

ITERA

Q4  
2022

*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 2022



# Q4 in brief

**29%**

**Organic revenue growth**

Attractive market driven by the green energy shift, sustainability and digitalisation

Growth is fuelled by leveraging our investments in Digital Factory at Scale and its Cloud Centre of Excellence to accelerate digital transformation

We continue to ramp up new offices in Central Europe to increase our international scalability

Our operation in Ukraine is running as normal. We really stand with Ukraine including any kind of practical support, humanitarian aid, donations, etc.

**9.5%**

**Operating margin**

Strong book-to-bill of 1.5 in Q4 and 1.2 last 12 months

Number of employees increased by 81 last 12 months, temporarily impacted by the invasion in Ukraine

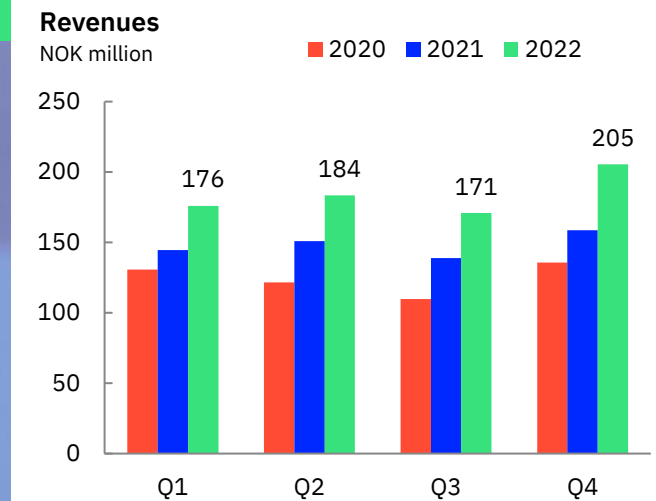
12 month rolling cash flow from operations of NOK 76 million

Proposal of ordinary dividend for 2022 of NOK 0.30 per share

# Key figures

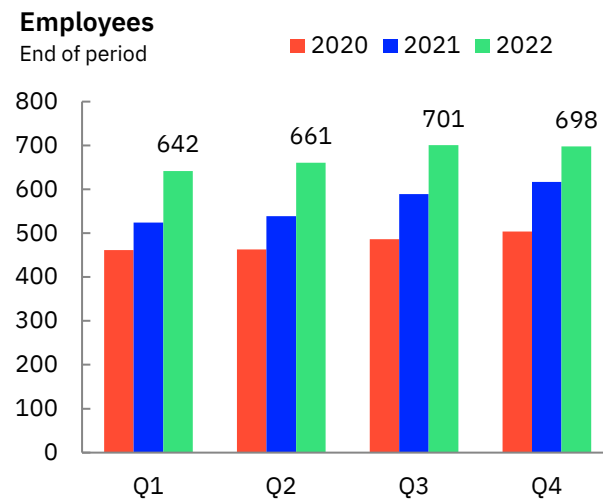
Q4  
**29%**    FY  
**24%**

Organic revenue  
growth



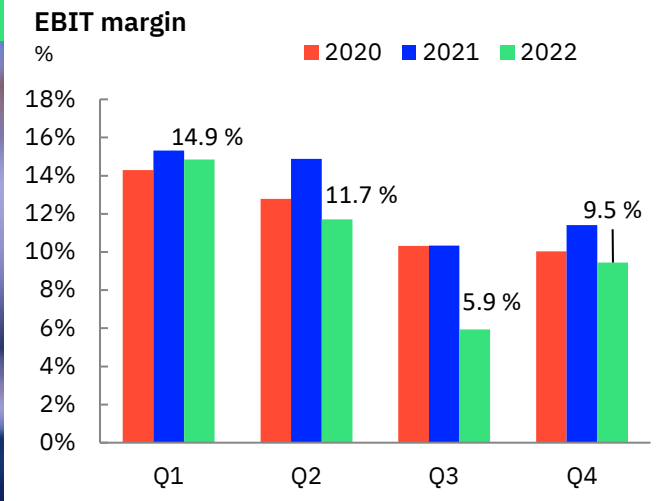
Q4  
**13%**    FY  
**13%**

Growth in number  
of employees



Q4  
**9.5%**    FY  
**10.5%**

Operating margin



# 02

## Business review



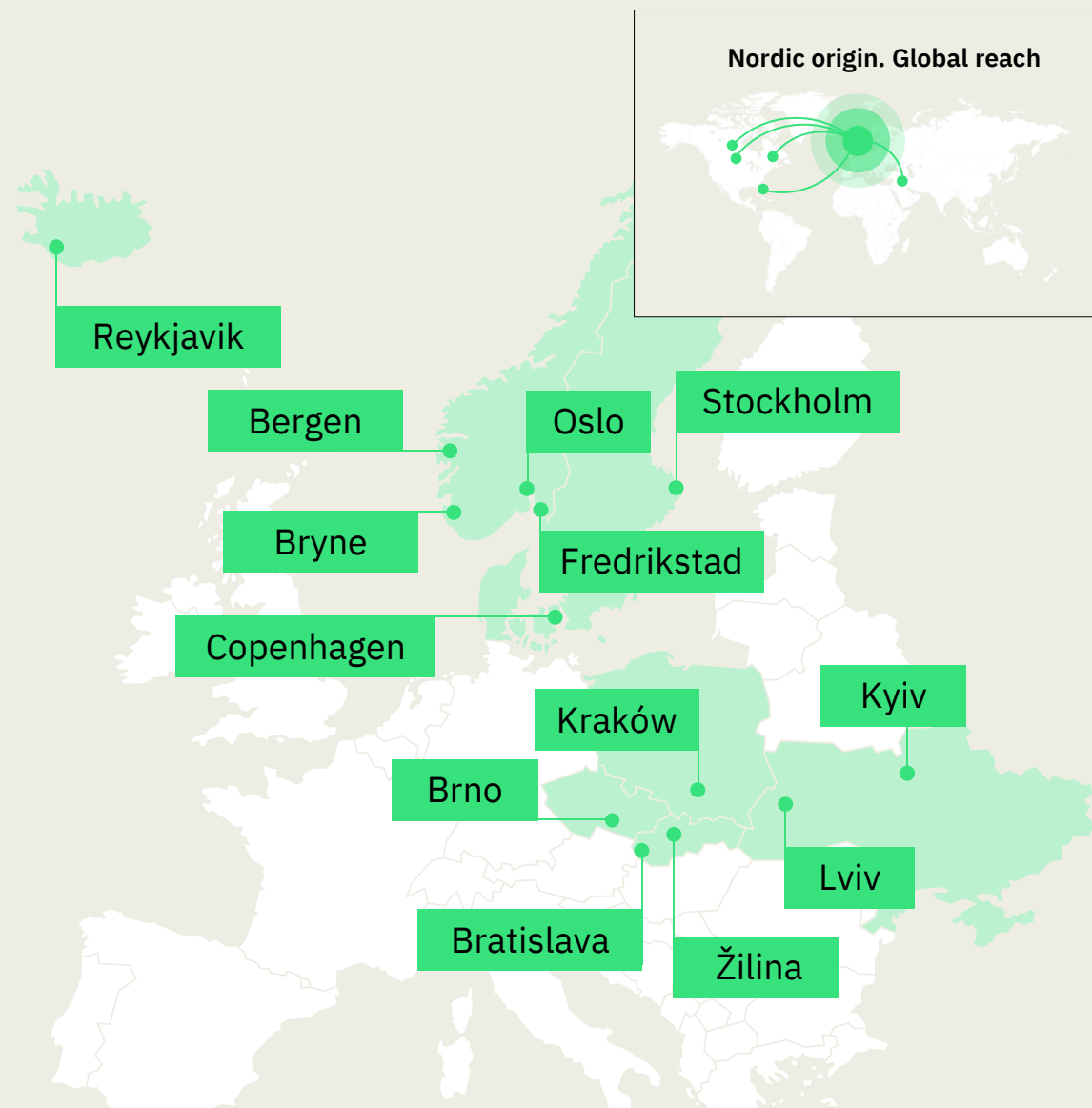
# We are specialists in sustainable digital transformation

## The Nordics is often positioned as digital and sustainable front-runner that show the way globally

We are growing together with international customers and partners based on our ONE Itera model across borders.

