Meeting](#)

All shareholders are entitled to participate in the Annual General Meeting. Arrangements have been made that allow shareholders to vote in accordance with their ownership through a legal representative or proxy. All shares in the company carry equal voting rights. There are no ownership restrictions, and the company is not aware of any shareholder agreements.

Minutes from the Annual General Meeting are made available using the Oslo Stock Exchange's information system and on the company's website (www.itera.no).

NUES recommends that the Annual General Meeting should vote separately on each individual candidate for any corporate bodies to which members are elected. Itera's practice is for the entire Board to be elected.

[7. Committees \(No deviation from the Code\)](#)

Nomination Committee

The Annual General Meeting has established a Nomination Committee in accordance with Itera's Articles of Association. The Annual General Meeting issues the mandate for the work of the Nomination Committee. The Nomination Committee nominates candidates for appointment to the Board of Directors for consideration by the Annual General Meeting. The nominations are required to provide relevant information about the candidates' background and independence. The Nomination Committee also makes proposals regarding the remuneration paid to members of the Board. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting.

The members of the Nomination Committee are Bjørn Wicklund, Fredrik Thoresen and Olav Werner Pedersen.

The Nomination Committee publishes an invitation to submit proposals for candidates for election to the Board on the company's website. The Nomination Committee will also send a letter to the largest shareholders inviting their proposals.

Audit Committee

The Board has established an Audit Committee in accordance with Itera's Articles of Association. The Audit Committee has two members. Its mandate is to supervise the company's reporting procedures and to assess the effectiveness of internal control and risk management activities. The Audit Committee is in regular contact with the auditor and ensures the auditor is independent. The Audit Committee reports to the Board. Members of the Board have access to all relevant documentation as well as to the minutes of all Audit Committee meetings.

The members of the Audit Committee are Marianne Killengreen (chair) and Gyrid Skalleberg Ingerø. Killengreen replaced Mimi K. Berdal following the Annual General Meeting in May 2020.

Compensation Committee

The Board has established a Compensation Committee to develop and coordinate the Group's compensation systems. The Compensation Committee has two members - Jan-Erik Karlsson (chair) and Morten Thorkildsen.

[8. Board of Directors: Composition and Independence \(No deviation from the Code\)](#)

Itera does not have a corporate assembly. Itera's Articles of Association state that the company is to have a Board of between four and six members. The Board currently has six members, four of whom are elected by shareholders at the Annual General Meeting. Itera's employees are represented by two employee electives and two observers. Fifty percent of each of the shareholder and employee elected board members and observers are women.

It is regarded as important for the Board to be balanced in terms of its members' expertise, experience and backgrounds in relation to areas that are of relevance to the company's activities. It is also desirable for the composition of the Board to reflect both the company's ownership structure and the need for independent representatives. The current Board includes four members elected by shareholders at the company's Annual General Meeting, and its composition satisfies the independence requirements set out in the Norwegian Code of Practice for Corporate Governance. No

member of the executive management is a member of the Board.

The Board of Directors held 8 board meetings in 2020 with an attendance rate of 96%.

[9. The Work of the Board of Directors \(No deviation from the Code\)](#)

The Board prepares an annual plan for its work with an emphasis on targets, strategy and implementation. In addition, the Board has a formal mandate that regulates its areas of responsibility, its duties and the allocation of roles between the Board, the Chairman of the Board and the CEO. The Board receives monthly financial reports for the Group as a whole and for the subsidiary companies, in which the executive management comments on financial performance and financial position. The Board discusses the company's strategy and budgets at extended board meetings.

The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

The Board holds 7-10 meetings a year and assesses its own work on an annual basis. In addition, the Nomination Committee make an annual assessment of each Board member's performance and contribution.

[10. Risk management and internal control \(No deviation from the Code\)](#)

Risk management and internal control are carried out by the Group using a range of processes, both at Board level and by the Group's executive management. The Audit Committee monitors risk management and internal control on behalf of the Board in ways that are additional to the reports and discussions on the issue at Board meetings.

Risk management

The Board is regularly updated on risk management at its meetings, by routine financial reports and by the reports produced by the executive management on the Group's business activities. The Board also assesses the need for measures to be taken in response to risk factors. The basis of risk management at Itera is that the

CEOs of the companies that form the Group are responsible for risk within their individual companies and must therefore have necessary knowledge and understanding of their companies' risk profiles, so that these companies can be managed in a financially and administratively responsible way.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. The CEO and CFO carry out this work in close cooperation with the management of the individual units.

Internal control

The Board assesses the internal control systems and considers the most important risk factors facing the company as part of the budget planning and budget approval process. The Group has in recent years pursued a growth strategy and the Board is committed to ensuring that all the Group's activities are covered at all times by internal control systems.

The senior management of the subsidiary companies are responsible for ensuring there are appropriate and effective internal controls that meet all applicable requirements and are responsible for ensuring compliance with the internal control requirements.

Accounting & Finance, HR, IT and Communications are organised as common Group Functions across the Group. This ensures there is internal control across the companies and across national borders. Accounting & Finance has implemented shared accounting procedures for the Group where it has proved efficient to do so, including in relation to charts of accounts and reporting. The companies in the Group all use the same accounting system, which in 2020 was switched from Maconomy to Microsoft Dynamics 365. A specific approval authority matrix has been implemented that determines the authorisation routines for expenditure, and the approval of two individuals is required for payments to be made. The Group Finance Function has a separate function that manages accounting in the subsidiary companies. This function is also responsible for quality control of accounting information by performing reconciliations and other checks. Some accounting work is carried out by the Group's

accounting department in Ukraine, which currently has four employees. There were also the equivalent of three full-time positions in the accounting department in Norway in 2020. In addition to the accounting department, there are separate Business Controllers that assist the companies with financial reporting, analyses, forecasting and budgets. There is a separate accounting function in Ukraine and an external accounting firm servicing the Slovakian branch. The CFO and the Finance Manager are responsible for continually assessing whether the accounting routines are functioning as required, including controlling reconciliations and analysing and monitoring a range of KPIs. The reports produced by the subsidiary companies are consolidated on a monthly basis, and analyses are carried out as part of the reporting process, with action taken as required. Reporting is carried out using the Group's standard reporting template, with consolidation being carried out using spreadsheets.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. Meetings are held with the subsidiary companies every quarter to review these topics and others, and also to consider the risks related to financial reporting, over both the short and long term. The CEO, the CFO, the management of the subsidiary companies and relevant experts participate in these meetings, which are led by the CEO. The Group CEO proposes any risk-reduction measures that are required on the basis of the companies' financial reports and any follow-up meetings that are held.

[11. Remuneration of the Board of Directors \(No deviation from the Code\)](#)

The Nomination Committee makes recommendations to the Annual General Meeting regarding the remuneration paid to the Board of Directors. The remuneration paid to the members of the Board is determined by the Annual General Meeting once it has considered the proposals of the Nomination Committee. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting once it has considered the proposals of the Board. Information on the remuneration paid to the members of the Board

and their shareholdings can be found in the notes to the accounts in the annual report.

NUES recommends that members of Board of Directors should not participate in any incentive or share option programme. Employee elected Board members in Itera may be part of incentive and/or share option programmes in their capacity as employees. Inclusion in such programme may occur prior to or after the employee's election to the Board. Itera considers such inclusion to be independent of and unrelated to the employee's Board position and thus not in violation of the NUES recommendation.

[12. Remuneration of executive personnel \(No deviation from the Code\)](#)

The Board has produced guidelines on the remuneration of executive personnel in accordance with the rules set out in Section 6-16a of the Public Limited Liability Companies Act. The Company's Compensation Committee is involved in the process of determining the remuneration paid to executive personnel. Details of the Board's guidelines on the remuneration of executive personnel are set out in Note 9 'Remuneration of senior employees'.

[13. Information and communications \(No deviation from the Code\)](#)

The company strives to provide accurate and sufficiently comprehensive information every quarter, and to be quick to publish it. The company normally publishes quarterly figures within seven weeks of the end of a quarter. The company's provisional annual accounts are published in February. Open quarterly presentations are held with a webcast made available so that they can be viewed either live or subsequently.

The notice calling the Annual General Meeting and the annual report are made available on the company's website three weeks prior to the date of the Annual General Meeting.

The company strives to publish information in a non-discriminatory and simultaneous manner. The company maintains regular dialogue with shareholders, analysts and other parties. The company takes a cautious approach in its con-

tacts with these parties. The company limits its communication with investors and analysts in the thirty days prior to the publication of an interim report. In addition, the company does not issue comments to the media or any other parties about the Group's results during this period. This is to ensure all market participants concerned are treated equally.

[14. Take-overs](#)

The Board of Directors is committed to equal treatment of shareholders and will ensure openness with respect to any potential takeover of the company. In the event of a takeover bid for Itera, the Board of Directors and executive management will seek to ensure all shareholders have access to sufficient information for them to be able to form a position on the bid. The Board has not issued separate guidelines on how it would operate in the event of a formal takeover bid, but it would conduct itself in accordance with the relevant provisions and recommendations set out by legislation and the Norwegian Code of Practice for Corporate Governance. The Board regards this as sufficient to ensure that shareholders' interests are safeguarded in an equal and proper manner.

The Board will inform shareholders of its opinion of any bid, and the Board will in connection with this inform shareholders about whether they themselves wish to accept the offer should they have taken a position on it.

[15. Auditor \(No deviation from the Code\)](#)

The company has elected PwC as its external auditor. PwC audits all the companies in the Group that are subject to statutory audit.

The auditor participates in all meetings of the Audit Committee.

The auditor prepares reports for the Audit Committee and the Board. These reports include an audit plan, an assessment of internal control at the company and a review of significant accounting principles and estimates. The auditor participates in the Board meeting at which the annual accounts are considered. The auditor participates in the Annual General Meeting. Information about the fees paid to the auditor can be found in the annual report.



OUR RESULTS 2020

Despite 2020 proving to be one of the most challenging times in world history, we have emerged stronger and enter 2021 with an even more durable foundation and an exciting future.

