

ITERA



Q4
2021

make a difference

ITERA

Highlights

October – December 2021

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

- Operating revenue for the core digital business NOK 158.7 million (NOK 135.6 million), representing growth of 17%.
- EBITDA for the core digital business NOK 24.5 million (NOK 21.3 million) and an EBITDA margin of 15.5% (15.7%).
- EBIT for the core digital business of NOK 18.3 million (NOK 13.6 million) and an EBIT margin of 11.5% (10.0%).
- No. of employees for the core digital business at the end of the period 617 (504), an increase of 113 employees or 22%.
- Cash flow from operations as a whole NOK 32.8 million (NOK 35.6 million).

January – December 2021

- Operating revenue for the core digital business NOK 593.0 million (NOK 497.6 million), representing growth of 19%.
- EBITDA for the core digital business NOK 101.5 million (NOK 90.3 million) and an EBITDA margin of 17.1% (18.1%).
- EBIT for the core digital business of NOK 77.1 million (NOK 59.2 million) and an EBIT margin of 13.0% (11.9%).
- Cash flow from operations as a whole NOK 69.7 million (NOK 99.2 million).

Highlights

- Itera's core digital business delivered strong growth of 17% in the fourth quarter while Itera's own data centre operations continued to scale down as part of the process of transformation to the cloud. Itera is responding to strong demand by continuing to ramp up its recruitment capacity. During 2021 Itera added a net 113 employees to its core digital business, of which 28 in the fourth quarter.
- Visions for a new era of fighting financial crime are needed. In the fourth quarter, Itera launched a next generation AI-based offering for anti-money laundering (AML) for Nordic financial services based on a strong partnership with IBM and Red Hat. Itera also arranged a Dagens Næringsliv DN Studio live debate broadcast about "Fighting financial crime with AI". Representatives from key players in the banking industry in Norway were invited to discuss the next generation AML with Itera.
- In the fourth quarter of 2021, Itera had an order intake equivalent to a book-to-bill ratio of 1.5 in its core digital business and entered into new or extended contracts with customers including Gjensidige, Storebrand, If, KLP, DNV, Santander, Cognite, Aize, Eviny and Onninen.
- The Board of Directors has passed a resolution to propose to the Annual General Meeting on 24 May 2022 the distribution of an ordinary dividend for 2021 of NOK 0.20 per share and for it to be authorised to approve a possible supplementary dividend later in the year.

Key figures for the fourth quarter

Amounts in NOK million	Core digital business				Total business
	2021 10-12	2020 10-12	change	change %	2021 10-12
Sales revenue	158.7	135.6	23.1	17.0 %	167.8
Cost of sales	11.4	10.3	1.1	10.9 %	15.4
Gross profit	147.3	125.3	22.0	17.5 %	152.3
Gross margin	92.8 %	92.4 %	0,4 pts	0,4 pts	90.8 %
EBITDA	24.5	21.3	3.3	15.5 %	20.8
EBITDA margin	15.5 %	15.7 %	-0.2 pts	-0.2 pts	12.4 %
EBIT	18.3	13.6	4.6	34.1 %	13.6
EBIT margin	11.5 %	10.0 %	1.5 pts	1.5 pts	8.1 %
No. of employees at the end of the period	617	504	113	22.4 %	648
Net cash flow from operating activities					32.8

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 17-24). Note 4 contains the separate reporting segments.

ITERA

CEO's comment

I would like to start by thanking our incredibly talented people in our nine Nordic and Eastern European offices for their extraordinary work and commitment to our customers. Our results in the fourth quarter again reflect how we are living our purpose every day – to deliver on the promise of creating sustainable digital businesses for our customers.

As companies embrace digital transformation, our customers turn to us as their trusted partner, as reflected in our robust organic growth of 17% in the fourth quarter and 19% for the full year in our core digital business. We also expanded our operating margin for core digital business, with an EBIT margin of 11.5 % in the fourth quarter and 13.0% for the entire year.

We delivered this robust and profitable growth while investing in our international expansion, in new capabilities, and in people to position us for long-term market opportunities. We also show solid organic growth in the number of employees in our core digital business, with a net 113 employees joining over the last 12 months, of which 28 employees joined in the fourth quarter.

We have been growing our core digital business – with opportunities in areas such as cloud, data and analytics, and AI-based industrial digitalisation with digital twins and automation. The process of phasing out our own data centres started two years ago and has had a negative impact on revenue and profitability. At the end of 2021, only a few minor customers remain to be moved to our new Cloud Centre of Excellence or other on-premise vendors.

More importantly, we have built a strong sales pipeline of new opportunities to guide and enable both existing and new customers on their cloud journey. Several of these opportunities are large enterprises that will contribute to growth and profitability going forward. We are ready to digitise all aspects of any business with innovation, speed, scale, and quality. Our strategy defines the areas in which we will drive growth, build differentiation, and enable our business to create high value every day.

Technology is the single biggest driver of change in companies today, and as a tech company, we are well prepared to help our customers navigate their futures. It's now commonly accepted that data is what fuels digital transformation. But it's Artificial Intelligence (AI) that unlocks the value of that data. However, the adoption of AI and data-driven decision making has been slower than anticipated. AI is not magic and requires a thoughtful and well-architected approach. For example, most AI failures are due to problems in data preparation and organisation, not the AI models themselves. Success with AI models is dependent on first achieving success with how you collect and organise data.

We need a new architecture to be a data-driven organisation - a data fabric - to share and use data across a hybrid cloud landscape. It simplifies and unifies how companies collect, organise, and analyse data to accelerate the value of data science and AI, and then infuse it across the enterprise. For instance, we are leveraging data fabric and artificial intelligence to prevent anti-money laundering and fraud for Nordic financial institutions.

The Nordic region, where most of our customers are based, is often regarded as a digital and sustainable pioneer that is well-positioned to show the way globally. We are fully committed to something bigger than ourselves and take responsibility to show how to become more sustainable, to create new pathways for industrial growth and to deliver far-reaching lifestyle changes through digitalisation.

Despite growing tensions in and around Ukraine, we have a normal operation and activity level in Ukraine. Our office in Kyiv is located more than 600 kilometres from the centre of the unrest in the country's eastern regions and we are also expanding our office space in Lviv close to the Polish border. We have updated our business continuity plans for personnel and operations in case of further escalations. Indeed, our distributed delivery model and high mobility of consultants enable us to work from anywhere as needed, including home as the new hybrid work normal after the pandemic, as well as from other Itera offices in Ukraine, Slovakia or the Nordics.

We leverage our scale and international footprint, innovation-led culture, and strong ecosystem partnerships, together with our capabilities Digital Factory at Scale and Cloud Centre of Excellence, to consistently deliver tangible value for our customers. We strive to partner to help our customers achieve their sustainability goals and create meaningful experiences, both with Itera and for both parties' customers and employees.