Our Digital Factory at Scale with cross-functional teams across border was recognised as best in the world by Global Sourcing Association in 2018.

Since the invasion, we have invested in three new offices to balance the new situation in Ukraine.



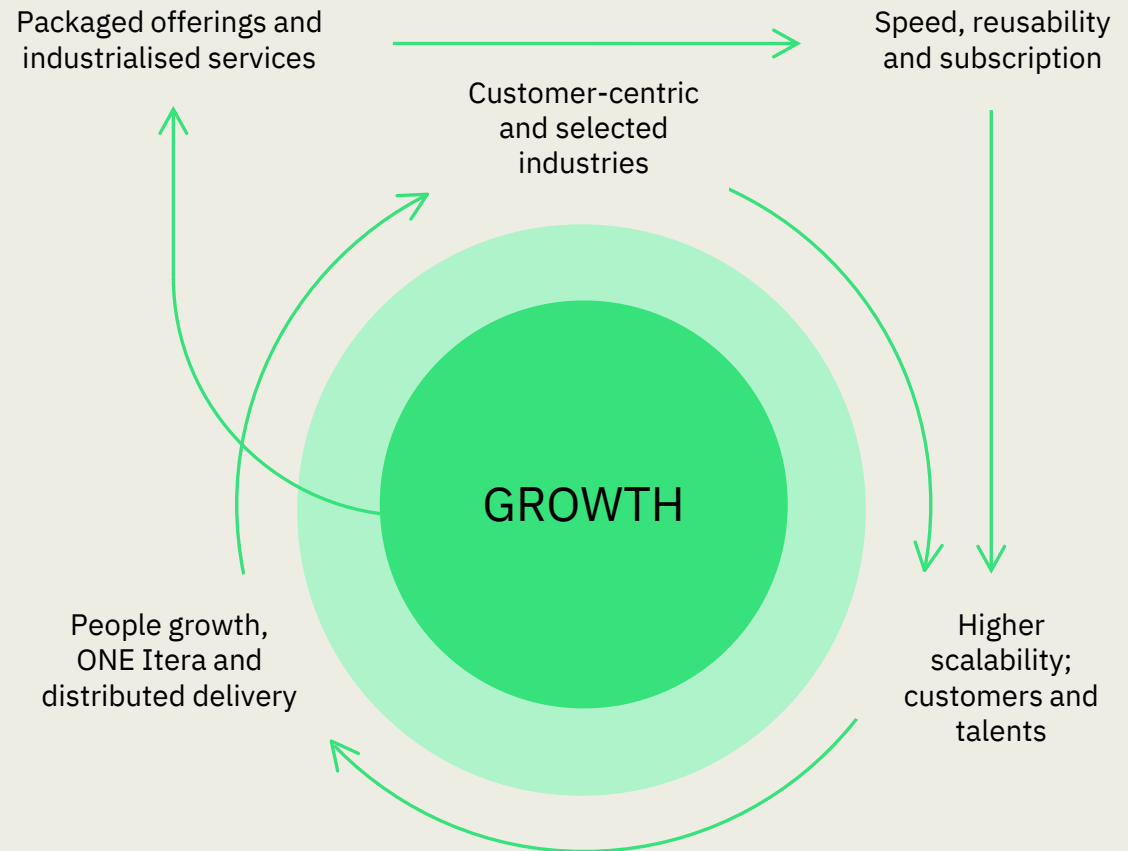
# Our steady growth organic model

**We continue our strong profitable growth trajectory while investing in our business and our people to increase our scalability as a strong international company.**

We have built a strong ONE Itera foundation based on steady organic growth.

According to McKinsey, companies with more organic growth generate higher shareholder returns than those whose growth rely more heavily on acquisitions

Our culture is grounded in the growth mindset: Grow people, grow customers, grow company. This means everyone is on a continuous journey to learn and grow.



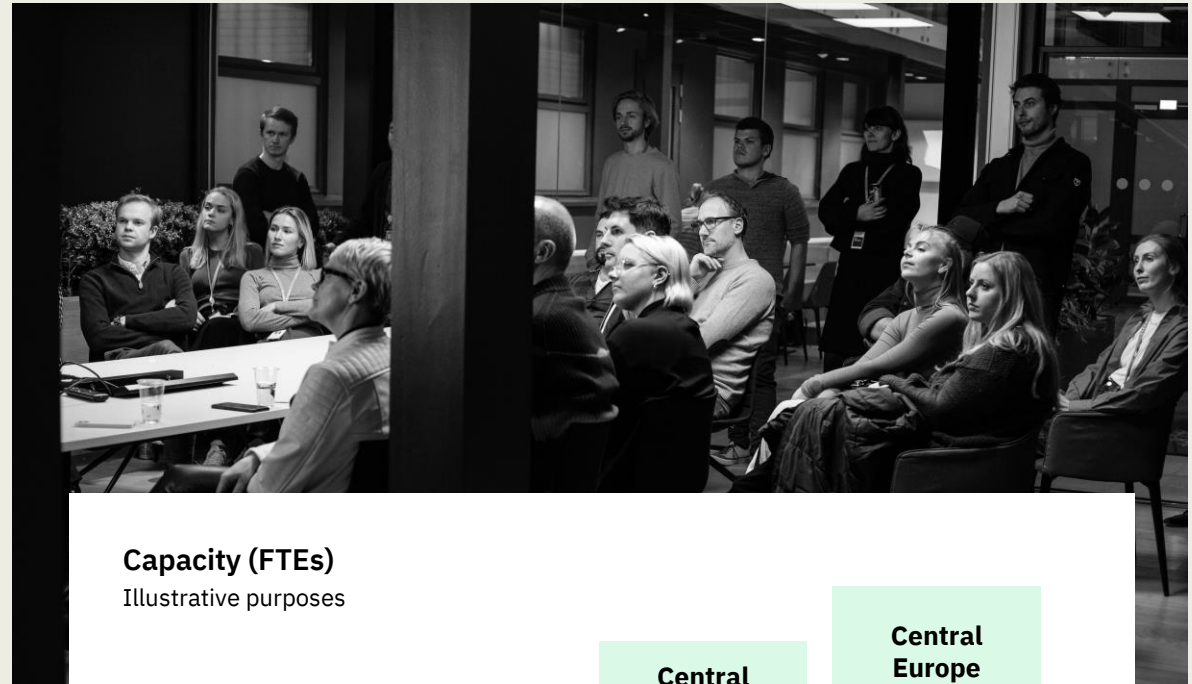


# Our long-term ambition: annual net growth of 200-350 FTEs

**Indeed, our long-term ambition is an annual organic net growth of 200-350 FTEs.**

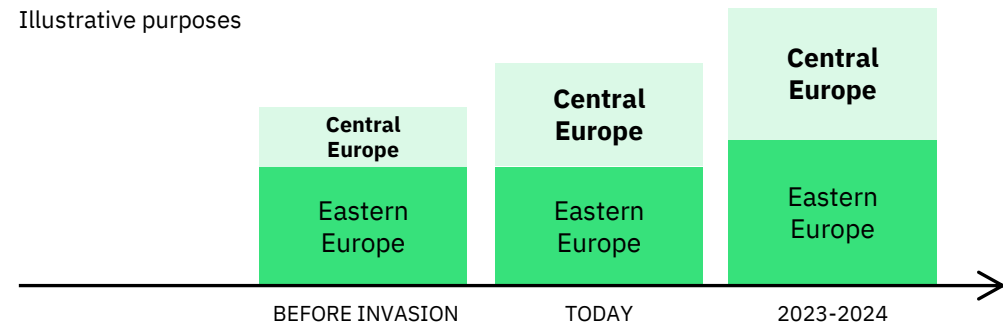
**We are ramping up three new offices to accommodate new demand and to mitigate slower growth in Ukraine during the invasion.**

Once the new offices are running at full speed, our growth capacity will be even larger than before the invasion and less vulnerable to any situation in Ukraine.