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Consolidated statement of comprehensive income

Itera Group 1 January – 31 December

NOK 1 000, except earnings per share	Note	2020	2019
Revenues	1	615 392	560 318
Cost of goods and services		71 820	77 310
Salaries and personnel expenses	7,8,9,10	392 447	348 317
Depreciation and amortisation	13, 14	42 505	35 798
Other operating and administrative expenses	9	46 047	42 676
Total operating expenses		552 818	504 101
Operating profit		62 573	56 218
Financial income	11	6 448	2 514
Financial expense	11	7 236	5 143
Net financial income (expenses)		(788)	(2 629)
Profit before taxes		61 785	53 589
Income taxes	16	13 152	11 979
Net income		48 633	41 609
Earnings per share	3	0,60	0,51
Diluted earnings per share	3	0,60	0,51
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Net income		48 633	41 609
Other comprehensive income			
Translation differences on net investment in foreign operations		79	459
Total comprehensive income		48 712	42 068
Total comprehensive income attributable to:			
Shareholders in parent company		48 712	42 068

Consolidated statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2020	2019
ASSETS			
Deferred tax assets	16	4 916	2 901
Intangible assets	13,14	24 225	21 864
Right of use assets	14	38 263	54 297
Property, plant and equipment	13	15 403	22 512
Total non-current assets		82 807	101 575
Current assets			
Contract costs	2	6 851	11 571
Work in progress	2	1 196	732
Accounts receivable	12	67 275	57 075
Other current assets	4	11 901	17 193
Cash and cash equivalents	18	54 399	53 085
Total current assets		141 621	139 656
Total assets		224 428	241 231

Consolidated statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	19	24 656	24 656
Other equity		9 685	21 715
Total equity		34 341	46 371
Other provisions and liabilities			
Other provisions and liabilities		715	1 077
Non-current interest-bearing liabilities	14	24 962	35 577
Total non-current liabilities		25 676	36 655
Accounts payable			
Accounts payable		23 169	23 838
Tax payable	16	12 733	10 880
Public duties payable		37 665	13 379
Current interest-bearing liabilities	14	17 636	19 400
Contract liabilities	2	30 041	37 176
Other current liabilities	5	43 167	53 532
Total current liabilities		164 411	158 205
Total liabilities		190 087	194 860
Total equity and liabilities		224 428	241 231

Oslo, 27 April, 2021
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Anne Nyseter Perez
Board member
(Employee elected)

Andreas Almquist
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

Consolidated statement of cash flows

Itera Group 1 January – 31 December

NOK 1000	Note	2020	2019
Profit before taxes		61 785	53 589
Income taxes paid	16	(9 374)	(9 995)
Depreciation and amortisation	13	42 505	35 798
Share option costs		(2 491)	-
Change in work in progress		(463)	3 456
Change in accounts receivable	12	(10 200)	(4 808)
Change in accounts payable		(669)	(103)
Change in other accruals		14 916	3 867
Effect of changes in exchange rates		3 168	(1 797)
Net cash flow from operating activities		99 177	80 006
Investment in fixed assets	13	(4 642)	(11 861)
Investment in intangible assets	13	(12 364)	(6 938)
Net cash flow from investing activities		(17 006)	(18 799)
Payments for purchase of own shares		(18 242)	(96)
Proceeds from sale of own shares		7 953	2 125
Principal elements of lease payments	14	(22 608)	(20 822)
Dividends paid to equity holders of Itera ASA		(47 963)	(44 660)
Net cash flow from financing activities		(80 861)	(63 453)
Effects of exchange rate changes on cash and cash equivalents		4	50
Net change in cash and cash equivalents		1 314	(2 196)
Cash and cash equivalents as of 1 January		53 084	55 279
Cash and cash equivalents as of 31 December		54 399	53 084

Consolidated statement of changes in equity

NOK 1000	Note	Total paid in capital	Own shares	Other paid	Cumulative translation differences	Other equity	Total equity
Equity as of 1 January 2019		24 656	(373)	(10 312)	25	33 448	47 444
Net income for the period		-	-	-	-	41 609	41 609
Other comprehensive income for the period		-	-	-	459	-	459
Share option costs		-	-	(1 106)	-	-	(1 106)
Employee share purchase programme	8	(1)	4	594	-	-	597
Purchase of own shares		-	(5)	(90)	-	-	(96)
Sale of own shares		-	143	1 982	-	-	2 125
Dividends		-	-	-	-	(44 661)	(44 661)
Equity as of 31 December 2019		24 655	(231)	(8 933)	483	30 396	46 370
Net income for the period		-	-	-	-	48 633	48 633
Other comprehensive income for the period		-	-	-	79	-	79
Share option costs		-	-	(2 491)	-	-	(2 491)
Employee share purchase programme	8	-	172	5 517	-	-	5 689
Purchase of own shares		-	(478)	(17 764)	-	-	(18 242)
Sale of own shares		-	156	2 108	-	-	2 264
Dividends		-	-	-	-	(47 963)	(47 963)
Equity as of 31 December 2020		24 655	(381)	(21 563)	563	31 066	34 341

[Corporate information and basis of preparation](#)

Corporate information

Itera ASA (the Company) including its subsidiaries (the Group) is a specialist in creating digital business, with design, technology and innovation as its core competency tools. Itera provides solutions and services to customers in industries where change and innovation are central to adapt rapid changes, such as insurance, banking and finance, high tech, energy, media and public sector. Itera has offices in Norway, Sweden, Denmark, Iceland, Ukraine and Slovakia.

Itera ASA is a public limited company registered and domiciled in Norway. The office address is Nydalsveien 28, 0422 Oslo, Norway. Itera ASA is listed on Oslo Stock Exchange (ticker ITERA).

The consolidated financial statements for Itera ASA were approved by the Board of Directors on 27 April 2021 and are subject to approval by the Annual General Meeting on 25 May 2021.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations as approved by the EU as in effect at 31 December 2020, and with all additional disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2020. The consolidated financial statements have been prepared on the historical cost principle.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The most important accounting principles applied by the Group in the preparation of the consolidated financial statements are described below. These principles have been applied identically to all the periods that are presented, unless otherwise stated.

Consolidation principles

Subsidiaries are companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50% of the voting shares in the target company. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the date when control ceases. All intercompany transactions, outstanding balances and unrealised group internal profits or losses are eliminated.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Itera ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on a net investment in a foreign entity. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of initial transaction for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration. The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with

[Summary of significant accounting policies, cont.](#)

functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future. Areas of significant estimation uncertainty include:

Revenue recognition

Itera delivers most of its non-subscription services on Time & Material agreements. However, it may occasionally enter into fixed or target price agreements for development work. In such cases, the revenue is recognised proportionately to its estimated completion rate and contract value. Completion is measured as incurred hours relative to the estimate to complete the project. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. As of the end of 2020, there were no fixed or target price projects outstanding which may have represented any significant estimation uncertainty.

Impairment of capitalised development costs

Itera has capitalised development costs related to its Intellectual Property Rights (IPR). The IPR generate monthly subscription revenues over the length of the customer contracts, and the capitalised development costs are amortised over their estimated useful life. Significant technological changes or loss of major customer contracts may impact the remaining useful life or the fair value of the asset, respectively. The Group conducts impairment tests on the assets to assess whether there is a need to write down or accelerate the amortisation of the assets when such triggering factors occur. The current carrying value of the assets are low compared to the associated revenue generated from this. The Group thus considers the risk of impairment to be limited.

Share capital, share premium and other equity

Payments for the purchase of own shares are recognised as a reduction in equity and proceeds from any sales as an increase. Transaction costs directly related to equity transactions less taxes are recognised against equity as a reduction in the proceeds.

Tangible fixed assets

Tangible fixed assets are recognised at acquisition cost, less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenses directly attributable to purchasing the asset. Acquisition cost for assets developed in-house includes direct salary costs, other costs directly attributable to ensuring that the assets function as intended, and the costs of dismantling and removing the assets. Gains and losses on disposals of tangible fixed assets are presented as part of the operating profit/loss and calculated as the difference between the consideration received and the carrying value of the asset.

Depreciation of fixed assets

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and estimated useful life,

[Summary of significant accounting policies](#)

[Summary of significant accounting policies, cont.](#)

unless it is reasonably certain that the Group will obtain ownership after the end of the lease term.

The estimated useful lives for the current and comparison periods are:

Fixtures and fittings:	5–10 years
Other fixed assets:	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Development activities relate to significant new concepts or solutions. Development costs are capitalised only to the extent that they can be measured reliably, the product or process is technically or commercially viable, the future economic benefits are likely, and the Group intends and has sufficient resources to complete its development as well as to sell or make use of it. Capitalised expenses include costs for materials, direct salary costs, and directly attributable overhead costs. Other development costs are expensed as incurred. Capitalised development expenditure is carried at cost minus amortisation and impairment.

Expenses relating to the acquisition of new software are capitalised on the balance sheet as intangible fixed assets. Expenses incurred to maintain or extend the future usefulness of software are directly expensed unless the changes to the software increase its future economic usefulness.

Amortisation of intangible assets

Intangible assets are amortized on a straight-line basis over their estimated useful life from the date they become available for use. The estimated useful lives for the current and comparison periods are:

Capitalised development costs:	3–5 years
Software and IT equipment:	3–5 years

Leases

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b).

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Itera ASA agreements consists of buildings, cars, equipment used in the operating activities and office machines. Cars usually have a lease period of 5 years, while several of the buildings have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and this has been taken into account.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

[Summary of significant accounting policies, cont.](#)

- fixed payments, less any lease incentives receivable
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group's incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.72%.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise the right-of-use assets and liabilities for short-term leases of equipment and low value assets.

Accounts receivable and other receivables

Accounts receivable are recognised in the balance sheet at their nominal value, less a provision for expected losses. The interest element is disregarded if it is not material. The expected credit loss on trade receivables and work in progress is measured using a simplified lifetime model.

Pension

The Itera Group finances its pension arrangements for employees through collective defined contribution-based schemes. A defined contribution pension scheme is a plan under which an entity pays fixed contributions into a separate fund or pension fund and has no legal or constructive obligation to pay any further amounts. Contribution obligations are recognised as personnel expenses in the profit and loss account when due. Prepaid contributions are recognised as an asset to the extent that they entail cash refunds or that future payments to the scheme are reduced.

Share-based remuneration

Employee share options at the Group give employees the right to subscribe for shares in Itera ASA at a future point at a predetermined price (exercise right). This right as a rule is dependent on the Group achieving concrete targets and the employee still being employed at the time of exercise.

Employee share options are valued at fair value on the grant date. Their calculated value is recognised as a personnel expense, with a counter entry to other paid-in equity. The cost of share options is divided over the period until the employee becomes unconditionally entitled to exercise the options. The expensed amounts are adjusted to reflect the actual amount of stock options exercised if the associated service and non-market conditions are met.

[Summary of significant accounting policies, cont.](#)

The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Provisions

Provisions are recognised when the Group has incurred a legal or constructive obligation as a result of a previous event and it is likely that this will lead to it making a payment or transferring other assets in order to settle the obligation, and the size of the obligation can be measured reliably. Provisions are measured at the present value of the expected future cash flows, discounted using a market-based discount rate before tax.

Revenue recognition

Revenue arising from subscriptions is recognised over the course of the contract period. Revenue from a transition project that is an integral part of a subsequent operating services contract is recognised on a linear basis over the period of the latter contract. Revenue from services is recognised when the hours are delivered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue is measured based on the consideration specified in a contract with a customer.

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer. Where the consideration covers multiple sub-deliveries, it is broken down and recognised when the various components are delivered.

Cost of goods and services

Cost of goods and services is the costs paid to external suppliers for goods or services directly related to Itera's delivery of goods and services. Cost of goods and services includes costs due to third-party contractors, the rental of software, purchases of software and hardware for resale, travel expenses for consultants and other costs.

Depreciation and amortisation

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible and intangible assets include, but are not limited to, expected developments in technology and markets. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment

The Group has made investments in property, plant and equipment, as well as intangible assets including both development costs and software.

Intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger

[Summary of significant accounting policies, cont.](#)

impairment testing include the following: significant fall in market values; significant under-performance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

Financial income and financial expense

Financial income comprises interest income from financial investments and bank deposits. Interest income is recognised using the effective interest rate method. Dividends are recognised in profit and loss when they are approved by the annual general meeting of the company from which they will be received. Financial expense comprises interest expense on borrowings and changes in the fair value of financial assets. All borrowing costs are recognised in profit and loss using the effective interest rate method. Financial income and financial expense also comprise foreign currency gains and losses.

