

ITERA

Q4
2021

Make a difference



Agenda

1. Highlights of the Quarter
2. Business Review
3. Financial Review
4. Outlook
5. Q&A

Arne Mjøs
CHIEF EXECUTIVE OFFICER



Bent Hammer
CHIEF FINANCIAL OFFICER



01

Highlights
Q4 2021



Q4 in brief

17%

Growth in core digital business

Attractive market driven by sustainability and digitalisation in all industries

Leveraging our 18 MNOK investments in Digital Factory at Scale and Cloud Centre of Excellence

Launching of next generation AI-based offering for anti-money laundering

New office opening in Iceland for further expansion

11.5%

Operating margin in core digital business

Book-to-bill of 1.5 in Q4 and 1.1 last 12 months

Number of employees increased by 28 in Q4 and 113 last 12 months

12 month rolling cash flow from operations of NOK 70 million

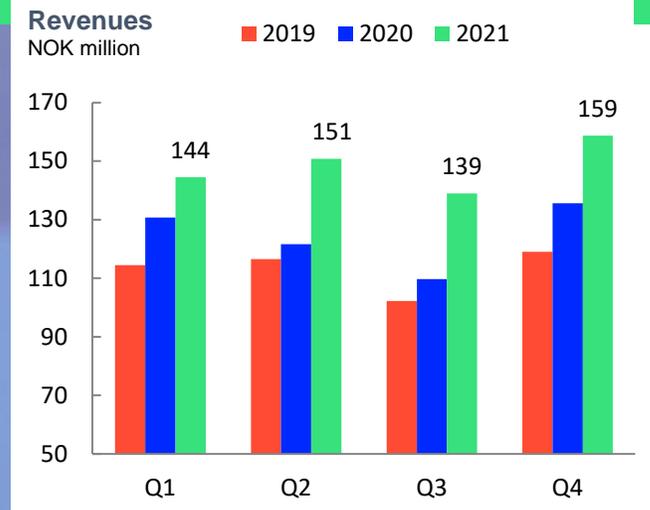
Proposal of ordinary dividend for 2021 of NOK 0.20 per share

* Focus for the financial reporting has been placed on the core digital business as the own data centre is being sunset.

Key figures core digital business

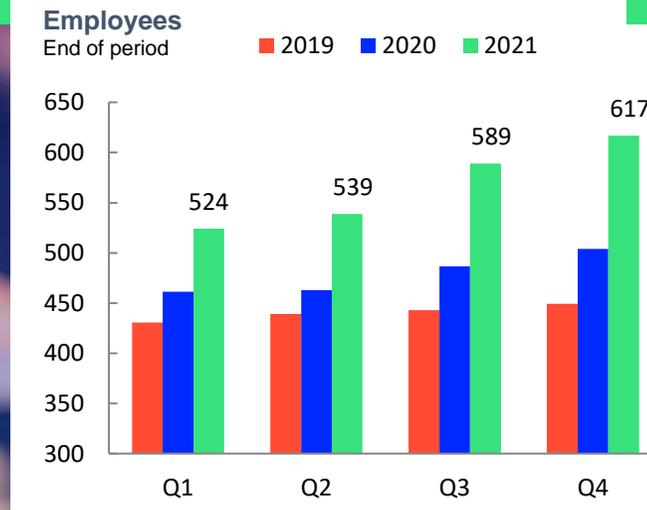
17%

Organic revenue growth



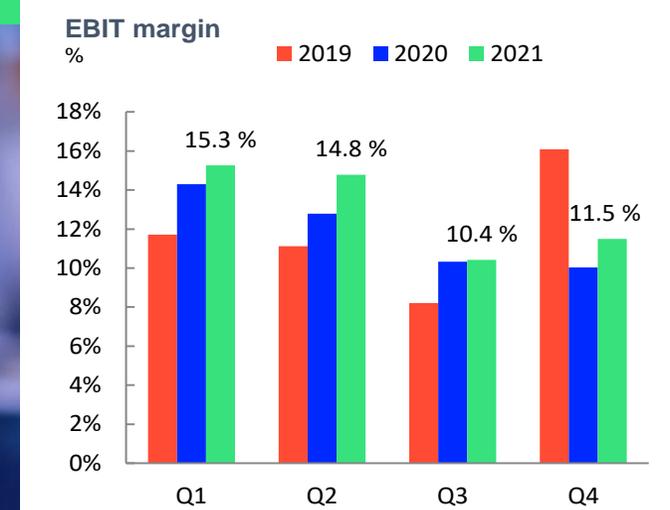
22%

Growth in number of employees



11.5%

Operating margin



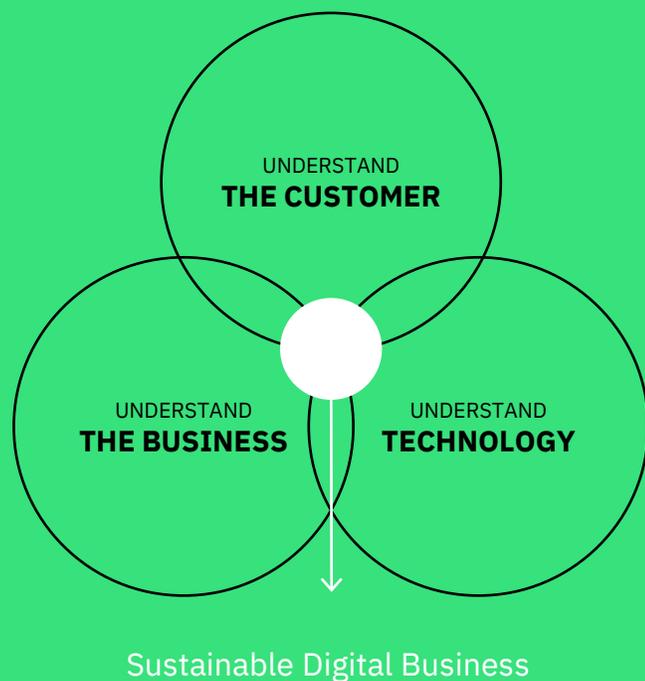
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Business review



