ANNUAL REPORT

ITERA

2022

Our results

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CEO Comment 2022

Embracing our future

2022 was truly a remarkable year. Our strong performance demonstrates the talent of our incredible people, the company's resilience in the face of the invasion of Ukraine and our ability to help our customers accelerate their sustainable digital transformations.

I would like to begin by honouring our highly talented people for their extraordinary work and commitment, which made 2022 a truly remarkable year for Itera. Following Russia's invasion of Ukraine on the 24 February 2022, no-one imagined that we would deliver organic revenue growth of 24% and an operating EBIT margin of 10.5% in 2022. I have never been so proud of our great people and their ability to navigate challenges such as those the invasion created.

Our performance demonstrates the resilience of the company and the strength of our core strategy: Grow People, Grow Customers and Grow Company. There is a direct link between this strategy, our innovative mindset and entrepreneurial culture, the trust of our customers and partners and our ability to develop and attract great people.

As a company, we aspire to grow organically and be a leader in our industry. We continued our robust profitable growth trajectory while investing in our business and people to increase our scalability as a dependable international company. We remained focused on staying close to our customers, providing the right solutions to enable sustainable digital transformations and adjusting to their changing needs.

Some highlights from 2022

We achieved organic revenue growth of 24% and a solid EBIT margin of 10.5% in 2022, despite all the work associated with adapting to the new normal in Ukraine and the initial setup costs with opening three new offices in Kraków in Poland, Brno in the Czech Republic and Žilina in Slovakia.

The directly identifiable costs of the invasion contributed to a 1.0 point drop in the margin, whereas the start-up costs of the new offices negatively impacted margins by about 0.6 points.

We achieved 13% organic growth in our number of employees, with a net increase of 82 employ-

ees to around 700, with more than 50% of this growth in the Nordics. Once our new offices are running at full speed, our growth capacity will be even more significant than before the invasion and less vulnerable to any situation in Ukraine.

We expanded our most prominent and longest customer relationships while building new ones. Overall, order intake was equivalent to a book-to-bill ratio of 1.2 in 2022. Our two most prominent industries, Banking & Insurance and energy, are established as the main segments for our international growth where the Nordic region has global solid attractiveness.

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.

Q1 2022 represents a milestone for the company, as on January 1st, we launched our new service delivery, Cloud and Application Services, and on March 31st, we closed our own data centres. Our investment in Cloud and Application Services is showing promising progress, fuelling our record revenue growth rate of 29% in the fourth quarter. The cost of having excess capacity in order to be ready for more extensive and multiple migration projects and operations will gradually diminish as business volume grows.

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

Net cash flow from operating activities was NOK 76 million. We returned NOK 40 million in cash to shareholders as a dividend of NOK 0.50 per share, continuing to deliver on our disciplined capital allocation model.

Itera was again ranked as one of the top 25 most innovative companies across all industries in Norway, with 2022 marking the sixth year in a row that the company has achieved this.

Overall, we are very pleased with our steady, strong and profitable growth trajectory, with an annual growth rate of 21.6% and an average EBIT margin of 11.6% over the last 24 months. Our strategy defines the areas where we will drive growth, build differentiation, and enable our business to create high value every day.

Our opportunity

The demand for digital transformation has never been more urgent. Every organisation in every industry will need to infuse digital technology into every business process and function so they can do more with less and become more sustainable.

There is no more powerful input for driving business growth than digital technology. Digital technology will accelerate growth beyond what was previously possible with people and machines. When I talk to executives, the need for speed and throughput from digital initiatives is always one of their top priorities.

According to Microsoft, digital technology in the coming years as a percentage of GDP worldwide will double from 5% to 10% and beyond, but technology's influence on the other 90% of the world's economy will be even more critical. Digital technology will power the entire economy as every company in every industry becomes a software company in its own right. This will make the difference between organisations that thrive and those that get left behind.

In the last quarter of 2022, the economic forecasts for 2023 have continued to decline. While the latest technology spending forecast for 2023 continues to show robust growth of 5% or so, we will see how the market evolves as customers adjust to the new macro environment. We believe the current macro situation is making it even more apparent to customers that they need to change more, not less. At the same time, they're more and more focused on cost and resilience.

Accelerate sustainable digital transformation

Our mission is to help businesses and organisations to accelerate their sustainable digital transformations and achieve more for less. This mission has never been more urgent or more necessary. For all the uncertainty in the world, one thing is clear: Both the private and public sectors are increasingly looking to digital technology to overcome today's challenges and emerge stronger. And Itera, as an international tech company, has never been better positioned to help them.

Here are just a few examples:

- Storebrand, the leading player in the Nordic market for long-term savings and insurance, teamed up with Itera to create a sustainability dashboard that provides Storebrand's customers with a visualisation of how their pension savings score on sustainability factors such as their carbon footprint as well as with in overall sustainability terms. Since half of the money in the world's stock markets is pension savings, this solution can truly affect what the world will look like.

- DNV, the world leader in assurance and risk management with the purpose of safeguarding life, assets and the environment, is using our Digital Factory at Scale to accelerate its digital transformation. For example, when developing a new SaaS solution for data-driven asset management for the electric grid in US and Canada, speed and throughput were increased by 40%.

- With global reach, LAKI Power in Iceland provides power grid operations with world-class solutions for monitoring, analysing and optimising their grid infrastructure. LAKI Power entered into a strategic partnership with Itera. We engaged a team of brave Ukrainian software developers to enhance the level of power that can be efficiently harvested from high-voltage lines.

- The Directorate of Integration and Diversity (IMDi), responsible for implementing the Norwegian Government's integration policy, teamed up with Itera to help immigrant women in working life and society by providing new digital services with high user experience using our Digital Factory at Scale.

- home A/S, Denmark's best-known brand with Real Estate dealers and part of Danske Bank, has successfully completed the migration of all hardware/software from on-premises to the cloud. Not only is this making their business more innovative and flexible on demand, but also in sustainability terms, where e.g. savings on physical hardware, power, and physical maintenance with consultants by car and the environment are essential.

Doing more with less

Our Digital Factory at Scale is all about doing more with less. The secret to the Digital Factory's success is building reusable products, tools, and repeatable processes to accelerate digital transformation. Typically, the speed and throughput can be increased by 20-30% or even more.