Tax expense

Tax expense comprises both tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between the accounting values and tax values of assets and liabilities.

Deferred tax assets are capitalised on the balance sheet when it is probable that the individual company will have sufficient taxable profits in subsequent periods to be able to use the tax asset. The individual companies recognise previously non-capitalised tax assets to the extent that it has become probable that they will make use of them. Likewise, the individual companies reduce the value of their deferred tax assets to the extent that they no longer regard it as probable that they will be able to make use of their deferred tax assets.

Statement of cash flows

The statement of cash flow is prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments. Interest paid is presented as part of operating activities.

1 Segments

The business activities of the Group are carried out by 6 operational companies in 5 countries. Each company has its own management team and a CEO who is responsible for the company's financial results. Each company also has its own internal structure for management, budgeting and financial reporting, including reporting to the Group CEO. The Chief Operating Decision-Maker (CODM), who is responsible for allocating resources and assessing performance of operating units, has been identified as the steering committee consisting of the CEO and the CFO. The activities carried out by all the subsidiaries are for all practical purposes related to delivering IT and communication solutions to customers. In particular, the Group utilises its nearshore delivery capabilities seamlessly across its various operating units and locations. The reported revenue in 4 reporting segments, from both external customers and intragroup sales, is less than 10% of the combined revenue. The reporting segments in Norway are aggregated into a single segment since the segments have similar economic characteristics. As such, the CODM examines the Group's performance as a single reporting segment.

Transactions and transfers between the companies are carried out on normal commercial terms.

Revenues from transactions with the largest external customer in Norway amount to NOK 66.5 million.

1 Segments, cont.

Geographical information:

NOK 1000						
2020	Norway	Sweden	Denmark	Ukraine	Slovakia	Group
Sales revenue	762 174	-	47 218	14 759	31 382	855 532
Intragroup eliminations	(194 015)	-	-	(14 759)	(31 367)	(240 141)
Net sales revenue	568 159	-	47 218	-	14	615 392
Services	389 430	-	27 352	-	14	416 796
Services 3rd Party	22 178	-	4 117	-	-	26 295
Subscriptions	147 299	-	7 432	-	-	154 731
Other revenue	9 251	-	8 317	-	-	17 568
	568 159	-	47 218	-	14	615 392
Operating profit	56 939	(22)	5 166	(829)	1 319	62 573
Investments in fixed assets	16 882	-	307	1 659	598	19 446
Total assets	202 822	254	7 075	10 871	3 405	224 428
Total liabilities	170 225	1	15 896	1 200	2 766	190 087
2019	Norway	Sweden	Denmark	Ukraine	Slovakia	Group
Sales revenue	677 530	-	50 428	11 964	23 561	763 483
Intragroup eliminations	(167 652)	-	-	(11 964)	(23 549)	(203 165)
Net sales revenue	509 878	-	50 428	-	12	560 318
Services	341 800	-	31 272	-	12	373 084
Services 3rd Party	21 627	-	7 038	-	-	28 665
Subscriptions	136 822	-	6 614	-	-	143 437
Other revenue	9 629	-	5 503	-	-	15 132
	509 878	-	50 428	-	12	560 318
Operating profit	45 996	63	8 010	1 055	1 094	56 218
Investments in fixed assets	24 354	-	207	6 926	359	31 847
Total assets	206 298	254	16 785	15 705	2 188	241 231
Total liabilities	178 165	1	12 853	1 718	2 123	194 860

Services revenue is generated from rendering of services to customers by Itera's own consultants. The service contracts are with a few exceptions Time & Material agreements where the invoicing is based on hours performed at agreed rates.

Services 3rd party revenue is generated from rendering of services to customers performed by subcontractors.

Subscriptions revenue is generated from services provided on regular basis with fees based on fixed amounts or volumes.

Other revenue includes sale of hardware and software from Itera's web shop and re-invoicing of travel costs and materials purchased on behalf of customers. The Itera web shop was closed down during the first quarter of 2019.

2 Work in progress, contract costs and contract liabilities

Work in progress is a Group internal definition and comprises earned and recognised revenue that has not yet been invoiced. Itera use this as an alternative description for the term "contract asset" under IFRS 15. Work in progress is transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers.

Significant changes in work in progress

NOK 1000	2020	2019
Balance, beginning of period	732	4 188
Net additions arising from operations in the period	1 196	1 332
Amounts billed in period and thus reclassified to accounts receivables	(1 332)	(4 906)
Changes in impairment allowances	600	118
Balance, end of period	1 196	732

Contract costs comprise expenses related to fulfilling a contract, typically implementation costs in the initial stage of a contract, capitalised and expensed over the expected contract periods.

Contract liabilities comprise prepayments from customers for delivering services.

Significant changes in contract costs

NOK 1000	2020	2019
Balance, beginning of period	11 571	16 407
Costs capitalised in the period	-	-
Amortisation	(4 721)	(4 835)
Impairment losses	-	-
Balance, end of period	6 851	11 571

Significant changes in contract liabilities

NOK 1000	2020	2019
Balance, beginning of period	37 176	24 146
Increases due to cash received, excluding amounts recognised as revenue during the period	24 387	29 629
Revenue recognised that was included in the contract liability balance at the beginning of the period	(31 521)	(16 600)
Balance, end of period	30 041	37 176

Management expects that approximately 45% of the transaction price allocated to the unsatisfied contract obligations as of 31.12.2020 will be recognised as revenue in the 2021 fiscal year. Another 38% will be recognised as revenue in the 2022 fiscal year, and the remaining 17% will be recognised in the fiscal year 2023.

Revenue from contracts with customers

IFRS 15 Revenue from Contracts with Customers is based on the principle of recognising revenue when control of goods or services transfers to a customer. Itera mostly derives its revenue from the transfer of services over time as opposed to point in time.

2
Work in progress, contract costs and contract liabilities, cont.

Revenue from consulting services rendered that relate to subscription contracts will in some cases be recognised over the contract period for the subscription contract and not at point in time when the services are delivered. The costs of fulfilling a contract, such as costs related to delivering the services mentioned are capitalised as contract costs if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Payments from customers for delivering these services are under IFRS considered prepayments and classified as contract liabilities under current liabilities.

3
Earnings and diluted earnings per share

NOK 1000, except earnings per share	2020	2019
Profit for the year	48 633	41 609
Average number of outstanding shares	80 917	81 244
Outstanding employee share options	1 789	1 834
Dilution effect of outstanding share options	585	809
Average number of shares including dilution	81 502	82 053
Basic earnings per share	0,60	0,51
Diluted earnings per share	0,60	0,51

The average share price for 2020 is calculated on the basis of the market closing price for the Itera share on each trading day (except for days when no shares were traded when the bid price has been used) was NOK 13.13.

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

The share option exercise prices are NOK 13.91, NOK 11.46, NOK 10.29 and NOK 6.42 for 2020 (programme 2), 2020 (programme 1), 2019, and 2017 programmes, respectively.

4
Other current assets

NOK 1000	2020	2019
Prepaid expenses	8 548	12 457
Other current receivables	3 353	4 735
Total	11 901	17 193

5
Other current liabilities

NOK 1000	2020	2019
Holiday pay	24 562	21 379
Accrued wages and bonuses	18 334	16 420
Current lease payments	-	6 548
Accrued other expenses	271	9 186
Total	43 167	53 532

6
Financial risk management

The Itera Group is exposed to financial risks such as: credit risk, liquidity risk, currency risk and interest rate risk. The Group's exposure to these risks is considered to be low. The Group has established guidelines to manage its exposure to these risks. The main principle is to minimize exposure to financial risks, and the Group accordingly holds no financial assets or liabilities for speculative purposes.

The Group's nearshore operations in Ukraine and Slovakia exposes it to new risks, such as country risk, IT security risks and the risk of corruption. Itera has a zero-tolerance policy on corruption.

Credit risk

Credit risk is the risk of financial loss to the Group's receivables due from customers and other short-term receivables. In order to manage this risk, the Group has established credit approval procedures to evaluate the creditworthiness of all material counterparties. The Group's exposure to credit risk is not dependent on individual customers but customers as a group. Unless an agreement for delayed settlement has been made with a counterparty, an accounting provision is made for all receivables older than 90 days. The amount is examined as of every closing date. The provision is supported by historical credit loss experience of trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Information on the Group's risk exposure in respect of accounts receivable is provided in note 12. The Group's customers are private and public companies. The Group assesses the credit worthiness of all new customers and periodically for existing customers.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity in such a way as to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. The Group has established an overdraft facility with its banking partner. See note 18 for further information.

In order to accommodate growth in the Group's operational companies, lease financing contracts have been entered into for major investments in software and hardware.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

NOK 1000	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total
Balance at 31st Dec 2020					
Trade payables	23 169	-	-	-	23 169
Leasing liabilities	8 818	8 818	20 474	4 488	42 597
Balance at 31st Dec 2019					
Trade payables	23 838	-	-	-	23 838
Leasing liabilities	9 700	9 700	35 577	-	54 977

Currency risk

The Group is exposed to currency risk through its businesses in Sweden, Denmark, Ukraine and Slovakia. The exposure to currency risk is limited by the fact that businesses in Sweden and Denmark have revenue and costs in the same currency, and in addition most borrowing

6 Financial risk management, cont.

is arranged within the Group. Of the Group's total revenue, 8% is in Danish kroner (DKK). A 10% change in the NOK exchange rate against SEK and DKK would have a 0.8% effect on the Group's revenue. The effect of currency deviation on financial assets and liabilities denominated in non-functional currency is not material.

The Group's nearshore companies operate in three different currencies: USD, Euro and Ukrainian Hryvna. The main exposure is in USD. The Group has to a large extent currency adjustment mechanisms in its agreements with customers to counteract its exposure to US dollar and Euros, where service fees for nearshore services are denominated in USD or EUR and converted to NOK at the start of the monthly delivery period.

Interest rate risk

The Group is exposed to interest rate risk in relation to its bank deposits. The Group is also exposed in connection with lease financing contracts and when drawing against the overdraft facility. The Group does not hold any financial securities or other assets that have an inherent interest rate risk. The effect on profit and loss of change in interest rate is insignificant.

Fair value

Itera does not have significant differences between fair value and book value in respect of financial instruments, which mainly comprise accounts receivable and accounts payable, other current receivables and other current liabilities and lease liabilities.

NOK 1000	2020	2019
Salaries	339 846	298 943
Share option costs	693	311
Social security taxes	30 696	29 963
Pension costs	10 710	9 929
Other benefits	13 303	13 189
Salaries and personnel expenses capitalised *)	(2 802)	(4 018)
Total payroll and personnel expenses	392 447	348 317
Average number of employees	538	498

*See note 13

Share option programmes

The Group had four share option programmes running in 2020. All schemes are settled by the granting of shares.

The share option programme issued in 2016 expired in June 2020, whereas the 2017 programme expires in June 2021. New share option programmes were issued late 2019 and twice during 2020. These programmes have no financial targets attached, and up to one-third of the options are exercisable after three years and otherwise rolled forward. All remaining options must be exercised after four years or otherwise forfeited.