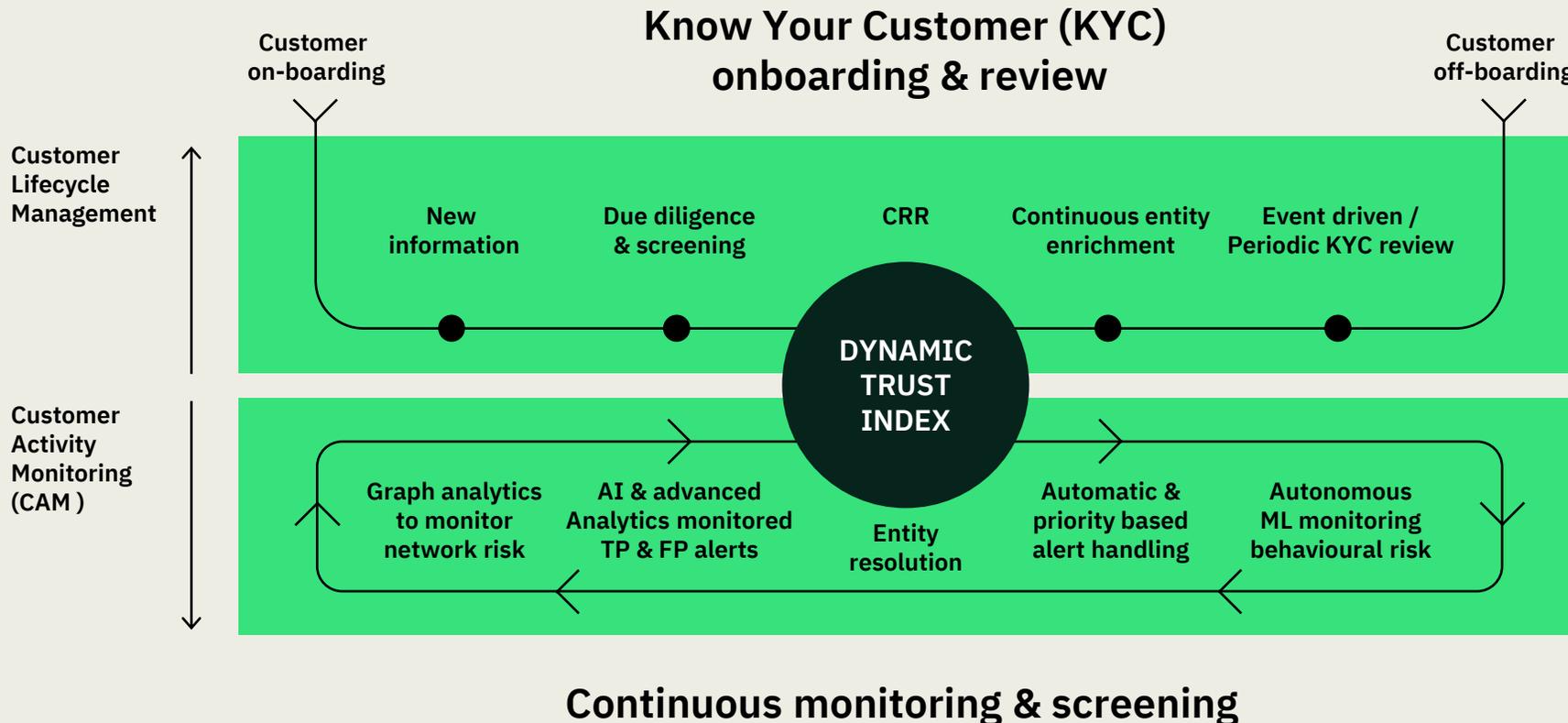
Specialist in creating sustainable digital business

At Itera, we share a commitment to make a **positive difference in the world**. As a society, the most urgent challenge we face is how to live and work sustainably.



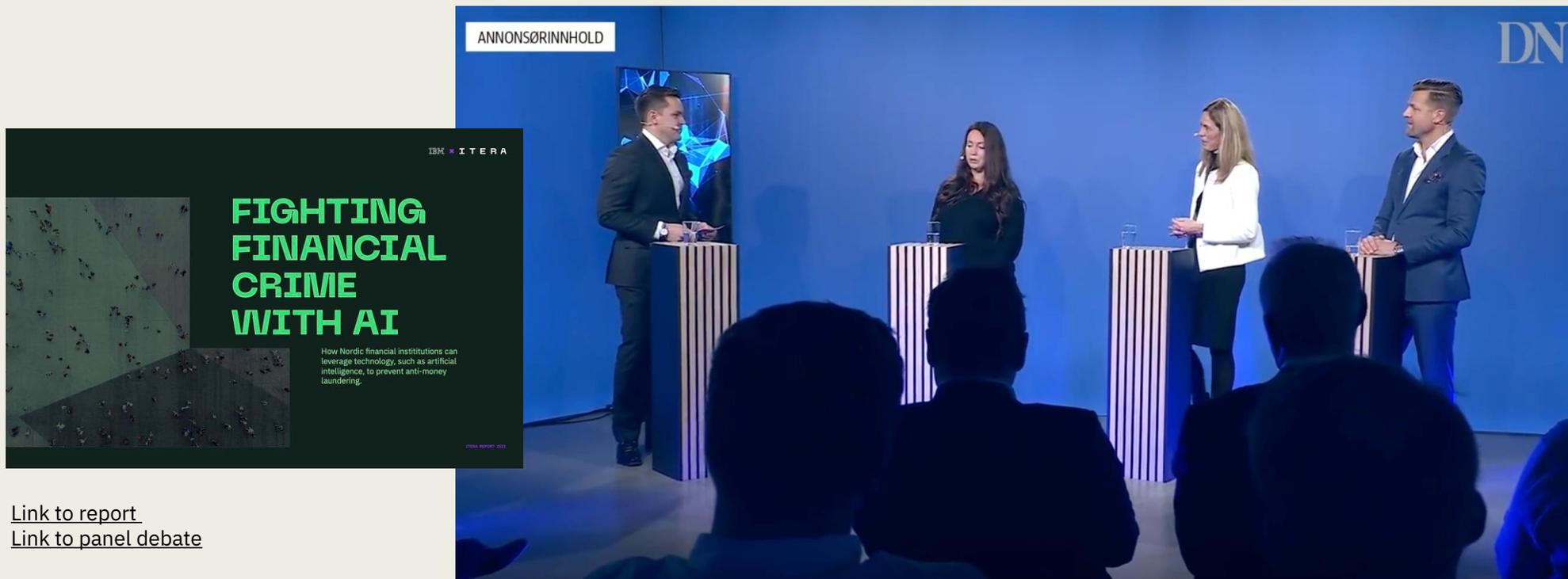
Fighting financial crime with Artificial Intelligence

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.



Visions for a new era of fighting financial crime are needed

In November, Itera published a report together with its partner IBM, titled “Fighting Financial Crime With AI”. 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.