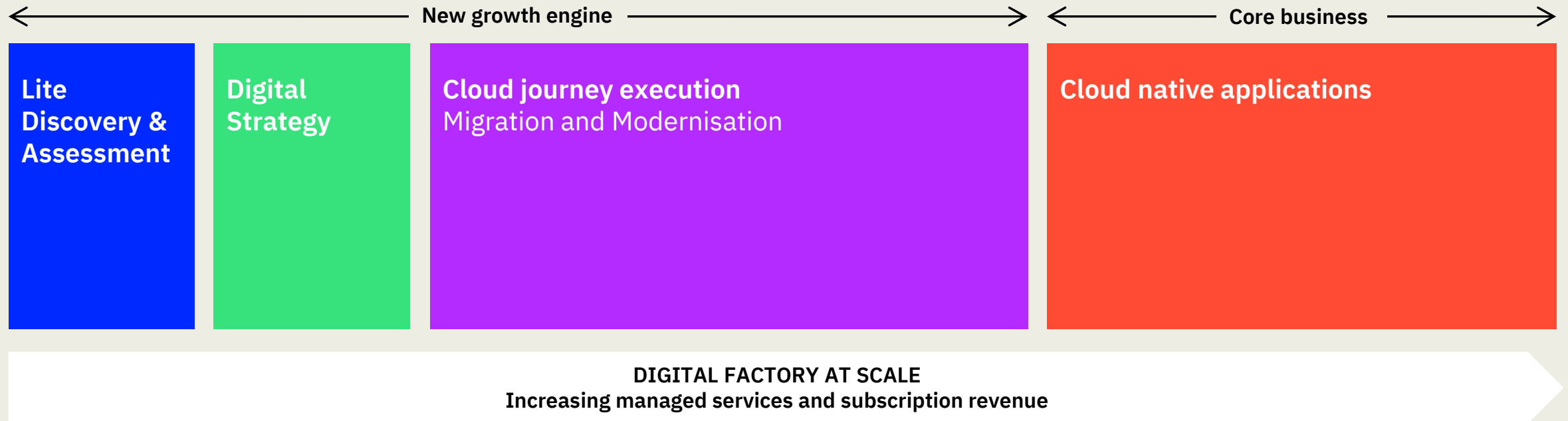
## Capacity (FTEs)

Illustrative purposes



# A new growth engine with increasing recurring revenue

Cloud Application Services is our economic investment the next 3-12 months, but showing promising progress, fueling our growth rate in the quarter. The cost of having excess capacity in order to be ready for large and multiple migration projects and operations will gradually diminish as business volume grows.



# Building the digital core for innovation and growth for TESS

**TESS is embarking on a significant digital and cloud transformation with the ambitious goal of doubling its revenue and earnings within three years.**

Itera Cloud and Application Services has assisted TESS in migrating to the cloud and taking over management operations.

The short-term goal is to reduce costs, and the investment in migrating to the cloud is estimated to be paid back after approximately a year. In the long term, the goal is to build the digital core of TESS for innovation, digitisation and growth, with all capabilities inherent in the cloud.

By the end of Q1 2023, the migration will be successfully completed – at record speed.



TESS, with annual revenue of NOK 4.7 billion and 1,200 employees, as well as several domestic and international subsidiaries, is a leading supplier of operation and maintenance products in Norway for the Construction, Public Sector, and Oil & Gas industries.

Itera has entered into an agreement with TESS worth approximately NOK 10 million yearly over a three-year period.

During autumn of 2022, Itera conducted a Lite Discovery and Assessment for TESS, which gave TESS an overview of the current situation and what should be done for a safe journey into the cloud.

# Digital technology is the key driver for business growth

CEOs expect that **digital technology will accelerate growth** beyond what was previously possible with people and machines.

However, most digital initiatives are **delivered late** and therefore have **substantial negative impact on business growth**

**59%**

Share of digital initiatives

Speed to complete initiatives is **behind expectations**

**52%**

Share of digital initiatives

Speed to realise value is **behind expectations**

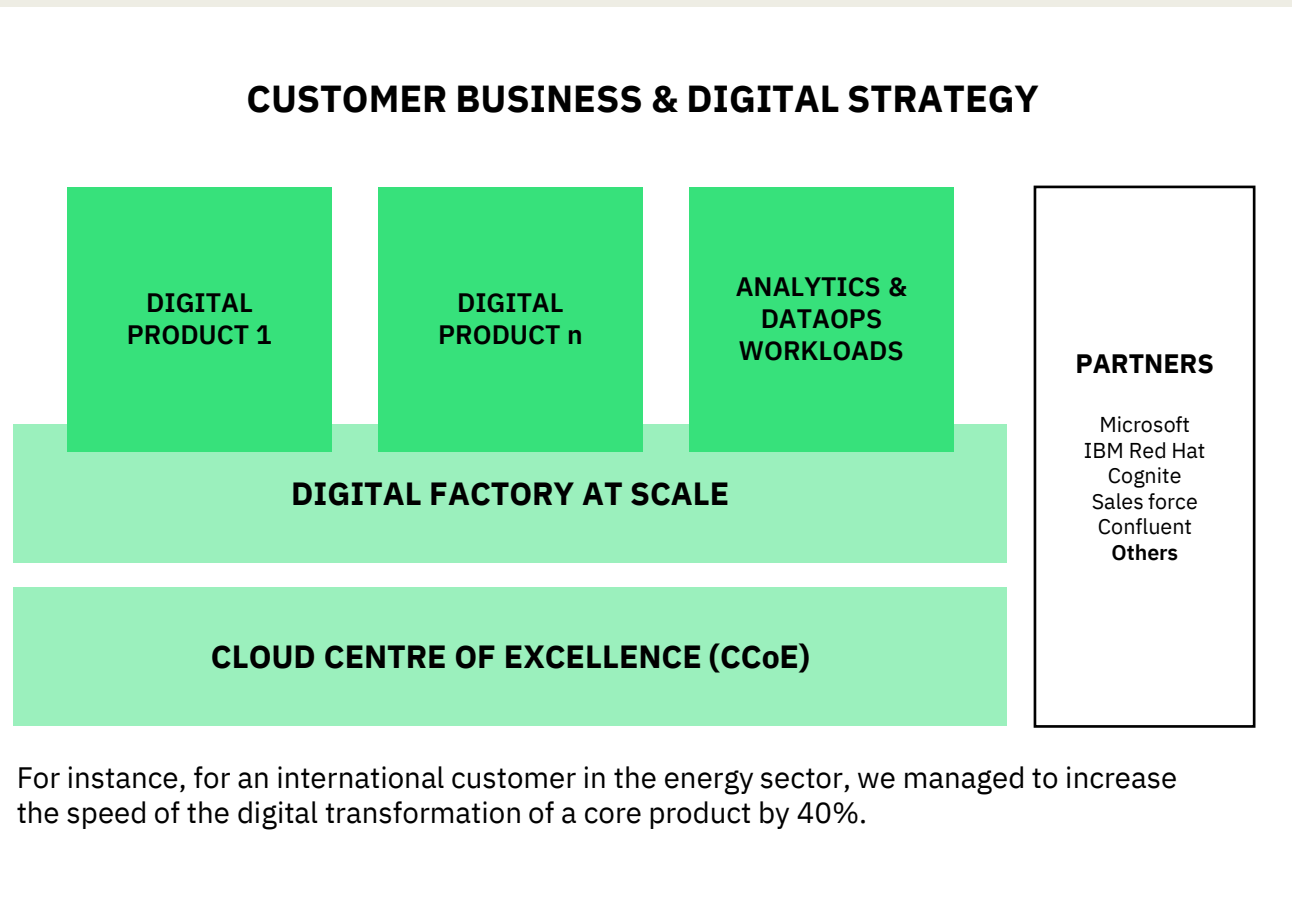
[Ensuring Digital Dividends From Your Technology Investments \(gartner.com\)](https://www.gartner.com/en/articles/ensuring-digital-dividends-from-your-technology-investments)

# Digital Factory at Scale: Doing more for less

**20-30%**

Typically, the speed and throughput are increased by 20-30% or more

- 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



# Digital Factory: How to scale digital transformation

## According to McKinsey, companies using a Digital Factory model have been able to:

- bring products to market faster (in six months versus two years)
- do more with existing resources (eight product launches per year versus one or two)
- create dramatically reimagined experiences (opening an account in five minutes versus ten days)
- reduce tech development costs by a third (fewer managers per engineer)
- attract the great talent required to compete in a digital world

**50%**

reduction in management overhead for technology teams

**70%**

reduction in the number of business analysts needed to write technology requirements

**90%**

reduction in number of testers due to test automation

**8X**

higher performance of the top engineering talents than the level of their peers, as measured with metrics such as code commits.

