

ITERA



Q3  
2021

*Make a difference*

# ITERA

## Highlights

### July – September 2021

The focus of Itera's financial reporting in 2021 is on its core digital business, as its own data centre operations are being sunset.

- Operating revenue for the core digital business NOK 138.9 million (NOK 109.7 million), representing growth of 26.7%.
- EBITDA for the core digital business NOK 21.0 million (NOK 19.1 million) and an EBITDA margin of 15.1% (17.4%).
- EBIT for the core digital business of NOK 14.5 million (NOK 11.3 million) and an EBIT margin of 10.4% (10.3%).
- No. of employees for the core digital business at the end of the period 589 (487), an increase of 103 employees or 21%.
- Cash flow from operations as a whole NOK 15.6 million (NOK 16.4 million).

### January – September 2021

- Operating revenue for the core digital business NOK 434.2 million (NOK 362.0 million), representing growth of 20.0%.
- EBITDA for the core digital business NOK 78.0 million (NOK 69.1 million) and an EBITDA margin of 18.0% (19.1%).
- EBIT for the core digital business of NOK 58.8 million (NOK 45.6 million) and an EBIT margin of 15.0% (12.6%).
- Cash flow from operations as a whole NOK 40.9 million (NOK 63.5 million).

## Highlights

- Itera's core digital business delivered strong growth of 27% in the third quarter. Itera's own data centre operations scaled down significantly as part of the process of transformation to the cloud.
- Stronger employer branding and an increase in recruitment capacity resulted in Itera adding a net 103 employees to its core digital business over the 12 months to the end of September, representing growth of 21%. 50 of these were added during the third quarter. The Slovakian branch of Itera moved into new office facilities to cater for the substantial growth it has experienced.
- Itera is the largest provider of services to Cognite and Aize and was a gold sponsor of and panellist at Ignite 2021, the leading industrial conference hosted by Cognite, which attracted more than 10,000 attendees.
- In the third quarter of 2021, Itera had an order intake equivalent to a book-to-bill ratio of 0.9 in its core digital business and entered into new or extended contracts with customers including Fotoware, Distribution Innovation, Xledger, Storebrand, Aize, Cognite, Santander, DNV, Össur, Gjensidige, Link Mobility and Sector Alarm.
- The Board has approved an additional dividend of NOK 0.10 per share, which will be paid on 3 December 2021.

## Key figures for the third quarter

	Core digital business				Total business
	2021	2020	change	change	2021
Amounts in NOK million	7-9	7-9		%	7-9
Sales revenue	138.9	109.7	29.3	26.7 %	147.5
Cost of sales	10.0	7.9	2.0	25.4 %	13.9
Gross profit	129.0	101.7	27.3	26.8 %	133.6
Gross margin	92.8 %	92.8 %	0.1 pts	0.1 pts	90.6 %
EBITDA	21.0	19.1	1.9	10.0 %	17.5
EBITDA margin	15.1 %	17.4 %	-2.3 pts	-2.3 pts	11.8 %
EBIT	14.5	11.3	3.1	27.8 %	10.0
EBIT margin	10.4 %	10.3 %	0.1 pts	0.1 pts	6.7 %
No. of employees at the end of the period	589	487	103	21.1 %	622
Net cash flow from operating activities					15.6

The focus of Itera's financial reporting in 2021 is on its core digital business as its own data centre operations are being sunset. The consolidated financial statements represent the business as a whole (pages 17-23). Note 4 contains the separate reporting segments.

## CEO's comment

Before commenting on our third quarter, I would like to thank our incredibly talented people in our nine Nordic and Eastern European offices. The trust our customers and partners put in us, our successful distributed cross-border delivery model, our continuous innovation approach, and our ability to consistently develop and attract the best people are directly linked to every employee at Itera. They really follow our vision to "make a difference" every day.

With record organic revenue growth of 27% and an EBIT margin of 10% in our core digital business in the third quarter, we see strong demand for our services in all locations. We delivered this robust and profitable growth while investing in our international expansion, new capabilities, and people to position us for long-term market opportunities.

We are also seeing increasing sequential growth in the depth of our pool of talented employees in our core digital business, with a net 103 employees joining over the last 12 months, and 50 in the third quarter alone. This demonstrates the effectiveness of our work to increase awareness of our brand and our recruitment capacity in all locations, as well as our ability to provide exciting careers, interesting projects with leading customers and partners, and our flexible, transparent and diversified culture. The Slovakian branch of Itera moved into new offices in the third quarter to cater for the substantial growth it has experienced.

The share of revenue from our core digital business was 94% of the total revenue for our business as a whole in the third quarter. The remaining 6% of revenue was from our own data centre operations, which will be migrated to the cloud by the end of this year. Phasing out our own data centres will continue to have a negative impact on revenue and profitability as planned for the business as a whole in 2021 before the cloud business gains momentum and contributes to growth and profitability in 2022.

We are seeing a gradual shift in the nature of the demand for managed services. As businesses seek greater resilience, face a war for talent, need to digitise and experience cost pressure, strategic managed services are increasingly a top management priority. Customers see Itera increasingly as a trusted strategic partner that can be an integral part of their talent strategy. Through our Delivery Factory at Scale for data-driven businesses and our world-class Cloud Centre of Excellence, we are bringing together all of our capabilities, from delivering three-horizon digital strategies and cloud transformation journeys to cloud migration, cloud-native development, data, AI, application lifecycle management and change.

More than technology, the move to the cloud is about adopting a new operating system for future data-driven business, opening radically new ways for companies to work, compete and drive value. Our customers value the depth and breadth of our services, our talent for creating sustainable digital business and our ability to deliver tangible outcomes, as well as our strong track record of investing in advance to anticipate our customers' needs.

While customers' digital transformations are creating momentum within our business, most companies are at an early stage in their transformation. All face multi-year journeys because transitioning to the cloud and adopting new technologies across companies represents a profound transformation. Simultaneously, we are seeing an ongoing exponential change in technology that is accelerating and will create new opportunities, disruption and change for our customers.

We are seeing all emerging technology become digital capabilities in the cloud as a dynamic continuum from public and hybrid cloud to edge and everything in between. Every company will need to be a technology company in its own right, and data will be the key to success for such companies. These changes will simultaneously create more challenging jobs and career paths for our skilled people. 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 world how to become more sustainable, to create new pathways for industrial growth and to deliver far-reaching lifestyle changes through digitalisation. As a Nordic-based company with global reach, we will seek to show the way.

Similarly, sustainability is a critical area for which technology is still evolving. We need to fix the climate, and I believe that we have a social responsibility as a tech company to do our part. We believe that every business must be a sustainable business. Most companies are in the very early stages of figuring out how to make this shift. Digital technology is uniquely suited to this time as it can help people, organisations and entire industries to make all the difference for our climate, and it is part of our mission to help our customers do just that. We have continued to accelerate our focus in this expanding and changing market and are proud of the work we are doing with leading customers and partners such as DNV in this field.

We are continuing to see momentum within our business going forward, and are very focused on capturing the market opportunities, coupled with the empowerment of our great people and the disciplined execution that we expect of ourselves.

*Arne Mjøs*  
FOUNDER & CHIEF EXECUTIVE OFFICER





# **Business review**



## Business review

Digital transformation to create sustainable digital businesses, underpinned by cloud and digital technologies, continues to drive strong double-digit growth across our business. Technology is the single biggest driver of change at companies today, and there is substantial depth, breadth, and scale to our technology capabilities across our services.

In response, we continued to invest in our Delivery Factory at Scale and our Cloud Centre of Excellence to help customers accelerate their ongoing transition to the cloud. Itera completed its NOK 15 million investment into a world-class Cloud Centre of Excellence in the first half-year as planned. This investment puts Itera in pole position in the market by giving it a full range of services and capabilities to enable any business in any industry to complete a digital transformation to a more sustainable future.

### Application Lifecycle Management

As part of our Delivery Factory at Scale concept, Itera has established a delivery method that ensures it designs, develops and operates solutions based on excellent quality standards. The method has been built on Itera's long experience of delivering Application Lifecycle Services and was heavily influenced by the latest DevSecOps practices, tailored for cloud-based solutions.