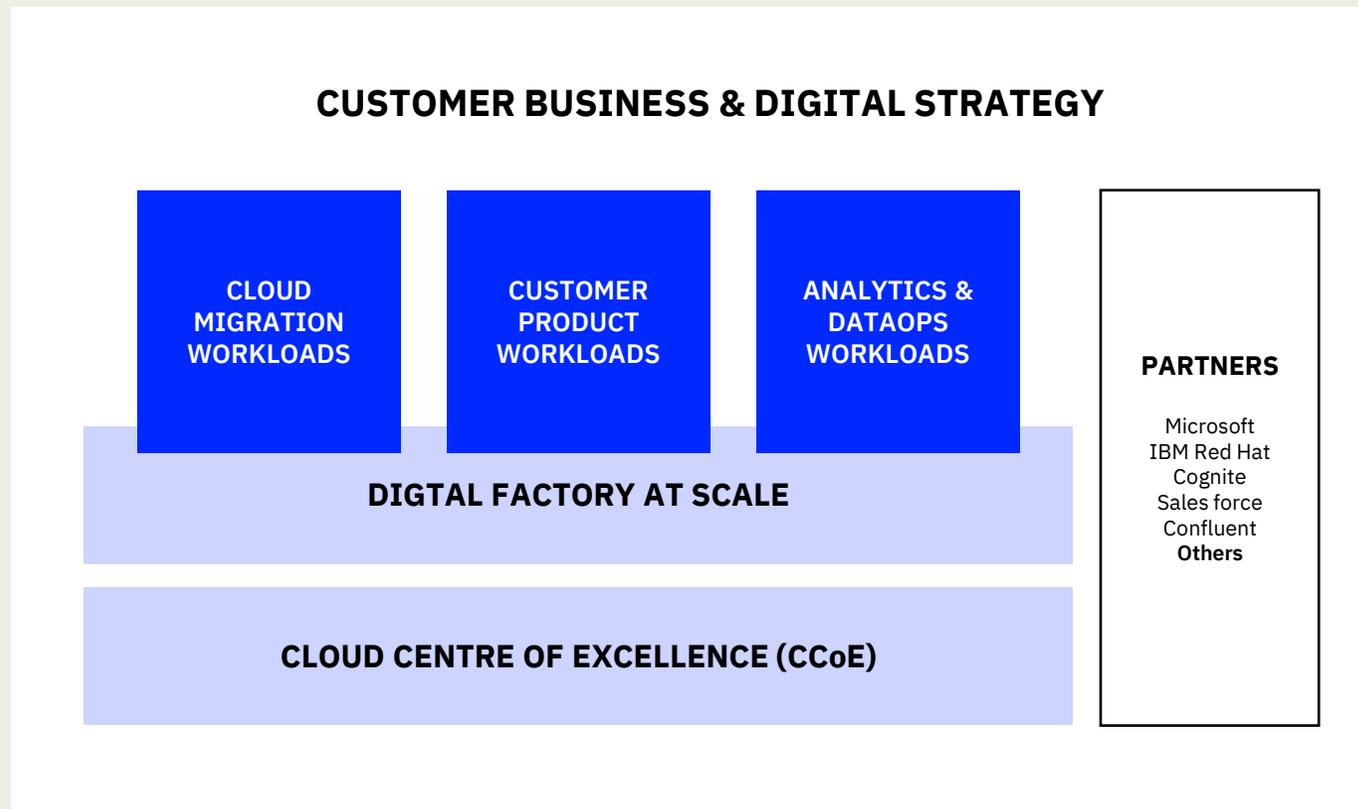


[Link to report](#)

[Link to panel debate](#)

Digital Factory at Scale for data-driven businesses

- Innovation** —→ **Faster business innovation** through autonomous teams and adoption of cloud services
- Speed** —→ **Business agility and reduced time-to-market** through efficient DevSecOps teams
- Scale** —→ **Efficient use** of distributed delivery across borders and public cloud scale
- Quality** —→ **Secure, predictable and flexible** service delivery and operations capability end to end