The fair value of the options was calculated on the date they were granted, and the options granted are being expensed over the accrual periods of four years in accordance with the graded vesting principle. Fair value is calculated using the Black-Scholes-Merton option pricing model. The calculation of fair value assumes that historical volatility is an indication of future

8 Share-based remuneration, cont.

volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on rates obtained from Norges Bank for the same period as the life of the options. For the option programmes, an annual participant attrition rate of 10-20% were assumed. For calculation purposes, an annual dividend of NOK 0.45 to NOK 0.75 were assumed for the various programmes.

Share option costs (including employer's social security contributions) of NOK 693k were expensed in 2020 (NOK 311k in 2019).

Programme	Out-standing 31.12.2019	Issued in 2020	Expired in 2020	Exer-cised in 2020	Out-standing 31.12.2020	Fair value when issued	Exercise price ¹⁾	Share price when issued ²⁾	Date of issue	Exercise period
2016	842 000	-	819 000	23 000	-	NOK 0.26	NOK 3.89	NOK 3.89	08.07.2016	2017-2020
2017	991 720	-	91 720	146 480	753 520	NOK 0.60	NOK 6.42	NOK 6.42	28.06.2017	2018-2021
2019	440 000	-	180 000	-	260 000	NOK 1.66	NOK 10.29	NOK 10.29	17.12.2019	2020-2023
2020 (pro-gramme 1)	-	805 000	30 000	-	775 000	NOK 2.45	NOK 11.46	NOK 11.46	02.07.2020	2023-2024
2020 (pro-gramme 2)	-	375 000	-	-	375 000	NOK 2.45	NOK 13.91	NOK 13.91	23.12.2020	2023-2024
Total	2 273 720	1 180 000	1 120 720	169 480	2 163 520					

1) The exercise price is the average share price over the 30 days prior to the date the option is granted.

2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

Programme	No. of options	Interest rate	Volatility	Lifetime
2016	-	0.49%	25.0%	3.94 years
2017	753 520	0.90%	28.9%	3.96 years
2019	260 000	0.99%	37.8%	3.98 years
2020 (programme 1)	775 000	0.28%	43.2%	3.95 years
2020 (programme 2)	375 000	0.54%	42.23%	3.96 years
Total	1 788 520			

Employee share purchase programme

In 2017, Itera introduced an annual Employee Share Purchase Programme, where employees could purchase shares up to a market value of NOK 20,000 at a 20% discount. The programme was repeated in 2018, 2019 and 2020. In 2020, a total of 85 employees purchased a total of 138,212 shares. The discount is recognised against the equity.

Share purchase programme for managers and key personnel

In 2020, a Share Purchase Programme was offered to the Group's managers and key personnel in order to foster alignment of interests between executives and shareholders, as well as contribute to retention of key people. The programme was in lieu of a Share Option Programmes that have been used in previous years.

Under the programme, the invitees were offered to purchase up to a defined number of shares at a valuation discount of NOK 2.86 per share. The discount was related to a three-year lock-in period of the shares. The Company has an option to re-purchase all or some of the shares with

7 Salaries and personnel costs

8 Share-based remuneration

8 Share-based remuneration, cont.

the same discount in the event the shareholder terminates his or her employment in the Group within the lock-in period. 11 key employees and executives showed their long-term commitment by purchasing a total of 422,818 shares for a total investment of NOK 3.6 million under this programme.

9 Executive personnel

Pursuant to Section 6-16a of the Norwegian Public Limited Companies Act, the Board of Directors has presented the following remuneration guidelines to the Annual General Meeting:

The Board of Directors' statement on the remuneration of senior management

The objective for the Itera Group's guidelines for the remuneration of the chief executive officer (CEO), senior employees and other key employees is to support the Group's strategy and corporate values and to promote the achievement of the Group's objectives. The purpose of remuneration is to encourage conduct that builds the desired corporate culture in terms of performance and focus on profitability. In preparing this statement, the Board has not found it necessary to make any changes to its earlier statements on the principles for the remuneration of senior employees.

The CEO's total remuneration is made up of a fixed salary, normal employment benefits, and bonus, together with pension and insurance benefits. The CEO will also participate in the Group's share option programmes. The CEO's total remuneration will be determined on the basis of a comprehensive evaluation, with the variable element of remuneration primarily based on the Group's financial performance. The CEO's remuneration is subject to annual evaluation and is determined by the Board.

The CEO determines the remuneration of senior employees in collaboration with the Board. The Board has set up a separate subcommittee to advise on the guidelines for the remuneration of senior employees and other key employees. The total remuneration of senior employees is made up of a fixed salary, normal employment benefits and bonus, together with pension and insurance benefits. Senior employees will also be considered for inclusion in the Group's share option programmes. The total remuneration of senior employees is determined on the basis of the need to offer competitive terms. It is intended that the level of remuneration should ensure that the Group is competitive in the relevant labour market, and should promote the Group's profitability, taking into account the desired trend in income and costs. However, the level of total remuneration must not be such as to damage the Group's reputation or to be market leading but should be sufficient to ensure that Itera attracts and retains senior employees with the desired expertise and experience.

Bonuses earned in 2020 were based on results achieved by the companies for which senior employees were responsible, together with their performance relative to their personal targets for the year. Senior employees may also be eligible for normal employment benefits to the extent that such benefits are relevant in relation to the employee's function or are in line with market practice.

Senior employees are members of the defined contribution pension schemes of the respective companies.

The company established share option programmes in 2015, 2016, 2017, 2019 and 2020.

As a general rule, the Group will not enter into termination payment agreements with employees. However, the Group will honour existing agreements.

9 Executive personnel, cont.

The Board confirms that the remuneration of senior employees in 2020 was in accordance with the statement on the remuneration of senior employees submitted to the Annual General Meeting held on 25 May 2020. The guidelines for the remuneration of senior employees were unchanged from 2019 to 2020.

Remuneration is subject to annual evaluation and will be determined on the basis of general salary levels in the labour market in general and the IT industry in particular.

NOK 1 000
Executive management remuneration

2020 Name	Position	Salary	Bonus	Other benefits	Total remune- ration	Pension cost	Options reported
Arne Mjøs	Chief Executive Officer	2 198	715	177	3 090	88	1 627
Bent Hammer	Chief Financial Officer	1 581	670	17	3 632	86	1 364
Total 2020		3 779	1 385	194	6 722	174	2 991

2019 Name	Position	Salary	Bonus	Other benefits	Total remune- ration	Pension cost	Options reported
Arne Mjøs	Chief Executive Officer	2 348	409	27	2 784	86	805
Bent Hammer	Chief Financial Officer	1 543	283	17	1 843	83	-
Total 2019		3 891	692	44	4 627	169	805

The company has not entered into agreements with any members of the executive management on termination payments or any other form of compensation upon termination of employment.

Bonus presented are the amounts earned in the financial year which may deviate from amounts paid out in the fiscal year.

The business activities of the Itera group are carried out by six operational companies. Each company has its own management team and a CEO who is responsible for the company's financial results. In addition to the Chief Executive Officer and the Chief Financial Officer, the executive management of Itera ASA is made up of the heads of the individual Business Units, together with the Group's Chief Technical Officer and the Chief Communications Officer.

NOK 1000
Board of Directors remuneration

Name	Position	2020	2019
Morten Thorkildsen	Chairman of the Board	335	335
Mimi K. Berdal	Board member (resigned)	125	225
Jan Erik Karlsson	Board member	215	215
Gyrid Skalleberg Ingerø	Board member	220	220
Marianne Killengren	Board member	100	-
Erik Berg Solheim	Board member (resigned)	10	20
Charlotte Bech Blindheim	Board member (resigned)	10	20
Anne Nyseter Perez	Board member	10	-
Andreas Almquist	Board member	10	-
Total		1 035	1 035

9 Executive personnel, cont.

NOK 1 000

Election Committee remuneration

Name	Position	2020	2019
Bjørn Wicklund	Chairman	30	30
Olav W. Pedersen	Member	15	15
Fredrik Thoresen	Member	15	15
Total		60	60

Shares and share options held by members of the Board at 31 December 2020

Name	Position	Shares	Options
Jan Erik Karlsson	Board member	320 376	-
Morten Thorkildsen	Board member	38 998	-
Gyrid S. Ingerø	Board member	38 000	-
Marianne Killengren	Board member	-	-
Anne Nyseter Perez	Board member	436	-
Andreas Almquist	Board member	75 255	74 000
Total		473 065	74 000

Shares (held directly or indirectly) and share options held by members of Executive Management at 31 December 2020

Navn	Position	Shares	Options
Arne Mjøs *	Chief Executive Officer	26 848 214	57 960
Bent Hammer	Chief Financial Officer	380 313	123 840
Total		27 228 527	181 800

* Arne Mjøs Invest AS held a future contract expiring 19 March 2021 on 2.800.000 shares at an average price of NOK 9,9736 per share. The total controlling interest of Arne Mjøs was thus 26,848,214 shares (32.7%)

Fees to the auditors

NOK 1000, excluding VAT	2020	2019
Statutory audit of Itera ASA	182	332
Statutory audit of subsidiaries in Norway	193	364
Statutory audit of international subsidiaries	-	132
Audit fees	375	828
Tax advisory services	-	-
Fees for other certification services	-	-
Other services provided to subsidiaries in Norway	59	140
Other services provided to international subsidiaries	-	-

10 Pensions

All of the Group's pension schemes are defined contribution schemes. The Group's pension expense is represented by the premiums paid and is included in payroll and personnel expenses in the Statement of Comprehensive Income. The Group's pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

Pension cost

NOK 1000	2020	2019
Norway	17 428	14 004
Denmark	1 626	1 955
Total	19 053	15 959

11 Financial income and expenses

NOK 1000	2020	2019
Interest income	337	553
Foreign currency gains	5 526	1 900
Other financial income	585	61
Net financial income	6 448	2 514

Interest expense	393	514
Foreign currency losses	6 539	4 296
Other financial expense	304	333
Total financial expenses	7 236	5 143

Net foreign currency losses	(1 013)	(2 396)
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12 Accounts receivable

NOK 1000	2020	2019
Gross accounts receivable at 31 Dec	67 425	57 225
Provision for bad debts	(150)	(150)
Net accounts receivable at 31 Dec	67 275	57 075

Aging of receivables	Total	Not due	< 30 days	30-60 days	60-90 days	> 90 days
Accounts receivable 2020	67 275	41 096	7 150	17 936	1 093	-
Accounts receivable 2019	57 075	45 616	8 771	1 906	506	276

Accounts receivable by currency

	2020	%	2019	%
NOK	59 112	88%	47 869	84%
SEK	-	0%	-	0%
DKK	7 541	11%	8 898	16%
UAH	320	0%	309	1%
EUR	301	0%	-	1%
Sum	67 274	100%	57 075	100%

12
Accounts receivable,
cont.

Change in provisions for bad debts

	2020	2019
Provision for bad debts at 1 Jan	(150)	(150)
Additional provisions	(115)	(200)
Used provisions	115	200
Provision for bad debts at 31 Dec	(150)	(150)

Losses on accounts receivable are classified as operating expenses in the Consolidated Income Statement. A loss of NOK 115k was recognised in 2020, NOK 200k in 2019. Maximum credit risk is equivalent to the figure for net accounts receivable shown in the table above.

Intangible assets

Intangible assets (capitalised development costs) are primarily related to the development of new concepts. These concepts are primarily related to contracts entered into with fixed future income.