# Itera in Energy – Powering a sustainable future

**2022 has truly been the year in which Itera has made a mark in the energy sector, with both several new customers, such as Å Energi, its subsidiary Entelios, Hafslund ECO and Laki Power, and strong growth at existing customers, such as Eviny, BKK and DNV.**

Itera has published several new editions of our energy report, “Strømrapporten”. The reports are made in collaboration with THEMA Consulting, a supplier of energy sector forecasts and models. In the latest edition published in November, we discussed how the electricity crisis in Europe creates new opportunities for electricity companies.

Itera also participates actively in many energy-related networks such as the Smart Energy Network and Teknologioptimistene. The networks offer good opportunities to exchange ideas and co-operate closely with other participants in the energy industry.



↑ Åsne Taksrud (right), CDO in Entelios and Niko Nyström (left), Head of Energy at Itera. Together, Entelios and Itera will develop a new customer web that will help reduce customers' energy consumption.

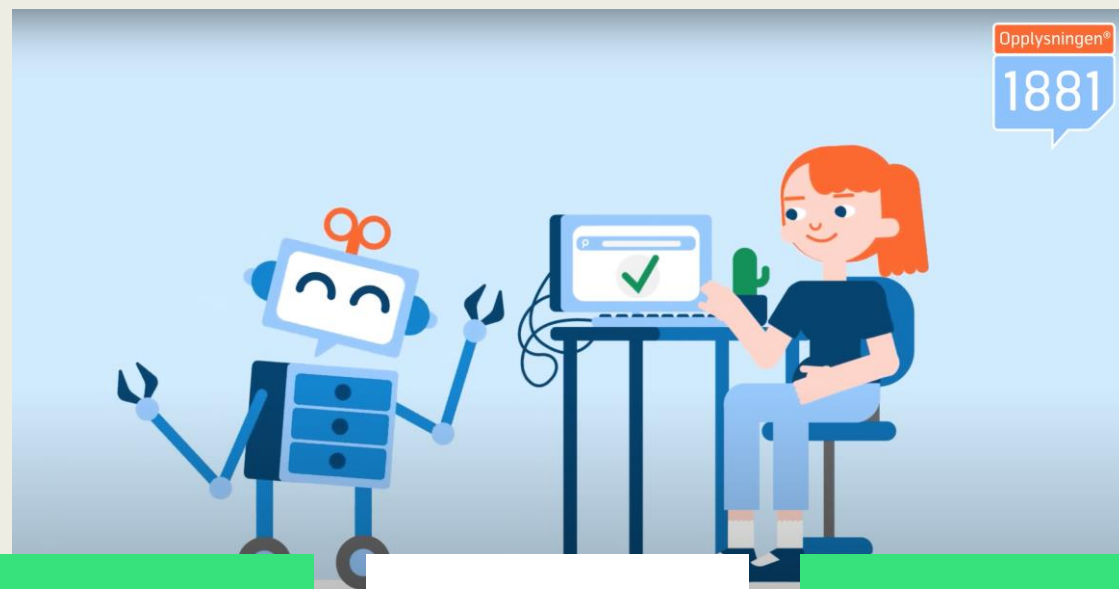
→ Arne Mjøs on stage at “Teknologioptimistene” in November.

# A cloud-based call centre for Opplysningen 1881

**Itera was engaged by Opplysningen 1881 to provide functionality for a new, cloud-based call centre.**

A team from Itera has delivered new functionality for searches (widgets) for the call centre system used by customer service agents, as well as design, development and operations services for the solution.

The solution is successfully operating in the cloud, and Itera is still developing new and strategic functionality in the solution.



Norway's entire population needs information such as addresses, telephone numbers and opening times, but not everyone uses digital solutions to find this type of information themselves.

Nearly 100 customer service agents at Opplysningen 1881 therefore continue to provide services via telephone and SMS.

Read the full Opplysningen 1881 customer story on [itera.com](https://itera.com).



# Norway is handing over ten temporary bridges to Ukraine

**As a company, we are deeply engaged in supporting Ukraine from all locations. Ukraine defends not only its own territory. They are defending Europe.**

What started with a panel discussion arranged by the Norwegian-Ukrainian Chamber of Commerce (NUCC) in May, has resulted in the deliveries of ten bridges from The Norwegian Public Roads Administration (Statens Vegvesen) in Norway to Ukraine.

The structures will not only connect settlements but will also ensure the delivery of humanitarian cargo, the passage of ambulances, repair teams, and the evacuation of the population.

Itera by Group COO Jon Erik Høgberg has been instrumental together with NUCC, the Norwegian Public Roads Administration and the Norwegian and Ukrainian Governments.

[Norway is handing over ten temporary bridges to Ukraine - Militarnyi](#)



← Meeting between Ministry of Infrastructure of Ukraine, Itera, NUCC and the Norwegian Embassy in Kyiv on 30th June 2022

↓ In total, Norway is shipping 32 trucks with temporary bridges structures to Ukraine.



# New director for Itera Central and Eastern Europe

**As part of Itera's ambitious growth journey, we have hired Taras Tovstiak as our new Director of Central and Eastern Europe.**

He will lead Itera's operations in Ukraine, Slovakia, The Czech Republic, and Poland, and continue our fast growth, build and strengthen our customer-centric organisation, ensure high employee engagement and competence development, and also support the growth of One Itera.

He is currently located in Krakow, Poland.

Taras Tovstiak has more than 20 years of professional experience, and prior to joining Itera, he worked for 20 years for ELEKS, a global IT services company with more than 2,000 employees.



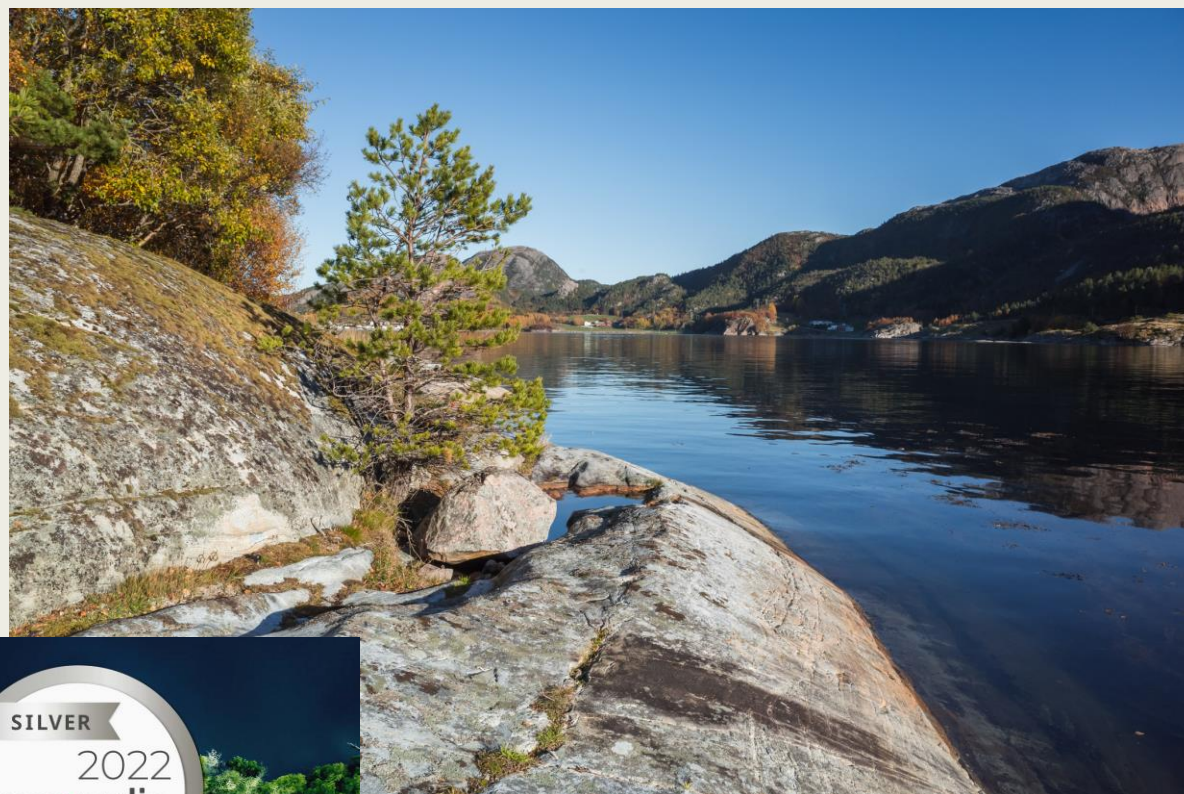
Taras Tovstiak,  
Director of Central Europe