#### *Operation by Design*

When Itera undertakes an Application Lifecycle Management engagement, we base our work on "Operation by Design". A solution's total cost can be reduced when there is no need for a costly transition project to move a greenfield solution from the build phase to the operations and maintenance phase. The team's knowledge of the solution must be continued and made available to enable the work needed through the whole lifecycle. In addition, the necessary digital capabilities to ensure a controlled and effective operation and maintenance phase must be part of the background work and carried out through the build phase of the solution. Processes, routines, and practices used during the design and build phase are also used for the rest of the lifecycle. The way we work will then be well known and incorporated by the team on both the customer and vendor sides.

With this method in place and our already established Cloud Centre of Excellence, we are in a unique position in the market. With these capabilities, Itera can improve time to market, deliver cost-effective services for the renewal or development of greenfield solutions, deliver insight-driven services to ensure solutions are greenlit, and ensure solutions are as good as new through their whole lifecycle. Enhancements or improvements to a solution will be delivered by a team that has deep knowledge of the solution and a toolbox they both have in-depth knowledge of and are trained to use.

#### *Application Lifecycle Management maturity assessment*

The Application Lifecycle Management method is also well suited to assessing the Application Lifecycle Management maturity of a brownfield solution. Such assessments can be used as the basis for improvements to the existing governance for a solution or as a basis for a transition plan for setting up an Application Lifecycle Management service and so capitalising on Itera's capabilities.

#### *Reduce business risk*

Our customers' response to our message related to Application Lifecycle Management demonstrates that we are strategically excellently positioned to deliver a service for which there is high market interest and demand. Considering the critical role digital solutions play at our customers' businesses and the constantly increasing threat landscape and risk of reputation loss, digital

solutions need to be designed, built, and operated based on excellent quality standards.

### Market report for the Norwegian energy market

Every six months, Itera prepares a comprehensive report covering the Norwegian energy market together with Thema Consulting. The report covers the most essential parts of the market: market developments, product overviews and changes, customer preferences, pricing strategies, and governmental regulations. The report includes examples and deep-dive descriptions from national and international energy companies. In addition, each report has a special focus section; the H1/2021-report focused on sustainability issues, while the H2/2021-report has an in-depth focus on tech trends. This mix of comprehensive and up-to-date facts about the sector and key players together with our expert perspectives has been a very successful combination, making this an important report for the energy sector.

The target audience is management and decision-makers who are interested in the potential within the electricity market. This includes both power companies and companies within telecom, retail, transportation, etc. The report is also distributed to selected politicians and the press. The report is sold as a subscription product and key findings from it are presented at different conferences, via webinars and podcasts, or are [referred to by journalists](#).

The H2/2021 report describes, among other things, a sector characterised by mergers, indistinct prices, companies introducing additional services and new regulations set by the authorities, significant differences in additional services and regulations from the authorities that are introduced too late. The full report for H2/2021 is available by contacting Itera.

### Ignite 2021

Ignite, which is hosted by Cognite, is the world's leading industrial conference, and in 2021 the event attracted more than 10,000 attendees. Ignite is an annual event, and Itera had the privilege of being an Ignite gold partner for the second year in a row.

The overall topic of Ignite is the sustainable digital transformation of industries, particularly the energy industry. The conference brings together leaders from all over the world to present and discuss the most challenging issues different industries face in this decade. Itera played an important role at the event, including in the form of two speakers on stage at the conference.

CEO Arne Mjøs was a panel member at the session entitled "The Future Is Electric: Technology for a Decarbonized, Decentralized, and Complex Power Supply" together with the CEOs of Hafslund Eco and Vår Energi. The panel discussed how the energy and utility industry are responding to the challenges associated with using data to maximise customers' options, future-proof operations, and navigate the energy transition. They considered what energy trading will look like in the future, how the market for different energy sources will adapt, and what obstacles and opportunities the energy and power industries will face in the coming years.

Itera EVP Kristian Enger was on a panel with the CEOs of Aize, Wintershall, and Sekal that addressed the topic of "Exploration to Production: How Data Can Help New Field Developments Meet Cost and Sustainability Requirements". The panel discussed how digital technologies can be leveraged to deliver projects more quickly, more cheaply and with a smaller environmental impact at a time

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when new field exploration activities and projects are facing increasing scrutiny, greater cost pressures and higher sustainability requirements. The debaters all agreed that technology will be the most important factor in terms of reducing costs, increasing quality and delivering on sustainability requirements.

Itera is impressed by the global position that Cognite and Aker have built up within the area of industrial digitalisation and is very proud to be their largest partner, having been involved in more than 25 projects around the world over the last 2.5 years. We are already looking forward to contributing to Ignite 2022.

Link/pictures to Itera sessions at Ignite 2021:

With CEO Arne Mjøs: <https://events.hubilo.com/ignite-talks-2021/session/80231>

With EVP Kristian Enger: <https://events.hubilo.com/ignite-talks-2021/session/80245>

## Data-driven business

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In recent decades, technology and connectivity have been the key drivers for creating value through digitalisation. With the rapid acceleration of the internet of things, cloud computing, 5G connectivity and advanced analytics, it is increasingly evident that data is the next frontier in terms of realising value by creating both sustainable and profitable digital businesses. Using data strategically to create valuable insight and information will result in greater competitive advantages than ever before. Motivated by this opportunity and the fear of missing out, our customers are telling us that their focus and investment spending are increasingly being re-allocated to putting data at the centre of their value creation.

Against this backdrop, Itera launched a report in the third quarter of 2021 in which we examine how Norwegian organisations are using data as a strategic asset, which practices characterise those that succeed and how in practical terms data-driven business can be enabled at scale. The report is part of an initiative intended to help customers "unleash the power of data" and to guide them towards a digital and sustainable future in which data is a key asset for success.

Our findings show that the promise of data has captured the attention of organisations in all industries. Many are working diligently towards a data-driven transformation. However, we found indications of clear differences between those that are leading the way and the rest in terms of their non-technical efforts. It has never been easier to capture, access and analyse data. Advanced analytics, AI, and machine learning tools are readily available at a fraction of the cost compared to a few years ago. Still, the difficulty of scaling data initiatives beyond "proof of concepts" and integrating fact-based decision making into an organisation's strategy, culture and business models remain key challenges for most organisations.

Based on these findings and Itera's own experience of helping customers from industry to financial services to transform their activities, we believe a progressive and use-case-based journey is the best approach to succeeding at both speed and scale.

## Combating financial crime together with IBM

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Fraud and money laundering are some of the biggest challenges banks and financial institutions face today. Stricter legislation and more attention from financial authorities are key drivers for the

increasing focus that banks and other financial institutions have on fraud and anti-money laundering (AML).

Itera and its subsidiary Cicero Consulting have worked with many leading Nordic financial institutions in this area for over a decade. Through our cooperation with IBM, we now offer market-leading solutions for combatting fraud and money laundering. Our joint ambition is to strengthen IBM's capabilities and service portfolio within AML and fraud in the Nordics with Itera as a delivery partner. IBM and Itera have the joint capabilities, strong domain expertise and regulatory insight needed to support financial institutions with the next generation of AML challenges.

Together with IBM, we have planned several market activities for the fourth quarter of 2021 to increase awareness in the market. We will publish an industry report on AML, host roundtables with key players from the industry, and arrange webinars together with Norway's leading business newspaper, Dagens Næringsliv (DN). In parallel, we will continue to meet our customers' strong demand within this area and utilise Itera's digital capabilities to combat financial crime.

## Diversity and inclusion on the agenda

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ODA is the leading network for women in tech in the Nordics with more than 10,000 members and more than 50 strategic partners across various industries. The network is non-profit and facilitates events, networking, mentoring, and professional expertise with the overall goal of increasing gender diversity in tech.

One of the programs ODA facilitates is the ODA Mentoring program, which focuses on personal and professional development through the exchange of competence, expertise, values, perspectives, and attitudes. As a gold partner to ODA, Itera hosted the digital kick-off for the ODA Mentoring program for the second year in a row. The theme for the event was "The Start of Something New". Over 80 women participated, ready to start their journey.

