

Q1 INTERIM REPORT 2020



HIGHLIGHTS Q1

JANUARY – MARCH 2020

- Operating revenue NOK 161.9 million (NOK 142.8 million), representing growth of 13%
- Gross profit NOK 141.1 million (NOK 122.6 million), representing growth of 15%
- EBITDA NOK 29.3 million (NOK 22.3 million) and an EBITDA margin of 18.1% (15.6%)
- EBIT NOK 19.2 million (NOK 13.8 million) and an EBIT margin of 11.9% (9.7%)
- Cash flow from operations NOK 7.5 million (NOK –5.0 million)
- Cash and cash equivalents NOK 50.7 million (NOK 43.2 million)
- Treasury shares valued at NOK 7.1 million
- Equity ratio 26% (22%)

HIGHLIGHTS OF THE FIRST QUARTER

- Itera had a strong growth of 13% in the first quarter as well as further improvement in profitability with its EBIT margin reaching 11.9% (9.7%). This growth was driven by a particularly strong increase in new customers, which were responsible for 12% of total revenue in the period.
- 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.
- Itera has strengthened its management team through the appointment of new a HR Director, a new Chief Delivery & Performance Officer and a new Chief Experience Director.
- In the first quarter of 2020, Itera had an order intake equivalent to a book-to-bill ratio of 1.1, and it entered into new or extended contracts with customers such as If, Islandsbanki, Gjensidige Forsikring, Nordea Direct, Pelagia and Santander.
- The Board has resolved to propose a moderate ordinary dividend of NOK 0.20 per share and for it to be authorised to pay an additional dividend later when any consequences of the Covid-19 virus outbreak on Itera's financial position and outlook are clearer.

KEY FIGURES

Amounts in NOK million	2020 1-3	2019 1-3	change	change %	2019 1-12
Sales revenue	161.9	142.8	19.1	13 %	560.3
Gross profit	141.1	122.6	18.5	15 %	483.0
EBITDA	29.3	22.3	7.0	31 %	92.0
EBITDA margin	18.1 %	15.6 %	2.5 pts	2.5 pts	0.2
Operating profit (EBIT)	19.2	13.8	5.4	39 %	56.2
EBIT margin	11.9 %	9.7 %	2.2 pts	2.2 pts	0.1
Profit before tax	21.6	12.9	8.7	68 %	53.6
Profit for the period	16.6	9.7	6.9	71 %	41.6
Profit margin	10.3 %	6.8 %	3.5 pts	3.5 pts	0.1
Net cash flow from operating activities	7.5	(5.0)	12.5	249 %	80.0
No. of employees at the end of the period	527	488	39	8 %	512

GROUP PERFORMANCE IN THE FIRST QUARTER OF 2020

FINANCIAL PERFORMANCE

The comments below relate to Itera's performance in the first quarter of 2020 compared to the first quarter of 2019 unless otherwise stated. The figures given in brackets in this report refer to the equivalent period in 2019. Please refer to Note 3 for a description of the alternative performance measures used.

Itera (the Group) consists of Itera ASA (the Company) and its subsidiaries. Itera ASA is a public limited liability company, incorporated in Norway and listed on the Oslo Stock Exchange with the ticker ITE. The condensed consolidated interim financial statements cover the Group. As a result of rounding differences, some numbers and percentages may not add up to the totals given.

As Itera is continuing to transition its customers from its on-premise data centre operations to managed cloud services, figures for Itera's traditional data centre operations and for its core digital business services are presented for the purposes of analysis. Following Itera's initial investment in establishing its managed cloud service offerings last year, the figures have been reclassified to include this business as part of the Company's core digital business.

Summary for the first quarter of 2020

Itera achieved organic revenue growth of 13% in the first quarter of 2020 relative to the first quarter of 2019. This was driven by revenue growth from Itera's core digital business of 14%, with Norway and Itera's nearshore delivery centres in Ukraine and Slovakia making a particularly strong contribution to this. The growth in overall gross profit was even stronger at 15% as less use was made of subcontractors and sales of hardware and software.

The Group's operating profit (EBIT) for the first quarter of 2020 was NOK 19.2 million (NOK 13.8 million), giving an EBIT margin of 11.9% (9.7%). The first quarter of 2020 contained one more working day than the first quarter of 2019. One working day normally has a positive impact of NOK 1.0-1.5 million on revenue and operating profit.

Accounting principles

These interim condensed consolidated financial statements for the quarter ending 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual report for 2019. The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019. The interim financial information contained in this report has not been audited or reviewed.

Operating revenue

Itera reports operating revenue of NOK 161.9 million (NOK 142.8 million) for the first quarter of 2020, which represents growth of 13%. This growth was predominantly from Itera's core digital business, the revenue from which increased to NOK 131.6 million from NOK 114.5 million (+15%), while the revenue generated by Itera's traditional data centre operations increased by 7% from NOK 28.2 million to NOK 30.2 million.