Business events that trigger a transition to cloud

Tactical



Data centre
Exit



Data centre
consolidation



Cloud
strategy



Data centre
contracts expiry



Infrastructure
renewal cycle

Strategic



IT
modernisation

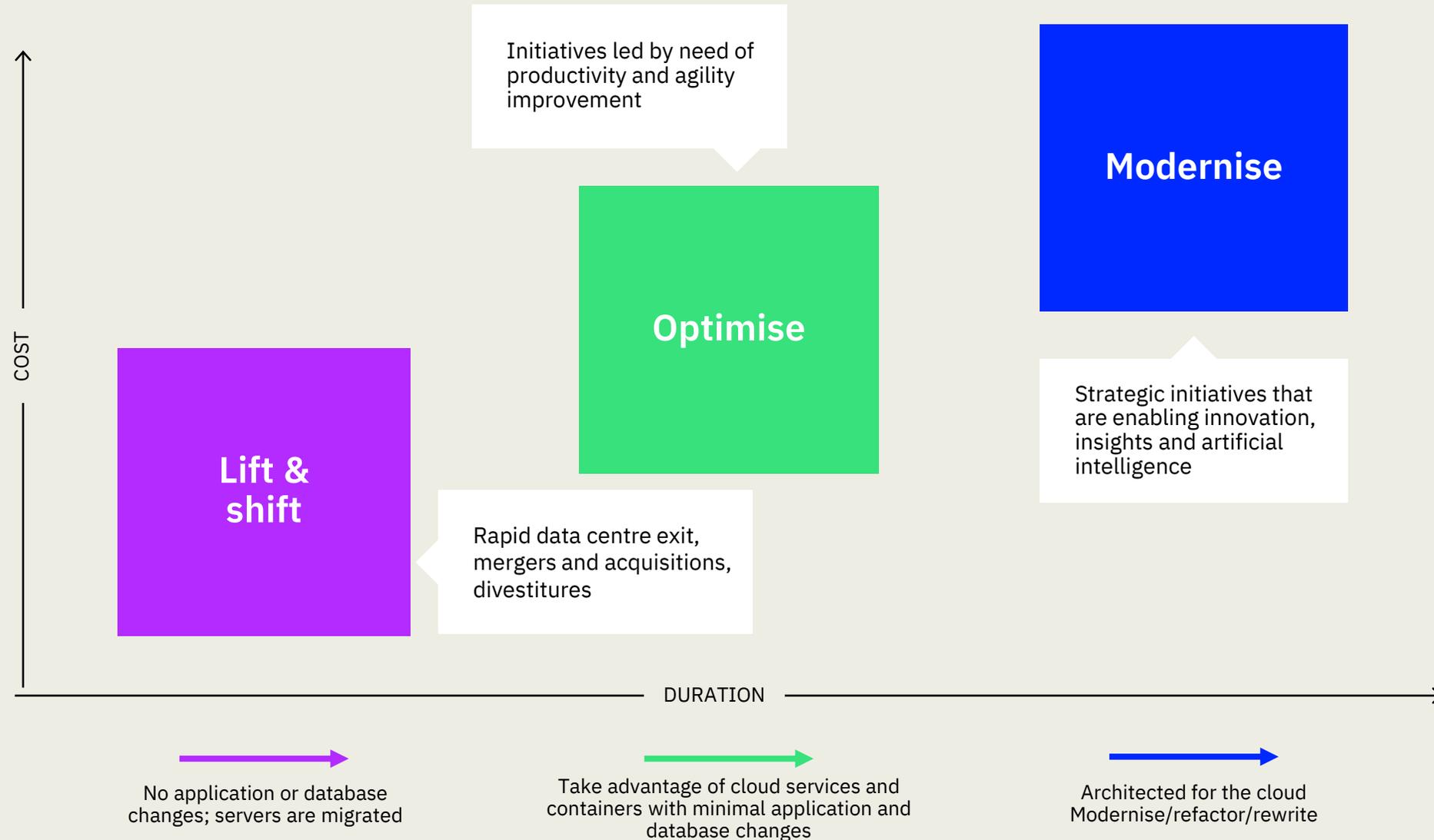


New business initiatives



Digital
transformation

Cloud migration and modernisation strategies



Mastercard accelerates and grows engagement

One of our latest projects was to help Mastercard develop flexible and secure solutions to handle both brand sites and B2B core solutions with all their integrations

An engagement for Mastercard Payment Solutions (MPS).

The solutions are integrated with third-party products, internal core systems, stakeholders and partners, secure logins, e-signing and more.

The solutions are fully based on best practices from Microsoft Azure DevOps and other frameworks.

The partnership with Mastercard is based in Denmark with several expansions across borders during 2021



All solutions have to live up to Mastercard's *Golden Standards* – which are some of **the highest compliance standards in the market**

Itera delivered **end-to-end solutions** including development, testing and Cloud and Application Services - everything in Azure.

The result is flexible and secure business systems, rapid access to new functionality, and accelerated delivery of innovative solutions and time to market

Cloud migration for faster time to market at a lower cost

Denmark's best known real estate agency had to make a smooth migration to the cloud without disturbing day-to-day business.

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.

The challenge was not to only lift and shift but handle all third-party products and core solutions, and move them according to a controlled and aligned roadmap.

Itera performed a Cloud Readiness Assessment, developed a business case and evaluated the complexity of the system portfolio.

The result is that time to market for new services has improved.



After more than 20 years as a provider of on-premise managed services for Home, Itera challenged Home two years ago to migrate to the cloud.

Through cloud migration, Home was able to continuously meet customer expectations of new and improved services.

By the end of 2021, Home had finally moved from a traditional operating model to 95% of their systems in the cloud.

home

Digital transformation towards SaaS solutions

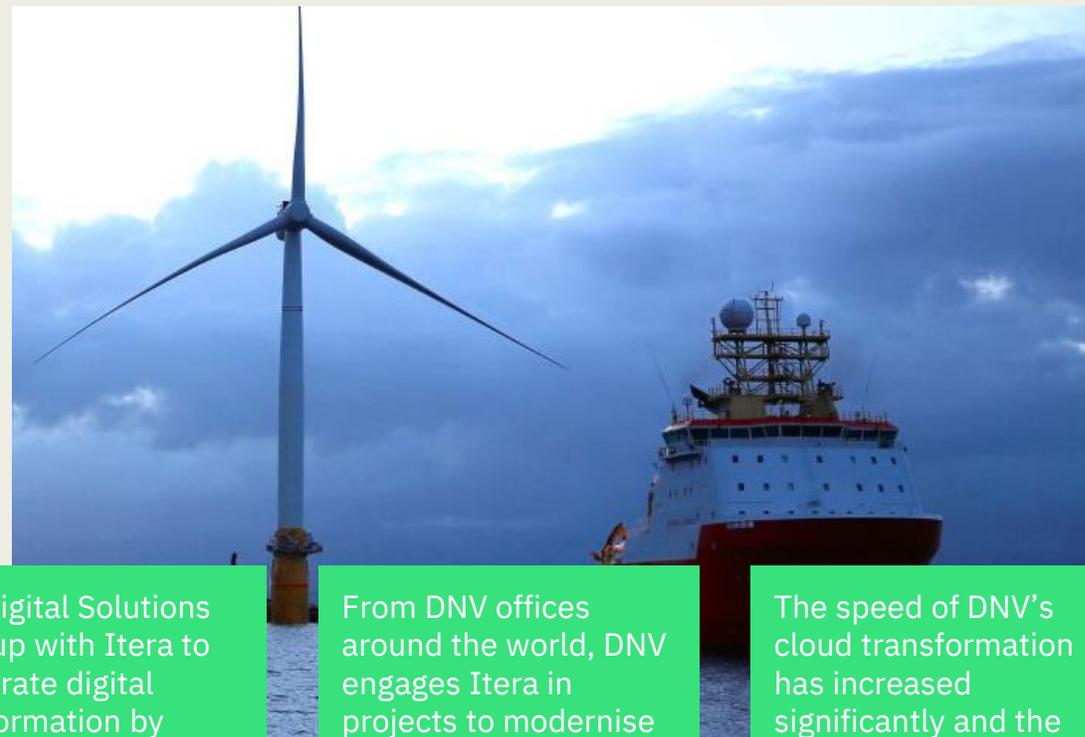
DNV is modernising its digital solutions in the cloud for managing risk, improving safety and asset performance.

DNV is modernising its digital solutions to support customers around the world towards the future of Industry 4.0

The solutions have been continuously developed, but for many of them there was a need to upgrade the technology platform to a modern architecture.

A full fledged Digital Factory at Scale and Cloud Centre of Excellence are used to create new SaaS solutions in Azure with new event driven architecture and new technology stack.

Azure DevOps is applied for efficiency, quality and life cycle management.



DNV Digital Solutions team up with Itera to accelerate digital transformation by combining deep industry knowledge and digitalisation at scale

From DNV offices around the world, DNV engages Itera in projects to modernise their advanced software products used by the world's leading companies.

The speed of DNV's cloud transformation has increased significantly and the share of applications operated in the cloud is increasing

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.



Efficient onboarding of new employees as ONE Itera

With a 22% growth in employees the last 12 months, well-functioning and efficient onboarding processes across all locations are important.

Orientation Day

A practical day to get to know different systems and processes.

Onboarding Day

Insight into the organisation, our delivery model, the business strategy and a deep dive into how it is to be a consultant.

Professional Onboarding

Professional onboarding in the various organisation units, capabilities and practices, including online training and certification programs



Business continuity plan in place for our offices in Ukraine

Despite growing tensions in and around Ukraine, we have a normal operation and activity level at our office in Kyiv.

We have updated our business continuity plans for our personnel and operations in case of further escalations.

Itera office in Kiev is located more than 600 kilometres from the centre of the unrest in the country's eastern regions. We have also increased our office space in Lviv close to the Polish border.

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 the western part of Ukraine, Slovakia and the Nordics.