Overall, we enter 2022 with an even stronger foundation and an exciting future as the specialist in creating sustainable digital business. We 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

ITERA

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, Itera completed its NOK 18 million investment into a world-class Cloud Centre of Excellence in 2021. In addition, we continued to invest in our Digital Factory at Scale to help customers accelerate their ongoing transition to the cloud. Customers increasingly see Itera as a trusted strategic partner that can be an integral part of their digital capabilities and talent strategy.

Our rolling strategy process to increase our speed

The fourth quarter finalised our first year of working with rolling strategy reviews. We will continue to use the rolling strategy process with three reviews per year in 2022.

The rolling strategy process gives us the framework and the obligation to stay on our toes all the time, closely watch how the world changes around us and come up with potential solutions to new challenges we identify. Most of our strategy remains steady. Our core business requires long-term thinking and a stable focus on building capabilities, expertise and services.

We use the playing-to-win framework together with cascading OKRs (Objectives and Key Results) describing initiatives, projects and workstreams to ensure our ability to execute, monitor and adjust our direction. We find the flexible process extremely useful as an international company where both the demand and supply sides of business are changeable.

The reviews focus on operational status and improvements, evaluation of current and new opportunities and a 12-month rolling forecast.

Fighting financial crime with Artificial Intelligence

Itera and its subsidiary Cicero Consulting have continued their efforts in the field of anti-money laundering. For the last few decades, financial institutions, particularly banks, have been making strenuous efforts to prevent criminals introducing the proceeds of their crimes into the banking system.

In the fourth quarter, Itera launched a next generation AI-based offering for anti-money laundering (AML) for Nordic financial services, based on a strong partnership with IBM and Red Hat. In November, Itera published a report together with its partner IBM, titled "Fighting Financial Crime with AI". We have analysed all public anti-money laundering audits and reports from the financial authorities in Norway, Denmark, Sweden, and Finland since January 1st, 2020. Our analysis concludes with four areas which attracted a high degree of criticism, where transaction monitoring and ongoing customer screening and compliance with customer measures stand out as areas where most banks receive criticism from their national financial authority. To tackle some of the major problems banks face, this report analyses how Nordic financial institutions can leverage technology in their efforts to prevent money laundering.

To create awareness of our modern solutions for financial crime prevention, Itera and IBM arranged a webinar and a roundtable discussion together with Norway's leading business

newspaper, Dagens Næringsliv (DN) with key stakeholders from DNB, ZTL Payment Solution and Vega Integrity participating. The debaters all agreed that modern technology and collaboration will be the most important factors in terms of reducing costs and further preventing money laundering in the future.

Utilising the combined knowledge and capabilities of IBM and Itera, we now offer market-leading solutions to combat financial crime and are in dialogue with several of Norway's largest financial institutions about implementing methods featuring artificial intelligence and machine learning. Going forward we will continue to work closely with IBM and Nordic financial institutions to help prevent financial crime and minimise their risks.

Increasing the speed of the energy transition

Transforming the world's energy system from fossil-based to renewable-based energy sources is one of the key challenges on the way towards a low-emissions society. The necessary technologies and tools are available, but several recent reports by Rystad Energy, DNV and IEA conclude that the speed of the transition is not fast enough.

Digitalisation is a key driver to increase the speed of the transition. Software tools are used to make energy and industry data available across companies, to visualise the data and to ensure that it is used in the best possible way to create value from data. Automation tools increase the efficiency of the work processes. Improved customer facing solutions as well as closer integration across value chains improve value creation.

Itera delivers digitalisation solutions in all these areas both in the Nordics and internationally. Our consultants continue to work closely with Cognite to develop their market leading data contextualisation software. Itera has won several framework agreements at Norwegian Power & Utilities companies such as Eviny and BKK.

Itera's software development teams develop critical utility asset management systems for the optimisation of the electric grid in the Western United States. With these software solutions, the risk of equipment failure is minimised, while equipment life is optimised. The results are seen in improved efficiency, lower emissions and reduced costs, with maximum uptime and reliability of service for end users. In addition, Itera, working with partners, is involved in several processes related to the battery value chain and offshore wind development.

Digital Factory at Scale for DNV

Itera is the preferred strategic business partner of DNV's Digital Solutions in the digital transformation of DNV's business areas. As an example, we have teamed up with DNV Digital Solutions to modernise the "New Navigator Port on Veracity", that consists of ship operations solutions to support passage planning, work and rest hours and shore monitoring. After a pre-study in September, Itera entered into an agreement for a full-fledged Azure DevOps team to modernise the ship management application portfolio. This project is part of an extensive sustainability and modernisation program for DNV's Ship Management.

Even though Azure DevOps, a complete suite of development and cloud enablement services, is widely available in the software development market, it is not at all common to use all the features available in the suite to utilise the effect of a completely seamless development production line. Together with DNV, Itera works hard

ITERA

to maximise the effects as part of our Digital Factory at Scale capability.

Through our Digital Factory at Scale and Cloud Centre of Excellence, we ensure that the design, development and operation of the solution are based on excellent quality standards. The method has been built on Itera's long experience in delivering application lifecycle services and is heavily influenced by the latest DevSecOps practices, tailored for cloud-based solutions.

Through our Digital 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.

To make the Digital Factory at Scale capability even more helpful, our partnership with the cloud giants allows us to use and bring out the best from the extensive library of relevant migration and modernisation playbooks. For instance, Microsoft playbooks are their best practices based on the engagements they have been delivering over a long period globally. The playbooks will increase our innovation, speed, scale and quality. In addition, our scalability will be less dependent on the number of "superstars" since the playbooks will make it easier to understand which approach to use.

From servers to the cloud – safely and without downtime

When Itera moved from providing traditional operations services in our own data centres to our new state-of-the-art Cloud Centre of Excellence, we presented a proposal for Kontrollrådet to migrate its entire IT structure to Azure cloud.

Kontrollrådet is an important part of the construction and concrete industries in Norway. It administers certification schemes for building products, with around 900 certifications annually of quality systems, environmental systems and working environment systems, as well as products such as precast concrete, aggregates and asphalt.

Challenge

For Kontrollrådet, the case management system is crucial to its operations, and a core challenge for the cloud migration was related to safety and potential downtime. If moving old software to the cloud is not done in a controlled way with the right expertise, the control over data and access rights can be lost, which in turn can cause downtime before control is regained.

An important planning process

An important step before Itera's team started the migration process was to conduct an assessment of the currently existing servers, services and applications. The team then carefully planned the migration operation itself. As part of this, best practice was studied in collaboration with Microsoft in relation to the adoption framework in order to identify the best cloud solution for Kontrollrådet.