Gross profit (revenue minus cost of goods sold) was NOK 141.1 million (NOK 122.6 million) in the first quarter, an increase of 15%. The growth was driven by a particularly strong increase in new customers.

Operating expenses

Itera's total operating expenses in the first quarter of 2020 were 11% higher at NOK 142.7 million (NOK 128.9 million).

Cost of sales was NOK 20.7 million (NOK 20.2 million) in the first quarter of 2020. Cost of sales principally consists of services purchased from sub-contractors, costs related to Itera's data centres, and third-party software licences and hardware that form part of larger deliveries. Cost of sales can vary significantly from quarter to quarter.

Personnel expenses were NOK 99.4 million (NOK 90.3 million) in the first quarter of 2020, which represents an increase of 10%. This is partly explained by the fact that the average number of employees increased by 8%, whereas the average personnel expense per employee grew by 3%.

Other operating expenses were NOK 12.4 million (NOK 10.0 million) in the first quarter of 2020. This is partially explained by foreign exchange impacts and higher marketing costs.

Depreciation and amortisation totalled NOK 10.1 million (NOK 8.5 million) in the first quarter. The increase relates to Itera's expanded facilities in Ukraine and upgrades to its data centre infrastructure, as well as to foreign exchange impacts.

Operating result

The operating result before depreciation and amortisation (EBITDA) for the first quarter of 2020 was a profit of NOK 29.3 million (NOK 22.3 million). The operating result (EBIT) for the first quarter was a profit of NOK 19.2 million (NOK 13.8 million). The EBIT margin for the first quarter of 2020 was 11.9% as compared to 9.7% in the first quarter of 2019.

Itera's operating result from its core digital business was a profit of NOK 18.7 million (NOK 13.4 million), giving an EBIT margin of 14.2% (11.7%). Itera's operating result from its traditional data centre operations was a profit of NOK 0.5 million (NOK 0.4 million), giving an EBIT margin of 1.7% (1.5%).

The result before tax for the first quarter of 2020 was a profit of NOK 21.6 million (NOK 12.9 million). Tax expense accrued for the first quarter totalled NOK 4.9 million (NOK 3.1 million).

Cash flow, liquidity and equity

Net cash flow from operating activities was NOK 7.5 million (NOK – 5.0 million) in the first quarter of 2020.

There was a net cash outflow for investing activities of NOK 3.8 million (NOK 2.5 million) in the first quarter of 2020, of which NOK 1.3 million (NOK 1.0 million) was for office equipment, furniture and fittings. An additional NOK 0.6 million (NOK 3.2 million) of investment was financed through leasing, which primarily related to capacity increases and equipment renewal at Itera's data centres. Investment in intangible assets, including investment in intellectual property rights, totalled NOK 2.5 million (NOK 1.6 million).

Net cash outflow from financing activities was NOK 6.2 million (NOK 4.5 million) in the first quarter of 2020.

Work in progress at 31 March 2020 was NOK 1.8 million lower than at 31 March 2019, while capitalised contract costs were NOK 4.8 million lower. The capitalised contract costs relate to the revenue recognition which is deferred under IFRS 15. Accounts receivable and other receivables were NOK 4.2 million higher and NOK 1.1 million lower respectively than at 31 March 2019.

Accounts payable at 31 March 2020 were NOK 6.3 million higher than at 31 March 2019. Public duties payable were NOK 3.3 million higher than at the end of the first quarter of 2019, while tax payable was NOK 10.9 million, which is NOK 4.2 million higher than at 31 March 2019. Contract liabilities at 31 March 2020 were NOK 1.2 million lower than at NOK 24.8 million.

Cash and cash equivalents amounted to NOK 50.7 million at 31 March 2020, compared to NOK 43.2 million at 31 March 2019. At the end of the period, Itera had an undrawn credit facility of NOK 25 million.

Itera had lease liabilities totalling NOK 53.6 million (NOK 61.4 million) at 31 March 2020, which represents a net decrease of NOK 7.8 million. NOK 20.5 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 33.1 million are classified as non-current liabilities.

At 31 March 2020 Itera held 835,057 own shares, valued at NOK 7.1 million.

Equity at 31 March 2020 totalled NOK 66.1 million (NOK 57.0 million at 31 March 2019). The equity ratio was 25.6% (22.3%).

Dividend

At its meeting on 21 April 2020, the Board of Directors passed a resolution to propose an ordinary dividend of NOK 0.20 per share at the Annual General Meeting on 25 May 2020. It will also ask for its authorisation to approve possible additional dividends to be renewed.