Itera in Ukraine

Order intake

Order intake from selected new and existing customers

Book-to-bill ratio^{*)} of 1.5 in Q4 for core digital business and 1.1 for the last 12 months



SECTOR
ALARM



fotoware



ize



COGNITE



DNV



Kreditor



xledger



ALP



Santander



storebrand



eviny



nsv



Gjensidige



INSURANCE
TECHNOLOGIES



PELAGIA



mastercard.

^{*)} The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

Customer development

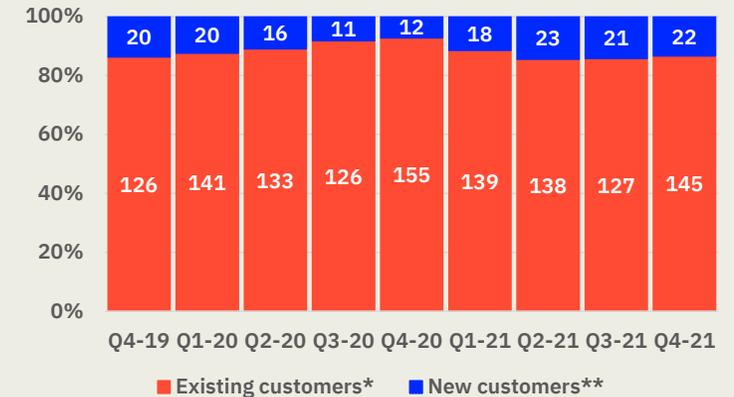
New business

- Existing customers accounted for 86.6% (92.8%) of revenues in Q4 2021
- New customers won over the past year generated revenues of NOK 22.5 (12.1) million in Q4 2021 (13.4% share)

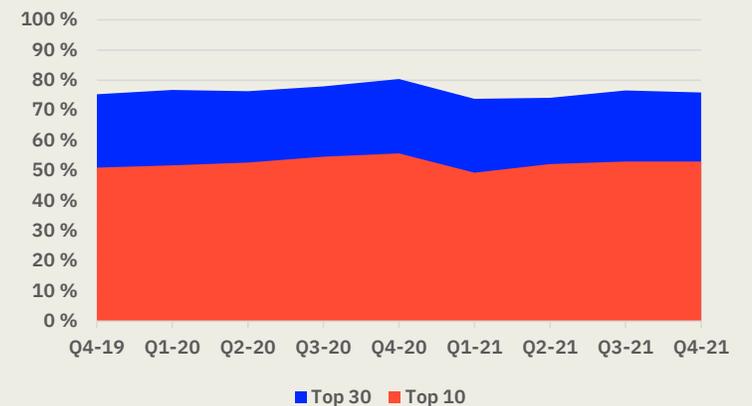
Good visibility

- Share of revenue from top 30 customers 76% (80%)
- High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Distributed delivery across borders

Revenue customers split (in MNOK)



Largest customers' share of revenue



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

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

Skilled and innovative employees in core digital business

617 employees at the end of the quarter

- Up by 28 in the quarter
- Up by 113 (55) last twelve months

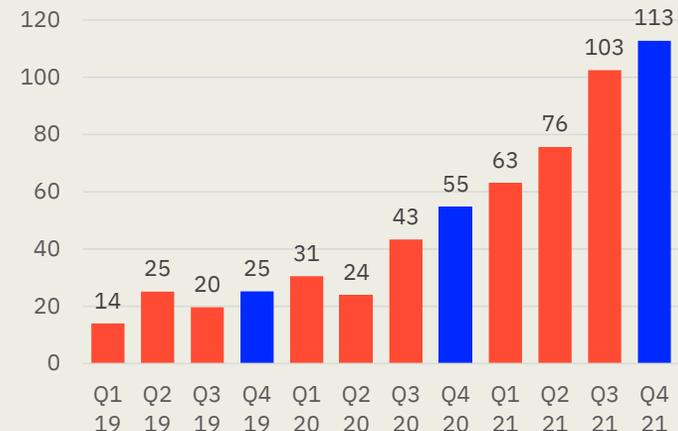
Nearshore ratio of 53% (49%)

- Our distributed delivery model of onshore and nearshore consultants are increasing our price competitiveness as well as providing high scalability through access to a very large talent pool

Number of employees end of quarter by shore



Rolling 12 months net FTE growth



03

Financial review



Financial reporting 2021

Given the discontinuation of the data centre operations, focus for our financial reporting is on the **core digital business**, including the investment in the Cloud Centre of Excellence.