Itera's Cloud Centre of Excellence (CCoE) then finally developed the foundation for Kontrollrådet's cloud business, including a secure landing zone to address all matters relating to security and governance, services and uptime.

The complete process of migrating Kontrollrådet's most critical software for its daily operations – its case management tool – took less than eight weeks to complete. The actual migration, however,

took a single evening, due to thorough planning and risk control with no downtime at all.

Cloud migration for faster time to market at a lower cost

Home is Denmark's most well-known real estate chain, 100% owned by Realkredit Danmark. The chain consists of approximately 120 franchisees with a total of 180 offices throughout Denmark and more than 900 employees nationwide.

After more than 20 years as a provider of on-prem managed services for Home, Itera challenged Home a couple of years ago to migrate to the cloud. The main purpose was to close the digital capability gap that would otherwise arise over time due to rapid technological development on the cloud-based platforms. By migrating its systems to the cloud, Home would also in future be able to continuously meet customers' expectations for delivering new and better services and functions faster to the market.

The last leg of the cloud journey was completed towards the end of 2021, when Home had gradually and finally moved from a traditional operating model to a situation where 95% of their systems had been moved to the cloud. The migration has given Home a secure and stable operating solution at lower operating costs, and the opportunity to support its franchisees by delivering new services to the market faster.

New office opening in Iceland

After five successful years in the Icelandic market, partnering with ambitious customers like Össur, Landsbankinn and Íslandsbanki, Itera opened a branch office in Reykjavik in the fourth quarter. The office opening represents a natural next step due to increased market demand for Itera's services in the Icelandic market and the company's need to scale within digital talents.

For these first five years, services and solutions for Icelandic customers have been delivered based on the Group's distributed delivery model, with technology expertise from Itera's offices in Bratislava and Kyiv working seamlessly across borders with the Icelandic customers. This delivery model is a core differentiator for Itera, with well-proven frameworks, methodology and communication practices after almost 15 years of operation with customers in more than 20 countries.

On the occasion of the opening, Itera signed a cooperation agreement with the software company Wise. Wise is one of Iceland's leading information technology companies, specialising in financial, retail, specialist services, municipal, fisheries and transportation solutions.

With the cooperation, both companies will be able to offer a diverse range of products and services to customers in the Icelandic market.

Sustainability and compliance - key initiatives

Itera is committed to being part of the global effort to create a sustainable world.

Renewal of Eco-lighthouse certification

Itera went through a re-certification process for the Eco-Lighthouse (ELH) certification scheme in the fourth quarter. Itera's Oslo location has been certificated as an Eco-Lighthouse since 2015. We are happy to announce that our Oslo location is now certificated for three more years.

ITERA

The ELH certification is Norway's most widely-used environmental management system, with nearly 6,700 valid certificates. The Eco-Lighthouse is a valuable tool for authorities and small, medium-sized, and large enterprises in the quest for sustainability and increased eco-efficiency. The Eco-Lighthouse Foundation is the first national certification scheme in Europe to be recognised by the European Commission. The recognition verifies that the scheme's standards and quality are on a par with international eco-labelling schemes (EMAS and ISO 14001).

UN Global Compact's SDG Ambition program

During the fourth quarter, Itera participated in the UN Global Compact's SDG Ambition program.

This participation has been a great learning platform to discuss sustainability with other Scandinavian companies across industries. Common to all participating companies is that they have sustainability on the agenda and have a strong desire for the business community to contribute to a sustainable future.

SDG Ambition is a six-month accelerator that aims to challenge and support participating companies of the UN Global Compact in setting ambitious corporate targets and accelerating the integration of the 17 Sustainable Development Goals (SDGs) into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change – unlocking business value, building business resilience, and enabling long-term growth.

World class distributed delivery model

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.

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 digital talents, 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". In 2021 Itera's CEO Arne Mjøs was nominated as one of three finalists for the Man of the Year award by ODA, the leading Nordic network for women in technology.

Onboarding large numbers of new employees

With a 22% increase in employees over the last 12 months, well-functioning and efficient onboarding processes are important, both for digital and physical contexts. The core of the onboarding focuses on bringing insight into the company culture and the Group's strategy. The onboarding process is continuously developed in a collaboration between HR, the management and the line organisation. Throughout 2021, including the fourth quarter, the following elements of the onboarding program were developed:

- Orientation Day: a practical day to get to know different systems and processes.

- Onboarding Day: insight into the organisation, Itera's delivery model, the business strategy and a deep dive into how it is to be a consultant.
- Newcomer Camp: we invite all new hires per semester for a gathering over several days where interdisciplinary teams work together to solve a case. The results of the camp are networks and relations, good understanding of the breadth of our range of services, as well as insight into our business model.
- In addition, there is the professional onboarding in the various departments.
- *Boost* is our graduate program that is completed over a year with both academic modules and social events.

Market and customer development

In the fourth quarter of 2021, Itera had an order intake equivalent to a book-to-bill ratio of 1.5 from its core digital business. For the last twelve-month period, the book-to-bill ratio was 1.1.

Itera entered into new or extended contracts with customers including Gjensidige, Storebrand, If, KLP, DNV, Santander, Cognite, Aize, Eviny and Onninen.

The revenue from Itera's 30 largest customers accounted for 76% of its operating revenue, which is four percentage points lower compared to the fourth quarter of 2020. New customers accounted for 13% 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 closed down the Danish centre at the start of 2022. The Norwegian data centre will be closed down in the near future when the remaining portfolio has been migrated or exited. Due to Itera's sunsetting of its data centre operations, its financial reporting for 2021 has focused 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"). From 2022 Itera will report total figures only, with the data centre operations reported on a net basis as discontinued business when the sunsetting has been completed.

The comments in this report relate to Itera's performance in the fourth quarter of 2021 compared to the fourth 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 have been impacted by its transformation and sunsetting of its own data centres. This has had a negative impact of around 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 31 December 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 fourth quarter of 2021, Itera's core digital business represented 95% (81%) of its total revenue. Most of the remaining revenue for our data centre operation will be terminated by moving to another data centre operated by the customer or another vendor.

Fourth quarter 2021 in brief

Itera's core digital business achieved organic revenue growth of 17% in the fourth quarter of 2021 relative to the fourth quarter of 2020. Gross profit increased by 18%, while the gross margin was 92.8% (92.4%).

The fourth quarter of 2021 contained one more working day than the fourth quarter of 2020.

The operating profit (EBIT) for the fourth quarter of 2021 was NOK 18.3 million (NOK 13.6 million) with an EBIT margin of 11.5% (10.0%). For the year as a whole EBIT was NOK 77.1 million (NOK 59.2 million) and the EBIT margin was 13.0% (11.9%).