BUSINESS REVIEW

The market demand for Itera's services is generally strong, and the Group has continued to strengthen its market position as a specialist in creating sustainable digital business. Our strong performance reflects the power of our strategy, which enables our customers to transform their businesses in an increasingly complex and disruptive digital world. Itera's ability to combine customer experience, business knowledge, expertise in new cloud technologies and its hybrid delivery model across borders continues to set us apart in the marketplace.

Towards the end of the quarter, corona virus broke out in Norway as well as in the other countries in which the Group has operations. The outbreak quickly resulted in a lock down situation in many areas of society. Taking the unprecedented situation into account, the Group ended the first quarter with a satisfactory activity level, with all its employees working from home.

The impact of the Covid-19 virus on our business

In general, the Group is carefully watching the dynamics of the macro environment both locally and globally and is actively assessing the possible consequences for our business. We are also verifying our assessments continuously through discussion with our customers and other organisations in the industry in the Nordics.

When Covid-19 started to become a major threat, we responded immediately by seeking to be even closer to our customers and to go the extra mile to safeguard our position.

In this way, we collected facts, identified potential changes in demand as well as new Covid-19 driven opportunities, and monitored customer responsiveness in our sales activities. Itera's senior management was in close communication with the senior management teams of the Group's largest customers as well as of new customers to ensure it has the latest news on the business impact of the virus, and weekly meetings with the CEOs of 25 largest organisations in the IT industry were organised by local IT industry associations.

So far, the most important findings from our efforts to obtain information are:

- Itera has limited exposure to the industries worst impacted such as travel, aviation, fitness, retail etc.
- There might be some impact on our customers in the oil and gas industry, consumer lending and collection industries which we are carefully watching. However, the major part of our role in these industries is core systems and strategic digitalisation projects intended to improve customer competitiveness, which are unlikely to be downscaled or stopped.
- Thanks to our hybrid delivery model, our services provide a competitive advantage relative to local staff augmentation based business models as a result of their attractive blended rates for high-quality work. In fact, the Nordic staff augmentation business model is being very disrupted by Covid-19, which should benefit our hybrid delivery model that features cross-functional teams across geographies.

Covid-19 is already massively altering humanity and our global economy. There is no doubt that this pandemic will have widespread and long-lasting implications. The Covid-19 pandemic has showcased the value of digital transformation and information technology to all employees in every industry and society. Examples include solution in the area of home working, online learning, telehealth, robotic healthcare, online healthcare appointments, ecommerce and, home delivery.

In summary, we believe that Itera is very well positioned to take advantage of the pent up demand for assistance with creating digital business in a way that helps create a more sustainable future that will emerge as soon as the Covid-19 restrictions are eased and the economy starts to recover.

Market and customer development

In the first quarter of 2020, Itera had an order intake equivalent to a book-to-bill ratio of 1.1, and it entered into new or extended contracts with customers such as If, Islandsbanki, Gjensidige Forsikring, Nordea Direct, Pelagia and Santander.

Business platforms and ecosystems

Many of our customers are building their own business platforms in order to make data available in real time and to offer their customers the ability to participate in their ecosystem by sharing data and building services and solutions on their platform. Our ability to address the most complex issues and strategic questions faced by our customers is best demonstrated by our customer stories.

One such story from the first quarter is how we worked with Cognite, the fast-growing start-up company owned by Aker ASA, to transform heavy asset industries, such as oil and gas and utilities, by making advanced use of digital twins, IoT and artificial intelligence. Another is how we developed a subsea field condition and performance monitoring tool that enables predictive and preventive maintenance for subsea assets for a global energy company. Thanks to these kinds of solutions, our customers can realise substantial value and benefits more interactively and faster than ever before.

Many of our customers are still in the early stages of their digital transformations, and they recognise that technology is core to their business. They understand that we have a unique ability to create digital business at scale and speed across borders to deliver solutions that grow businesses, change industries and improve lives.

Digital solutions for a sustainable future

Today, the production of concrete accounts for 8% of the world's CO₂ emissions. Extending the life of concrete that has already been used has financial as well as environmental benefits. The Norwegian company Elop has developed a technology that makes it possible to "read" the state of concrete using an ultrasonic scanner, which has been called COBRI. A deeper understanding of the actual state of critical infrastructure can contribute to optimised operation and maintenance. This is the challenge that Elop has decided to solve.

In the first quarter, Itera helped Elop to develop a prototype for a system that combines pre-existing bridge data and weather data with data from the COBRI scanner. The 3D data obtained from Elop's COBRI scanner, shown in real-time in an intuitive user interface, makes it easier for the operator to 'interpret' the concrete structure and to identify defects or other weaknesses in the concrete. This condition data will make it easier to conduct preventive maintenance and to plan for future investment needs. Extending the service life of critical infrastructure benefits positively to the environment, reduces costs for communities and can potentially save lives.