In 2020, costs of NOK 5.7 million (NOK 8.3 million) incurred in connection with the development of products were capitalised. Expenditure incurred in connection with development work relates principally to the salaries and personnel costs of the employees involved in developing the concepts.

NOK 1000	2020		
	Development costs	Software	Sum
Acquisition cost			
Accumulated at 1 January	81 418	2 575	83 992
Additions	5 665	6 699	12 364
Disposals	(45 029)	(142)	(45 172)
Accumulated at 31 December	42 054	9 131	51 185
Amortisation			
Accumulated at 1 January	60 360	1 769	62 128
Amortisation for the year	9 264	1 115	10 379
Amortisation on disposals in the year	(45 029)	(142)	(45 172)
Other changes	-	(372)	(372)
Accumulated at 31 December	24 594	2 370	26 964
Book value			
Book value at 1 January	21 058	805	21 864
Book value at 31 December	17 458	6 762	24 225
Estimated useful life	3–5 years	3–5 years	
Amortisation plan	linear	linear	

13
Non-current assets,
cont.

NOK 1000	2019		
	Development costs	Software	Sum
Acquisition cost			
Accumulated at 1 January	73 140	2 778	75 918
Additions	8 278	187	8 465
Disposals	-	(390)	(390)
Accumulated at 31 December	81 418	2 575	83 993
Amortisation			
Accumulated at 1 January	51 443	1 521	52 964
Amortisation for the year	8 917	638	9 555
Amortisation on disposals in the year	-	(390)	(390)
Accumulated at 31 December	60 360	1 769	62 128
Book value			
Book value at 1 January	21 697	1 257	22 955
Book value at 31 December	21 058	805	21 864
Estimated useful life	3–5 years	3–5 years	
Amortisation plan	linear	linear	

Property, plant and equipment

NOK 1000	2020		
	Office machinery & equipment	Fixtures and fittings	Sum
Acquisition cost			
Accumulated at 1 January	31 708	11 909	43 617
Additions	4 018	624	4 642
Disposals	(5 876)	(2 905)	(8 781)
Translation differences	(492)	(2 835)	(3 327)
Accumulated at 31 December	29 358	6 793	36 151
Depreciation			
Accumulated at 1 January	18 307	2 798	21 105
Depreciation	5 079	3 528	8 607
Depreciation on disposals	(5 886)	(1 959)	(7 845)
Translation differences	(415)	(705)	(1 120)
Accumulated at 31 December	17 085	3 661	20 747
Book value			
Book value at 1 January	13 401	9 111	22 512
Book value at 31 December	12 273	3 131	15 403
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

13
Non-current assets,
cont.

NOK 1000	2019		Sum
	Office machinery & equipment	Fixtures and fittings	
Acquisition cost			
Accumulated at 1 January	18 891	11 592	30 483
Additions	11 151	739	11 890
Disposals	(306)	(422)	(728)
Translation differences	1 973	-	1 973
Accumulated at 31 December	31 708	11 909	43 617
Depreciation			
Accumulated at 1 January	12 930	2 473	15 403
Depreciation	5 748	748	6 496
Depreciation on disposals	(307)	(422)	(729)
Accumulated at 31 December	18 307	2 798	21 105
Book value			
Book value at 1 January	5 961	9 119	15 080
Book value at 31 December	13 401	9 111	22 512
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

The Group has entered into leasing contracts in connection with investments in IT equipment related to its major IT hosting contracts and office premises.

The Group had a liability for rent of premises and company cars totalling NOK 33.4 million at 31 December 2020. This amount includes rental agreement for Itera's head office premises at Nydalen in Oslo that runs until 30 June 2023, as well as rental agreement for office premises in Kiev (Ukraine) that runs until 5 December 2022 and office premises in Copenhagen (Denmark) that runs until 30 June 2031.

Right-of-use assets

	2020		Sum
	Leased IT equipment	Leased office premises	
Net value at 1 January	13 476	40 821	54 297
Additions	2 440	8 827	11 267
Disposals	(1 186)	-	(1 186)
Depreciation	(9 846)	(14 229)	(24 075)
Translation differences	-	(2 039)	(2 039)
Net value at 31 December	4 883	33 380	38 263

14
Right-of-use assets
and lease liabilities,
cont.

	2019		Sum
	Leased IT equipment	Leased office premises	
Net value at 1 January	8 398	54 019	62 417
Additions	11 493	-	11 493
Disposals	-	-	-
Depreciation	(6 415)	(13 332)	(19 747)
Translation differences	-	134	134
Net value at 31 December	13 476	40 821	54 297

Lease liabilities

Future minimum lease payments are as follows	2020		Sum
	Leased IT equipment	Leased office premises	
Up to 1 year	4 489	13 589	18 077
1 to 5 years	3 020	17 503	20 523
Over 5 years	-	5 206	5 206
Future minimum lease payments	7 508	36 298	43 806
Interest	168	1 040	1 209
Discounted present value of future minimum lease payments	7 340	35 257	42 597
Of which			
– current liabilities	4 369	13 266	17 636
– non-current liabilities	2 971	21 991	24 962

Future minimum lease payments are as follows	2019		Sum
	Leased IT equipment	Leased office premises	
Up to 1 year	6 548	15 617	22 165
1 to 5 years	7 393	27 240	34 633
Over 5 years	-	-	-
Future minimum lease payments	13 941	42 857	56 798
Interest	409	1 411	1 820
Discounted present value of future minimum lease payments	13 532	41 446	54 978
Of which			
– current liabilities	6 297	13 103	19 400
– non-current liabilities	7 235	28 343	35 577

The total cash outflow relating to leases was NOK 22,608,000.

14
Right-of-use assets
and lease liabilities

15
Financial assets and
financial liabilities

NOK 1000	2020	2019
Financial assets		
Contract assets	6 851	11 571
Work in progress	1 196	732
Trade receivables	67 275	57 075
Cash and cash equivalents	54 399	53 085
Total	129 720	122 464
Financial liabilities		
Long term leasing liabilities	24 962	35 577
Trade payables	23 169	23 838
Short term leasing liabilities	17 636	19 400
Contract liabilities	30 041	37 176
Total	95 808	115 991

16
Taxes

NOK 1000	2020	2019
Tax expense		
Tax payable	15 430	11 362
Change in deferred tax	(2 135)	600
Correction of previous years	-	17
Tax credit	(142)	-
Total tax expense	13 152	11 979
Tax payable in the balance sheet:		
Profit before tax	61 786	53 589
Permanent tax differences	2 358	7 677
Changes in temporary differences	4 730	(3 457)
Tax losses carried forward	-	(63)
Group contribution	-	(6 676)
Total basis for tax payable	68 874	51 070
Tax payable Dec. 31	14 785	11 235
Tax paid in advance	(276)	(354)
Correction of previous years	227	-
SkatteFUNN	(1 861)	-
Deduction of tax paid in Slovakia	(142)	-
Net tax payable Dec. 31	12 733	10 880

Taxes paid in advance is included in other current receivables.

16
Taxes, cont.

NOK 1000	2020	2019
Specification of the basis for deferred tax		
Fixed assets	(14 663)	(10 168)
Current assets	(150)	(150)
Other temporary differences	(922)	(93)
Implementation of IFRS 15	(1 938)	(2 586)
Tax losses carried forward	(190)	(190)
Remaining tax credit	(4 630)	-
Total	(22 494)	(13 187)
Deferred tax	(4 916)	(2 901)
Deferred tax recognised in the balance sheet	(4 916)	(2 901)

NOK 1000	2020	2019
Reconciliation of tax rate		
Profit before tax	61 785	53 589
Tax calculated at the nominal corporation tax rate of 22%	13 593	11 790
Effect of tax from previous year	(227)	(14)
Effect of differing tax rates for foreign subsidiaries	(27)	-
Effect of permanent differences	519	1 689
Effect of group contribution	-	(1 469)
Effect of change in tax calculation previous years	-	(17)
Effect of other differences	(705)	-
Tax expense in profit and loss	13 152	11 979
Effective tax rate	(21,3%)	(22,4%)

17
Exchange rates

Information on the exchange rates applied by the Itera Group in 2020.

	Jan 1	Average	Dec 31
SEK	0.9442	1.0227	1.0435
DKK	1.3299	1.4389	1.4071
EUR	9.9384	10.7258	10.4703
USD	8.9538	9.4146	8.53
UAH	0.3730	0.3482	0.3034

18
Cash and cash
equivalents

NOK 1 000	2020	2019
Cash and bank deposits	54 399	53 085
Restricted cash	(10 282)	(8 586)
Unrestricted cash and cash equivalents	44 117	44 499
Undrawn credit facilities	21 500	25 000
Cash reserve	65 617	69 499

18
Cash and cash equivalents, cont.

Restricted cash include the employees' tax withholdings.

The Group has a multi-currency cash-pool agreement with Danske Bank.

The overdraft facility agreement with Danske Bank has the following financial covenant:

* NIBD / EBITDA (net interest-bearing debt ratio) shall not be more than 2.25.

This key ratio is assessed as at December 31st each year and at the latest 120 days after year-end.

The Group did not use the overdraft facility during 2020 and had no borrowings from Danske Bank as at 31 December 2020.

As collateral for the line of credit, the bank has a pledge on the customer receivables of the Norwegian subsidiaries.

Share capital

Itera ASA's share capital on December 31st 2020 was NOK 24,655,987 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30.

Ownership structure

At the close of 2020, Itera ASA had 2,216 (1,824) shareholders. Of these 4% (6%) were foreign shareholders. The company's 20 largest shareholders owned 72% (72%) of the company's shares at year-end.

Holdings of own shares

The Itera Group held 769,891 own shares at the start of 2020. The Group purchased 1,594,786 own shares in 2020. 1,095,541 own shares were used in connection with share option programme and employee share purchase programme. The Itera Group held 1,269,136 own shares at the end of 2020.

Dividend

A dividend of NOK 0.25 per share is proposed, totalling NOK 20,5 million.

19
Shareholders

19
Shareholders, cont.

20 largest shareholders in Itera ASA at 31 December 2020	Shares	%
ARNE MJØS INVEST AS*	24 048 214	29.3%
OP CAPITAL AS	4 478 110	5.4%
GIP AS	3 933 000	4.8%
EIKESTAD AS	3 500 000	4.3%
SEPTIM CONSULTING AS	2 900 000	3.5%
SPAREBANK 1 MARKETS AS	2 800 000	3.4%
BOINVESTERING AS	2 640 000	3.2%
GAMST INVEST AS	2 384 165	2.9%
JØSYRA INVEST AS	2 200 000	2.7%
MARXPIST INVEST AS	2 031 588	2.5%
VERDIPAPIRFONDET STOREBRAND VEKST	1 555 478	1.9%
ITERA ASA	1 269 136	1.5%
FRAMAR INVEST AS	925 000	1.1%
AANESTAD PANAGRI AS	900 000	1.1%
HØGBERG	782 045	1.0%
ALTEA PROPERTY DEVELOPMENT AS	700 000	0.9%
NYVANG	630 000	0.8%
GRØSLAND	610 000	0.7%
JENSEN	607 950	0.7%
MORTEN JOHNSEN HOLDING AS	600 000	0.7%
Total 20 largest	59 494 686	72.4%
Other shareholders	22 691 938	27.6%
Total all issued	82 186 624	100.0%

*Arne Mjøs Invest AS held a future contract expiring 19 March 2021 on 2,800,000 shares at an average price of NOK 9.9736 per share. The total controlling interest of Arne Mjøs was thus 26,848,214 shares (32.7%).