Speed, cost and resilience are crucial to our customers. In addition to exploiting new technology, the factory is adopting a new operating model for future data-driven business, opening radically new ways for our customers to work, compete and drive value.

We are meeting customers where they are and enabling them to run apps across on-premises, edge and multi-cloud requirements. We are extending our Digital Factory to the 5G network, introducing new solutions as the digital and physical worlds come together in Industry 4.0.In addition, industry clouds are bringing together capabilities across the cloud platforms with specific customisations to help organisations improve time to value, increase agility and reduce costs.

In this year's annual report, you can read about two sectors where Itera truly made a mark in 2022, Energy and Banking & Insurance, strengthen by Digital Factory at Scale. The factory encompasses all our services and tools, from digital strategy, customer experience and cloud transformation journeys to cloud migration and modernisation, data-driven development, artificial intelligence usage and entire product lifecycle management.

Our investment in our Digital Factory at Scale and Cloud Centre of Excellence (CCoE) impacted our profitability in that it reduced out 2022 EBIT margin by about -2.5 points, yet it fuelled our growth rate to an all-time high of 29% in the fourth quarter.

Data, Low code and AI

Another perspective of doing more with less is to democratise the development of applications and access to data. By 2025, 70% of new applications in enterprises will use low-code or no-code tools, up from less than 25% in 2020.

We are using low-code/no-code tools such as Microsoft Power Platform helping domain experts rapidly drive productivity gains and innovation with teams of professional and citizen developers to automate workflows, create apps, build virtual agents, and analyse data. From best-in-class databases and analytics to data governance, our Digital Factory has a comprehensive data stack to help our customers turn their data into predictive and analytical power.

In the next phase of innovation, artificial intelligence is rapidly advancing, fuelled by data and knowledge. We are seeing a paradigm shift as the world's large AI models become platforms themselves, such as ChatGPT. We also see the increasing momentum in the industrial metaverse moving seamlessly between virtual and physical, which will provide even greater possibilities in the next waves of digital transformation.

Always aspire to grow

Our company is grounded in our strong entrepreneurial culture, empowerment, trust and a growth mindset. The core of our strategy is Grow People, Grow Customer and Grow Company.

At Itera, we focus on what matters for our people to grow every day, which in turn will grow our customers and our company. We operate as one company, ONE Itera, across business units and borders - from sales, delivery and people to an overall operating model with the right balance between alignment and autonomy.

Since the start of the invasion, we have invested in three new offices to counterbalance the new situation in Ukraine. The new locations are Brno in the Czech Republic, Žilina in Slovakia and Kraków in Poland. Once the new offices are running at full speed, our growth capacity will be even more significant than before the invasion and less vulnerable to any situation in Ukraine. And we are also ready to continue our growth in Ukraine.

Itera's strategy outlines that we aim to grow in a customer-centric manner. We seek to expand into new geographical locations in response to growing demand for Itera's services. All new offices are being set up in accordance with our ONE Itera operating model. While the company expects continued growth in its Ukrainian loca-


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tions, the additional offices will provide an even higher total growth capacity than before the war. Indeed, our long-term ambition is to grow our headcount organically by a net 200-350 FTEs annually.

Learning and Development

We value learning over knowing – seeking out new ideas, driving innovation, embracing challenges, learning from failure, and improving over time. We offer a wide range of learning and development opportunities. We believe learning can be more than formal instruction, and our learning philosophy focuses on providing the right learning at the right time and in the right way.

We continue to offer an employee value proposition that includes providing vibrant career paths and opportunities for our people, and approximately one-third of our employees are promoted each year. We also monitor pay equality and career progression across multiple dimensions.

Technology, opportunities, user expectations and trends are evolving rapidly. For our employees to have the best opportunities to further develop throughout their careers with us, Itera has developed a solid framework for continuous competence development called "Level Up". Level Up brings together activities, sources and resources that are useful for employees' development.

The Level Up framework was launched in Q1 2021 and will continue to develop with the company in the coming years.

Our employee surveys enable us to constantly gather feedback from our people in order to make improvements. More than 80% of our employees participated in an employee survey every month, covering various topics such as thriving, inclusion, team culture, well-being, and learning and development. Our surveys give us invaluable insights into the ways we could support employees. In addition to the surveys, we gain insights through onboarding, internal mobility, leadership, performance and development, exit surveys, internal Slack channels, employee Q&A sessions, and HR support.

Growth in knowledge, process excellence and talent development is part of every company's configuration to build competitive advantage. To strengthen Itera's value proposition as a partner to our customers (who utilise a broader range of services), we always look at how we can expand our customer experience and value contribution. Hence we strengthen our partnerships with our customer by tailoring learning paths and training based on our expertise as part of our service offering.

Diversity and inclusion

At Itera, we believe our unwavering commitment to diversity and inclusion is the right thing to do and an essential element of our business strategy and robust performance. And we take a broad view of diversity – including LGBTQ+.

Throughout the year, we focused on knowledge and competence enhancement around LGBTQ+, with measures at the management level and for all employees. We know diversity makes a difference, and a diverse culture is a sustainable culture. And increased knowledge will help us achieve visibility and openness as essential tools against prejudice and ignorance. We therefore introduced a requirement for our leaders to complete a mandatory course developed by Skeiv Kunnskap, FRI Oslo and Viken's competence-raising program relating norms, gender and sexuality diversity.

Sustainability is an integral driver of our strategies, and we have prioritised the following UN Sustainable Development Goals (UN SDGs) as those to which our core business can make a positive contribution: 9. Industry, Innovation, and Infrastructure, 11. Sustainable cities and communities, and 12: Responsible Consumption and Production.

Because we believe different perspectives are essential to solve the complex problems and challenges of the future, we work every day to have an inclusive and diverse environment and culture for our people. To amplify our efforts in this area from 2022, we have chosen to add a fourth UN SDG to our prioritised goals: Gender Equality (UN SDG no. 5).

We stand with Ukraine

I have visited Ukraine four times since the invasion to meet our people and experience their daily life and working environment. The first time was in April, right before easter. I am incredibly proud of how our Ukrainian people have managed to work despite the invasion.

Our Ukrainian people have learned to balance war and life. Most importantly, we have not suffered any casualties. Today, they are talking about the future and making professional and personal plans for the years to come.