In addition, Itera signed the "CEO commitment, a pledge for Diversity, Equality, and Inclusion" to show how important this work is and collaborate with other companies and organisations that believe in the value of diversity at the workplace. This is the first network for leaders who have decided to prioritise and set diversity and inclusion on the agenda at a strategic level.

We look forward to sharing experiences and knowledge that will give us and collaborating organisations better capabilities to attract the best talent and create inclusive organisations.

## Innovation with master's students

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This summer, Itera and its customers Aize, Storebrand, KLP and ADD + SPACE engaged 27 master's students for summer internship projects. The students were divided into interdisciplinary teams consisting of business consultants, developers, UX specialists and testers. Each team was assigned a project that required a high level of expertise in the various disciplines and creative problem-solving skills.

An example of the teams' innovative solutions during the third quarter was the project "Automatic anomaly recognition", which was carried out for Aize.

Aize was born out of Aker to revolutionise project execution and operations in heavy-asset industries by using software to increase efficiency, improve collaboration and reduce cost. Aize believes that Integrity Elements (a next-generation inspection, integrity, and

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anomaly management system, e.g., by creating digital twins) ensures efficient collaboration by providing rapid data collection and processing in addition to access to the same information for everybody. This allows events to be reviewed at an earlier stage, resulting in the quicker identification and assessment of anomalies.

## *Challenge*

Automatic Anomaly Recognition (AAR) is an Integrity Elements expansion element with significant potential for market value. However, to capitalise on its business potential, there was a need to improve the existing AAR application in several areas, including with regards to media processing, analysis, and the reporting of detected anomalies.

## *Solution*

Itera and its summer students set up a multi-disciplined team consisting of developers, designers, a tester and business consultants and developed an MVP (Minimum Viable Product) in six weeks. The MVP focused on media processing (images and video), corrosion detection, and easy reporting that is more tailored to the inspector's practices. The team also provided insight into an area with significant business potential for the future of Aize's visual AAR products.

## *Outcome*

The MVP developed by Itera demonstrated how the inspecting and reporting of anomalies could be improved in two ways. Firstly, the application significantly reduced the time spent on completing an inspection by reducing the number of media elements that must be inspected manually. Secondly, the application facilitated the creation of reports more tailored to the inspector's line of work.

Furthermore, the project delivered strategic recommendations with an in-depth understanding of the dynamics of the visual anomaly recognition market. The team advised Aize to first deploy visual AAR in the subsea market by commercialising an end-to-end solution with strengthened data collection and analytics capacities.

## **Market and customer development**

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In the third quarter of 2021, Itera had an order intake equivalent to a book-to-bill ratio of 0.9 from its core digital business. For the last twelve-month period, the book-to-bill ratio was 1.1.

Itera entered new or extended contracts with customers including Fotoware, Distribution Innovation, Xledger, Storebrand, Aize, Cognite, Santander, DNV, Össur, Gjensidige, and Link Mobility.

The revenue from Itera's 30 largest customers accounted for 77% of its operating revenue, which is one percentage point lower compared to the third quarter of 2020. New customers accounted for 14% of revenue.



## Financial review



## Financial review

### Financial reporting

Itera is continuing to transition its customers from its on-premise data centre operations to managed cloud services and it expects to largely complete this by the end of the year. Due to Itera's sunsetting of its data centre operations, its financial reporting for 2021 will focus on its core digital business (referred to as its "core digital business"), including its new cloud service offering. The overall figures are reported in a separate section with brief comments regarding Itera's data centre operations (referred to as the "business as a whole").

The comments in this report relate to Itera's performance in the third quarter of 2021 compared to the third quarter of 2020 unless otherwise stated. The figures given in brackets refer to the equivalent period in 2020. Please refer to Note 3 for a description of the alternative performance measures used and to Note 4 for key financial figures for the core digital business and data centre operations reporting segments.

During 2021, Itera's overall growth and profitability will be impacted by its transformation and sunsetting of its own data centres. This is expected to have a negative impact of around 12-13 percentage points on the Group's full-year growth.

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 ITERA. 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.

### Accounting principles

These interim condensed consolidated financial statements for the quarter ending 30 September 2021 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 2020. 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 2020. The interim financial information contained in this report has not been audited or reviewed.

## Core digital business

The following comments apply to Itera's core digital business, which will represent the whole business once Itera has finished transitioning its data centre operations to the cloud. In the third quarter of 2021, Itera's core digital business represented 94% (80%) of its total revenue.

### Third quarter 2021 in brief

Itera's core digital business achieved organic revenue growth of 27% in the third quarter of 2021 relative to the third quarter of 2020. Gross profit increased by 27%, while the gross margin was unchanged at 92.8%.

The third quarter of 2021 contained the same number of working days as the third quarter of 2020, while the first nine months of

2021 contained one more working day than the same period in 2020. One working day has a positive impact of NOK 1 to 1.5 million on revenue and profit.

The operating profit (EBIT) for the third quarter of 2021 was NOK 14.5 million (NOK 11.3 million) with an EBIT margin of 10.4% (10.3%). For the first nine months of 2021 EBIT was NOK 58.8 million (NOK 45.6 million) and the EBIT margin was 13.5% (12.6%).

### Operating revenue

Itera reports operating revenue of NOK 138.9 million (NOK 109.7 million) for its core digital business for the third quarter of 2021, which represents growth of 27%. This was driven by growth in the revenue from Itera's own services and from third-party services, which increased by 29% to NOK 110.5 million and by 126% to NOK 10.5 million respectively. Subscriptions were down by 6% to NOK 15 million. For the first nine months, Itera's operating revenue was NOK 434.2 million (NOK 362.0 million), which represents growth of 20%.

### Operating expenses

Total operating expenses in the third quarter of 2021 were 27% higher at NOK 124.5 million (NOK 98.3 million), while for the first nine months they were up 19% to 375.4 million.

Cost of sales was NOK 10.0 million (NOK 7.9 million) following an increase in the use of subcontractors but a decrease in other elements of cost of goods sold. For the first nine months cost of sales was up 35% to NOK 34.3 million (NOK 25.3 million).

Gross profit (revenue minus cost of goods sold) was NOK 129.0 million (NOK 101.7 million) in the third quarter of 2021, which represents an increase of 27%. For the first nine months gross profit was up 19% to NOK 399.9 million (336.7 million).

Personnel expenses were NOK 96.8 million (NOK 73.2 million) in the third quarter of 2021, which represents an increase of 32%. The average number of employees in the quarter was 19% higher than in the corresponding quarter of 2020. Average personnel expenses per employee were up by 11.4% in the third quarter of 2021. Due to Covid-19 measures, the annual salary increase in Norway was postponed from the third to the fourth quarter in 2020. The third quarter of 2021 thus contains a double set of salary increases compared to the same period of last year. In addition, accruals for variable compensation have been significantly higher. For the first nine months personnel expenses were up 23% to NOK 238.9 million as compared to an increase of 16% in the average number of employees. Average personnel expenses per employee were up by 5.4%.

Other operating expenses were NOK 11.2 million (NOK 9.4 million) in the third quarter of 2021, an increase of 19% from last year. Spending on travel, courses and social events is still lower due to Covid-19-related restrictions but is gradually increasing. For the first nine months other operating expenses were NOK 29.0 million (NOK 28.7 million).

Depreciation and amortisation totalled NOK 6.5 million (NOK 7.8 million) in the third quarter. The reduction is primarily due to Itera's subleasing of around 40% of its office space in Kyiv that was made temporarily redundant by the Covid-19 lock-down and the continuation of working from home even after the office reopened. For the first nine months depreciation and amortisation totalled NOK 19.2 million (NOK 23.5 million).

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## Operating result

The operating result before depreciation and amortisation (EBITDA) for the core digital business for the third quarter of 2021 was a profit of NOK 21.0 million (NOK 19.1 million), giving an EBITDA margin of 15.1% (17.4%). For the first nine months EBITDA was NOK 78.0 million (NOK 69.1 million) with an EBITDA margin of 18.0% (19.1%).