Diversity and equality on the agenda

In recent years, Itera has been active in several arenas aimed at promoting diversity, primarily in order to help increase the proportion of women both in at Itera itself and in the ICT industry in general, including Oda, Ada and most recently SHE. The work Itera is currently doing in this area and will do in the future is firmly anchored in Itera's business strategy.

Itera has attached particular importance to increasing the proportion of women in management. Following the onboarding of the two most recent additions to the management team, the proportion of men and women on the management team is now in balance. However, diversity is about much more than just gender. For this reason, Itera signed a partner agreement in the first quarter with SHE Community, which focuses on diversity in business in a broad sense.

To put diversity even more clearly on the agenda, Itera set up a focused diversity initiative in the first quarter. The initiative comprises a team of employees with a particular interest and passion for the topic, that is tasked with ensuring the right areas are prioritised in the area of diversity so that diversity becomes part of the platform for Itera's further growth and ambition.

Increased diversity will create beneficial synergies across departments, disciplines, levels and national borders. Diversity will be a very important competitive advantage. Diversity helps both the company and the individual employees to develop. As a company, we are going to invest in diversity and this will be rewarded through better financial results, stronger employee engagement scores and greater competitiveness in relation to the most talented people in the industry.

Nordic strategy and larger, long-term customer relationships

A key part of Itera's strategy is to maintain and develop its largest and most strategic relationships across national borders and areas of expertise. Itera has a strong customer portfolio in the Nordic region, where many customers are served from more than one of Itera's various locations.

The revenue from Itera's 30 largest customers accounted for 77% of its operating revenue, which is at the same level as in the first quarter of 2019.

Itera is witnessing a clear tendency for more and more Nordic customers to purchase a wider range of services from it across international borders. Nearshoring and cloud services are natural drivers of this, but we are also seeing a greater tendency for personnel resources to be mobile and for project teams to be distributed across international borders in the Nordic region. This is making local presence less critical.

Organisation

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.

Itera's headcount at the end of the first quarter of 2020 was 527 as compared to 488 at the end of the first quarter of 2019. Itera has nearshore development centres in Slovakia and Ukraine. The proportion of Itera's capacity that is located in these locations (its

nearshore ratio) was 49% (46%) at the end of the first quarter.

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 best customer experience by the Global Sourcing Association (GSA) in 2018.

Significant risks and uncertainties

Itera's activities are influenced by several different factors, both within and outside of the company's control. As a service company, Itera faces business risks associated with competition and pressure on prices, project overruns, recruitment, loss of key employees, customers' performance and bad debts. Market-related risks include risks related to the business cycle. Financial risks include currency fluctuations against the Norwegian krone (NOK), principally in relation to the Danish krone (DKK), the US dollar (USD) and the euro (EUR). In addition, interest rate changes will affect the returns earned by Itera on its bank deposits, as well as leasing costs and the cost of credit facilities.

Itera is exposed through its nearshore activities in Ukraine to additional risk factors such as country risk, data security and corruption. Itera has a zero-tolerance policy on corruption and therefore does not deliver services to the public or private sectors in Ukraine.

Covid-19 will also be a significant risk if large customers become insolvent or halt large service agreements.

More information about risks and uncertainties can be found in Itera's annual report for 2019.

Outlook

The company's overall strategy of developing large, long-term customer relationships, increasing the number of project deliveries which involve the full range of Itera's services, using hybrid teams of Nordic and nearshore resources and focusing on operational efficiency remains unchanged.

Itera develops its range of services to meet customers' requirements, and its services are based on combining communication and technology.

Corona virus is affecting many sectors and customers negatively, which is likely to also impact the short-term demand for Itera's services.

Next interim report

The interim report for the second quarter will be published and presented on 25 August 2020.

INTERIM CONDENSED FINANCIAL INFORMATION

Consolidated statement of comprehensive income

	2020	2019	change	change	2019
All figures in NOK 1000 except earnings per share	1-3	1-3		%	1-12
Sales revenue	161 858	142 763	19 095	13 %	560 318
Operating expenses					
Cost of sales	20 712	20 151	561	3 %	77 310
Gross Profit	141 146	122 612	18 534	15 %	483 008
<i>Gross Margin</i>	87 %	86 %		<i>1.3 pts</i>	86 %
Personnel expenses	99 429	90 323	9 106	10 %	348 317
Depreciation and amortisation	10 067	8 452	1 615	19 %	35 798
Other operating expenses	12 444	10 014	2 430	24 %	42 676
Total operating expenses	142 652	128 940	13 713	11 %	504 101
Operating profit	19 206	13 824	5 383	39 %	56 218
Other financial income	2 659	312	2 347	752 %	2 514
Other financial expenses	303	1 274	(971)	(76 %)	5 143
Net financial income (expenses)	2 356	(962)	3 318	345 %	(2 629)
Profit before taxes	21 562	12 862	8 700	68 %	53 589
Income taxes	4 934	3 128	1 806	58 %	11 979
Net income	16 629	9 734	6 894	71 %	41 609
Earnings per share	0.20	0.12	0.08	70 %	0.51
Fully diluted earnings per share	0.20	0.12	0.08	70 %	0.51
Translation differences on net investment in foreign operations	3 693	(217)	3 910	1 800 %	459
Total comprehensive income	20 321	9 517	10 804	114 %	42 068
Total comprehensive income attributable to:					
Shareholders in parent company	20 321	9 517	10 804	114 %	42 068