20
Transactions with related parties

There were no other transactions between the Group and related parties in the period from 1 January to 31 December 2020 other than those described in note 9.

21
Subsequent events

After the reporting period ended on 31 December 2020 and up to the date these consolidated financial statements have been approved for issue, no events have been identified that have any material impact on the financial statements for 2020

22
Alternative performance measures

In accordance with the guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs), Itera publishes definitions for the alternative performance measures used by the company. Alternative performance measures, i.e. performance measures not based on financial reporting standards, provide the company's management, investors and other external users with additional relevant information on the company's operations by excluding matters that may not be indicative of the company's operating result or cash flow. Itera has adopted non-recurring costs, EBITDA, EBITDA margin, EBIT, EBIT margin and equity ratio as alternative performance measures both because the company thinks these measures will increase the level of understanding of the company's operational performance

22
Alternative performance measures, cont.

and because these represent performance measures that are often used by analysts and investors and other external parties.

EBITDA is short for earnings before interest, tax, depreciation and amortisation. It is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

EBITDA margin is calculated as EBITDA as a proportion of operating revenue.

EBIT is short for earnings before interest and tax and is calculated as profit for the period before (i) tax expense and (ii) financial income and expenses.

EBIT margin is calculated as EBIT as a proportion of operating revenue.

Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

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Income statement

Itera ASA 1 January – 31 December

NOK 1 000	Note	2020	2019
Sales revenue		38 130	32 559
Operating revenue	11	38 130	32 559
Salaries and personnel expenses	1,2,3	22 154	22 245
Depreciation and amortisation	4	2 073	1 519
Other operating expenses	1	17 263	14 534
Total operating expenses		41 490	38 298
Operating profit (loss)		(3 360)	(5 739)
Income from investments in subsidiaries	8	53 406	51 221
Interest income from companies in the same group		153	109
Other financial income		762	275
Interest expense to companies in the same group		431	890
Other financial expense		266	431
Net financial income		53 624	50 284
Profit before income tax		50 264	44 545
Income taxes	7	(89)	28
Net profit for the year		50 353	44 517
Allocation of profit/loss:			
To supplemental dividend	6	32 875	24 656
To ordinary dividend	6	20 547	16 437
To/from other equity	6	(3 069)	3 424
Total allocation		50 353	44 517

Statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2020	2019
ASSETS			
Deferred tax assets	7	306	217
Intangible assets	4	5 914	1 320
Property, plant and equipment	4	2 639	3 688
Investment in subsidiaries	5	115 168	114 858
Total non-current assets		124 027	120 083
Receivables from group companies	9	3 875	5 545
Other receivables		1 058	4 168
Cash and cash equivalents	9, 10	42 850	29 442
Total current assets		47 783	39 155
TOTAL ASSETS		171 810	159 238

Statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	6	24 656	24 656
Other paid-in capital	6	(3 981)	(7 545)
Own shares	6	(381)	(231)
Total paid-in capital		20 294	16 880
Other equity	6	40 441	59 816
Total retained earnings		40 441	59 816
Total equity		60 735	76 696
Accounts payable		2 999	6 515
Tax payable	7	-	-
Public duties payable	12	15 415	15 439
Liabilities to group companies	9	65 577	37 576
Proposed dividend	6	20 547	16 437
Other current liabilities		6 538	6 575
Total current liabilities		111 076	82 542
Total liabilities		111 076	82 542
TOTAL EQUITY AND LIABILITIES		171 810	159 238

Oslo, 27 April, 2021
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Anne Nyseter Perez
Board member
(Employee elected)

Andreas Almquist
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

Statement of cash flows

Itera ASA 1 January – 31 December

NOK 1000	Note	2020	2019
Cash flow from operating activities			
Profit before tax		50 264	44 545
Dividend and group contribution recognised but not paid	8	(53 406)	(51 221)
Share option costs		(2 189)	(1 245)
Depreciation and amortisation	4	2 073	1 519
Change in accounts payable		(3 516)	(3 078)
Change in other accruals		(1 909)	(994)
Net cash flow from operating activities		(8 683)	(10 474)
Cash flow from investment activities			
Purchases of property, plant and equipment and intangible assets	4	(5 617)	(2 339)
Payments from group contributions and dividends from subsidiaries		51 221	44 596
Payments of liabilities to group companies		(1 702)	(1 352)
Payments of receivables from group companies		1 240	964
Net cash flow from investment activities		45 142	41 870
Cash flow from financing activities			
Net change in group cash pool		35 201	(4 858)
Payments of purchases of own shares	6	(18 242)	(96)
Proceeds from sales of own shares	6	7 953	2 125
Dividend paid		(47 963)	(44 660)
Net cash flow from financing activities		(23 051)	(47 489)
Net change in cash and cash equivalents		13 408	(16 093)
Cash and cash equivalents as at 1 January		29 442	45 535
Cash and cash equivalents as at 31 December		42 850	29 442

[General information and significant accounting principles](#)

General information

The accounts for Itera ASA have been prepared in accordance with the Accounting Act of 1998 and the generally accepted accounting principles in Norway (NGAAP). In cases where the notes for the parent company are significantly different from the notes for the Group, these are provided below. Reference is otherwise made to the information in the notes for the Group.

Estimates and judgment

Preparing accounts in accordance with Norwegian Generally Accepted Accounting Principles involves management making judgments, estimates and assumptions that influence the accounting principles that are applied and the amounts that are reported for assets, liabilities, revenue and costs. Actual amounts may vary from the estimated amounts. The estimates and underlying assumptions used are evaluated continuously. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods that are affected by the changes.

Subsidiaries

Investments in subsidiaries are valued at acquisition cost less any write downs. Investments are written down when impaired unless the impairment is regarded as temporary. Impairment losses are reversed if the basis for the impairment loss is no longer present. Dividends, group contributions and other distributions from subsidiaries are recognised in profit and loss on the same date as they are recognised in the accounts of subsidiaries. If the distributions paid by a subsidiary exceed the profit earned by the company during any given ownership period, these are regarded as repayments of the investment and the carrying value of the investment is reduced.

Currency

Transactions involving foreign currencies are translated into functional currency using the exchange rates that are in effect at the time of the transactions. Gains and losses that arise from the payment of such transactions and the translation of monetary items in foreign currencies at the rates in effect on the date of the balance sheet are recognised in the income statement. The Company uses the Norwegian kroner (NOK) as both its functional and presentation currency.

Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Purchase of own shares

Where the Company purchases its own shares, the consideration paid, including any directly attributable costs, is recognised as a change in equity. Own shares are presented as a reduction in equity, net of any tax effects. When the Company sells or reissues its own shares, the consideration received is recognised as an increase in equity, and gains or losses arising from such transactions are applied to retained earnings.

Intangible assets

Intangible assets are recognised on the balance sheet if it can be shown to be probable that there will be future economic benefits attributable to the assets and their cost price can be estimated reliably. Intangible assets are carried at cost price.

Tangible fixed assets

Tangible fixed assets are carried at acquisition cost less accumulated depreciation and accumulated impairment losses. If the fair value of a tangible fixed asset is lower than its carrying value and the impairment is not temporary, the asset is written down to fair value.

[General information and significant accounting principles, cont.](#)

Impairment

At each balance sheet date, the Company assesses whether there are objective indications that assets may be impaired. Assets that are individually significant are tested for impairment on an individual basis. The remaining assets are assessed collectively or in groups of assets that share similar credit risk characteristics. All impairment losses are charged to profit and loss. Impairment losses are reversed if the reversal can be objectively linked to an event that occurs after the loss was recognised.

Pension plan

The Company has a defined contribution pension plan. The contributions are recognised as salaries and personnel cost in the income statements as they incur.

Share-based remuneration

Employee share options at Itera give employees the right to subscribe to shares in Itera ASA at a future point at a predetermined price (exercise right). This right is dependent on the employee still being employed at the time of exercise. The value of share options is calculated at grant date and expensed as a personnel cost over the vesting period. Options are normally granted with a subscription price equal to the average share price over the thirty days prior to the grant date. The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Operating revenue

The parent company's operating revenue arises from the shared services it delivers through its Group Functions in the accounting/finance, HR, IT and communication areas. Its revenue is based on a cost-plus model and is recognised when the services are delivered.

Financial income and expense

Financial income comprises interest income from financial investments and group contributions or dividends from subsidiaries. Group contributions and dividends are recognised in profit and loss on the same date that they are recognised by the company from which they are received. Financial expense comprises interest expense on borrowings.

Tax expense

Tax expense comprises both tax payable and changes in deferred tax. Tax expense is recognised in the profit and loss account. Deferred tax assets and liabilities are calculated using the liability method on a non-discounted basis and are calculated for all differences arising between accounting values and tax values of assets and liabilities as well as for losses carried forward. Deferred tax assets on net tax-reducing differences that have not been eliminated and tax losses that are to be carried forward are recognised on the basis of expected future earnings.

1
[Salaries, personnel expenses and other remuneration](#)

NOK 1000	2020	2019
Salaries	17 414	18 103
Share option costs	31	187
Social security tax	3 405	2 775
Pension costs	83	742
Other personnel costs	468	438
Total salaries and personnel expenses	22 154	22 245
Average number of employees	21	19

For information on salaries and other remuneration of the executive management and Board of Directors, see note 9 to the consolidated accounts.

Auditor

Analysis of remuneration paid to the auditor:

	2020	2019
Statutory audit	182	332
Tax advice	-	-
Other services	15	60
Total fees paid to the auditor	197	392

2
[Pensions](#)

Itera ASA operates a defined contribution pension scheme. The Company's pension expense is represented by the premiums paid, and totalled NOK 836k in 2020 (NOK 742k). The Company's pension scheme complies with the Norwegian Mandatory Occupational Pension Act (OTP).

3
[Share-based remuneration](#)

Share option costs (including employer's social security contributions) of NOK 31k were expensed in 2020 (NOK 187k in 2019). See note 8 in the consolidated financial statements for further information on share-based remuneration.

Pro-gramme	Out-standing 31.12. 2019	Issued 2020	Expired in 2020	Exercised in 2020	Out-standing 31.12. 2020	Fair value when issued	Exercise price ¹⁾	Share price when issued ²⁾	Date of issue	Exercise period
2016	420 000	-	-	420 000	-	NOK 0.26	NOK 3.89	NOK 3.89	08.07.2016	2017-2020
2017	245 040	-	-	21 960	223 080	NOK 0.60	NOK 6.42	NOK 6.42	28.06.2017	2018-2021
2020	-	120 000	-	-	120 000	NOK 2.45	NOK 11.46	NOK 11.46	02.07.2020	2021-2024

1) The exercise price is the average share price over the 30 days prior to the date the option is granted.