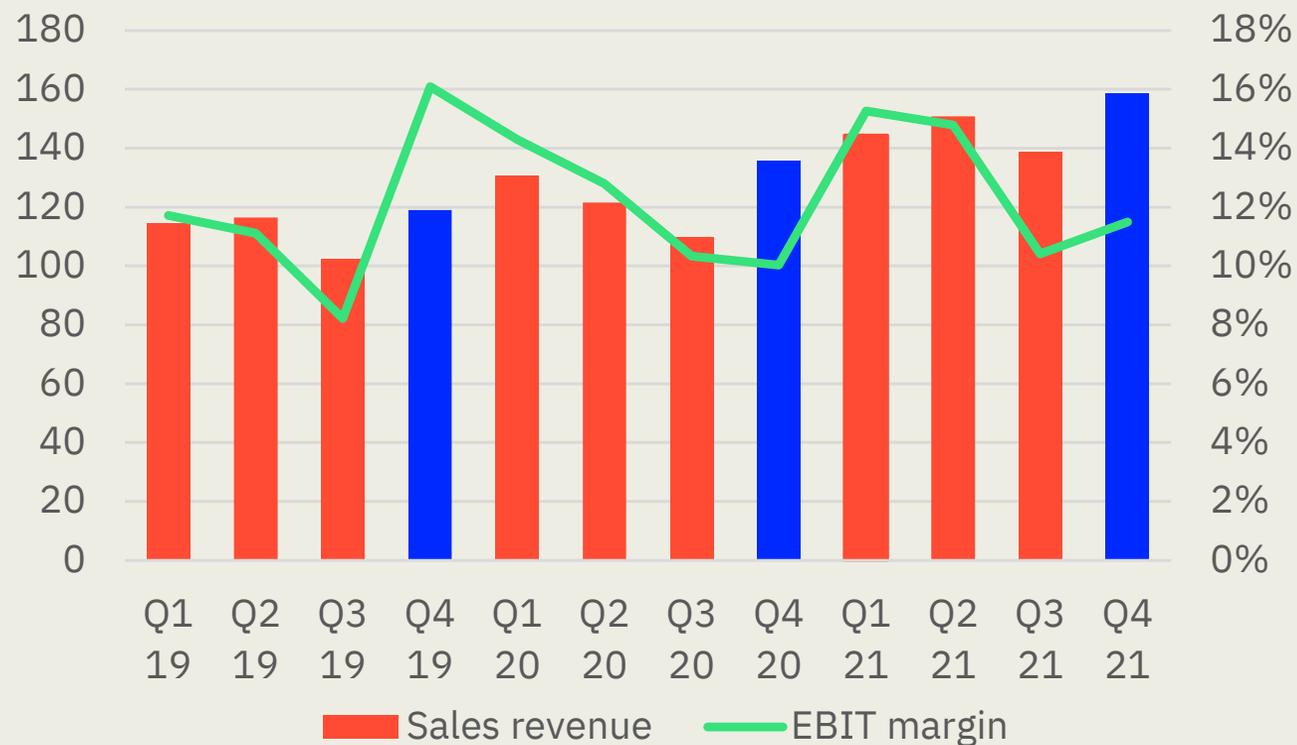


Key financials core digital business

	2021	2020	change	change
Amounts in NOK million	10-12	10-12		%
Sales revenue	158.7	135.6	23.1	17.0 %
Cost of sales	11.4	10.3	1.1	10.9 %
Gross profit	147.3	125.3	22.0	17.5 %
<i>Gross margin</i>	<i>92.8 %</i>	<i>92.4 %</i>	<i>0.4 pts</i>	<i>0.4 pts</i>
Personnel expenses	109.8	92.8	17.1	18.4 %
Other operating expenses	12.9	11.3	1.6	14.1 %
Depreciation and amortisation	6.3	7.6	-1.4	-17.7 %
Total operating expenses	140.5	122.0	18.4	15.1 %
EBITDA	24.5	21.3	3.3	15.5 %
<i>EBITDA margin</i>	<i>15.5 %</i>	<i>15.7 %</i>	<i>-0.2 pts</i>	<i>-0.2 pts</i>
EBIT	18.3	13.6	4.6	34.1 %
<i>EBIT margin</i>	<i>11.5 %</i>	<i>10.0 %</i>	<i>1.5 pts</i>	<i>1.5 pts</i>
No. of employees at the end of the period	617	504	113	22.4 %

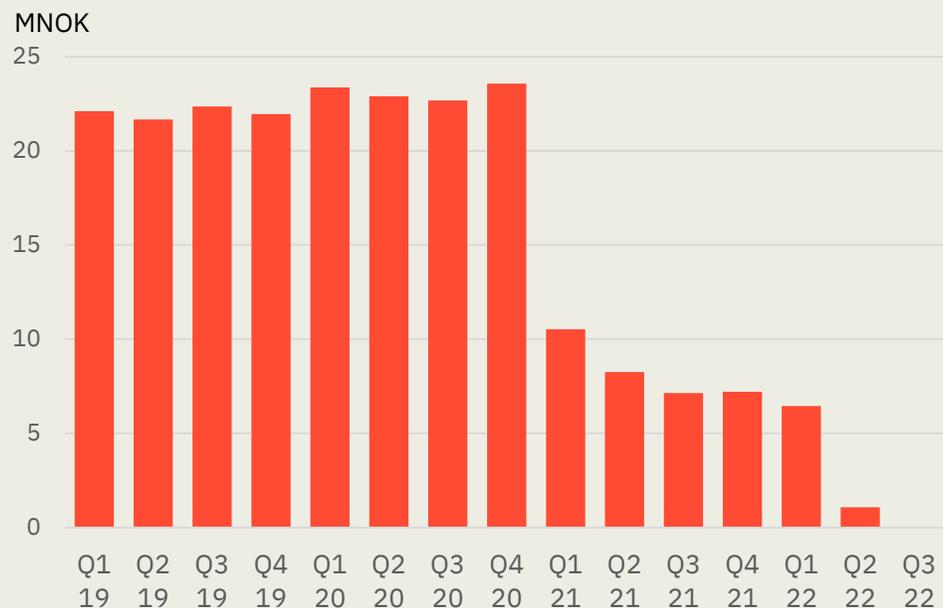
- Strong growth of 17% fuelled by some major new accounts and more subcontractors
- Personnel expenses include higher variable compensation relating to performance
- Opex increase from new SK office and ERP implementation costs reclassified from depreciation
- Depreciation down due to office sublease and end-of-life R&D assets
- EBIT up 34% to MNOK 18.3
- EBIT margin of 11.5% (10.0%)
- No. of FTEs up 113 to 617

Revenue and earnings development



- Strong sales growth year over year with 2-year CAGR of 14.5% and 1.1% margin improvement
- Quarterly figures are impacted by number of working days net of vacations

Subscription revenue from data centre operations



- Migrations and transfers (those with no imminent cloud journey) to be completed by end of Q1
- Residual planned exits completed before end of Q2



Segment reporting

Amounts in NOK million	10-12 2021			10-12 2020			Growth			Year-to-date 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	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 %	19.2 %	-65.9 %	2.9 %
Cost of sales	11.4	4.0	15.4	10.3	7.6	17.9	10.9 %	-47.2 %	-13.7 %	28.2 %	-51.8 %	-12.1 %
Gross profit	147.3	5.0	152.3	125.3	24.1	149.5	17.5 %	-79.2 %	1.9 %	18.5 %	-72.2 %	4.9 %
<i>Gross margin</i>	92.8 %	55.8 %	90.8 %	92.4 %	76.2 %	89.3 %	0.4 pts	-20.4 pts	1.5 pts	-0.5 pts	-12.7 pts	1.7 pts
Personnel expenses	109.8	7.3	117.1	92.8	17.7	110.5	18.4 %	-59.0 %	6.0 %	21.4 %	-47.5 %	10.8 %
Other operating expenses	12.9	1.5	14.5	11.3	2.3	13.6	14.1 %	-32.2 %	6.4 %	7.3 %	-12.7 %	4.6 %
Depreciation and amortisation	6.3	0.8	7.1	7.6	4.8	12.4	-17.7 %	-82.6 %	-42.6 %	-21.4 %	-64.8 %	-33.0 %
Total operating expenses	140.5	13.6	154.1	122.0	32.3	154.3	15.1 %	-57.8 %	-0.1 %	17.7 %	-48.8 %	3.9 %
EBITDA	24.5	-3.8	20.8	21.3	4.1	25.4	15.5 %	-191.8 %	-18.2 %	12.4 %	-198.0 %	-17.1 %
<i>EBITDA margin</i>	15.5 %	-41.9 %	12.4 %	15.7 %	13.0 %	15.2 %	-0.2 pts	-55 pts	-2.8 pts	-1 pts	-48.6 pts	-3.3 pts
EBIT	18.3	-4.6	13.6	13.6	-0.6	13.0	34.1 %	625.1 %	5.1 %	30.3 %	-644.1 %	-6.3 %
<i>EBIT margin</i>	11.5 %	-51.1 %	8.1 %	10.0 %	-2.0 %	7.8 %	1.5 pts	-49.1 pts	0.4 pts	1.1 pts	-49 pts	-0.9 pts