The operating result (EBIT) for the third quarter was a profit of NOK 21.0 million (NOK 11.3 million), giving an EBIT margin of 10.4% (10.3%). For the first nine months EBIT was NOK 58.9 million (NOK 45.6 million) with an EBIT margin of 13.5% (12.6%).

## Personnel

Building on a strong Nordic heritage, we combine local presence with geographically distributed capabilities into a distributed delivery model that features multidisciplinary teams and a flexible distribution of work across borders.

Itera's headcount for its core digital business at the end of the third quarter of 2021 was 589 as compared to 487 at the end of the third quarter of 2020. This represents an increase of 103 employees (21%) over the last 12 months and 50 employees in the third quarter alone.

Our distributed delivery model is very scalable and provides 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 distributed delivery model was recognised as best in the world for customer experience by the Global Sourcing Association in 2018 and for having the best Project Management Office in Europe by the PMO Global Alliance in 2020. Itera also received the PMO Ukraine Award for 2020, achieving the best results in the categories "Best Practices", "Customer Service", "PMO Path", "Value Generation", "Innovations", "Competency Development" and "Formation of commonality".

## Business as a whole

The following comments apply to Itera's business as a whole, including its own data centre operations, which are being sunset through migration to the cloud.

## Operating revenue

Revenue from Itera's data centre operations was down 69% to NOK 8.5 million in the third quarter of 2021 following the planned exit of on-premise customers.

Total reported operating revenue for the Group was NOK 147.5 million (NOK 137.3 million) for the third quarter of 2021, representing growth of 7%. For the first nine months total operating revenue was up 4% to NOK 465.3 million (NOK 448.1 million).

## Operating expenses

Total operating expenses were up 11% to NOK 137.5 million (NOK 123.7 million) in the third quarter of 2021 and up 5% to NOK 420.3 million (NOK 398.5 million) for the first nine months.

Cost of sales was NOK 13.9 million (NOK 15.9 million) in the third quarter. This included a decrease of NOK 4.1 million from the ongoing sunsetting of Itera's data centre operations. However,

gross profit for Itera's data centre operations was 17 percentage points lower than in the third quarter of 2020 as some common platform costs are distributed between fewer customers until the migration to the cloud is completed. For the first nine months cost of sales was NOK 47.7 million (NOK 54.0 million).

Personnel expenses were up 20% to NOK 103.7 million (NOK 86.3 million) in the third quarter and up 13% to NOK 317.6 million (NOK 281.9 million) for the first nine months. The average number of employees was 12% higher in the third quarter and 12% higher in the first nine months of 2021. In the third quarter, the reduction in personnel expenses in the data centre operations of 47% mirrored the reduction in the average number of employees.

Other operating expenses were 19% higher at NOK 12.5 million (NOK 10.4 million) in the third quarter and 1% higher at NOK 32.7 million (NOK 32.5 million) in the first nine months. Spending will gradually increase as Covid-19 restrictions are lifted.

Depreciation and amortisation were 25% lower at NOK 7.5 million (NOK 10.1 million) in the third quarter and 26% lower at NOK 22.3 million (NOK 30.1 million) in the first nine months of 2021. The downscaling of Itera's data centres was responsible for NOK 1.3 million and NOK 3.4 million of these decreases respectively. Similar decreases were caused by the subleasing of some office space in Kyiv.

## Operating results

The operating result before depreciation and amortisation (EBITDA) in the third quarter of 2021 was NOK 24.0 million (NOK 24.6 million), giving an EBITDA margin of 16.6% (17.9%). For the first nine months EBITDA was NOK 49.8 million (NOK 79.7) with an EBITDA margin of 15.7% (17.8%).

The operating result (EBIT) for the Group as a whole was NOK 10.0 million (NOK 14.5 million) for the third quarter and NOK 45.0 million (NOK 49.6 million) for the first nine months of 2021. The EBIT margin was 6.7% (10.6%) for the third quarter and 9.7% (11.1%) for the first nine months.

For key financial figures by business segment, please refer to Note 4.

The result before tax for the third quarter of 2021 was a profit of NOK 7.6 million (NOK 10.6 million) and NOK 34.6 million (NOK 38.5 million) for the first nine months. Tax expense accrued for the third quarter totalled NOK 2.3 million (NOK 2.9 million) and for the first nine months was NOK 9.7 million (NOK 10.9 million).

Earnings per share (EPS) were NOK 0.09 (0.13) for the third quarter and 0.43 (0.48) for the first nine months.

## Personnel

Itera's total headcount at the end of the third quarter of 2021 was 622 as compared to 556 at the end of the third quarter of 2020. This includes a reduction of 37 employees related to the data centre operations.

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 51% (46%) at the end of the third quarter.

# ITERA

## Cash flow, liquidity and equity

Net cash flow from operating activities was NOK 15.6 million (NOK 16.4 million) in the third quarter of 2021 and NOK 41.0 million (NOK 63.5 million) for the first nine months.

There was a net cash outflow from investing activities of NOK 6.5 million (NOK 4.5 million) in the third quarter of 2021, of which NOK 2.6 million was spent on office equipment, fittings and furniture. NOK 3.8 million was spent on intangible assets. For the first nine months, there was a net cash outflow from investing activities of NOK 26.1 million (NOK 12.2 million).

There was a net cash outflow from financing activities of NOK 1.9 million (NOK 2.1 million) in the third quarter of 2021, which related to leasing commitments. For the first nine months there was a net cash outflow from financing activities of NOK 46.7 million (NOK 46.7 million).

Work in progress at 30 September 2021 was NOK 0.1 million higher than at 30 September 2020, while capitalised contract costs were NOK 3.3 million lower. The capitalised contract costs relate to revenue the recognition of which is deferred under IFRS 15. Accounts receivable and other receivables were NOK 17.1 million higher and NOK 0.3 million higher respectively than at 30 September 2020.

Accounts payable at 30 September 2021 were NOK 4.8 million higher than at 30 September 2020. Public duties payable were NOK 3.2 million lower than at the end of the third quarter of 2020 when the authorities offered payment extensions as part of their Covid-19 relief measures. Tax payable was NOK 3.3 million lower than at 30 September 2020. Contract liabilities at 30 September 2021 were NOK 0.1 million lower at NOK 20.2 million.

Cash and cash equivalents amounted to NOK 22.6 million at 30 September 2021, compared to NOK 57.7 million at 30 September 2020. At the end of the period, Itera had an undrawn credit facility of NOK 21.5 million.

Itera had lease liabilities totalling NOK 36.4 million (NOK 48.1 million) at 30 September 2021, which represents a net decrease of NOK 11.7 million. NOK 17.8 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 18.6 million are classified as non-current liabilities.

At 30 September 2021 Itera held 1,637,006 (1,269,136) own shares, valued at NOK 25.2 million (NOK 17.7 million).

Equity at 30 September 2021 totalled NOK 37.7 million (NOK 57.3 million). The equity ratio was 17.2% (23.9%). The equity ratio without the right-of-use assets included under IFRS 16 was 20.0% (28.4%).

## Dividend

At its meeting on 26 October 2021, the Board of Directors approved the payment of an additional dividend of NOK 0.10 per share for

2020 in accordance with the authorisation it was granted at the Annual General Meeting on 25 May 2021. The share will trade excluding the right to receive the additional dividend starting on 22 November 2021 and the dividend will be paid on 3 December 2021.

## 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.

More information about risks and uncertainties can be found in Itera's annual report for 2020.

## 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 distributed teams of Nordic and nearshore resources and focusing on operational efficiency remains unchanged. Itera will further accelerate its expansion into more asset-intensive industries through partnerships with Cognite, DNV and others.

In the first half of 2021, Itera invested heavily in setting up a world class Cloud Centre of Excellence in partnership with Microsoft and will in the second half of 2021 migrate or terminate its remaining on-premise data centre operations. In anticipation of this, some of the largest customers exited the data centres during the first half of 2021. This substantial reduction in business volume has a short-term impact on profitability as the associated cost base is partially needed to service the remaining portfolio until the full transition is finalised early 2022.

## Next interim report

The interim report for the fourth quarter will be published and presented on 17 February 2022.

# Statement by the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO have today considered and approved the consolidated condensed financial statements for the Itera Group for the nine months ended 30 September 2021, including the comparisons with the corresponding period in 2020.