Operating revenue

Itera reports operating revenue of NOK 158.7 million (NOK 135.6 million) for its core digital business for the fourth quarter of 2021, which represents growth of 17%. This was driven by growth in the revenue from Itera's own services and from third-party services, which increased by 21% to NOK 130.2 million and by 37% to NOK 10.5 million respectively. Subscriptions were down by 6% to NOK 15.2 million. For the year as a whole, Itera's operating revenue was NOK 593.0 million (NOK 497.6 million), which represents growth of 19%.

Operating expenses

Total operating expenses in the fourth quarter of 2021 were 15% higher at NOK 140.5 million (NOK 122.0 million), while for the year as a whole they were up 18% to 515.9 million.

Cost of sales was NOK 11.4 million (NOK 10.3 million) following an increase in the use of subcontractors. For the year as a whole cost of sales was up 28% to NOK 45.7 million (NOK 35.6 million).

Gross profit (revenue minus cost of goods sold) was NOK 147.3 million (NOK 125.3 million) in the fourth quarter of 2021, which represents an increase of 18%. For the year as a whole gross profit was up 18% to NOK 547.3 million (NOK 462.0 million).

Personnel expenses were NOK 109.8 million (NOK 92.8 million) in the fourth quarter of 2021, which represents an increase of 18%. The average number of employees in the quarter was 21% higher than in the corresponding quarter of 2020. For the year as a whole personnel expenses were up 21% to NOK 402.8 million as compared to an increase of 18% in the average number of employees. Average personnel expenses per employee were up by 3%.

Other operating expenses were NOK 12.9 million (NOK 11.3 million) in the fourth quarter of 2021, an increase of 14% 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 year as a whole other operating expenses were NOK 42.9 million (NOK 40.0 million). The figures for the first three quarters of 2021 have been adjusted upwards by NOK 1.0 million following an accounting reclassification of implementation costs of the ERP system from assets to prepaid expenses. The classification change moves the costs from depreciation to other operating expenses.

Depreciation and amortisation totalled NOK 6.3 million (NOK 7.6 million) in the fourth 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.

ITERA

For the year as a whole depreciation and amortisation totalled NOK 24.5 million (NOK 31.1 million).

Operating result

The operating result before depreciation and amortisation (EBITDA) for the core digital business for the fourth quarter of 2021 was a profit of NOK 24.5 million (NOK 21.3 million), giving an EBITDA margin of 15.5% (15.7%). For the year as a whole EBITDA was NOK 101.5 million (NOK 90.3 million) with an EBITDA margin of 17.1% (18.1%).

The operating result (EBIT) for the fourth quarter was a profit of NOK 18.3 million (NOK 13.6 million), giving an EBIT margin of 11.5% (10.0%). For the year as a whole EBIT was NOK 77.1 million (NOK 59.2 million) with an EBIT margin of 13.0% (11.9%).

Operating revenue per employee increased by 1% for the year as a whole, whereas personnel expenses per employee increased by 3%. Proportionately higher growth from Itera's nearshore centres has a softening impact on these parameters. There is significant salary inflation nearshore as a result of high global demand.

Employees

Itera's headcount for its core digital business at the end of the fourth quarter of 2021 was 617 as compared to 504 at the end of the fourth quarter of 2020. This represents an increase of 113 employees (22%) over the last 12 months.

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 72% to NOK 9.0 million in the fourth quarter of 2021 following the planned cloud migration or exit of on-premise customers.

Total reported operating revenue for the Group was NOK 167.8 million (NOK 167.3 million) for the fourth quarter of 2021, representing growth of 0.3%. For the year as a whole total operating revenue was up 2.9% to NOK 633.1 million (NOK 615.4 million).

Operating expenses

Total operating expenses were almost unchanged at NOK 154.1 million (NOK 154.3 million) in the fourth quarter of 2021 and up 5% to NOK 574.5 million (NOK 549.1 million) for the year as a whole.

Cost of sales was NOK 15.4 million (NOK 17.9 million) in the fourth quarter. This included a decrease of NOK 3.6 million from the ongoing sunsetting of Itera's data centre operations. However, gross profit for Itera's data centre operations was 20 percentage points lower than in the fourth quarter of 2020 as some common platform costs are distributed between fewer customers until the migration to the cloud is completed. For the year as a whole cost of sales was NOK 63.1 million (NOK 71.8 million).

Personnel expenses were up 6% to NOK 117.1 million (NOK 110.5 million) in the fourth quarter and up 12% to NOK 434.7 million (NOK 388.7 million) for the year as a whole. The average number of employees was 13% higher in the fourth quarter and 10% higher in 2021 as a whole.

Other operating expenses were 6% higher at NOK 14.5 million (NOK 13.6 million) in the fourth quarter and 5% higher at NOK 48.2 million (NOK 46.0 million) for the year as a whole. Spending is expected to increase somewhat when Covid-19 restrictions are lifted.

Depreciation and amortisation were 43% lower at NOK 7.1 million (NOK 12.4 million) in the fourth quarter and 33% lower at NOK 28.5 million (NOK 42.5 million) for the whole of 2021. The downscaling of Itera's data centres was responsible for NOK 3.9 million and NOK 7.4 million of these decreases respectively. Decreases of approximately NOK 1.3 million per quarter were caused by the subleasing of part of the office space in Kyiv.

Operating results

The operating result before depreciation and amortisation (EBITDA) in the fourth quarter of 2021 was NOK 20.8 million (NOK 29.2 million), giving an EBITDA margin of 12.4% (17.4%). For the year as a whole EBITDA was NOK 87.1 million (NOK 108.9) with an EBITDA margin of 13.8% (17.7%).

The operating result (EBIT) for the Group as a whole was NOK 13.6 million (NOK 13.0 million) for the fourth quarter and NOK 58.6 million (NOK 62.6 million) for the whole of 2021. The EBIT margin was 8.1% (7.8%) for the fourth quarter and 9.3% (10.2%) for the year as a whole.

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

The result before tax for the fourth quarter of 2021 was a profit of NOK 13.0 million (NOK 12.4 million) and NOK 57.4 million (NOK 61.8 million) for the year as a whole. Tax expense accrued for the fourth quarter totalled NOK 3.5 million (NOK 2.2 million) and for the year as a whole was NOK 13.2 million (NOK 13.2 million).

Earnings per share (EPS) were NOK 0.12 (0.13) for the fourth quarter and 0.55 (0.60) for the year as a whole.

Employees

Itera's total headcount at the end of the fourth quarter of 2021 was 648 as compared to 569 at the end of the fourth quarter of 2020.

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 53% (49%) at the end of the fourth quarter.