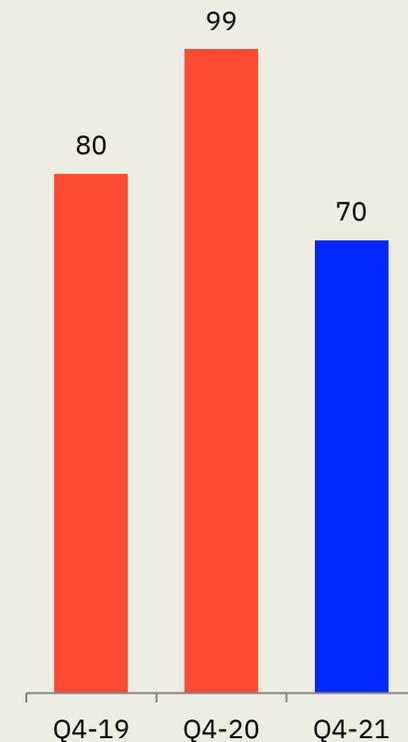
- Data centre operations revenue MNOK 9.0 (-72%)
- Decline in data centre operations revenue mitigated by growth in core digital business

Statement of cash flow

NOK Million	2021 10-12	2020 10-12	2021 1-12	2020 1-12
Cash flow from operations (EBITDA)	20.8	29.2	87.1	108.9
Change in balance sheet items	12.1	6.5	(17.3)	(9.7)
Net cash flow from operating activities	32.8	35.6	69.7	99.2
Net cash flow from investment activities	(7.8)	(4.8)	(32.8)	(17.0)
Purchase of own shares	-	-	(23.5)	(18.2)
Sale of shares	-	2.1	12.4	8.0
Cash settlement of options contract	-	-	(1.0)	-
Principal elements of lease payments	(3.1)	(4.5)	(17.5)	(22.6)
Instalment of sublease receivable	0.9	-	3.6	-
External dividend paid	(8.1)	(31.7)	(27.9)	(48.0)
Net cash flow from financing activities	(10.2)	(34.1)	(53.9)	(80.9)
Net change in bank deposits and cash	14.9	(3.3)	(16.9)	1.3
Bank deposits at the end of the period	37.5	54.4	37.5	54.4
New borrowing related to leasing	-	-	-	2.4

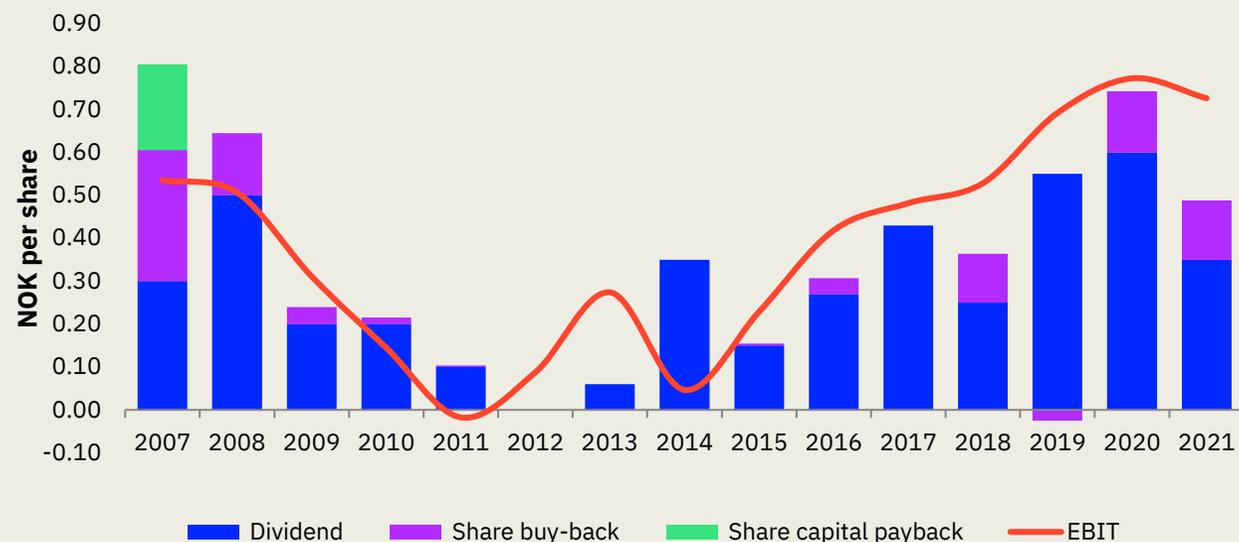
- Cash flow from operations NOK 32.8 (35.6) million in Q4
- 12 month rolling cash flow from operations was NOK 69.7 (99.2) million