Consolidated statement of financial position

All figures in NOK 1000	2020 31 Mar	2019 31 Mar	change	change %	2019 31 Dec
ASSETS					
Non-current assets					
Deferred tax assets	3 305	3 652	(347)	(9 %)	2 901
Other intangible assets	21 739	22 227	(487)	(2 %)	21 864
Property, plant and equipment	34 185	24 768	9 417	38 %	35 989
Right-of-use assets	40 590	50 333	(9 743)	(19 %)	40 821
Total non-current assets	99 819	100 979	(1 160)	(1 %)	101 575
Current assets					
Work in progress	844	2 628	(1 784)	(68 %)	732
Contract costs	10 388	15 162	(4 774)	(31 %)	11 571
Accounts receivable	79 503	75 294	4 209	6 %	57 075
Other receivables	17 328	18 450	(1 121)	(6 %)	17 193
Cash and cash equivalents	50 652	43 219	7 433	17 %	53 085
Total current assets	158 716	154 753	3 963	3 %	139 656
TOTAL ASSETS	258 535	255 732	2 803	1 %	241 231
EQUITY AND LIABILITIES					
Equity					
Share capital	24 656	24 656	-	0 %	24 656
Other equity	24 831	22 571	2 261	10 %	(19 894)
Net income for the period	16 629	9 734	6 895	71 %	41 609
Total equity	66 116	56 960	9 155	16 %	46 371
Non-current liabilities					
Other provisions and liabilities	1 022	892	130	15 %	1 077
Lease liabilities - long-term portion	33 128	43 724	(10 597)	(24 %)	35 577
Total non-current liabilities	34 150	44 616	(10 467)	(23 %)	36 655
Current liabilities					
Accounts payable	14 833	21 173	(6 341)	(30 %)	23 838
Tax payable	10 881	6 732	4 150	62 %	10 880
Public duties payable	40 178	36 901	3 277	9 %	32 779
Contract liabilities	24 799	25 994	(1 195)	(5 %)	21 264
Lease liabilities	20 499	17 657	2 842	16 %	19 400
Other current liabilities	47 079	45 698	1 381	3 %	50 044
Total current liabilities	158 269	154 155	4 114	3 %	158 205
Total liabilities	192 419	198 771	(6 352)	(3 %)	194 860
TOTAL EQUITY AND LIABILITIES	258 535	255 732	2 803	1 %	241 231
Equity ratio	25.6 %	22.3 %		3.3 pts	19.2 %

Consolidated statement of cash flows

All figures in NOK 1000	2020 1-3	2019 1-3	change	2019 1-12
Profit before taxes	21 562	12 861	8 701	53 589
Income taxes paid	(4 393)	(5 977)	1 584	(9 995)
Depreciation and amortisation	10 067	8 452	1 615	35 798
Change in work in progress	(111)	1 560	(1 672)	3 456
Change in accounts receivable	(22 428)	(23 026)	598	(4 808)
Change in accounts payable	(9 005)	(2 768)	(6 237)	(103)
Change in other accruals	9 279	4 058	5 220	3 867
Effect of changes in exchange rates	2 527	(177)	2 704	(1 797)
Net cash flow from operating activities	7 496	(5 016)	12 513	80 006
Investment in fixed assets	(1 313)	(958)	(355)	(11 861)
Investment in intangible assets	(2 461)	(1 551)	(910)	(6 938)
Net cash flow from investing activities	(3 774)	(2 509)	(1 265)	(18 799)
Purchase of own shares	(576)	-	(576)	(96)
Sales of own shares	-	-	-	2 125
Principal elements of lease payments	(3 667)	(1 050)	(2 617)	(10 001)
Instalment of lease liabilities	(1 913)	(3 474)	1 562	(9 128)
Dividends paid to equity holders of Itera ASA	-	-	-	(44 660)
Net cash flow from financing activities	(6 156)	(4 524)	(1 632)	(61 761)
Effects of exchange rate changes on cash and cash equivalents	2	(10)	12	50
Net change in cash and cash equivalents	(2 432)	(12 060)	9 628	(504)
Cash and cash equivalents at the beginning of the period	53 085	55 279	(2 195)	55 279
Cash and cash equivalents at the end of the period	50 652	43 219	7 433	54 776
New borrowings related to leasing	632	3 150	(2 518)	11 493