# Top 6% most sustainable in our industry

**Itera scored in the top 6% in its industry in the sustainability ranking by Ecovadis, the world's largest and most trusted rating company within sustainability.**

In Q4 2022, we went up 10% from 60 to 66/100 points, which gives us a new silver medal in sustainability. We are only 2 points from moving up to gold medal, which will be very realistic next year.

Ecovadis is the world's largest and most trusted rating company for sustainability.



# BITS – a new YouTube series from Itera

**This fall, we launched our very own series, "BITS from Itera", which you can watch exclusively on our YouTube channel.**

In this series, you meet the people who are digitising Norway and get an insight into the technology industry, how we work, and how we make a difference every day.

The series is a part of our employer branding, in order to attract the best talents, and we have had a total of almost 1 million impressions since launch.

**To see all episodes, go to**  
[youtube.com/@ITERAmakeadifference](https://youtube.com/@ITERAmakeadifference)

YouTube<sup>NO</sup> Søk 🔍 🎤 📺 🔔

**Itera**  
 @iteramakeadifference  
 95 abonnenter

Abonnerer ▾

START VIDEOER SPILLELISTER FELLESKAP K >

**2** ET FØRSTE MØTE med konsulenthverdagen 6:01

**Et første møte med konsulenthverdagen: Nyutdannet vs. bransjeveteran | BITS fra...**  
 Itera • Sett 444 ganger • for 2 måneder siden

I serien "BITS fra Itera" møter du menneskene som digitaliserer Norge. I denne episoden blir du kjent med graduate Emil og bransjeveteran...

**BITS fra Itera** ▶ Spill av alle

BITS er oss. Det er alt vi setter sammen for å skape en helhet, der alle biter er viktige for det store bildet. For løsningene vi utvikler, og kulturen vi skaper. I denne serien møter du menneskene som...

**1** MØT MENNESKENE som digitaliserer Norge 7:48

**2** ET FØRSTE MØTE med konsulenthverdagen 6:01

**3** PÅ INNSIDEN HOS KUNDEN: Gjensidiges ambisiøse digitalisering 7:14

**Møt menneskene som digitaliserer Norge | BITS fr...**  
 Itera  
 Sett 1,4k ganger  
 • for 3 måneder siden  
 Teksting

**Et første møte med konsulenthverdagen:...**  
 Itera  
 Sett 444 ganger  
 • for 2 måneder siden  
 Teksting

**På innsiden hos kunden: Gjensidiges ambisiøse...**  
 Itera  
 Sett 558 ganger  
 • for 1 måned siden  
 Teksting

# People behind the scenes that are digitising Gjensidige



# Order intake

## Order intake from selected new and existing customers

Book-to-bill ratio\*) of 1.5 in Q4 and 1.2 for the last 12 months



**TESS**



**GLITRE**  
ENERGI



Kredinor



**TRAFSYS**



\*) 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

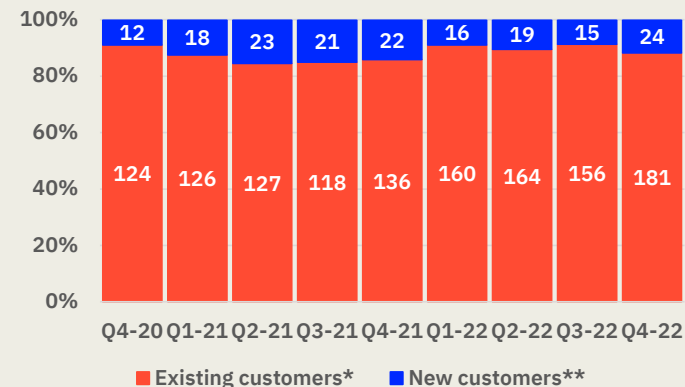
## New business

- Existing customers accounted for 88.2% (85.9%) of revenues in Q4 2022
- New customers won over the past year generated revenues of NOK 24.3 (22.5) million in Q4 2022 (11.8% share)

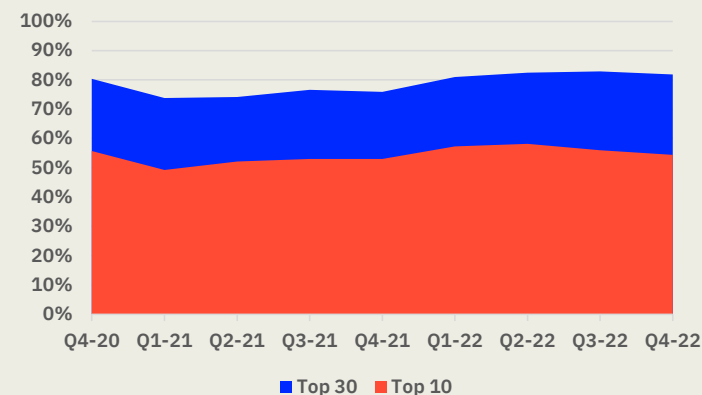
## Good visibility

- Share of revenue from top 30 customers 82% (76%)
- 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

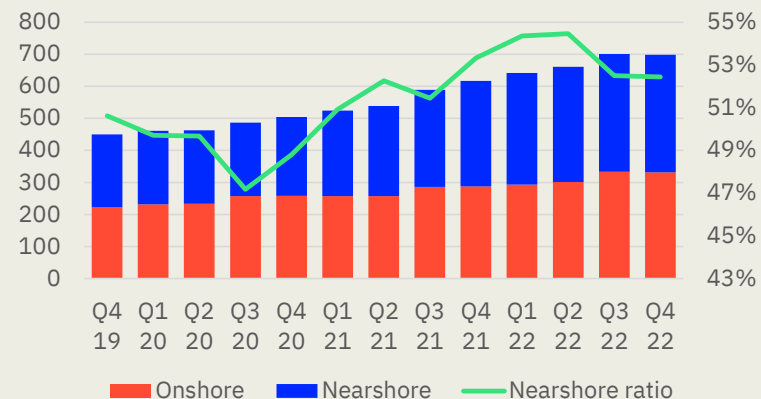
## 698 employees at the end of the quarter

- Up by 81 (113) last twelve months, temporarily impacted by the invasion in Ukraine
- More than 50% of the FTE growth in the Nordics

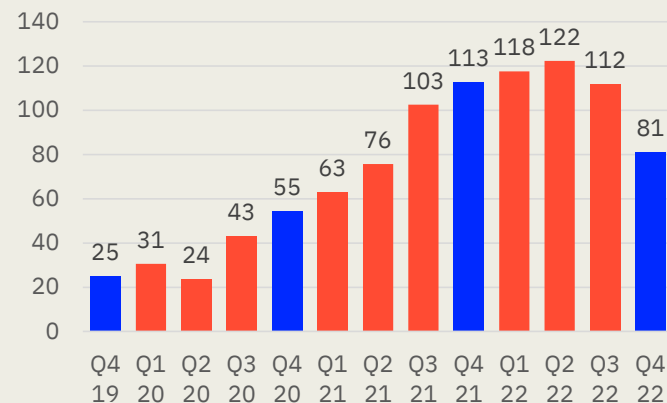
## Nearshore ratio of 52% (53%)