The Board has based its declaration below on reports and statements from the Group's CEO, on the results of the Group's activities, and on other information that is essential to assessing the Group's position.

To the best of our knowledge:

- The consolidated condensed financial statements for the nine months ended 30 September 2021 have been prepared in accordance with IFRS as adopted by EU and IAS 34 (Interim Financial Reporting) and the additional disclosure requirements pursuant to the Norwegian Securities Trading Act.
- The information provided in the financial statements gives a true and fair portrayal of the Itera Group's assets, liabilities, profit, and overall financial position as of 30 September 2021.
- The information provided in the report for the first half of 2021 provides a true and fair overview of the development, performance, financial position, important events and significant related party transactions in the accounting period as well as the most significant risks and uncertainties facing the Itera Group.

Oslo, 27 October 2021

The Board of Directors and CEO of Itera ASA

Morten Thorkildsen  
Chairman

Marianne Killengreen  
Board Member

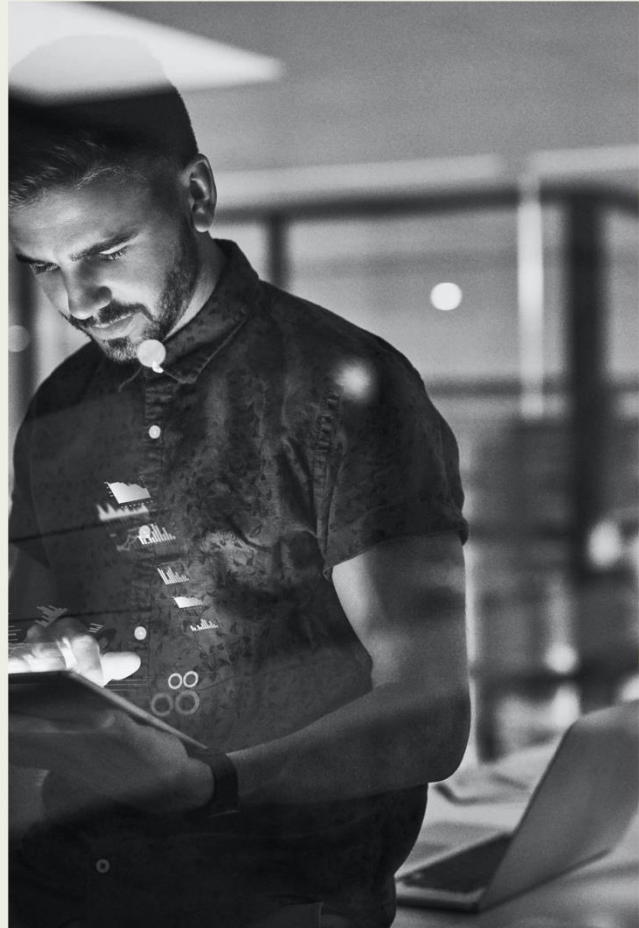
Jan-Erik Karlsson  
Board Member

Gyrid Skalleberg Ingerø  
Board Member

Andreas Almquist  
Board Member

Anne Nyseter Perez  
Board Member

Arne Mjøs  
CEO



# Core digital business

financial information



# I T E R A

## Core digital business financial information

Amounts in NOK thousand	2021 7-9	2020 7-9	change %	2021 1-9	2020 1-9	change %	2020 1-12
<b>Sales revenue</b>	<b>138 943</b>	<b>109 667</b>	<b>27 %</b>	<b>434 218</b>	<b>361 987</b>	<b>20 %</b>	<b>497 634</b>
<b>Operating expenses</b>							
Cost of sales	9 963	7 942	25 %	34 269	25 334	35 %	35 640
<b>Gross Profit</b>	<b>128 980</b>	<b>101 725</b>	<b>27 %</b>	<b>399 949</b>	<b>336 653</b>	<b>19 %</b>	<b>461 995</b>
<i>Gross Margin</i>	<b>92.8 %</b>	92.8 %	0.1 pts	92 %	93 %	-0.9 pts	92.8 %
Personnel expenses	96 750	73 192	32 %	292 973	238 927	23 %	331 694
Other operating expenses	11 239	9 444	19 %	28 990	28 674	1 %	39 993
Depreciation and amortisation	6 520	7 767	(16 %)	19 159	23 487	(18 %)	31 131
<b>Total operating expenses</b>	<b>124 472</b>	<b>98 345</b>	<b>27 %</b>	<b>375 391</b>	<b>316 421</b>	<b>19 %</b>	<b>438 457</b>
<b>EBITDA</b>	<b>20 991</b>	<b>19 089</b>	<b>10 %</b>	<b>77 986</b>	<b>69 053</b>	<b>13 %</b>	<b>90 308</b>
<i>EBITDA margin</i>	15.1 %	17.4 %	-2.3 pts	18.0 %	19.1 %	(6 %)	18.1 %
<b>EBIT</b>	<b>14 471</b>	<b>11 322</b>	<b>28 %</b>	<b>58 827</b>	<b>45 566</b>	<b>29 %</b>	<b>59 177</b>
<i>EBIT margin</i>	10.4 %	10.3 %	0.1 pts	13.5 %	12.6 %	1 pts	11.9 %
<b>Employees</b>							
Number of employees at the end of the period	589	487	21 %	589	487	21 %	504
Average number of employees	564	475	19 %	540	464	16 %	472
Operating revenue per employee	246	231	7 %	804	780	3 %	1 053
Gross profit per employee	229	214	7 %	740	725	2 %	978
Personnel expenses per employee	172	154	11 %	542	515	5 %	702
Other operating expenses per employee	20	20	0 %	54	62	(13 %)	85
EBITDA per employee	37	40	(7 %)	144	149	(3 %)	191
EBIT per employee	26	24	8 %	109	98	11 %	125

For the full consolidated financial statements, see pages 17-23.