Consolidated statement of changes in equity

All figures in NOK 1000	Share capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
Equity as of 1 January 2019	24 656	(373)	(10 312)	25	33 448	47 443
Implementation of IFRS 15	-	-	-	-	41 609	41 609
Net income for the period	-	-	-	459	-	459
Other comprehensive income for the period	-	-	(1 106)	-	-	(1 106)
Share option costs	-	4	594	-	-	598
Employee share purchase programme	-	(5)	(90)	-	-	(96)
Purchase of own shares	-	143	1 982	-	-	2 125
Sale of own shares	-	-	-	-	-	-
Dividends	-	-	-	-	(44 661)	(44 661)
Equity as of 31 December 2019	24 656	(233)	(8 933)	483	30 396	46 371
Net income for the period	-	-	-	-	16 629	16 629
Other comprehensive income for the period	-	-	-	3 693	-	3 693
Share option costs	-	-	-	-	-	-
Employee share purchase programme	-	-	-	-	-	-
Purchase of own shares	-	(20)	(557)	-	-	(576)
Sale of own shares	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Equity as of 31 March 2020	24 656	(252)	(9 489)	4 176	47 024	66 116

NOTES

NOTE 1: TRANSACTIONS WITH RELATED PARTIES

There have been no material transactions with related parties during the reporting period 1 January 2020 to 31 March 2020.

NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2020 that would have a material effect on the interim accounts.

NOTE 3: 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 and because these represent performance measures that are often used by analysts and investors and other external parties.

Non-recurring costs are significant costs that are not expected to reoccur under normal circumstances.

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.

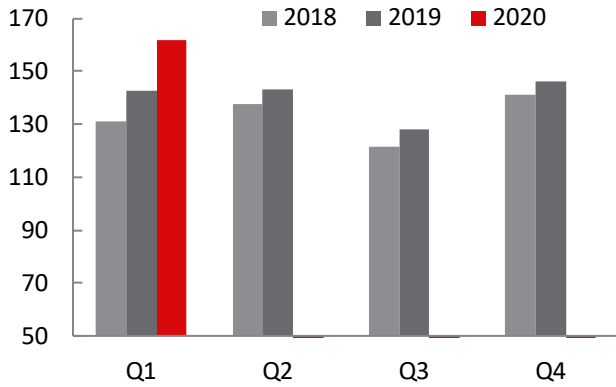
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

KEY FIGURES

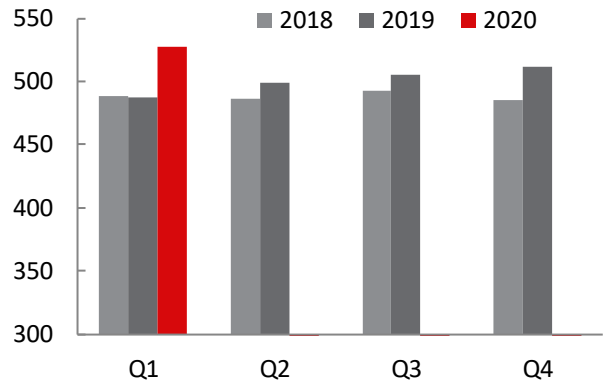
	2020	2019	change	change	2019
All figures in NOK 1000 except earnings per share	1-3	1-3		%	1-12
Profit & Loss					
Sales revenue	161 858	142 763	19 095	13 %	560 318
Gross profit	141 146	122 612	18 534	15 %	483 008
EBITDA	29 273	22 275	6 998	31 %	92 016
EBITDA margin	18.1 %	15.6 %	2.5 pts	2.5 pts	16.4 %
Operating profit (EBIT)	19 206	13 824	5 383	39 %	56 218
EBIT margin	11.9 %	9.7 %	2.2 pts	2.2 pts	10.0 %
Profit before taxes	21 562	12 862	8 700	68 %	53 589
Profit for the period	16 629	9 734	6 894	71 %	41 609
Balance sheet					
Non-current assets	99 819	100 979	-1 160	-1 %	101 575
Bank deposits	50 652	43 219	7 433	17 %	53 085
Other current assets	158 716	154 753	3 963	3 %	86 571
Total assets	258 535	255 732	2 803	1 %	241 231
Equity	66 116	56 960	9 155	16 %	46 371
Total non-current liabilities	34 150	44 616	(10 467)	(23 %)	36 655
Total current liabilities	158 269	154 155	4 114	3 %	158 205
Equity ratio	25.6 %	22.3 %	3.3 pts	3.3 pts	19.2 %
Current ratio	1.32	1.28	0.04 pts	3 %	0.88
Cash flow					
Net cash flow from operating activities	7 496	(5 016)	12 513	249 %	80 007
Net cash flow	(2 432)	(12 060)	9 628	80 %	(505)
Share information					
Number of shares	82 186 624	82 186 624	-	0 %	82 186 624
Weighted average basic shares outstanding	81 384 150	80 944 459	439 691	1 %	81 244 074
Weighted average diluted shares outstanding	82 138 181	81 674 887	463 294	1 %	82 052 944
Earnings per share	0.20	0.12	0.08	70 %	0.51
Diluted Earnings per share	0.20	0.12	0.08	70 %	0.51
EBITDA per share	0.36	0.28	0.08	31 %	1.13
Equity per share	0.81	0.70	0.11	15 %	0.57
Dividend per share	0.00	0.00	-	0 %	0.55
Employees					
Number of employees at the end of the period	527	488	39	8 %	512
Average number of employees	519	487	32	7 %	498
Operating revenue per employee	312	293	19	6 %	1 126
Gross profit per employee	272	252	20	8 %	970
Personnel expenses per employee	191	185	6	3 %	700
Other operating expenses per employee	24	21	3	17 %	86
EBITDA per employee	56	46	11	23 %	185
EBIT per employee	37	28	9	30 %	113