During my visits, I also had meetings in Kyiv with several ministers in the Ukrainian government to discuss how Norway and the Nordics can accelerate the green transition in order to reduce dependency on the Russian gas financing Putin's war, which you can read more about in our Q3 and Q4 Interim Reports.

We all know that Ukraine's fight is also our fight for our freedom and sovereignty. We believe in the dream of a new Ukraine, a Ukraine that is not only free, democratic and European but also green and prosperous. A place that Ukraine's brave generation can finally feel is their own.

Looking forward

I am constantly in awe of how our employees are passionate about working each day – for each other, our customers and their communities. I am so proud when wearing our t-shirt that has printed on it: Nordic identity – Ukrainian bravery. Ukraine and our Ukrainian people have become the heroes of the free world.

More than ever, we are committed to showing the world how to accelerate sustainable digital transformation by doing more with less, how to create new pathways for industrial growth and how to deliver far-reaching lifestyle changes through digitalisation. As a strong international company with 13 offices in the Nordics and Central and Eastern Europe and global reach, we will show the way.

We look forward to the future and will continue to pivot to capture new opportunities, create value, operate our own business with operational excellence and deliver on the promise of technology to create a more sustainable world.

I want to close by thanking our employees, Board of Directors, customers, partners and shareholders for their continued trust and support. Our growth and impact as a company this past year would not have been possible without your commitment to the company and belief in its mission.

The opportunity to apply technology to make a real difference has never been more significant. Our foundation has never been more vital to grasp that opportunity and embrace our future. There is no limit to what we can achieve in the year ahead and beyond.

Arne Mjøs

FOUNDER & CHIEF EXECUTIVE OFFICER

Board of directors' report

The board of directors' summary of 2022

Itera demonstrated a high degree of resilience and scalability in 2022, and also delivered solid growth and profitability while investing in several new growth initiatives. These included the opening of new offices in Stockholm (Sweden), Krakow (Poland), Brno (Check Republic) and Žilina (Slovakia), establishing new cloud-based delivery models and new strategic partnerships, as well as initiatives in relation to new industries. Customers in all the sectors that Itera serves are facing major changes in the years ahead. Virtually all customers are looking for new ways to accelerate their digitalisation. Itera is well-positioned to support its customers with their initiatives in this respect. Itera stands out as a company which continually strengthens its digital expertise, ensures reliable delivery processes and is capable of delivering end-to-end services across national boundaries.

Itera has a strong foundation for developing close relationships with an increasing number of customers in the years ahead. The Board of Directors believes that Itera is well-positioned for continuing growth in a world undergoing major changes, and is committed to continuing investment in the company's people and capabilities in 2023.

The company

Itera is a leading international tech company that helps businesses and organisations accelerate their sustainable digital transformations. Itera has a unique ability to bring digital to the core of their business because of our full range of services in digital strategy and consulting, customer experience, technology and cloud operations. Our integrated services and multi-disciplinary teams meet customer needs rapidly and at scale using our world-class distributed delivery model and our Digital Factory at Scale, doing more for less. Itera has a strong customer portfolio in business-to-customer (B2C) markets, as well as in business-to-business (B2B) markets. The Group also owns two niche SaaS companies which mostly have recurring subscription-based revenues: Cicero Consulting, which provides advisory services and solutions to the banking and finance sector, and Compendia, which specialises in products and services for the HR, quality and management areas.

Building on a strong Nordic heritage, we combine local presence with geographically distributed capabilities. The Group is headquartered in Oslo, Norway, and has offices in Bergen, Bryne and Fredrikstad in Norway, Stockholm (Sweden), Copenhagen (Denmark), Reykjavik (Iceland), Kyiv and Lviv (Ukraine), Bratislava and Žilina (Slovakia), Brno (Czech Republic) and Krakow (Poland). Through strategic partnerships with customers, Itera delivers services to multiple locations in Europe and the USA. As Itera continues its strong growth, we will consider opening new offices, either to be in closer proximity to customers or to attract particular expertise and capacity.

Our distributed delivery capabilities are scalable and provide access to a much larger workforce than is available in local markets, and they are located only a couple of hours away by plane from the Nordic region. Our distributed delivery model was recognised as providing the world's best customer experience by the Global Sourcing Association (GSA) in 2018 and for having the best Project Management Office in Europe by the PMO Global Alliance in 2020.

The strategy

The core of our organic growth strategy is: Grow People, Grow Customer and Grow Company. We

are energised by the opportunity to guide and support our customers with their digital transformations into sustainable businesses and to contribute to the advancement of the societies we live in. Our strategy defines the areas in which we will drive growth, build differentiation and enable our business to create high value every day.

Key enablers of our growth strategy include:

People – Itera is a talent-led organisation. Attracting, developing and inspiring the very best talent in our industry is critical to meeting the evolving needs of our customers and growing our business. Our people have highly specialised skills that drive our differentiation and competitiveness. We care deeply for our people and are committed to a robust entrepreneurial culture of empowerment and shared consciousness. We invest in our people to provide them with opportunities to learn and grow in their careers through their work and continued development, training and reskilling. We help them achieve their aspirations both professionally and personally and have a strong commitment to inclusion and diversity.

Capabilities – As ONE Itera, we share the same values, and we are continuously developing our cross-border methodology, practices and collaboration. We are committed to finding human solutions to complex challenges through digital transformation by constantly innovating and developing leading-edge ideas and leveraging emerging technologies to anticipate our customers' needs. Through our Digital Factory at Scale and our managed services we help companies move faster by leveraging digital technology and talent and reduce costs.

Foundation – Our growth model, which leverages our strong customer-centric approach in combination with a mix of local and cross-border sales and customer experience capabilities, enables us to be close to our customers, people and partners and thus to scale efficiently. We leverage our scale and international footprint, innovation mindset, and strong partnerships in order to consistently deliver tangible value for our customers worldwide. Our culture is underpinned by our core values and Business Framework, which are key drivers of the trust our customers and partners show us.

Market conditions

According to Forbes[1], the number one business trend in 2023 is "Accelerated Digital Transformation", driven by developments in transformative technologies such as artificial intelligence (AI), the internet of things (IoT), virtual and augmented reality (VR/AR), cloud computing, blockchain, and super-fast network protocols like 5G. Many of these technologies are now available in the form of 'as-a-service' models via the cloud, and new interfaces and apps are giving businesses access to them via no-code environments.