- 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



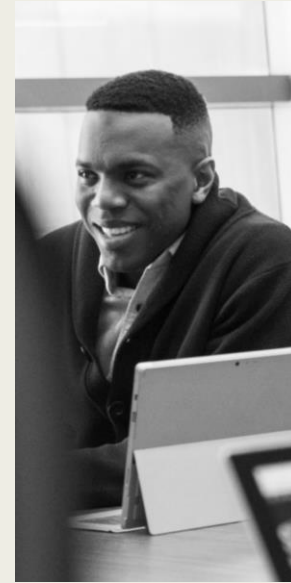
Rolling 12 months net FTE growth





# 03

# Financial review

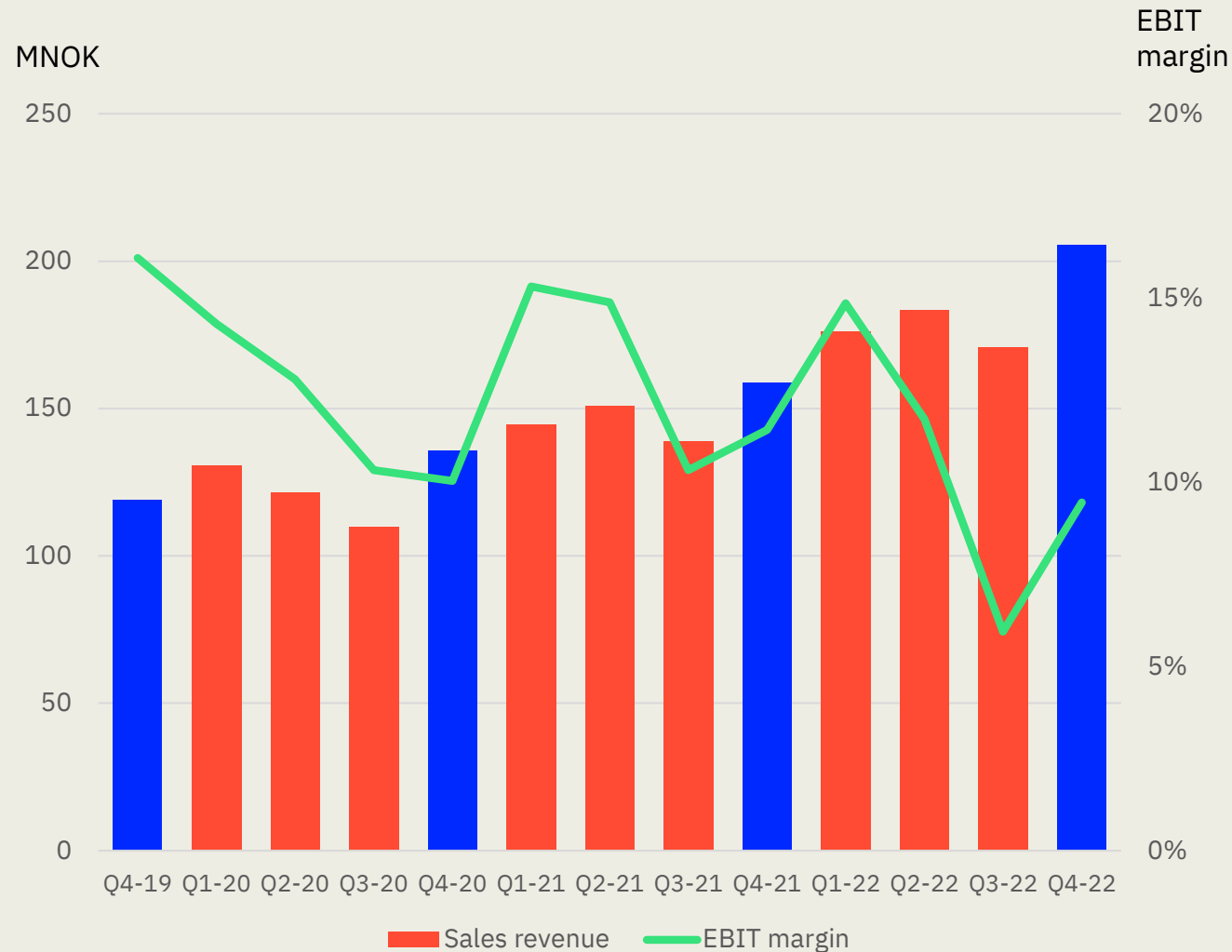


# Key financials

	2022	2021	Change	2022	2021	Change
NOK Million	10-12	10-12	%	1-12	1-12	%
Operating revenue	<b>205.5</b>	158.7	29%	<b>735.8</b>	593.0	24%
Gross profit	<b>191.9</b>	147.3	30%	<b>684.2</b>	547.3	25%
Personnel expenses	<b>145.5</b>	110.1	32%	<b>515.1</b>	403.7	28%
Other opex	<b>18.2</b>	12.8	42%	<b>60.1</b>	41.9	43%
EBITDA	<b>28.2</b>	24.4	16%	<b>109.0</b>	101.6	7%
EBITDA margin	<b>13.7%</b>	15.4%	-1.6pts	<b>14.8%</b>	17.1%	-2.3pts
Depreciation	<b>8.8</b>	6.3	40%	<b>31.8</b>	24.6	29%
EBIT	<b>19.4</b>	18.1	7%	<b>77.2</b>	77.0	0%
EBIT margin	<b>9.5%</b>	11.4%	-2pts	<b>10.5%</b>	13.0%	-2.5pts
Net cash flow from operations	<b>41.4</b>	32.6	27%	<b>76.0</b>	69.5	9%
Cash and cash equivalents	<b>41.9</b>	37.5	12%	<b>41.9</b>	37.5	12%
Employees at end of period	<b>698</b>	617	13%	<b>698</b>	617	13%
Employees in average	<b>700</b>	603	16%	<b>677</b>	556	22%

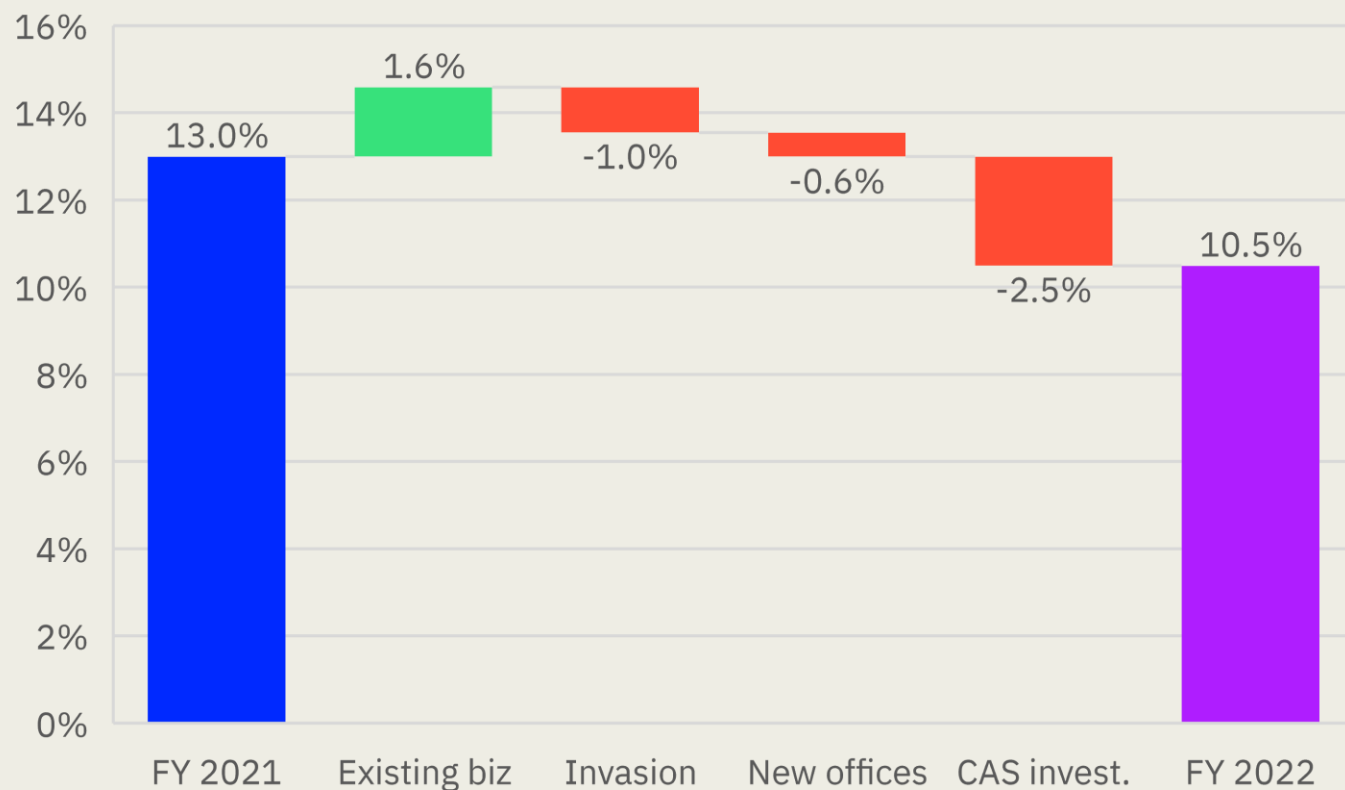
- Growth of 29% with strong traction from new customers and cloud services
- Personnel expenses driven by FTE growth, FX depreciation and salary growth
- Opex increase from new offices and higher spending on recruitment and travelling + social
- MNOK 3.3 extra costs from invasion (support, equipment, write downs). Full year MNOK 7.7
- EBIT up 7% to MNOK 19.4
- EBIT margin of 9.5% (11.4%)
- No. of FTEs 698 (+81)