QUARTERLY DEVELOPMENT 2018-2020

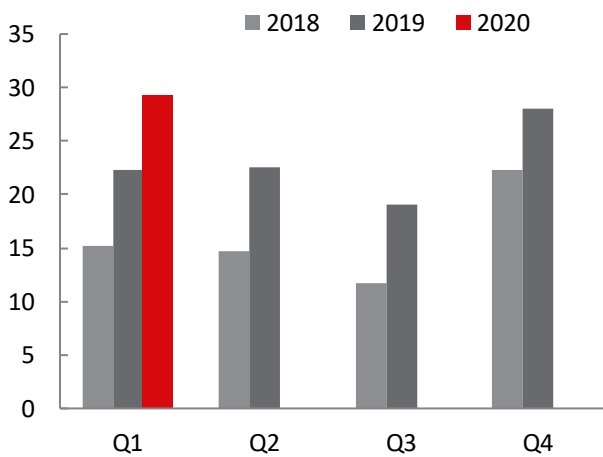
Revenues
NOK million



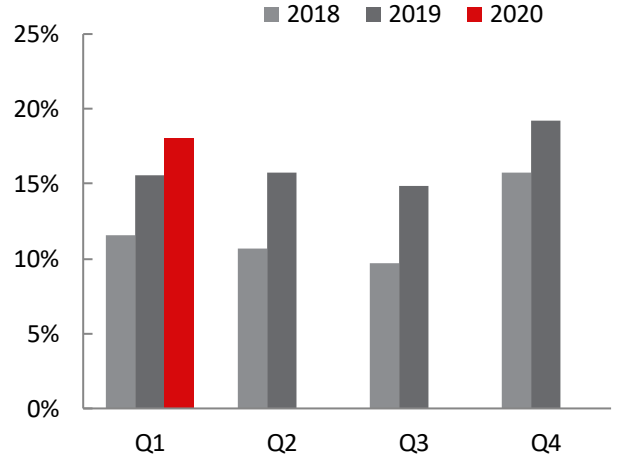
Employees
End of period



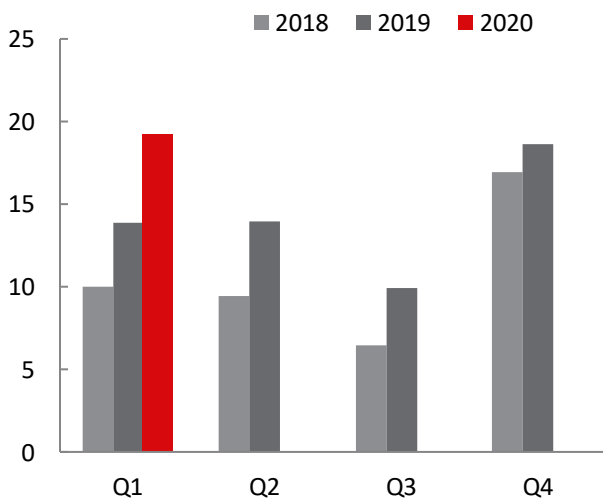
EBITDA
NOK million