These developments are bringing us closer than ever to the point where we are able to create "intelligent enterprises", which is to say companies whose systems and processes support each other such that tasks are completed in the most efficient way possible. To prepare for this, businesses must ensure they embed the right technology throughout their processes and in every area of operations.

This trend touches the core of Itera's existence. All our customers are on a journey to becoming digital businesses and thus more agile and resilient, and digital transformation underpinned by cloud and digital technologies continues to drive strong double-digit growth across our core business.

Similarly, sustainability is a critical area in which technology is still evolving, and sustainability was also stated by Forbes as one of the five trends in 2023. The world is increasingly waking up to the fact that the climate disaster will pose a much bigger challenge than anything we have experienced in recent decades, and we believe that we have a social responsibility as a tech company to do our part in relation to resolving this. Every business needs to be sustainable, and most companies are in the early stages of figuring out how to make this shift. Digital technology is uniquely suited to this time as it can help people, organisations, and entire industries make all the difference for our climate. It is part of our mission to help our customers do just this.

McKinsey's report "Norway Tomorrow"[2] states that between now and 2030, Norway will have to build more industries in order to secure the future of new generations and create a sustainable society. They present ten growth industries for Norway: hydrogen, offshore wind, batteries, carbon capture and storage, green maritime industry, industrial software, consumer platforms, the circular economy, aquaculture and tourism.

In 2030, these industries will, according to McKinsey, be responsible for about 210,000 new jobs and will generate about NOK 310 billion in increased gross domestic product.

To achieve this, these industries need to integrate technology into their core business and, to do this, they need the right expertise. We know that 80% of the technologies required to create zero-emission societies are already known to us but are not yet fully exploited. What is needed is a systematic and shared effort to digitise industry for the green transition.

Another trend that Forbes sees as important for business in 2023 is "Immersive Customer Experience"; customers crave experiences above all else. The role that technology plays here has traditionally been to streamline processes and remove hassle from the life of the consumer, e.g. recommendation engines that help us choose what to buy. These will continue to play a key role

1 https://www.forbes.com/sites/bernardmarr/2022/10/03/the-5-biggest-business-trends-for-2023/?sh=53662c9f4217
2 https://www.norgeimorgen.no/

in 2023, but the game has evolved, with this year's keywords being immersion and interactivity.

Itera's design and user experience unit, Experience, has taken pole position in the market by developing and hiring the most talented people available. Experience's goal is to create value for our customers and their end users, as well as for our employees and society as a whole. It does this by combining disciplines such as business insight, cutting edge technology and human-centred design with data.

As stated at the beginning of our report, 2022 was a challenging year for the world. As customers are assessing the impact of the current macroeconomic uncertainty on their business, the increase in demand for IT services may be slightly softer in the short term. However, as digital transformation is critical to realising cost savings and new business opportunities, we expect continued strong demand in the medium to long term.

Customers and projects

Itera has a strong customer portfolio in both business-to-customer (B2C) markets and business-to-business (B2B) markets. We have extensive experience in many sectors, from banking and insurance, retail and the public sector, to oil and gas, the green transition, power and utilities, fishery and other heavy asset industries. The public sector is also a major market for Itera.

We help customers digitalise their businesses in order to become more efficient and achieve improved customer satisfaction through new and personalised products and services, greater customer loyalty, a stronger brand, a better reputation, and stronger barriers against competitors, all of which contribute to additional sales and increased profitability.

A key part of Itera's strategy is maintaining and developing its largest, strategic customer relationships. In 2022, Itera developed several new and exciting relationships with customers such as Å Energi and its subsidiary Entelios, the Directorate of Integration and Diversity, TESS and Vysus. These add to the strong brands that have continued their long-lasting relationships with Itera, including Santander Consumer Bank, Gjensidige, DNV, Mastercard, Kredinor, Storebrand and Össur.

The share of revenue from Itera's top 30 customers was 81% in 2022, up from 76% in 2021. New customers, defined as customers won in the last 12 months, accounted for 10% of revenue in 2022, compared to 14% in 2021.

Hybrid work environment

We continued to meet our customers' strong demand, adding a net 81 talented people in 2022. Our growth was lower than originally expected as the invasion of Ukraine temporarily curbed growth there and required us to shift focus to new locations within the EU. As a result, Itera rapidly set up new offices in Zilina (Slovakia), Brno (Czech Republic) and Krakow (Poland) in the second half of 2022. In addition, we re-established a physical presence in Sweden. We expect to grow these locations considerably in 2023, while remaining fully committed to continuing our operations in Ukraine and prepared to accelerate them in line with demand.

During the last couple of years, Itera has invested significantly in improving its employer branding and expanded our recruitment activities to support our growth ambitions. We provide attractive careers, exciting projects with leading customers, and a flexible, transparent and diversified culture based on core Nordic values.

The aftermath of the pandemic has seen new and more heterogeneous working habits develop. Some employees seem to prefer to work solely from home, others have fully returned to our or our customers' offices, and most have found a mix of these options to be most suitable to their preferences and work/life balance needs. To remain an attractive employer, Itera needs to offer flexible working options, while still ensuring sufficient in-person collaboration and a shared company culture. This is hybrid working.

The role of the company office is changing from traditional production site to more of a site for collaboration and socialisation. Our new head office in Oslo for which we have a move-in date of June 2023 has been designed for this purpose. Similarly, we are adjusting our other existing offices to facilitate this change. As being physical present in the office each day is no longer a requirement, we need to ensure our offices are sufficiently attractive for our employees to feel a sense of belonging there and in order to uphold and develop a strong corporate culture and employee satisfaction.

Our approach to sustainability

Itera's ambition is to be a specialist in creating sustainable digital businesses. By developing and delivering technology projects, we contribute to a sustainable future. The World Economic Forum states that 70 per cent of the UN's 17 Sustainable Development Goals can be solved using technology. This is why we say that digitalisation and technology are our main contributions to increased sustainability.