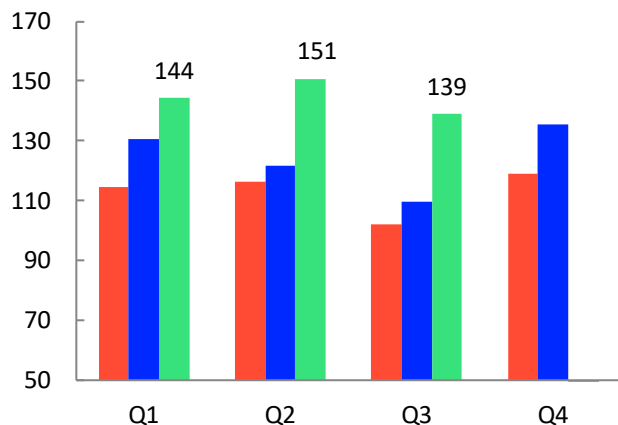
# I T E R A

## Quarterly development 2019-2021 for the core digital business

### Revenues

NOK million

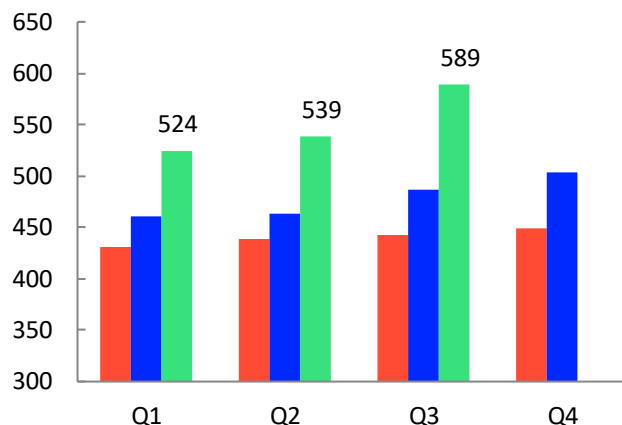
2019 2020 2021



### Employees

End of period

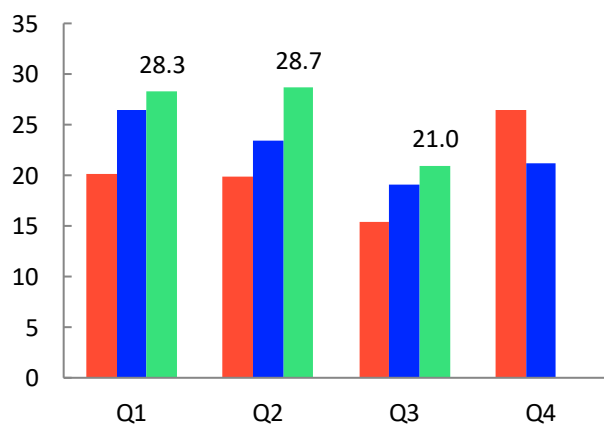
2019 2020 2021



### EBITDA

NOK million

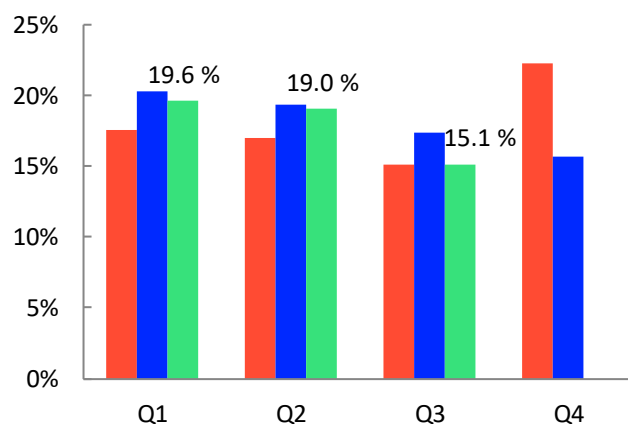
2019 2020 2021



### EBITDA margin

%

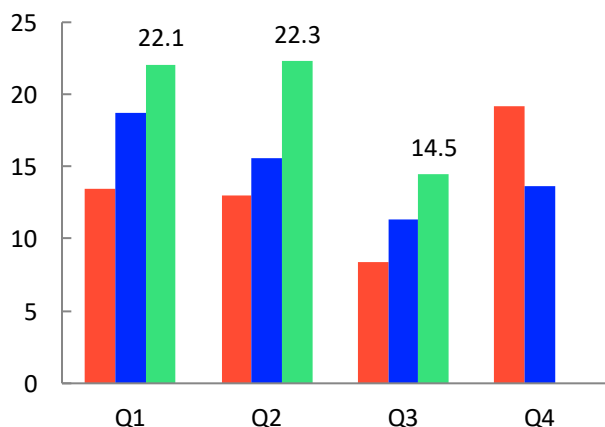
2019 2020 2021



### EBIT

NOK million

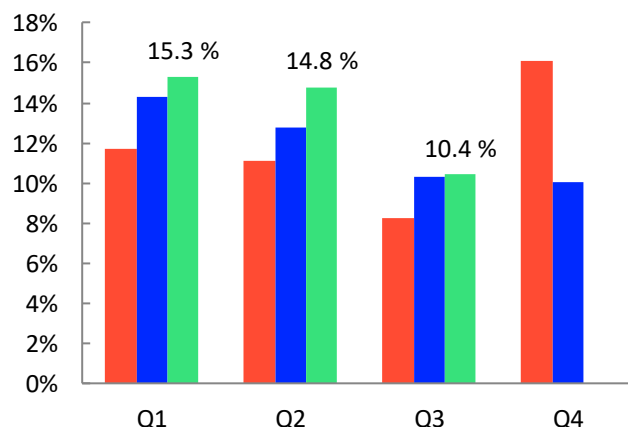
2019 2020 2021



### EBIT margin

%

2019 2020 2021





## **Interim condensed financial information**

# I T E R A

## Consolidated statement of comprehensive income\*

Amounts in NOK thousand	2021 7-9	2020 7-9	change %	2021 1-9	2020 1-9	change %	2020 1-12
<b>Sales revenue</b>	<b>147 491</b>	<b>137 269</b>	<b>7 %</b>	<b>465 307</b>	<b>448 073</b>	<b>4 %</b>	<b>615 392</b>
<b>Operating expenses</b>							
Cost of sales	13 886	15 916	(13 %)	47 700	53 961	(12 %)	71 820
<b>Gross Profit</b>	<b>133 605</b>	<b>121 353</b>	<b>10 %</b>	<b>417 606</b>	<b>394 113</b>	<b>6 %</b>	<b>543 572</b>
<i>Gross Margin</i>	<i>90.6 %</i>	<i>88.4 %</i>	<i>2.2 pts</i>	<i>89.7 %</i>	<i>88.0 %</i>	<i>1.8 pts</i>	<i>88.3 %</i>
Personnel expenses	103 682	86 301	20 %	317 576	281 945	13 %	388 731
Other operating expenses	12 458	10 430	19 %	32 738	32 463	1 %	46 047
Depreciation and amortisation	7 513	10 079	(25 %)	22 333	30 107	(26 %)	42 505
<b>Total operating expenses</b>	<b>137 538</b>	<b>123 650</b>	<b>11 %</b>	<b>420 347</b>	<b>398 476</b>	<b>5 %</b>	<b>549 103</b>
<b>Operating profit</b>	<b>9 953</b>	<b>14 543</b>	<b>(32 %)</b>	<b>44 960</b>	<b>49 598</b>	<b>(9 %)</b>	<b>62 573</b>
Other financial income	699	732	(5 %)	4 021	4 532	(11 %)	6 448
Other financial expenses	746	1 748	(57 %)	4 594	4 720	(3 %)	7 236
<b>Net financial income (expenses)</b>	<b>(47)</b>	<b>(1 016)</b>	<b>95 %</b>	<b>(573)</b>	<b>(188)</b>	<b>(205 %)</b>	<b>(788)</b>
<b>Profit before taxes</b>	<b>9 905</b>	<b>13 527</b>	<b>(27 %)</b>	<b>44 386</b>	<b>49 410</b>	<b>(10 %)</b>	<b>61 785</b>
Income taxes	2 293	2 942	(22 %)	9 745	10 918	(11 %)	13 152
<b>Net income</b>	<b>7 612</b>	<b>10 585</b>	<b>(28 %)</b>	<b>34 641</b>	<b>38 492</b>	<b>(10 %)</b>	<b>48 633</b>
Earnings per share	0.09	0.13	(28 %)	0.43	0.48	(10 %)	0.60
Fully diluted earnings per share	0.09	0.13	(28 %)	0.43	0.47	(10 %)	0.60
Translation differences on net investment in foreign operations	(897)	(586)	(53 %)	(600)	2 271	(126 %)	79
<b>Total comprehensive income</b>	<b>6 715</b>	<b>9 999</b>	<b>(33 %)</b>	<b>34 041</b>	<b>40 764</b>	<b>(16 %)</b>	<b>48 276</b>
Total comprehensive income attributable to:							
<b>Shareholders in parent company</b>	<b>6 715</b>	<b>9 999</b>	<b>(33 %)</b>	<b>34 041</b>	<b>40 764</b>	<b>(16 %)</b>	<b>48 712</b>

\*) See note 4 for key financial figures by reporting segment.