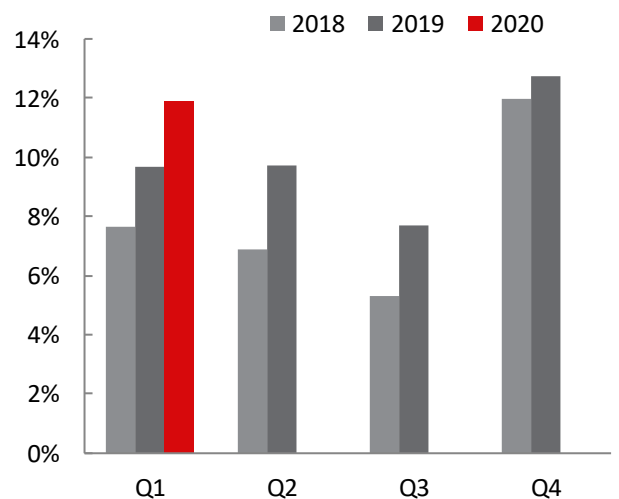
EBITDA margin
%



EBIT
NOK million



EBIT margin
%





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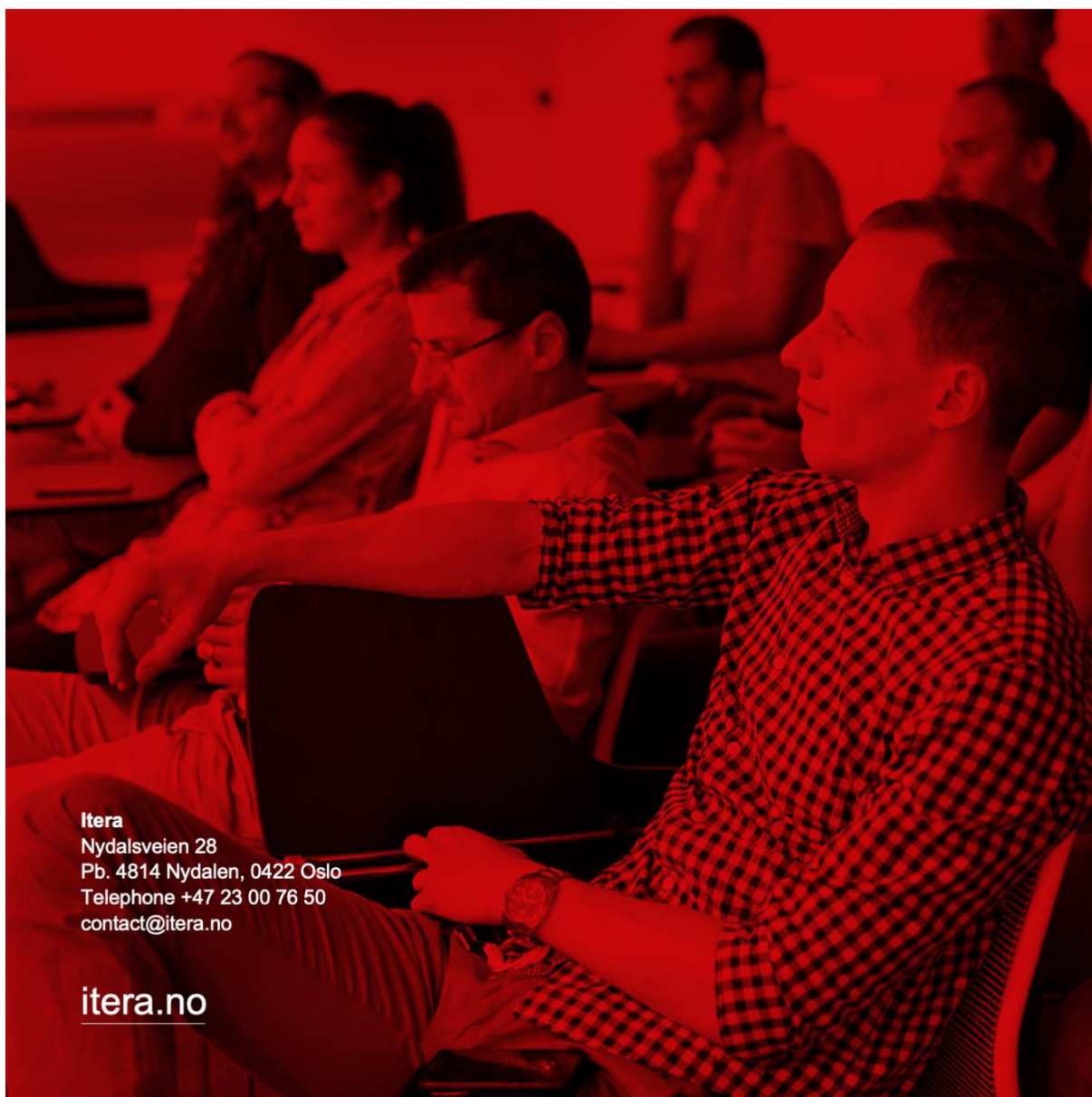
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