Each year, we report our sustainability numbers to Ecovadis. In 2022, we went from 60 to 66/100 points (a 10% improvement in our score), which gives us a new silver medal in sustainability. We are only 2 points away from being awarded a gold medal, which will be very achievable in 2023. This score places us among the top 6% within our industry – worldwide.

Sustainability is an integral driver of our strategies, and we have prioritised the following UN Sustainable Development Goals (UN SDG) as those to which our core business can make a positive contribution:

- 5: Gender equality.
- 9. Industry, Innovation and Infrastructure
- 11. Sustainable Cities and Communities
- 12: Responsible Consumption and Production

Itera aims to operate its business and report in accordance with the ESG system, meaning our ambition is to measure our sustainability within three specific categories: environmental, social and governance. Itera has also signed the 10 principles contained in the UN Global Compact, and Itera Norway is certified as an ECO Lighthouse ("Miljøfyrtårn"). More information on these areas can be found in our 2022 Sustainability Report (www.itera.com/en/investor-relations).

Financial results

Following the first quarter of 2022 and in line with its announced plans, Itera discontinued its remaining data centre operations that had not been migrated to the cloud. Since 2020 Itera has reported separately on its core digital business, i.e. its activities excluding its data centre operations. Following the final discontinuation of its data centre operations, Itera is officially reporting on its continuing operations, while its discontinued operations are reported on a net income basis. The comparative figures for 2021 have been restated accordingly.

Itera experienced a high rate of organic growth of 24% in 2022 despite the impact of the invasion of Ukraine, which directly impacted our biggest office. Total revenue in 2022 amounted to NOK 736 million as compared to NOK 593 million in 2021. The operating margin fell from 13.0% to 10.5%. The directly identifiable costs of the invasion contributed to a 1.0-point drop in the margin. These included salary support for drafted employees, relocation support for employees, buying Starlink services, power generators and powerbanks etc. to ensure delivery uptime, and charitable contributions. Indirect costs, like extensive crisis management, have not been considered. The need to rapidly establish alternative offices in Central Europe is believed to have negatively impacted margins by 0.6 points.

The biggest negative impact on margins in 2022 was nevertheless Itera's investment in its Digital Factory at Scale, which has required a substantial build-up of capacity for it to be able to meet future large and parallel cloud migration and operation engagements. Revenue from these engagements started growing in the second half of 2022 and will likely start generating profits in the second half of 2023. In 2022, the service development and capacity readiness activities negatively impacted margins by 2.5 points. The remaining underlying business on the other hand experienced a margin expansion of 1.6 points.

Itera has for well over a decade had a seamless delivery model involving a shared culture and operating model across countries, enabling it to combine customer proximity with highly scalable and high-quality deliveries from the Group's centres in Central and Eastern Europe. This has enabled the Group to run agile and innovative digitalisation projects for Nordic customers with as many as 70-100% of the consultants working remotely.

The operating revenue from Itera's Norwegian entities was NOK 630 million as compared to NOK 541 million in 2021, representing an increase of 16%. This includes revenue from customers outside of Norway that are served by the Norwegian Group entities. Itera's operating revenue in Denmark increased by 38% to NOK 67 million from NOK 48 million in 2021.

In addition, Itera had operating revenue of NOK 40 million in Iceland in 2022, while in 2021 the revenue from Itera's Icelandic customers was billed from its Norwegian entities.

The Group's operating result before depreciation and amortisation (EBITDA) from its continuing operations was a profit of NOK 109.0 million as compared to a profit of NOK 101.6 million in 2021. This represents an operating profit margin before depreciation and amortisation of 14.8%, as compared to 17.1% in 2021. Payroll and personnel expenses were NOK 515.1 million in 2022, which represents an increase of 28% from 2021. The increase was mainly due to Itera having a higher average number of employees compared to 2021. Other operating expenses amounted to NOK 60.1 million in 2022 as compared to NOK 41.9 million in 2021. Total depreciation, amortisation and write-downs were NOK 31.8 million, an increase of 29% from 2021.

The Group's operating result was a profit of NOK 77.2 million in 2022 as compared to a profit of NOK 77.0 million in 2021.

Net financial items were NOK +1.0 million as compared to NOK -1.2 million in 2021. The Group's result before tax was a profit of NOK 78.2 million as compared to a profit of NOK 75.9 million in 2021.

Tax expense totalled NOK 16.8 million in 2022 as compared to NOK 17.3 million in 2021.

The result for the year from continuing operations was a profit of NOK 61.4 million as compared to a profit of NOK 58.5 million in 2021. Net income from discontinued operations was NOK -10.4 million as compared to NOK -14.4 million in 2021. Total net income was NOK 51.0 million as compared to NOK 44.1 million in 2021.

The Board of Directors is impressed by the company's ability to achieve organic growth well beyond market peers during a year heavily impacted by the invasion of Ukraine. It recognises that the company's efforts to safeguard and support its Ukrainian employees as well as to secure ongoing customer deliveries had a negative impact on profitability. The Board is also pleased that the company's data centre operations have finally been discontinued and that it has now positioned itself strongly in relation to cloud migration and operations. By the end of 2022 the applications and IT services used by the Itera Group for internal purposes were 100% cloud-based bespoke and standard applications (e.g. Dynamics 365).

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the Group's activities in 2022 and its financial position at the end of the year.

Research and development

Itera capitalised NOK 9.7 million in research and development costs as well as NOK 0.1 million in software. This compares to NOK 23.4 million and NOK 1.9 million in 2021 respectively, with NOK 18.1 million invested in 2022 into a Cloud Centre of Excellence based on best practices from Microsoft.

Itera's expenditure on research and development in 2022 was capitalised as it was incurred since it was considered that the requirements for capitalisation were met. The solutions principally relate to contracts entered into that have fixed future revenue associated with them or for which there is demonstrated commercial interest.

Cash flow and financial position

Itera generated cash flow from operating activities from its continuing operations of NOK 89.3 million in 2022 as compared to NOK 86.8 million in 2021. Including discontinued operations, the cash flow from operating activities was NOK 76.0 million (NOK 69.7 million). The Group paid shareholders dividends totalling NOK 40.5 million (NOK 27.9 million) in 2022. At 31 December 2022, Itera had a cash balance of NOK 41.9 million as compared to NOK 37.5 million at 31 December 2021.