Cash flow, liquidity, and equity

Net cash flow from operating activities was NOK 32.8 million (NOK 35.6 million) in the fourth quarter of 2021 and NOK 69.7 million (NOK 99.2 million) for the year as a whole.

There was a net cash outflow from investing activities of NOK 7.8 million (NOK 4.8 million) in the fourth quarter of 2021, of which NOK 2.5 million was spent on office equipment, fittings and furniture. NOK 5.2 million was spent on intangible assets. For the year as a whole, there was a net cash outflow from investing activities of NOK 32.8 million (NOK 17.0 million).

There was a net cash outflow from financing activities of NOK 10.2 million (NOK 34.1 million) in the fourth quarter of 2021, which related to leasing commitments and a supplementary dividend payment. For the year as a whole there was a net cash outflow from financing activities of NOK 53.9 million (NOK 80.9 million).

ITERA

Contract assets at 31 December 2021 were NOK 0.1 million lower than at 31 December 2020, while capitalised contract costs were NOK 2.8 million lower. The capitalised contract costs relate to the revenue recognition which is deferred under IFRS 15. Accounts receivable and other receivables were NOK 8.8 million higher and NOK 0.9 million higher respectively than at 31 December 2020.

Accounts payable on 31 December 2021 were NOK 4.3 million lower than at 31 December 2020. Public duties payable were NOK 0.5 million lower than at the end of the fourth quarter of 2020. Tax payable was NOK 5.5 million lower than on 31 December 2020. Contract liabilities on 31 December 2021 were NOK 11.7 million lower at NOK 18.3 million.

Cash and cash equivalents amounted to NOK 37.5 million at 31 December 2021, compared to NOK 54.4 million at 31 December 2020. At the end of the period, Itera had an undrawn credit facility of NOK 21.5 million.

Itera had lease liabilities totalling NOK 35.2 million (NOK 42.6 million) at 31 December 2021, which represents a net decrease of NOK 7.4 million. NOK 15.2 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 20.0 million are classified as non-current liabilities.

At 31 December 2021 Itera held 1,637,006 (1,269,136) own shares, valued at NOK 25.0 million (NOK 19.0 million).

Equity at 31 December 2021 totalled NOK 39.5 million (NOK 34.3 million). The equity ratio was 17.9% (15.3%). The equity ratio without the right-of-use assets included under IFRS 16 was 20.8% (18.4%).

Dividend

A supplementary dividend of NOK 0.10 per share was paid on 23 November 2021. The total dividend payout in 2021 was NOK 0.35 per share.

At its meeting on 16 February 2022, the Board of Directors passed a resolution to propose an ordinary dividend of NOK 0.20 per share at the Annual General Meeting on 24 May 2022. It will also ask for its authorisation to approve possible additional dividends to be renewed.

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.

Recently, Russia has increased its political and military aggression towards Ukraine. Itera is in close contact with the Norwegian-Ukrainian Chamber of Commerce and the embassy to receive up to date and balanced information about the situation. Our customers have been presented with our business continuity plans in the event of any escalating conflict to ensure continuation of our deliveries and safeguarding of our employees as needed.

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. Demand for the services Itera provides continues to be very strong with the availability of resources being the primary limiting factor. This is also creating pressure on salaries. More and more customers accept a distributed delivery model, which enables Itera to grow faster than the market through our access to highly competent resources in Ukraine and Slovakia.

As previously reported, Itera is in the process of discontinuing its own data centre operations. The Danish data centre was finally closed down at the start of 2022, while the Norwegian data centre will follow shortly when the last few remaining customers have been moved to the cloud or other on-premise vendors. Itera expects to report this as discontinued business as of the first quarter of 2022.

Next interim report

The interim report for the first quarter of 2022 will be published and presented on 29 April 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 twelve months ended 31 December 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 twelve months ended 31 December 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 31 December 2021.
- The information provided in the report for 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, 16 February 2022

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	2020	change	2021	2020	change	2020
	10-12	10-12	%	1-12	1-12	%	1-12
Sales revenue	158 738	135 647	17 %	592 956	497 634	19 %	497 634
Operating expenses							
Cost of sales	11 430	10 306	11 %	45 699	35 640	28 %	35 640
Gross Profit	147 308	125 342	18 %	547 257	461 995	18 %	461 995
<i>Gross Margin</i>	92.8 %	92.4 %	0.4 pts	92.3 %	92.8 %	-0.5 pts	92.8 %
Personnel expenses	109 846	92 767	18 %	402 820	331 694	21 %	331 694
Other operating expenses	12 920	11 319	14 %	42 893	39 993	7 %	39 993
Depreciation and amortisation	6 289	7 644	(18 %)	24 465	31 131	(21 %)	31 131
Total operating expenses	140 486	122 036	15 %	515 877	438 457	18 %	438 457
EBITDA	24 542	21 255	15 %	101 545	90 308	12 %	90 308
<i>EBITDA margin</i>	15.5 %	15.7 %	-0.2 pts	17.1 %	18.1 %	(6 %)	18.1 %
EBIT	18 253	13 612	34 %	77 079	59 177	30 %	59 177
<i>EBIT margin</i>	11.5 %	10.0 %	1.5 pts	13.0 %	11.9 %	1.1 pts	11.9 %
Employees							
Number of employees at the end of the period	617	504	22 %	617	504	22 %	504
Average number of employees	603	497	21 %	556	472	18 %	472
Operating revenue per employee	263	273	(4 %)	1 067	1 053	1 %	1 053
Gross profit per employee	244	252	(3 %)	985	978	1 %	978
Personnel expenses per employee	182	187	(2 %)	725	702	3 %	702
Other operating expenses per employee	21	23	(6 %)	77	85	(9 %)	85
EBITDA per employee	41	43	(5 %)	183	191	(4 %)	191
EBIT per employee	30	27	10 %	139	125	11 %	125

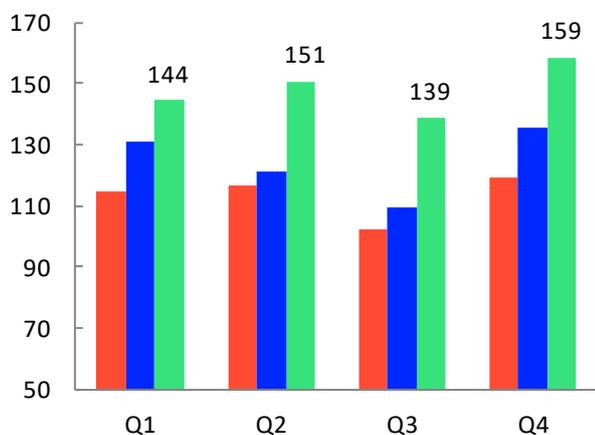
For the full consolidated financial statements, see pages 16-23.