# Revenue and earnings development



- Strong sales growth year over year with 2-year CAGR of 21.6% and an average of 11.6% EBIT margin
- Quarterly figures are impacted by number of working days net of vacations. Q4 2022 had 64 (64) working days but includes Christmas with vacations and time off

# EBIT margin development



## EBIT margin development:

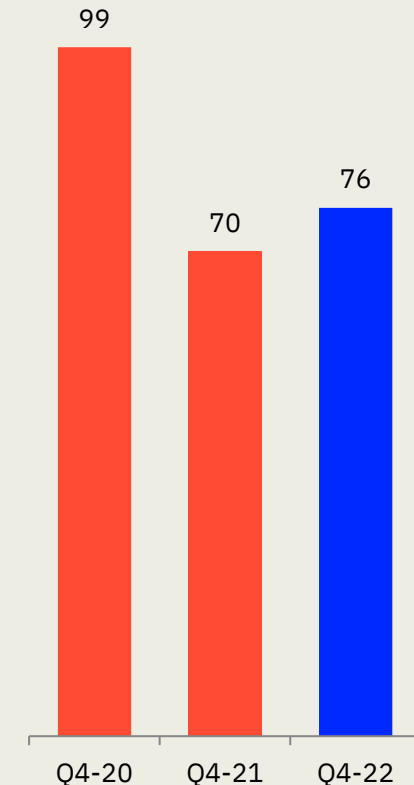
- Margin expansion existing business: +1.6%
- Direct costs from the invasion: -1.0%
- Investment in new offices in Central Europe: -0.6%
- Investment in capacity readiness for cloud expansion: -2.5%

# Statement of cash flow

NOK Million	2022 10-12	2021 10-12	2022 1-12	2021 1-12
EBITDA	28.2	24.4	109.0	101.6
Change in balance sheet items	13.2	8.5	(32.9)	(31.9)
<b>Net cash flow from operating activities</b>	<b>41.4</b>	<b>32.8</b>	<b>76.0</b>	<b>69.7</b>
<b>Net cash flow from investment activities</b>	<b>(3.6)</b>	<b>(7.8)</b>	<b>(15.2)</b>	<b>(32.8)</b>
Purchase of own shares	(8.5)	-	(9.1)	(23.5)
Sale of own shares	-	-	6.6	8.4
Cash settlement of options contract	-	-	-	(1.0)
Equity settlement of options contract	-	-	-	4.0
Principal elements of lease payments	(3.9)	(3.1)	(15.5)	(17.5)
Instalment of sublease receivable	-	0.9	1.8	3.6
External dividend paid	(24.4)	(8.1)	(40.5)	(27.9)
<b>Net cash flow from financing activities</b>	<b>(36.7)</b>	<b>(10.2)</b>	<b>(56.8)</b>	<b>(53.9)</b>
<b>Net change in bank deposits and cash</b>	<b>0.9</b>	<b>14.9</b>	<b>4.5</b>	<b>(16.9)</b>
<b>Bank deposits at the end of the period</b>	<b>41.9</b>	<b>37.5</b>	<b>41.9</b>	<b>37.5</b>

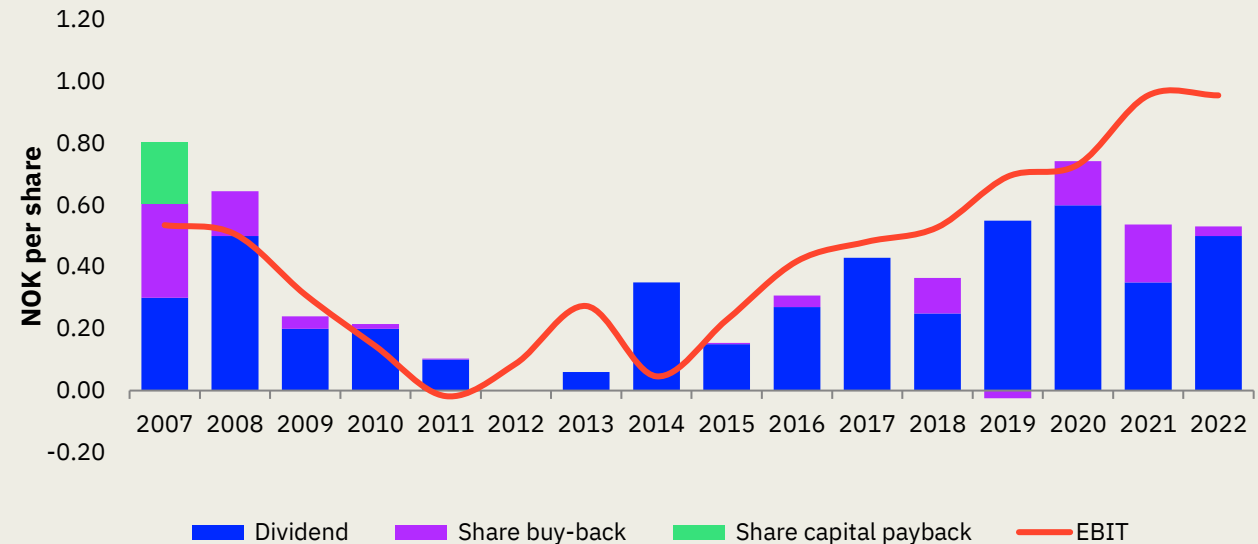
- Cash flow from operations NOK 41.4 (32.6) million in Q4
- 12 month rolling cash flow from operations was NOK 76.0 (69.5) million
  - Apprx. NOK -14 mill (-17 mill) from discontinued operations