In addition to the investment made in research and development, NOK 6.5 million was invested in 2022 in office machinery and equipment and fixtures and fittings as compared to NOK 7.3 million in 2021. Itera finances its investments through its generation of cash flow from operations.

Total assets at 31 December 2022 amounted to NOK 233.8 million (NOK 221.1 million). Non-current assets were NOK 78.6 million (NOK 86.3 million). Accounts receivable were NOK 99.0 million (NOK 76.1 million), reflecting the revenue growth seen at the end of 2022.

The Group's equity at 31 December 2022 was NOK 49.4 million as compared to NOK 39.5 million at the same point in 2021. This represents an equity ratio of 21.1% as compared to 17.9% at the same point in 2021. Long-term lease liabilities totalled NOK 20.4 million (NOK 20.0 million). Other current liabilities were NOK 61.9 million (NOK 63.1 million).

Itera held 1,611,602 of its own shares with a market value of NOK 21.7 million at the end of 2022, while at the end of 2021 it held 1,637,006 own shares.

Financial risk

The Group is exposed to currency risk, liquidity risk and credit risk. The Group's executive management team and the Board of Directors monitor these risk factors continually and take action as required.

The revenues and expenses associated with Itera's activities in the Nordic region are denominated in Norwegian kroner (NOK), Danish kroner (DKK), Icelandic krona (ISK) and Swedish kronor (SEK). In addition, Itera has delivery centres in Ukraine and Slovakia and as of 2022 also in the Czech Republic and Poland. The prevailing currencies in which Itera's costs are denominated at these centres are USD, EUR, CZK and PLN respectively. The currency risk associated with this is limited by the fact that the prices Nordic customers are charged for these services are largely adjusted on a monthly basis in accordance with changes to the exchange rates.

The Board of Directors considers the Group's liquidity situation to be satisfactory and does not regard it as necessary to take further measures to reduce the Group's liquidity risk.

The Group has historically incurred very low losses on receivables. This trend continued in 2022.

Business risk and quality leadership

The Group has deliveries worldwide and offices in multiple locations in Europe and assesses and manages risk at the country and delivery level. Itera closely monitors and manages country risks, local financial and social regulations and developments, and has a zero-tolerance policy on corruption. It does not carry out any domestic activities in countries where the problem of corruption is at its greatest. Best practice data security procedures and checks have been implemented at the Group together with a legal framework that safeguards data security and intellectual property across national borders.

In 2022, our company successfully managed various business risks, which helped us maintain our financial performance and achieve our strategic objectives. In this report, we will highlight some of the significant risks we faced and the actions we took to mitigate them.

Another risk we faced was the prevailing economic landscape, which included increasing inflation and interest rate hikes. While these factors have generally had an effect on procurement patterns, they have so far not impacted our financial performance. In fact, we achieved substantial growth in 2022. Our distributed delivery model has proved its dependability and robustness, enabling us to maintain our operations and continue delivering value to our customers.

Talent attraction and retention is a continual risk that requires ongoing efforts to remediate. The availability of the skills we need is constantly evolving, and we need to adapt to the changes. To mitigate this risk, we expanded our geographical footprint, which helped us gain access to new talent. We also maintained our investment in employer branding and improved our HR practices to enhance employee satisfaction and retention.

Cyber security, data loss, and privacy breaches are ever-present risks that require constant vigilance. In 2022, no major security event was registered at our company. Nevertheless, we continue to work on improving our security and privacy controls. As detailed above in our retrospective look at security and privacy, we implemented several measures to enhance our security and privacy capabilities, including risk-based access control, extended endpoint detection and response, and a privacy information management system.

In late February 2022, Russia started a military invasion of Ukraine. Itera's first and foremost concern was to facilitate the safeguarding of its employees and their families (the Itera People First perspective). Itera supported its employees' relocation to the western region of Ukraine into its Lviv office as well as to other countries. Once they were safe, Itera's employees immediately focused on customer deliveries. Given the circumstances, the temporary disruption to Itera's services delivered from its Ukrainian employees was relatively insignificant. Itera has strong business continuity plans that enable it to act quickly in a state of emergency like this and minimise business disruption and this was successfully proven to be the case. As a further measure to reduce business risk, Itera opened new offices in the Czech Republic and Poland as alternative delivery centres to Ukraine. These actions enabled us to continue serving our customers while mitigating the risks associated with the war. Itera is nonetheless fully committed to continuing and eventually expanding its Ukrainian operations.

The Norwegian krone has continued to trade at historically quite low levels against the US dollar and the euro. This has had a negative impact on the differential between the rates associated with Norwegian and distributed deliveries. However, the general shortage of IT services in the Nordics and the fact more and more customers are gaining first-hand experience of working with distributed teams and are seeing how effective this approach can be has led to a continued increase in the demand for Itera's acclaimed distributed delivery model.

Our quality management framework and associated policies, processes and methods help Itera to achieve high levels of customer satisfaction, employee engagement and profitable growth. Itera applies a quality management framework that combines world-class standards with its business models. Certifications and authorisations such as ISO 27001 and BCR-P (Binding Corporate Rules for Processors) are examples of these. Itera's quality management team conducts internal audits of compliance with and the value of framework practices to continuously develop the Group's capabilities. Managing non-conformities and quality improvement processes are part of Itera's approach to quality.

The current macroeconomic environment is challenging with surging inflation, rising interest rates, the energy crisis and the ongoing invasion of Ukraine all impacting businesses to varying extents. As a result some companies may reduce their spending levels. Digitisation is an important tool for reducing costs and generating new business opportunities. However, an overall decrease in available capital will increase the hurdles to investment in this area as well. A number of technology companies have recently laid off employees. This may have a positive impact on the availability of talent in our industry, as well as reducing the high upwards pressure on salaries.

Corporate risk management is performed at the Group level. This includes risk assessments, risk approval and reports on risk management and mitigation for the Board of Directors. Risk management is also performed for deliveries to customers and internal projects.

Organisation

The Group's headcount at 31 December 2022 was 698 as compared to 617 at the end of 2021 for its continuing operations. The average number of full-time equivalent positions at the Group in 2022 was 677 as compared to 556 in 2021 for its continuing operations.

The proportion of Itera's capacity that is located in Central and Eastern Europe was 52% at the end of 2022 as compared to 53% at the end of 2021. The Group's delivery centres in Ukraine, Slovakia, Czechia and Poland provide significant scalability of high-quality employees in the still hot market for digital business services.