ITERA

Quarterly development 2019-2021 for the core digital business

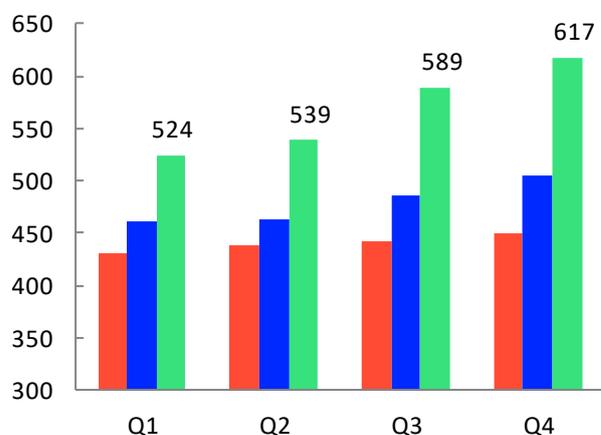
Revenues
NOK million

2019 2020 2021



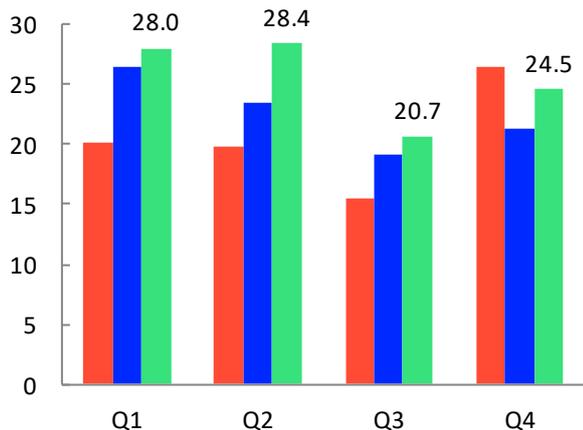
Employees
End of period

2019 2020 2021



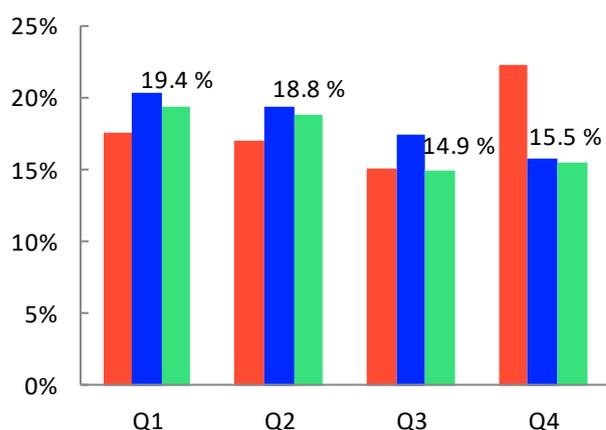
EBITDA
NOK million

2019 2020 2021



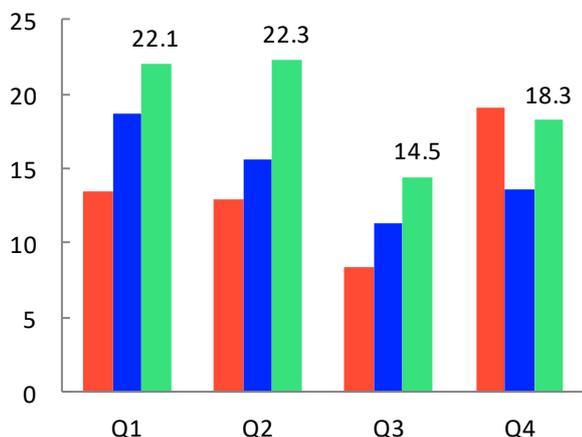
EBITDA margin
%

2019 2020 2021



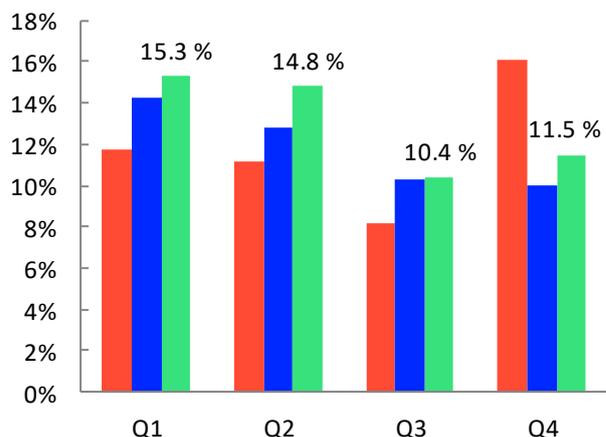
EBIT
NOK million

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 10-12	2020 10-12	change %	2021 1-12	2020 1-12	change %	2020 1-12
Sales revenue	167 755	167 319	0 %	633 062	615 392	3 %	615 392
Operating expenses							
Cost of sales	15 420	17 859	(14 %)	63 120	71 820	(12 %)	71 820
Gross Profit	152 336	149 459	2 %	569 942	543 572	5 %	543 572
<i>Gross Margin</i>	90.8 %	89.3 %	1.5 pts	90.0 %	88.3 %	1.7 pts	88.3 %
Personnel expenses	117 122	110 502	6 %	434 697	388 731	12 %	388 731
Other operating expenses	14 454	13 584	6 %	48 176	46 047	5 %	46 047
Depreciation and amortisation	7 117	12 398	(43 %)	28 467	42 505	(33 %)	42 505
Total operating expenses	154 113	154 343	(0 %)	574 460	549 103	5 %	549 103
Operating profit	13 642	12 976	5 %	58 602	62 573	(6 %)	62 573
Other financial income	396	1 916	(79 %)	2 424	6 448	(62 %)	6 448
Other financial expenses	1 410	2 516	(44 %)	3 602	7 236	(50 %)	7 236
Net financial income (expenses)	(1 014)	(600)	(69 %)	(1 178)	(788)	(49 %)	(788)
Profit before taxes	12 628	12 376	2 %	57 424	61 785	(7 %)	61 785
Income taxes	3 531	2 234	58 %	13 276	13 152	1 %	13 152
Net income	9 098	10 141	(10 %)	44 148	48 633	(9 %)	48 633
Earnings per share	0.11	0.13	(10 %)	0.55	0.60	(9 %)	0.60
Fully diluted earnings per share	0.11	0.12	(6 %)	0.54	0.60	(9 %)	0.60
Translation differences on net investment in foreign operations	477	(2 192)	122 %	414	79	424 %	79
Total comprehensive income	9 575	7 949	20 %	44 562	48 712	(9 %)	48 276
Total comprehensive income attributable to:							
Shareholders in parent company	9 575	7 949	20 %	44 562	48 712	(9 %)	48 712