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



# Dividend and own shares

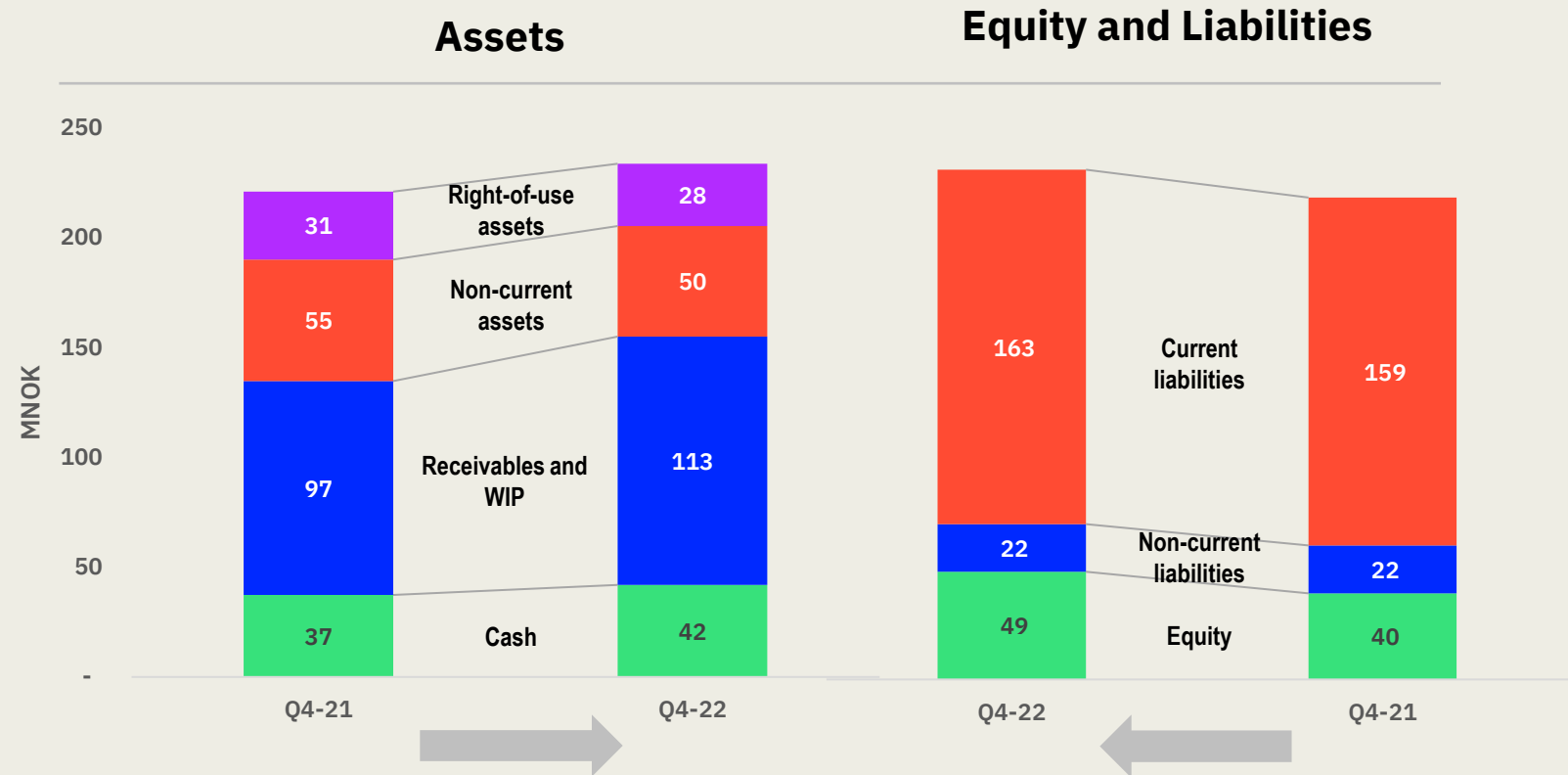
- The board has resolved to propose and ordinary dividend of NOK 0.30 per share for 2022
- Share price was NOK 13.45 at the end of December 2022, a change of -8% incl. dividends from NOK 15.20 at the end of December 2021
- Current holding of own shares is 1,611,602 shares after a buy-back program in Q4 (+600k shares). Value at 31 December 2022 was MNOK 21.7
- Consistent high distribution of earnings.



EBIT in 2021 and 2022 is excluding discontinued operations of -0.23 and -0.17 per share

# Statement of financial position

- Equity ratio of 21% (18%) per 31 December 2022
  - 24% (21%) excl. IFRS 16 Leasing
- Cash balance of MNOK 42 (MNOK 37)
- Total balance increased by MNOK 13 to MNOK 234



# 04 Outlook





# Outlook

**Regional expansion** continues in the Nordics and Central Europe for access to more customers and talents.

**Continued high growth** through existing and new customers

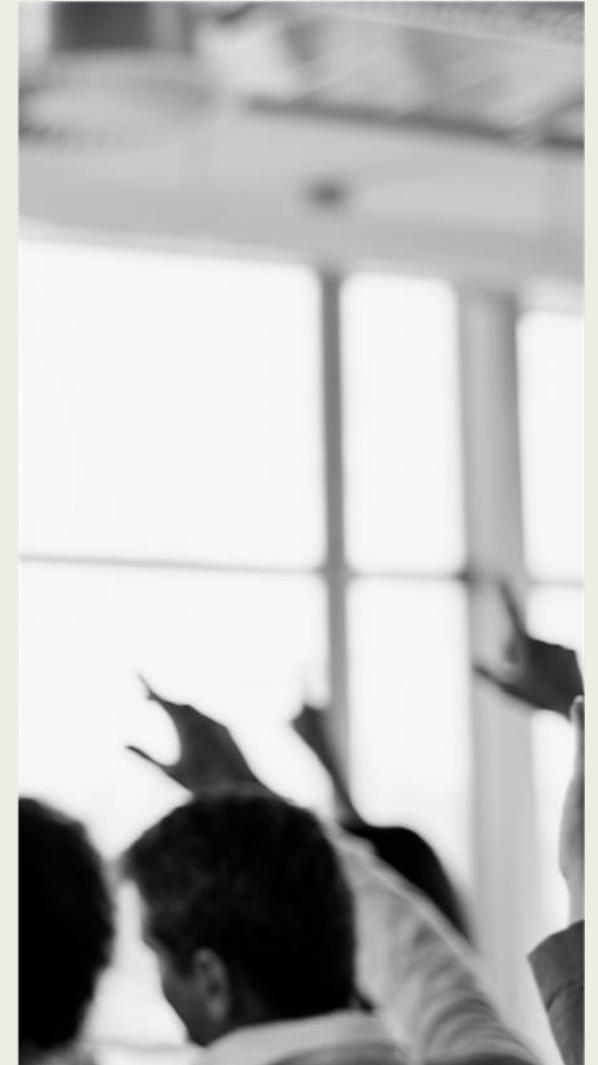
**Readiness to migrate and operate** larger scale cloud transformations.

**Connecting Ukraine and Norway** to enable the green energy shift

**Profitable growth** and cash flow are key focus areas.

# 05

## Q&A



We stand with  
Ukraine

# Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS	31.35	NOR	25,763,031
2	OP CAPITAL AS	5.60	NOR	4,605,242
3	GIP AS	5.12	NOR	4,210,000
4	SEPTIM CONSULTING AS	3.89	NOR	3,200,000
5	EIKESTAD AS	3.65	NOR	3,000,000
6	BOINVESTERING AS	3.47	NOR	2,849,362
7	GAMST INVEST AS	3.13	NOR	2,572,570
8	JØSYRA INVEST AS	2.68	NOR	2,200,000
9	DZ Privatbank S.A.	2.24	NOR	1,840,000
10	ITERA ASA	1.96	LUX	1,611,602
11	DNB BANK ASA	1.93	NOR	1,588,017
12	HØGBERG, JON ERIK	1.39	NOR	1,144,356
13	AANESTAD PANAGRI AS	1.16	NOR	950,000
14	FRAMAR INVEST AS	1.10	NOR	900,000
15	ALTEA AS	0.85	NOR	700,000
16	NYVANG, JETMUND GUNNAR	0.81	NOR	665,000
17	GRØSLAND, KIM-KJETIL	0.77	NOR	632,678
18	JENSEN, LARS PETER	0.77	NOR	631,702
19	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600,000
20	SOBER KAPITAL AS	0.66	NOR	540,786
<b>TOP 20</b>		<b>73.25</b>		<b>60,204,346</b>

\*Arne Mjøs Invest AS holds a future contract on 1,600,000 shares. The total controlling interest of Arne Mjøs is thus 27,363,031 shares (33.3%).