2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

3
[Share-based remuneration, cont.](#)

4
[Non-current assets](#)

Programme	No. of options	Interest rate	Volatility	Lifetime
2016	-	0.49%	25.0%	3.94 years
2017	223 080	0.90%	28.9%	3.96 years
2020	120 000	0.28%	43.2%	3.95 years

NOK 1000	2020						
	Research and develop-ment	Soft-ware	Total intan-gible assets	Office machin-ery & equip-ment	Fixtures and fittings	Total property, plant and equip-ment	Total non-current assets

Acquisition cost

Accumulated at 1 January	1 918	1 130	3 048	2 234	3 768	6 002	9 051
Additions	-	5 403	5 403	151	63	214	5 617
Disposals	-	(41)	(41)	-	-	-	(41)
Accumulated at 31 December	1 918	6 492	8 410	2 385	3 831	6 216	14 626

Depreciation and amortisation

Accumulated at 1 January	1 343	385	1 728	382	1 933	2 314	4 042
Depreciation and amortisation	384	429	813	364	896	1 260	2 073
Depreciation and amortisation on disposals	-	(41)	(41)	-	-	-	(41)
Accumulated at 31 December	1 727	773	2 500	746	2 829	3 574	6 074

Book value

Book value at 1 January	575	745	1 320	1 853	1 836	3 688	5 008
Book value at 31 December	192	5 722	5 914	1 636	1 003	2 639	8 553

Estimated useful life	3-5 years	3-5 years		3-5 years	3-5 years		
Depreciation plan	linear	linear		linear	linear		

5 Shares in subsidiaries

NOK 1000	Registered office	Share capital ¹⁾	Share holding	Book value 1 Jan.	Change	Book value 31 Dec.	Profit/Loss in 2020	Equity in 2020
Itera Norge AS	Oslo	1 000	100%	50 806	248	51 054	30 480	31 726
Itera Offshoring Services AS	Oslo	200	100%	7 500	-	7 500	6 449	7 505
Cicero Consulting AS	Oslo	200	100%	16 474	-	16 474	5 064	10 222
Compendia AS	Bryne	182	100%	14 364	30	14 394	6 092	7 772
Itera Sverige AB ¹⁾	Stockholm	100	100%	-	-	-	(22)	1 713
Itera ApS	Copenhagen	1 424	100%	16 587	32	16 619	3 902	3 835
Itera Consulting Group Ukraine, LLC	Kiev	7 125	100%	9 127	-	9 127	(647)	7 273
Total				114 858	310	115 168	51 318	70 046

1) Itera Sverige AB is owned through Itera Norge AS, with book value of NOK 1.3 million.

6 Additional equity information

NOK 1000	Share capital	Own shares	Other paid-in capital	Other equity	Total equity
Equity at 01 January 2019	24 656	(373)	(8 544)	55 851	71 590
Net income for the period	-	-	-	44 517	44 517
Share option costs	-	-	(1 297)	-	(1 297)
Employee share purchase programme	-	4	404	-	408
Purchase of own shares	-	(5)	(90)	-	(95)
Sale of own shares	-	143	1 982	-	2 125
Ordinary dividend	-	-	-	(16 437)	(16 437)
Supplementary dividend	-	-	-	(24 114)	(24 114)
Equity at 31 December 2019	24 656	(231)	(7 545)	59 816	76 696
Net income for the period	-	-	-	50 353	50 353
Share option costs	-	-	(2 970)	-	(2 970)
Employee share purchase programme	-	172	5 207	-	5 379
Purchase of own shares	-	(478)	(781)	(16 983)	(18 242)
Sale of own shares	-	156	2 108	-	2 264
Ordinary dividend	-	-	-	(20 547)	(20 547)
Supplementary dividend	-	-	-	(32 197)	(32 197)
Equity at 31 December 2020	24 656	(381)	(3 981)	40 441	60 735

See note 8 in the consolidated financial statements for further information on share-based remuneration.

7 Income taxes

NOK 1000	2020	2019
Tax expense for the year		
Current tax on profit for the year	-	-
Change in deferred tax	(89)	28
Total tax expense for the year	(89)	28
Tax payable		
Profit before tax	50 264	44 545
Permanent differences	(50 671)	(44 417)
Change in temporary differences	406	(318)
Utilisation of losses carried forward	-	-
Basis for current tax, taxable revenue	-	(190)
Tax payable in the balance sheet	-	-
Specification of the basis for deferred tax		
Fixed assets	(831)	(518)
Other temporary differences	(370)	(277)
Total temporary differences	(1 202)	(795)
Losses carried forward	(190)	(190)
Basis for deferred tax	(1 392)	(986)
Deferred tax asset (-) / Deferred tax liability (+)	(306)	(217)

8 Income from investments in subsidiaries

Itera ASA has recognised the following income in its annual accounts from its investment in its subsidiaries:

NOK 1000	Dividend	Group contribution	Total
Company name			
Itera Norge AS	28 000	-	28 000
Itera Offshoring Services AS	6 400	-	6 400
Compendia AS	8 700	-	8 700
Itera ApS	4 643	-	4 643
Cicero Consulting AS	3 100	2 563	5 663
Total income from investment in subsidiaries	50 843	2 563	53 406

9 Balances between companies in the same group, including cash pool

NOK 1000	2020	2019
Company name		
Itera Norge AS	2 940	-
Itera ApS	174	5 545
Cicero Consulting AS	42	-
Compendia AS	148	-
Itera Offshoring Services AS	571	-
Total	3 875	5 545

Receivables from group companies consist of group accounts receivables, receivables from

9 [Balances between companies in the same group, including cash pool, cont.](#)

group companies relating to the group's joint value added tax registration (see Note 12) and receivables in relation to group contributions and dividends.

Liabilities to Group companies

NOK 1000		
Company name	2020	2019
Itera Norge AS	40 472	21 607
Compendia AS	7 487	9 448
Cicero Consulting AS	9 227	4 153
Itera ApS	7 460	-
Itera Offshoring Services AS	932	2 368
Total	65 577	37 576

Cash Pool

In the group's cash pool, Itera ASA is responsible both for its own deposits/drawings and for deposits/drawings made by the subsidiaries. The figures reported for bank deposits held by Itera ASA in the balance sheet include deposits paid into the cash pool by the subsidiaries, which are netted against the parent company's drawings. The bank deposits held by the subsidiaries in the cash pool are reported in the parent company accounts as liabilities to group companies.

10 [Restricted deposits](#)

Itera ASA holds NOK 42.9 million (29.4 million) in cash and bank deposits, of which NOK 0.9 million (NOK 0.8 million) is on restricted accounts for payment of payroll tax deductions.

11 [Transactions with related parties](#)

Itera has structured internal support processes in the areas of accounting/finance, HR, internal IT, and communication as Group Functions. These functions are part of Itera ASA and work with its subsidiaries. The parent company invoices these subsidiaries on a cost plus model. In 2020, Itera invoiced NOK 38.1 million (NOK 32.6 million) in respect of these services.

12 [Public taxes and duties payable](#)

The Norwegian companies in the group are jointly registered for value added tax and other taxes and duties, and accordingly the figures reported for public taxes and duties payable include value added tax payable by the other Norwegian companies in the group. The total VAT liability is included in the parent company accounts, but is offset by intragroup receivables due from subsidiaries.

13 [Financial risk management](#)

The Group is exposed to various financial risks, such as credit risk, liquidity risk, currency risk and interest rate risk. These risks are regarded as low. The Group has established procedures for managing these risks. The main principle is to minimise the level of financial risk, and the Group on this basis holds no assets or liabilities for speculative purposes.

See note 6 to the group accounts for further information on financial risk management.

Statement by the Board of directors and the CEO

The Board of Directors and the CEO have today approved the annual report and annual accounts of the Itera ASA group and the parent company for the 2020 calendar year and as at 31 December 2020 (2020 Annual Report).

We confirm that, to the best of our knowledge:

- The consolidated accounts have been prepared in accordance with the IFRS and related interpretations as approved by the EU and with the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2020.
- The annual accounts of the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles as in effect at 31 December 2020.
- The annual report of the group and the parent company, including the statements on corporate governance and on corporate social responsibility, has been prepared in accordance with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16 as in effect at 31 December 2020.
- The information contained in the accounts provides a true and fair view of the group's and the parent company's assets, liabilities, financial position and earnings taken as a whole at 31 December 2020.
- The annual report of the group and the parent company provides a true and fair view of:
 - the developments, earnings and financial position of the group and the parent company
 - the principal risk and uncertainty factors facing the group and the parent company

Oslo, 27 April 2021

The Board of Directors and the CEO of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Arne Mjøs
Chief Executive Officer

Anne Nyseter Perez
Board member

Andreas Almquist
Board member



To the General Meeting of Itera ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Itera ASA, which comprise:

- The financial statements of the parent company Itera ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Itera ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
 State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Independent Auditor's Report - Itera ASA



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualify as new Key audit matters. *Recognition of revenue* contains the same characteristics and risks as last year and consequently have been an area of focus also for the 2020 audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
------------------	--

Recognition of revenue

The Group's revenue for the year ended 31 December 2020 amounted to NOK 615 million. Revenues are related to subscription and service to customers. Most contracts are recognized as point of time contracts. A portion of revenues relates to transition projects to customers. These revenues are accounted for as subsequent services to a contract under IFRS 15.

Revenue is the most material amount in the financial statement, and the number of transactions and data involved in recognizing revenue can be quite significant and sometimes complex, making revenue an area with an inherent risk of errors occurring.

We obtained an understanding of the revenue recognition process based on interviews with management and reviews of the group's process and policy documentation.

We evaluated management's application of revenue recognition principles and whether they were in accordance with relevant accounting regulations. We assessed the Group's revenue recognition accounting policies by testing the application for a sample of contracts.

We identified, assessed and tested the design and operating effectiveness of management's controls over revenue recognition which includes approval of booked hours and change of data in the company's billing system to test accuracy and validity of revenues.

We traced a sample of sales transactions to supporting documentation to verify accuracy, validity and cut-off of revenues. We further performed analytical procedures to identify non-standard journal entries in revenue streams. Our procedures include reconciling booked revenues throughout the year with payments.

We considered the Group's disclosures about revenue recognition in note 1 and note 2 and found them to be appropriate.

Independent Auditor's Report - Itera ASA



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(3)

Independent Auditor's Report - Itera ASA



- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(4)

Independent Auditor's Report - Itera ASA



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 April 2021

PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant

(5)

Shares and shareholders

The objective of Itera ASA (the Company) is to ensure its shareholders a competitive return in the form of dividends and higher share price in comparison with alternative investments.

Shareholder policy

Itera endeavours to ensure shareholders a competitive return on their investment in the form of a higher share price and dividends. The share price shall reflect the Company's earnings and underlying values. Open communication and equally treatment of the shareholders shall contribute to increased shareholder values and trust among investors.

Investor information

Itera ASA was listed on the Oslo Stock Exchange (OSE) on 27 January 1999 under the ticker code ITE, which in 2020 was changed to ITERA. The Company shall treat all shareholders equally concerning information which may affect the market value of the shares. All information of relevance for the share price is published via the notification system of the Oslo Stock Exchange as well as on the Company's website www.itera.no, to ensure such information is made available to all stakeholders simultaneously. The quarterly reports are also made available on Itera's website in the form of online webcasts. The shares have been assigned the ISIN NO 0010001118, and the Company's organisation number at the Norwegian Brønnøysund Register Centre is NO 980 250 547.

Share capital

Itera ASA's share capital at 31 December 2020 was NOK 24,655,987 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30.

All shares have the same voting rights at the General Meeting.

Shareholders

As of 31 December 2020, Itera had 2 216 (1 824) shareholders. At year-end, 4% (4%) of the Company's shares were owned by foreign investors. The Company's twenty largest investors owned 72% (72%) of the Company's shares.