# I T E R A

## Consolidated statement of financial position

Amounts in NOK thousand	2021 30 Sep	2020 30 Sep	change	change %	2020 31 Dec
<b>ASSETS</b>					
<b>Non-current assets</b>					
Deferred tax assets	4 761	3 093	1 668	54 %	4 916
Other intangible assets	38 316	19 473	18 843	97 %	24 225
Property, plant and equipment	15 372	31 558	(16 186)	(51 %)	15 403
Right-of-use assets	30 244	37 992	(7 748)	(20 %)	38 263
Lease receivable - long term	3 628	-	3 628		-
<b>Total non-current assets</b>	<b>92 322</b>	<b>92 117</b>	<b>205</b>	<b>0 %</b>	<b>82 807</b>
<b>Current assets</b>					
Work in progress	1 502	1 363	139	10 %	1 196
Contract costs	4 708	8 022	(3 314)	(41 %)	6 851
Lease receivable - short term	620	-	620		-
Accounts receivable	81 464	64 400	17 064	26 %	67 275
Other receivables	15 550	15 830	(280)	(2 %)	11 901
Cash and cash equivalents	22 568	57 702	(35 134)	(61 %)	54 399
<b>Total current assets</b>	<b>126 413</b>	<b>147 317</b>	<b>(20 904)</b>	<b>(14 %)</b>	<b>141 621</b>
<b>TOTAL ASSETS</b>	<b>218 735</b>	<b>239 434</b>	<b>(20 699)</b>	<b>(9 %)</b>	<b>224 428</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	24 656	24 656	-	0 %	24 656
Other equity	(21 592)	(5 898)	(15 695)	(266 %)	(38 512)
Net income for the period	34 642	38 492	(3 851)	(10 %)	48 197
<b>Total equity</b>	<b>37 705</b>	<b>57 251</b>	<b>(19 545)</b>	<b>(34 %)</b>	<b>34 341</b>
<b>Non-current liabilities</b>					
Other provisions and liabilities	330	955	(625)	(65 %)	715
Lease liabilities - long-term portion	18 607	29 718	(11 111)	(37 %)	24 962
<b>Total non-current liabilities</b>	<b>18 937</b>	<b>30 673</b>	<b>(11 736)</b>	<b>(38 %)</b>	<b>25 676</b>
<b>Current liabilities</b>					
Accounts payable	21 416	16 634	4 782	29 %	23 169
Tax payable	9 365	12 709	(3 344)	(26 %)	12 733
Public duties payable	36 867	40 045	(3 179)	(8 %)	37 665
Contract liabilities	20 243	20 100	144	1 %	30 041
Lease liabilities	17 804	18 353	(549)	(3 %)	17 636
Other current liabilities	56 398	43 670	12 728	29 %	43 167
<b>Total current liabilities</b>	<b>162 092</b>	<b>151 510</b>	<b>10 582</b>	<b>7 %</b>	<b>164 411</b>
<b>Total liabilities</b>	<b>181 029</b>	<b>182 183</b>	<b>(1 154)</b>	<b>(1 %)</b>	<b>190 087</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>218 735</b>	<b>239 434</b>	<b>(20 699)</b>	<b>(9 %)</b>	<b>224 428</b>
<b>Equity ratio</b>	<b>17.2 %</b>	<b>23.9 %</b>	<b>-6.7 pts</b>		<b>15.3 %</b>



# I T E R A

## Consolidated statement of cash flow

Amounts in NOK thousand	2021 7-9	2020 7-9	change	2021 1-9	2020 1-9	change	2020 1-12
Profit before taxes	9 905	13 527	(3 622)	44 386	49 410	(5 024)	61 785
Income taxes paid	(2 614)	(3 282)	668	(8 172)	(7 877)	(295)	(9 374)
Depreciation and amortisation	7 513	10 079	(2 566)	22 333	30 107	(7 774)	42 505
Share option costs	2 974	(2 153)	5 127	3 377	(2 153)	5 530	(2 491)
Change in work in progress	1 222	312	910	(307)	(631)	324	(463)
Change in accounts receivable	5 196	(7 096)	12 293	(14 189)	(7 325)	(6 864)	(10 200)
Change in accounts payable	(6 680)	(300)	(6 380)	(1 753)	(7 205)	5 451	(669)
Change in other accruals	(843)	5 380	(6 223)	(2 192)	6 116	(8 308)	14 916
Effect of changes in exchange rates	(1 037)	(71)	(966)	(2 521)	3 092	(5 613)	3 167
<b>Net cash flow from operating activities</b>	<b>15 635</b>	<b>16 395</b>	<b>(760)</b>	<b>40 963</b>	<b>63 535</b>	<b>(22 573)</b>	<b>99 178</b>
Investment in fixed assets	(2 731)	(3 096)	365	(4 971)	(6 854)	1 882	(4 642)
Investment in intangible assets	(3 780)	(1 369)	(2 411)	(21 152)	(5 327)	(15 825)	(12 364)
<b>Net cash flow from investing activities</b>	<b>(6 512)</b>	<b>(4 465)</b>	<b>(2 047)</b>	<b>(26 123)</b>	<b>(12 180)</b>	<b>(13 943)</b>	<b>(17 006)</b>
Purchase of own shares	-	-	-	(23 522)	(18 242)	(5 280)	(18 242)
Sales of own shares	-	3 624	(3 624)	8 427	5 888	2 539	7 953
Principal elements of lease payments	(2 850)	(5 704)	2 854	(14 481)	(18 117)	3 637	(22 608)
Instalment of sublease receivable	907	-	907	2 705	-	2 705	-
Dividends paid to equity holders of Itera ASA	-	-	-	(19 798)	(16 270)	(3 528)	(47 963)
<b>Net cash flow from financing activities</b>	<b>(1 944)</b>	<b>(2 080)</b>	<b>136</b>	<b>(46 669)</b>	<b>(46 742)</b>	<b>73</b>	<b>(80 860)</b>
Effects of exchange rate changes on cash and cash equivalents	(0)	1	(1)	(1)	4	(5)	4
<b>Net change in cash and cash equivalents</b>	<b>7 180</b>	<b>9 851</b>	<b>(2 672)</b>	<b>(31 831)</b>	<b>4 617</b>	<b>(36 448)</b>	<b>1 315</b>
Cash and cash equivalents at the beginning of the period	15 388	47 851	(32 463)	54 399	53 085	1 314	53 085
<b>Cash and cash equivalents at the end of the period</b>	<b>22 568</b>	<b>57 703</b>	<b>(35 135)</b>	<b>22 568</b>	<b>57 702</b>	<b>(35 134)</b>	<b>54 399</b>
New borrowings related to leasing	-	516	(516)	-	2 440	(2 440)	2 440

# I T E R A

## Consolidated statement of changes in equity

Amounts in NOK thousand	Share capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
<b>Equity as of 1 Jan 2020</b>	<b>24 656</b>	<b>(231)</b>	<b>(8 933)</b>	<b>483</b>	<b>30 396</b>	<b>46 371</b>
Net income for the period	-	-	-	-	48 633	<b>48 633</b>
Other comprehensive income for the period	-	-	-	79	-	<b>79</b>
Share option costs	-	-	(2 491)	-	-	<b>(2 491)</b>
Employee share purchase programme	-	172	5 517	-	-	<b>5 689</b>
Purchase and sale of own shares	-	(478)	(17 764)	-	-	<b>(18 242)</b>
Sale of own shares	-	156	2 108	-	-	<b>2 264</b>
Dividends	-	-	-	-	(47 963)	<b>(47 963)</b>
<b>Equity as of 31 Dec 2020</b>	<b>24 656</b>	<b>(381)</b>	<b>(21 563)</b>	<b>563</b>	<b>31 066</b>	<b>34 341</b>
Net income for the period	-	-	-	-	34 641	<b>34 641</b>
Other comprehensive income for the period	-	-	-	(600)	-	<b>(600)</b>
Share option costs	-	185	3 192	-	-	<b>3 377</b>
Employee share purchase programme	-	81	4 383	-	-	<b>4 463</b>
Purchase and sale of own shares	-	(518)	(23 005)	-	-	<b>(23 522)</b>
Sale of own shares	-	142	4 660	-	-	<b>4 802</b>
Dividends	-	-	-	-	(19 798)	<b>(19 798)</b>
<b>Equity as of 30 Sep 2021</b>	<b>24 656</b>	<b>(492)</b>	<b>(32 332)</b>	<b>(37)</b>	<b>45 910</b>	<b>37 705</b>