Health, safety and environment (hse)

Itera's working environment is considered to be of the highest standard across all its locations. Employee engagement is measured regularly. The results and feedback from these surveys are very good and fully support our strategic direction to Grow People and be a people-first company. Absence due to sickness in 2022 was 2.9%, which the Board considers very satisfactory. No accidents or injuries occurred during the year. Seven Ukrainian employees are currently drafted into the armed forces. The Board considers the working environment to be good. The Board wishes to warmly thank everyone at Itera for their continued hard work, passion and dedication to our customers and our business in 2022, in what was a particularly trying year for our fantastic Ukrainian employees.

Social responsibility

Itera recognises that it has a responsibility to the society of which it is part and seeks to contribute to the positive development of those areas of society that are most related to its activities.

The Group's ethical guidelines describe the standards that apply to the Group's relationships with customers, suppliers, the public authorities and its own employees.

Further information on Itera's ethical guidelines – Code of Conduct – is available at https://www.itera.com/en/investor-relations.

Corruption
Itera does not tolerate any form of corruption.

The Group is exposed through its nearshore activities in Ukraine to a certain level of corruption risk as the country has a low score on the Transparency International Corruption Index. Itera has therefore decided to protect the Group from this risk by not delivering services to the public or private sectors in Ukraine where the problem of corruption is principally found, and by only exporting its services to countries where western business standards are the norm.

The Group has guidelines for all employees concerning the acceptance of gifts and other benefits or advantages. The Group's ethical guidelines can be consulted for further information.

Security and privacy
Underpinning the Itera Business Strategy and policies, the Group has implemented a security and privacy framework that applies to all business units and subsidiaries. Security and privacy as subject matters include privacy, data protection, information security and cybersecurity. Itera's security and privacy framework forms the foundation for both its deliveries to customers and its own operations. This applies to all processes, practices, technology and organisational units, and the objective is to ensure compliance with laws and regulations, policies and guidelines. As part of our efforts to achieve compliance, Binding

Corporate Rules for Processors (BCR/P) and Standard Contractual Clauses (SCCs) as mandated respectively by Articles 47 of GDPR and Article 46(1) and Article 46 (2)(c) of Regulation (EU) 2016/679 have been developed and approved by the local Supervisory Authority. The BCR/P enable the transfer of customers' personal data, while SCCs enable the transfer of internal personal data for processing outside of the EU/EEA, which in Itera's case is to Ukraine.

2022 was a milestone for companies all over the world as there was a collective focus on enhancing security and privacy measures. Our company was no exception. In this report, we will highlight the significant achievements we made in security and privacy, supported and sponsored by the Board of Directors.

Privacy has always been a top concern for Itera given the sensitive data we handle. We updated our Binding Corporate Rules for Processors and our EU Standard Contractual Clauses to comply with the new provisions mandated by the Court of Justice of the European Union following the Schrems II ruling. This was a critical step towards ensuring continued data flows between our entities based in the EU/EEA and our subsidiary in Ukraine. In addition, we kicked off a company-wide implementation of a Privacy Information Management System to help us manage and protect the personal data we control and process.

Security is also a top priority for our company. The russian innovasion of Ukraine made it crucial for us to enhance our security capabilities in resilience and recovery. To this end, we migrated and decommissioned all local servers in Ukraine, implemented remote asset wipe capabilities, and segregated our networks. We also extended our endpoint detection and response capabilities, implemented risk-based access control, and created a Security Operations Centre (SOC) to enable us to monitor and respond to security threats proactively.

In addition, we deployed a company-wide risk management process and support tool, which will enable us to identify and manage potential risks more efficiently. Employee training is also essential to ensuring compliance with security and privacy governance. To this end, we provided theoretical training in security and privacy best practices coupled with practical simulations for all our employees. This helped to increase our security awareness and maturity level.

It is important to note that the measures and achievements mentioned above are sponsored and supported by the Board of Directors. We recognise the importance of maintaining strong security and privacy measures in order to protect our own as well as our customers' data and maintain their trust in our organisation. Our unwavering commitment to our goals has enabled the successful implementation of these measures.

Itera's nearshore activities are fully integrated with its Nordic activities, and the entire Group therefore follows the same procedures and ethical standards. The Group operates a cloud-based infrastructure with the CCoE (Cloud Centre of Excellence) as its core infrastructure, enabling it to manage internal as well as customer resources either within the CCoE or in customer tenants. All cloud-based services and resources are located within the EU/EEA in line with laws, regulations and customer requirements.

Financial processes are carried out by a central function with teams located in Norway and Ukraine.

All employees that are part of the Group's nearshore activities have signed confidentiality agreements that include undertakings in respect of data processing and other security arrangements. There are also DPAs and BCR/Ps among all Itera companies and locations.

Integrity and general legislation

Itera complies with the national legislation and regulations of all the countries in which it operates. All its employees are encouraged to disclose internally any cases in which they have concerns with regard to the Group's integrity or where they are aware that laws or regulations are being breached. Employees can make such disclosures confidentially if they so wish, and the Group will not take adverse action against whistle-blowers, regardless of whether the content of the disclosure is found to be true or false.

Human resources

Details of Itera's approach on equality and diversity, human rights and social responsibility can be found in the 2022 Sustainability Report and the Human Rights Due Diligence Summary Report 2022 (Transparency Act) on the company's website www.itera.com/en/investor-relations.

Equality

Itera regards gender equality as important. We believe that women and men should be given the same remuneration and the same personal and professional development opportunities. The Group seeks to ensure employees of both genders are able to combine their work and private lives, and therefore offers maternity and paternity leave arrangements, home office solutions and part-time positions to support this.

31% of the Group's employees in 2022 were women as compared to 30% in 2021. The Group's executive management team consisted of three men and two women in 2022. The shareholder-elected Board members are two women and two men, while the employee-elected representatives and observers are two women and two men.

There are large differences in the proportion of women employed in the Group's various areas of expertise. The proportion of women is lower in technology-focused areas in development and operations, while the proportion of women is higher in areas that are more specialised in consultancy, communication, content and testing. 74% of the parent company's employees are women. There is an uneven distribution of men and women in management positions. Especially in Norway, the distribution of women and men improved in 2022. The Group has a goal of improving this balance in its management groups.