*) 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 31 Dec	2020 31 Dec	change	change %
ASSETS				
Non-current assets				
Deferred tax assets	4 791	4 916	(125)	(3 %)
Other intangible assets	34 826	24 225	10 600	44 %
Property, plant and equipment	15 729	15 403	326	2 %
Right-of-use assets	30 917	38 263	(7 346)	(19 %)
Lease receivable - long term	-	-	-	
Total non-current assets	86 262	82 807	3 455	4 %
Current assets				
Contract assets	1 120	1 196	(75)	(6 %)
Contract costs	4 035	6 851	(2 816)	(41 %)
Lease receivable - short term	3 370	-	3 370	
Accounts receivable	76 092	67 275	8 817	13 %
Other receivables	12 794	11 901	893	8 %
Cash and cash equivalents	37 457	54 399	(16 942)	(31 %)
Total current assets	134 868	141 621	(6 753)	(5 %)
TOTAL ASSETS	221 131	224 428	(3 297)	(1 %)
EQUITY AND LIABILITIES				
Equity				
Share capital	24 656	24 656	-	(0 %)
Other equity	(29 870)	(38 512)	8 642	22 %
Net income for the period	44 750	48 197	(3 447)	(7 %)
Total equity	39 536	34 341	5 195	15 %
Non-current liabilities				
Other provisions and liabilities	1 740	715	1 025	143 %
Lease liabilities - long-term portion	20 036	24 962	(4 926)	(20 %)
Total non-current liabilities	21 775	25 676	(3 901)	(15 %)
Current liabilities				
Accounts payable	18 846	23 169	(4 323)	(19 %)
Tax payable	7 278	12 733	(5 455)	(43 %)
Public duties payable	37 136	37 665	(529)	(1 %)
Contract liabilities	18 318	30 041	(11 723)	(39 %)
Lease liabilities - short term	15 163	17 636	(2 473)	(14 %)
Other current liabilities	63 078	43 167	19 911	46 %
Total current liabilities	159 819	164 411	(4 591)	(3 %)
Total liabilities	181 594	190 087	(8 492)	(4 %)
TOTAL EQUITY AND LIABILITIES	221 130	224 428	(3 297)	(1 %)
Equity ratio	17.9 %	15.3 %		2.6 pts

I T E R A

Consolidated statement of cash flow

Amounts in NOK thousand	2021	2020	change	2021	2020	change
	10-12	10-12		1-12	1-12	
Profit before taxes	13 038	12 376	662	57 424	61 785	(4 361)
Income taxes paid	(476)	(1 497)	1 021	(8 648)	(9 374)	726
Depreciation and amortisation	7 117	12 398	(5 281)	28 467	42 505	(14 039)
Share option costs	359	(338)	697	763	(2 491)	3 254
Change in contract assets	382	168	215	75	(463)	538
Change in accounts receivable	5 372	(2 875)	8 248	(8 817)	(10 200)	1 383
Change in accounts payable	(2 570)	6 535	(9 105)	(4 323)	(669)	(3 653)
Change in other accruals	8 855	8 800	55	6 562	14 916	(8 354)
Effect of changes in exchange rates	758	75	683	(1 763)	3 167	(4 931)
Net cash flow from operating activities	32 836	35 641	(2 805)	69 741	99 177	(29 435)
Investment in fixed assets	(2 521)	(1 416)	(1 105)	(7 492)	(4 642)	(2 850)
Investment in intangible assets	(5 229)	(3 410)	(1 819)	(25 297)	(12 365)	(12 932)
Net cash flow from investing activities	(7 751)	(4 826)	(2 925)	(32 789)	(17 007)	(15 782)
Purchase of own shares	-	-	-	(23 522)	(18 242)	(5 280)
Sales of own shares	-	2 065	(2 065)	12 379	7 953	4 425
Cash settlement of options contract	-	-	-	(978)	-	(978)
Principal elements of lease payments	(3 053)	(4 491)	1 438	(17 534)	(22 608)	5 074
Instalment of sublease receivable	911	-	911	3 616	-	3 616
Dividends paid to equity holders of Itera ASA	(8 055)	(31 693)	23 638	(27 853)	(47 963)	20 110
Net cash flow from financing activities	(10 197)	(34 119)	23 922	(53 892)	(80 860)	26 968
Effects of exchange rate changes on cash and cash equivalents	(0)	0	(1)	(2)	4	(6)
Net change in cash and cash equivalents	14 888	(3 303)	18 192	(16 942)	1 313	(18 256)
Cash and cash equivalents at the beginning of the period	22 568	57 702	(35 134)	54 399	53 085	1 314
Cash and cash equivalents at the end of the period	37 456	54 399	(16 943)	37 456	54 398	(16 942)
New borrowings related to leasing	-	-	-	-	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
Equity as of 1 Jan 2020	24 656	(231)	(8 933)	483	30 396	46 371
Net income for the period	-	-	-	-	48 633	48 633
Other comprehensive income for the period	-	-	-	79	-	79
Share option costs	-	-	575	-	-	575
Cash settlement of options contract	-	-	(3 067)	-	-	(3 067)
Equity settlement of options contract	-	156	2 108	-	-	2 264
Purchase of own shares	-	(478)	(17 764)	-	-	(18 242)
Sale of own shares	-	172	5 517	-	-	5 689
Dividends	-	-	-	-	(47 963)	(47 963)
Equity as of 31 Dec 2020	24 656	(381)	(21 563)	563	31 066	34 341
Net income for the period	-	-	-	-	44 148	44 148
Other comprehensive income for the period	-	-	-	258	-	258
Share option costs	-	-	763	-	-	763
Cash settlement of options contract	-	-	(978)	-	-	(978)
Equity settlement of options contract	-	185	3 766	-	-	3 951
Purchase of own shares	-	(518)	(23 005)	-	-	(23 522)
Sale of own shares	-	223	8 205	-	-	8 427
Dividends	-	-	-	-	(27 853)	(27 853)
Equity as of 31 Dec 2021	24 656	(491)	(32 811)	821	47 362	39 536