# I T E R A

## Key figures

Amounts in NOK thousand	2021 7-9	2020 7-9	change %	2021 1-9	2020 1-9	change %	2020 1-12
<b>Profit &amp; Loss</b>							
Sales revenue	147 491	137 269	7 %	465 307	448 073	4 %	615 392
Gross profit	133 605	121 353	10 %	417 606	394 113	6 %	543 572
EBITDA	17 465	24 622	(29 %)	67 292	79 705	-16 %	108 868
<i>EBITDA margin</i>	11.8 %	17.9 %	-6.1 pts	14.5 %	17.8 %	-3.3 pts	17.7 %
Operating profit (EBIT)	9 953	14 543	(32 %)	44 960	49 598	-9 %	62 573
<i>EBIT margin</i>	6.7 %	10.6 %	-3.8 pts	9.7 %	11.1 %	-1.4 pts	10.2 %
Profit before taxes	9 905	13 527	(27 %)	44 386	49 410	-10 %	61 785
Profit for the period	7 612	10 585	(28 %)	34 641	38 492	-10 %	48 633
<b>Balance sheet</b>							
Non-current assets	92 322	92 117	0 %	92 322	92 117	0 %	82 807
Bank deposits	22 568	57 702	(61 %)	22 568	57 702	(61 %)	54 399
Other current assets	103 845	89 615	16 %	103 845	89 615	16 %	87 223
Total assets	218 735	239 434	(9 %)	218 735	239 434	(9 %)	224 429
Equity	37 705	57 251	(34 %)	37 705	57 251	(34 %)	34 341
Total non-current liabilities	18 937	30 673	(38 %)	18 937	30 673	(38 %)	25 676
Total current liabilities	162 092	151 510	7 %	162 092	151 510	7 %	164 411
<i>Equity ratio</i>	17.2 %	23.9 %	-6.7 pts	17.2 %	23.9 %	-6.7 pts	15.3 %
Current ratio	0.78	0.97	(20 %)	0.78	0.97	(20 %)	0.86
<b>Cash flow</b>							
Net cash flow from operating activities	15 635	16 395	(5 %)	40 963	63 536	(36 %)	99 178
Net cash flow	7 180	9 851	(27 %)	(31 831)	4 617	(789 %)	1 313
<b>Share information</b>							
Number of shares	82 186 624	82 186 624	0 %	82 186 624	82 186 624	0 %	82 186 624
Weighted average basic shares outstanding	80 549 618	80 706 259	(0 %)	80 733 553	81 004 569	(0 %)	80 982 799
Weighted average diluted shares outstanding	80 850 544	81 127 638	(0 %)	81 254 074	81 677 201	(1 %)	81 615 999
Earnings per share	0.09	0.13	(28 %)	0.43	0.48	(10 %)	0.60
Diluted Earnings per share	0.09	0.13	(28 %)	0.43	0.47	(10 %)	0.60
EBITDA per share	0.22	0.31	(29 %)	0.83	0.98	(15 %)	1.34
Equity per share	0.47	0.71	(34 %)	0.47	0.71	(34 %)	0.42
Dividend per share	0.00	0.00	0 %	0.25	0.20	25 %	0.60
<b>Employees</b>							
Number of employees at the end of the period	622	556	12 %	622	556	12 %	569
Average number of employees	601	543	11 %	581	530	9 %	538
Operating revenue per employee	246	253	(3 %)	801	845	(5 %)	1 143
Gross profit per employee	222	223	(0 %)	719	743	(3 %)	1 010
Personnel expenses per employee	173	159	9 %	547	532	3 %	722
Other operating expenses per employee	21	19	8 %	56	61	(8 %)	86
EBITDA per employee	29	45	(36 %)	116	150	(23 %)	202
EBIT per employee	17	27	(38 %)	77	94	(17 %)	123

## Notes

### Note 1: Transactions with related parties

There have been no material transactions with related parties during the reporting period 1 January 2021 to 30 September 2021.

### Note 2: Events after the balance sheet date

There have been no events after 30 September 2021 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.

### Note 4: Segment reporting

Itera's data centre operations are being transitioned to the cloud and will be sunset once the existing customers have been migrated to the cloud or terminated.

	7-9 2021			7-9 2020			Growth		
	Core digital business (94%)	Data centre operations (6%)	Total	Core digital business (80%)	Data centre operations (20%)	Total	Core digital business	Data centre operations	Total
<b>Amounts in NOK million</b>									
Sales revenue	138.9	8.5	147.5	109.7	27.6	137.3	26.7 %	-69.0 %	7.4 %
Cost of sales	10.0	3.9	13.9	7.9	8.0	15.9	25.4 %	-50.8 %	-12.8 %
Gross profit	129.0	4.6	133.6	101.7	19.6	121.4	26.8 %	-76.4 %	10.1 %
<i>Gross margin</i>	92.8 %	54.1 %	90.6 %	92.8 %	71.1 %	88.4 %	0.1 pts	-17 pts	2.2 pts
Personnel expenses	96.8	6.9	103.7	73.2	13.1	86.3	32.2 %	-47.1 %	20.1 %
Other operating expenses	11.2	1.2	12.5	9.4	1.0	10.4	19.0 %	23.6 %	19.4 %
Depreciation and amortisation	6.5	1.0	7.5	7.8	2.3	10.1	-16.0 %	-57.1 %	-25.5 %
Total operating expenses	124.5	13.1	137.5	98.3	24.4	122.7	26.6 %	-46.4 %	12.1 %
EBITDA	21.0	-3.5	17.5	19.1	5.5	24.6	10.0 %	-163.7 %	-29.1 %
<i>EBITDA margin</i>	15.1 %	-41.3 %	11.8 %	17.4 %	20.0 %	17.9 %	-2.3 pts	-61.3 pts	-6.1 pts
EBIT	14.5	-4.5	10.0	11.3	3.2	14.5	27.8 %	-240.3 %	-31.6 %
<i>EBIT margin</i>	10.4 %	-52.9 %	6.7 %	10.3 %	11.7 %	10.6 %	0.1 pts	-64.5 pts	-3.8 pts

# I T E R A

	1-9 2021			1-9 2020			Growth		
Amounts in NOK million	Core digital business (93%)	Data centre operations (7%)	Total	Core digital business (81%)	Data centre operations (19%)	Total	Core digital business	Data centre operations	Total
Sales revenue	434.2	31.1	465.3	362.0	86.1	448.1	20.0 %	-63.9 %	3.8 %
Cost of sales	34.3	13.4	47.7	25.3	28.6	54.0	35.3 %	-53.1 %	-11.6 %
Gross profit	399.9	17.7	417.6	336.7	57.5	394.1	18.8 %	-69.3 %	6.0 %
<i>Gross margin</i>	<i>92.1 %</i>	<i>56.8 %</i>	<i>89.7 %</i>	<i>93.0 %</i>	<i>66.7 %</i>	<i>88.0 %</i>	<i>-0.9 pts</i>	<i>-10 pts</i>	<i>1.8 pts</i>
Personnel expenses	293.0	24.6	317.6	238.9	43.0	281.9	22.6 %	-42.8 %	12.6 %
Other operating expenses	29.0	3.7	32.7	28.7	3.8	32.5	1.1 %	-1.1 %	0.8 %
Depreciation and amortisation	19.2	3.2	22.3	23.5	6.6	30.1	-18.4 %	-52.1 %	-25.8 %
Total operating expenses	375.4	45.0	420.3	316.4	82.1	398.5	18.6 %	-45.2 %	5.5 %
EBITDA	78.0	-10.7	67.3	69.1	10.7	79.7	12.9 %	-200.4 %	-15.6 %
<i>EBITDA margin</i>	<i>18.0 %</i>	<i>-34.4 %</i>	<i>14.5 %</i>	<i>19.1 %</i>	<i>12.4 %</i>	<i>17.8 %</i>	<i>-1.1 pts</i>	<i>-46.8 pts</i>	<i>-3.3 pts</i>
EBIT	58.8	-13.9	45.0	45.6	4.0	49.6	29.1 %	-443.9 %	-9.4 %
<i>EBIT margin</i>	<i>13.5 %</i>	<i>-44.6 %</i>	<i>9.7 %</i>	<i>12.6 %</i>	<i>4.7 %</i>	<i>11.1 %</i>	<i>1 pts</i>	<i>-49.3 pts</i>	<i>-1.4 pts</i>



ITERA

Make a  
difference

**Arne Mjøs**

CEO

Mobile +47 905 23 172

arne.mjøs@itera.com

**Bent Hammer**

CFO

Mobile +47 982 15 497

bent.hammer@itera.com

**Itera ASA**

Telephone +47 23 00 76 50

Nydalsveien 28

P. O. Box 4814 Nydalen

0422 Oslo, Norway

[www.itera.com](http://www.itera.com)