**12 month rolling
cash flow from operations
(NOK Million)**



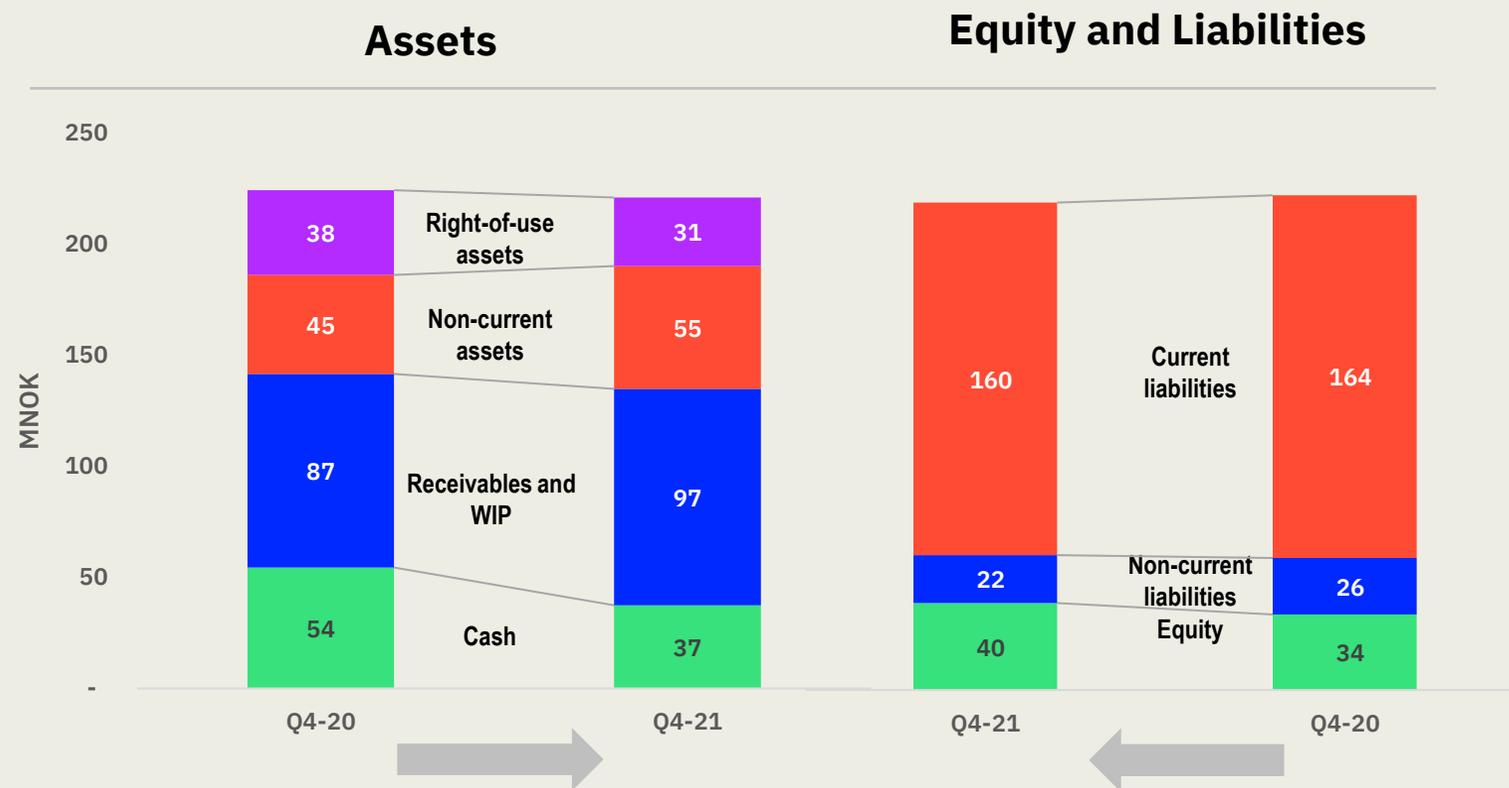
Dividend and own shares

- A supplementary dividend of NOK 0.10 was paid in December. Total dividend for 2020 is NOK 0.35 per share.
- The Board has proposed an ordinary dividend of NOK 0.20 per share for 2021 with the opportunity to pay a supplementary dividend later in the year
- Share price was NOK 15.25 at the end of 2021, an increase of 2% (4% incl. dividends) from NOK 15.00 at the end of 2020.
- Current holding of own shares is 1,637,006 shares. Value at 31 December 2021 was MNOK 25.0
- Consistent high distribution of earnings



Statement of financial position

- Equity ratio of 18% (15%) per 31 December 2021
 - 21% (18%) excl. IFRS 16 Leasing
- Cash balance of MNOK 37 (MNOK 54)
- Total balance reduced by MNOK 3 to MNOK 221



04 Outlook



Outlook

Modern business in the cloud is the new normal accelerated by sustainability and digitalisation after Covid-19

Strong position through its end-to-end services, world-class distributed delivery and industrial partnerships.

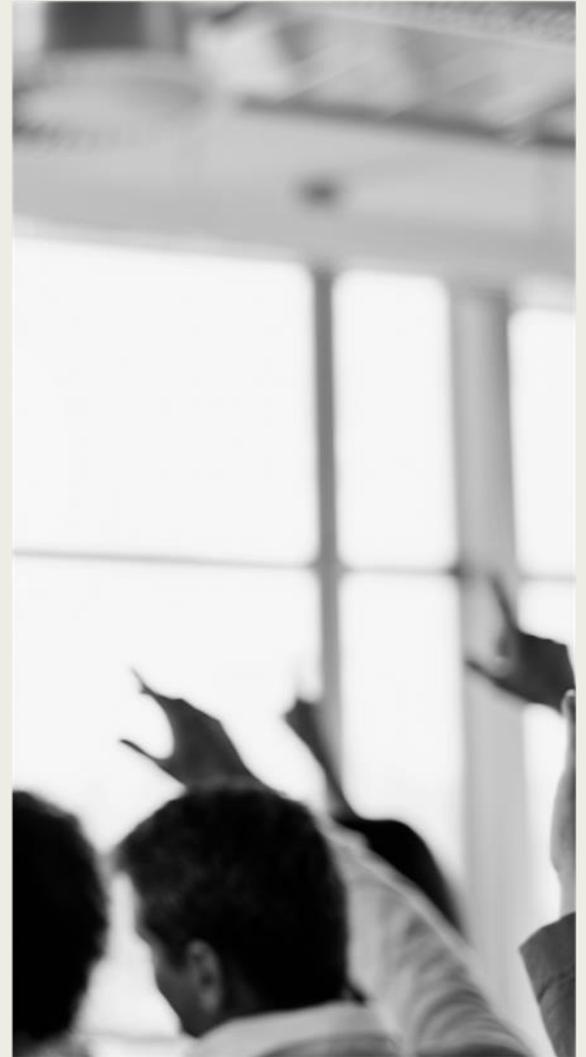
Core digital business will continue to grow at full speed. Profitable growth and cash flow are key focus areas.

Data centres being closed down and reported as discontinued business

Regional expansion in the Nordics for proximity to more customers and talents

05

Q&A



I T
E R
A

Make a
difference!



Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	30.01	NOR	24 663 031
2	OP CAPITAL AS	5.54	NOR	4 551 083
3	GIP AS	5.06	NOR	4 162 000
4	EIKESTAD AS	3.89	NOR	3 200 000
5	SEPTIM CONSULTING AS	3.59	NOR	2 950 000
6	BOINVESTERING AS	3.27	NOR	2 686 968
7	DnB NOR Bank ASA	3.08	NOR	2 527 867
8	GAMST INVEST AS	2.92	NOR	2 400 000
9	JØSYRA INVEST AS	2.68	NOR	2 200 000
10	ITERA ASA	2.06	NOR	1 692 006
11	VERDIPAPIRFONDET STOREBRAND VEKST	1.56	NOR	1 280 000
12	HØGBERG	1.30	NOR	1 068 444
13	FRAMAR INVEST AS	1.18	NOR	967 959
14	AANESTAD PANAGRI AS	1.13	NOR	925 000
15	DZ PRIVATBANK S.A.	1.10	LUX	900 000
16	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700 000
17	GRØSLAND	0.79	NOR	650 000
18	NYVANG	0.76	NOR	626 400
19	JENSEN	0.76	DEN	625 624
20	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600 000
TOP 20		72.25		59 376 382

*Arne Mjøs Invest AS holds a future contract on 2,600,000 shares. The total controlling interest of Arne Mjøs is thus 27,263,031 shares (33.2%).