I T E R A

Key figures

Amounts in NOK thousand	2021	2020	change	2021	2020	change
	10-12	10-12	%	1-12	1-12	%
Profit & Loss						
Sales revenue	167 755	167 319	0 %	633 062	615 392	3 %
Gross profit	152 336	149 459	2 %	569 942	543 572	5 %
EBITDA	20 760	29 163	(29 %)	87 069	108 868	-20 %
<i>EBITDA margin</i>	12.4 %	17.4 %	-5.1 pts	13.8 %	17.7 %	-3.9 pts
Operating profit (EBIT)	13 642	12 976	5 %	58 602	62 573	-6 %
<i>EBIT margin</i>	8.1 %	7.8 %	0.4 pts	9.3 %	10.2 %	-0.9 pts
Profit before taxes	13 038	12 376	5 %	57 424	61 785	-7 %
Profit for the period	9 507	10 141	(6 %)	44 148	48 633	-9 %
Balance sheet						
Non-current assets	86 262	82 807	4 %	86 262	82 807	4 %
Bank deposits	37 457	54 399	(31 %)	37 457	54 399	(31 %)
Other current assets	97 412	87 223	12 %	97 412	87 223	12 %
Total assets	221 131	224 429	(1 %)	221 131	224 429	(1 %)
Equity	39 536	34 341	15 %	39 536	34 341	15 %
Total non-current liabilities	21 775	25 676	(15 %)	21 775	25 676	(15 %)
Total current liabilities	159 819	164 411	(3 %)	159 819	164 411	(3 %)
<i>Equity ratio</i>	17.9 %	15.3 %	2.6 pts	17.9 %	15.3 %	2.6 pts
Current ratio	0.84	0.86	(2 %)	0.84	0.86	(2 %)
Cash flow						
Net cash flow from operating activities	32 836	35 641	(8 %)	69 741	99 178	(30 %)
Net cash flow	14 888	(3 303)	551 %	(16 942)	1 313	(1 390 %)
Share information						
Number of shares	82 186 624	82 186 624	0 %	82 186 624	82 186 624	0 %
Weighted average basic shares outstanding	80 549 618	80 917 488	(0 %)	80 687 569	80 982 799	(0 %)
Weighted average diluted shares outstanding	80 948 589	81 502 285	(1 %)	81 077 670	81 615 999	(1 %)
Earnings per share	0.12	0.13	(6 %)	0.55	0.60	(9 %)
Diluted Earnings per share	0.12	0.12	(6 %)	0.54	0.60	(9 %)
EBITDA per share	0.26	0.36	(28 %)	1.08	1.34	(20 %)
Equity per share	0.49	0.42	16 %	0.49	0.42	16 %
Dividend per share	0.40	0.40	0 %	0.65	0.60	8 %
Employees						
Number of employees at the end of the period	648	569	14 %	648	569	14 %
Average number of employees	635	562	13 %	594	538	10 %
Operating revenue per employee	264	298	(11 %)	1 065	1 143	(7 %)
Gross profit per employee	240	266	(10 %)	959	1 010	(5 %)
Personnel expenses per employee	184	196	(6 %)	732	722	1 %
Other operating expenses per employee	23	24	(6 %)	81	86	(5 %)
EBITDA per employee	33	52	(37 %)	147	202	(28 %)
EBIT per employee	21	30	(28 %)	99	123	(20 %)

ITERA

Notes

Note 1: Transactions with related parties

There have been no material transactions with related parties during the reporting period 1 January 2021 to 31 December 2021.

Note 2: Events after the balance sheet date

There have been no events after 31 December 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.

Amounts in NOK million	10-12 2021			10-12 2020			Growth		
	Core digital business (95%)	Data centre operations (5%)	Total	Core digital business (81%)	Data centre operations (19%)	Total	Core digital business	Data centre operations	Total
Sales revenue	158.7	9.0	167.8	135.6	31.7	167.3	17.0 %	-71.5 %	0.3 %
Cost of sales	11.4	4.0	15.4	10.3	7.6	17.9	10.9 %	-47.2 %	-13.7 %
Gross profit	147.3	5.0	152.3	125.3	24.1	149.5	17.5 %	-79.2 %	1.9 %
Gross margin	92.8 %	55.8 %	90.8 %	92.4 %	76.2 %	89.3 %	0.4 pts	-20.4 pts	1.5 pts
Personnel expenses	109.8	7.3	117.1	92.8	17.7	110.5	18.4 %	-59.0 %	6.0 %
Other operating expenses	12.9	1.5	14.5	11.3	2.3	13.6	14.1 %	-32.2 %	6.4 %
Depreciation and amortisation	6.3	0.8	7.1	7.6	4.8	12.4	-17.7 %	-82.6 %	-42.6 %
Total operating expenses	140.5	13.6	154.1	122.0	32.3	154.3	15.1 %	-57.8 %	-0.1 %
EBITDA	24.5	-3.8	20.8	21.3	4.1	25.4	15.5 %	-191.8 %	-18.2 %
EBITDA margin	15.5 %	-41.9 %	12.4 %	15.7 %	13.0 %	15.2 %	-0.2 pts	-55 pts	-2.8 pts
EBIT	18.3	-4.6	13.6	13.6	-0.6	13.0	34.1 %	625.1 %	5.1 %
EBIT margin	11.5 %	-51.1 %	8.1 %	10.0 %	-2.0 %	7.8 %	1.5 pts	-49.1 pts	0.4 pts

ITERA

Amounts in NOK million	1-12 2021			1-12 2020			Year-to-date growth		
	Core digital business (94%)	Data centre operations (6%)	Total	Core digital business (81%)	Data centre operations (19%)	Total	Core digital business	Data centre operations	Total
Sales revenue	593.0	40.1	633.1	497.6	117.8	615.4	19.2 %	-65.9 %	2.9 %
Cost of sales	45.7	17.4	63.1	35.6	36.2	71.8	28.2 %	-51.8 %	-12.1 %
Gross profit	547.3	22.7	569.9	462.0	81.6	543.6	18.5 %	-72.2 %	4.9 %
<i>Gross margin</i>	92.3 %	56.6 %	90.0 %	92.8 %	69.3 %	88.3 %	-0.5 pts	-12.7 pts	1.7 pts
Personnel expenses	402.8	31.9	434.7	331.7	60.8	392.4	21.4 %	-47.5 %	10.8 %
Other operating expenses	42.9	5.3	48.2	40.0	6.1	46.0	7.3 %	-12.7 %	4.6 %
Depreciation and amortisation	24.5	4.0	28.5	31.1	11.4	42.5	-21.4 %	-64.8 %	-33.0 %
Total operating expenses	515.9	58.6	574.5	438.5	114.4	552.8	17.7 %	-48.8 %	3.9 %
EBITDA	101.5	-14.5	87.1	90.3	14.8	105.1	12.4 %	-198.0 %	-17.1 %
<i>EBITDA margin</i>	17.1 %	-36.1 %	13.8 %	18.1 %	12.5 %	17.1 %	-1 pts	-48.6 pts	-3.3 pts
EBIT	77.1	-18.5	58.6	59.2	3.4	62.6	30.3 %	-644.1 %	-6.3 %
<i>EBIT margin</i>	13.0 %	-46.1 %	9.3 %	11.9 %	2.9 %	10.2 %	1.1 pts	-49 pts	-0.9 pts

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