Dividend

During 2020, dividends of NOK 0.60 (0.55) per share were paid, for a total of NOK 48.6 (44.7) million.

Share price

The Itera share price opened the year at NOK 11.50 and closed at NOK 15.00, corresponding to a change of 30% (37%), 36% including dividend payments in the period. The highest share price during the year was NOK 15.25 and the lowest price was NOK 7.50. Itera had a market value corresponding to MNOK 1,233 (945) million at 31 December 2020.

Share option schemes

The Company has established option programmes for key personnel. Share option programmes were implemented in 2016, 2017, 2019 and twice in 2020. The 2016 programme expired in June of 2020. There were 2,163,520 outstanding share options at year-end. Reference is also made to Note 8 to the Consolidated Financial Statements.

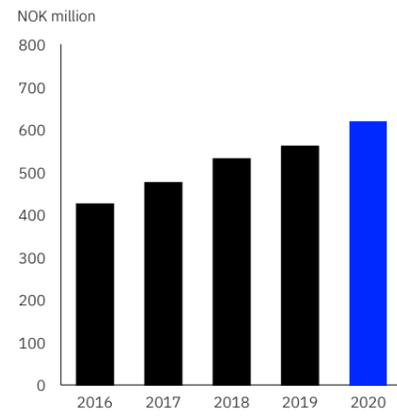
Major shareholders

For major shareholders, see note 19 in the consolidated accounts.

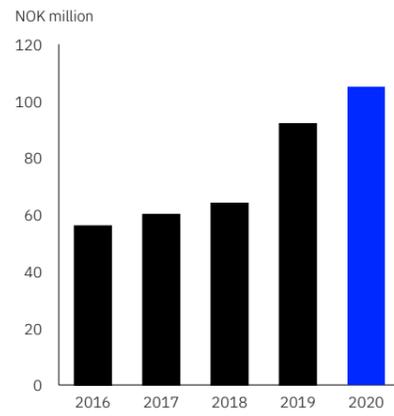
Development 2016–2020

(after adjustment for non-recurring costs)

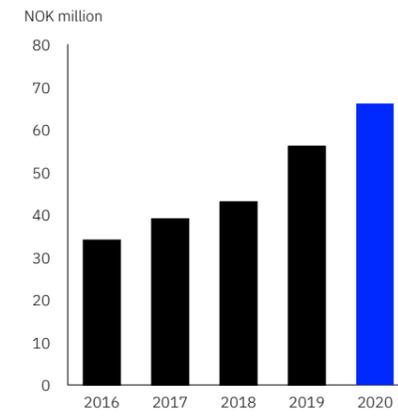
Revenue



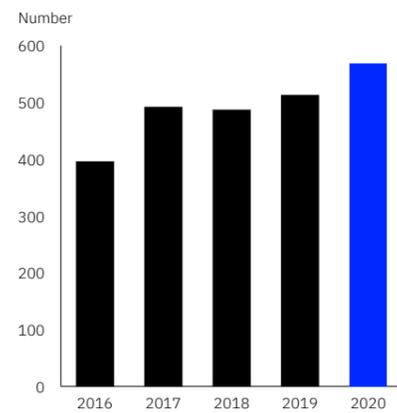
EBITDA



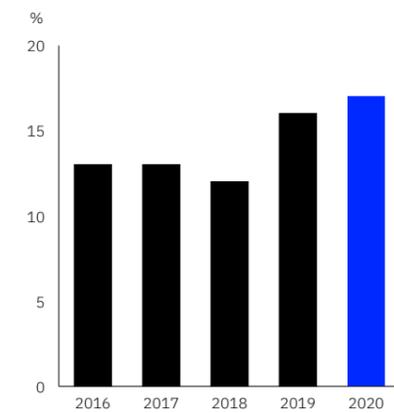
EBIT



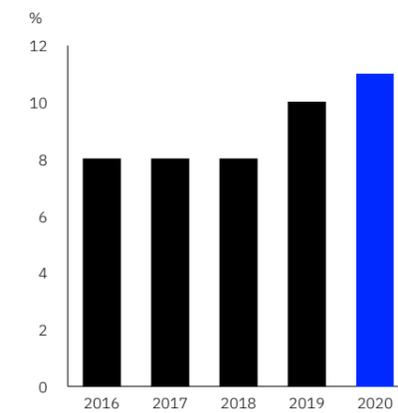
Employees



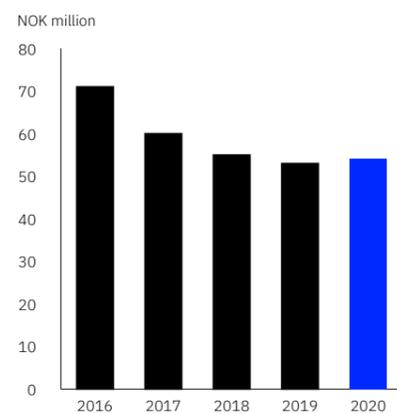
EBITDA margin



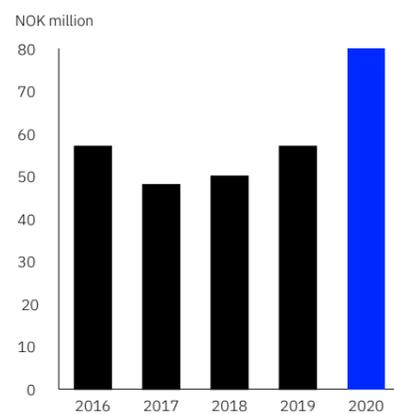
EBIT margin



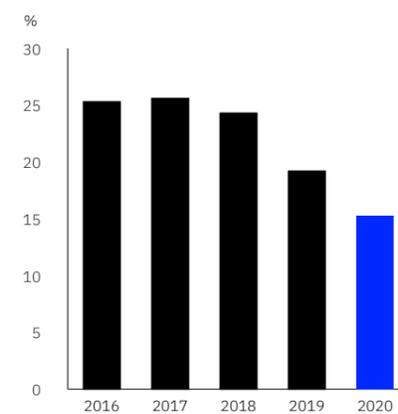
Bank deposits



Cash flow



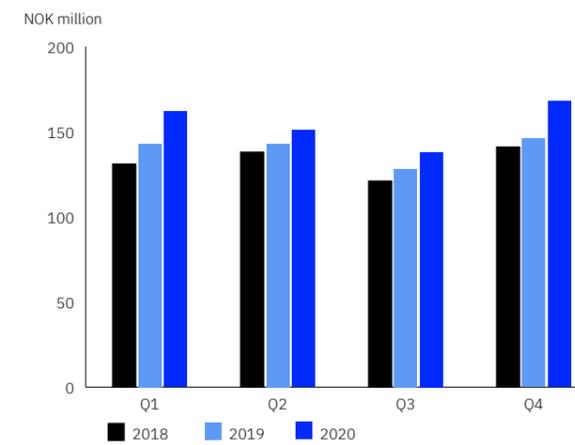
Equity ratio



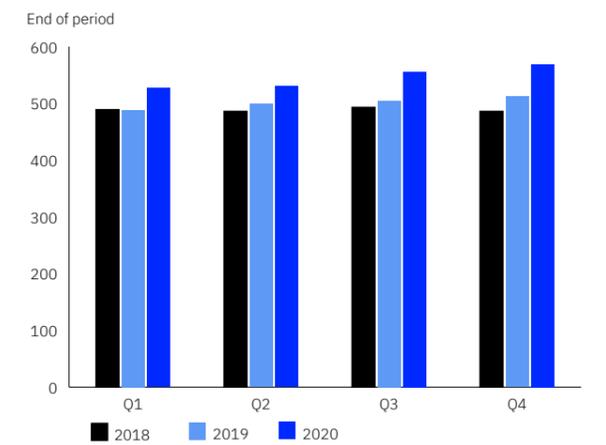
Development 2018–2020

(after adjustment for non-recurring costs)

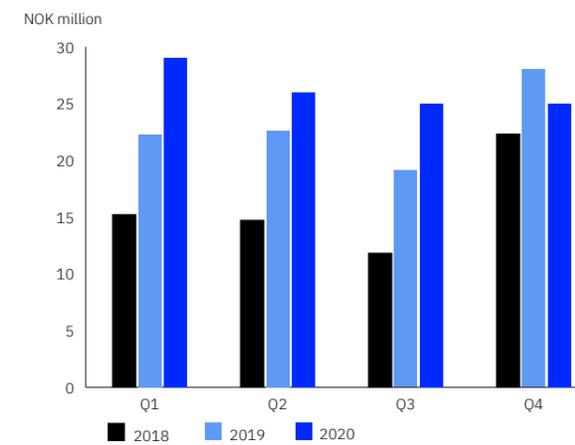
Revenue



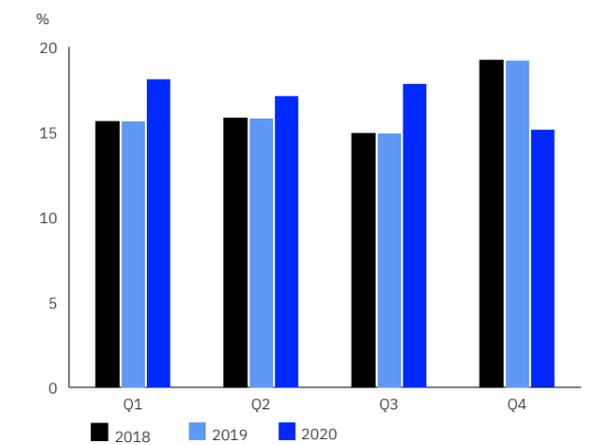
Employees



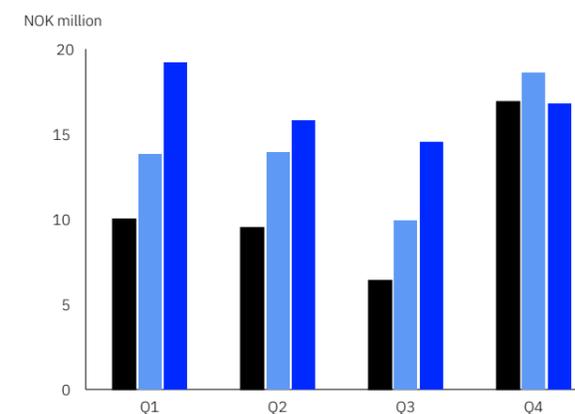
EBITDA



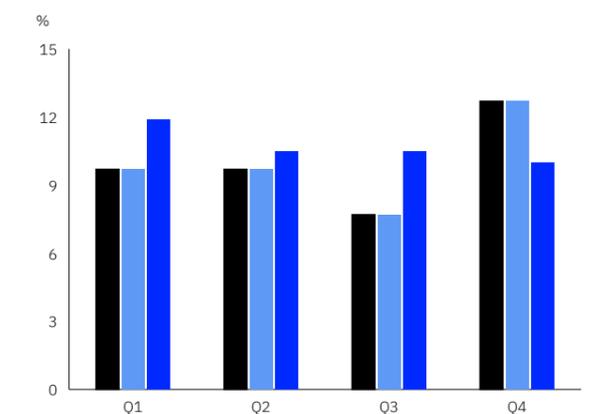
EBITDA margin



EBIT



EBIT margin



I T E R A

**Make a
difference**

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