Diversity

Itera regards diversity at the Group as important and seeks to recruit, develop and retain the best employees regardless of gender, ethnicity or disability. Itera strongly believes diversity and inclusion make a difference for Itera, our customers and society. The Group believes in all our individual unique characteristics as the driving force for our winning team that grows our customers and our people. We believe a diverse culture is a sustainable culture.

Itera's diversity framework was implemented in 2021 to address diversity and inclusion. Itera will focus on three high-level areas of diversity and inclusion: ensuring representation of diverse talents, enabling equality of opportunity through fairness and transparency, and tackling micro-aggressions and promoting multivariate diversity. The Group's ethical guidelines also serve to promote diversity and prevent discrimination.

Human rights

Itera is committed to ensuring internationally recognised human rights, such as those defined in the United Nation's Universal Declaration of Human Rights and other UN conventions, are respected. No one shall in any way contribute to an individual's human rights being breached or circumvented. The Group places special emphasis on ensuring that employees' fundamental rights are respected. Itera has operations in countries outside Nordic, and considers that the establishment of these workplaces has contributed to increasing the living standards of its employees in these countries.

Employee engagement

Itera does not measure employee satisfaction but employee engagement, as we are of the view that this is a strong indicator of employee wellbeing. For Itera it is important to understand our employees so we can help them perform at their best and drive positive business outcomes. The engagement score is an overall indicator of how engaged our employees are. Employee engagement is measured monthly through a digital survey consisting of around ten questions. Each employee gives his/her score and feedback on a wide range of relevant topics, such as his/her work-life balance, professional development, workload and adherence to Itera's values. Employees are given the opportunity to share their opinion on which areas and measures should be prioritised in order to improve the results. Based on the input from our employees, different levels of analysis are carried out and different actions to improve engagement activated. Measures that are assumed to have an effect on several parts of the organisation are implemented under the guidance of the Group's HR function. Measures that are more locally targeted are carried out by the department in question under the direction of the relevant manager.

The overall average engagement score of 8.5 on the 2022 surveys shows that employees find Itera a good place to work. This was the same level as in 2021.

The engagement score is an overall indicator of how engaged Itera's employees are. It is an average of scores given on a scale of 0 to 10 in response to the questions below:

- Engagement - How likely is it you would recommend Itera as a place to work?
- Loyalty - If you were offered the same job at another organisation, how likely is it you would stay at Itera?
- Satisfaction - Overall, how satisfied are you working at Itera?

In 2022 Itera included a well-being index because Itera believes that well-being at work starts with prevention and understanding. By getting a holistic view of the well-being of its employees, Itera can take action to create a positive environment. The overall health and well-being score of 8.6 means that Itera is in the Top 25% of the technology industry in relation to health and well-being.

Skills and expertise development

A world in constant evolution means that education, knowledge and skills will need to be in constant motion to keep up. A high level of skills and expertise is crucial to the Group's competitiveness. Itera works in a targeted way to develop the skills and expertise of all its employees with regards to our practice areas and capabilities as well as our business framework, entrepreneurial culture, sales and management. Our different training activities support the process of continuous improvement throughout our employees' careers at Itera.

For our employees to have the best opportunities to further develop throughout their careers with us, Itera has developed a solid framework for continuous competence development called "Level Up". Level Up brings together activities, sources and resources that are useful for our employees' development. In 2022 Itera organised 49 events in Norway through Level Up. Everyone was welcome at these to learn something new, share their knowledge and be part of interesting discussions.

The Level Up framework was launched in Q1 2022 and will continue to develop with the company in the coming years.

Environment

The Group has assessed the climate risk of its operations. It is assessed to be low. Itera's activities only pollute the external environment to a limited extent. The Group still acknowledges the importance of minimising the negative impact of its operations on the environment. The Group's environmental impact is principally a result of its use of energy, business travel, IT equipment and the waste created by its office activities. The Group reports its climate impact in accordance with the GHG protocol in the direct and indirect emissions categories. Its headquarters in Oslo are Eco-Lighthouse certified (re-certified for another three years in 2021), which means it operates environmentally friendly and sustainable procedures in areas including business travel, procurement and waste management.

The Group is headquartered in a BREEAM-NOR certified building. BREEAM is the world's longest established (1990) and Europe's leading environmental assessment tool for buildings, and BREEAM certification is based on a building's documented environmental performance across nine sustainability categories: management, health and well-being, energy, transport, water, materials, waste, land use and ecology, and pollution. The office part of the building has received an assessment rating of "Very good".

Other environmental initiatives at the Group seek to promote the use of organised recycling schemes for obsolete IT equipment, to reduce travel by ensuring video meetings are used as effectively as possible and to encourage responsible waste management.

All employees have a duty to consider the environmental impact of work-related activities and to favour solutions, products and methods that impact the environment as little as possible. Details of this can be found in the Group's ethical guidelines (https://www.itera.com/en/investor-relations).

Shares and shareholder relations

The share capital of Itera ASA is NOK 24,655,987.20 divided into 82,186,624 shares each with a face value of NOK 0.30 per share.

Itera held 1,611,602 own shares at the end of 2022. The Group has five ongoing share options programs, the last of which was issued in 2022. The exercise prices for these programs range from NOK 10.29 per share to NOK 13.91 per share. This compares to a share price of NOK 13.20 at 31 December 2022. Since 2017 Itera has run an annual Employee Share Purchase Programme for its Nordic employees which gives them the right to buy shares in the company at a discount. Following changes to Norwegian tax legislation in 2022, the programme was restructured to introduce a three-year restriction on selling the shares. This restriction created a fair market value discount calculated at 25.6%, which was offered to employees. Under the programme, employees could invest up to a pre-discount level of NOK 30,000. The key objectives of these programs are to align employee and shareholder interests and to give employees an opportunity to take part in the value creation and long-term development of the Group. In total, 108 employees purchased a total of 232,078 shares through the offering in 2022.

Itera had 2,042 shareholders at the close of 2022. The 20 largest shareholders owned a combined total of 73 % of the share capital.

An ordinary dividend of NOK 16.4 million was paid in 2022 based on the Group's 2021 results, which is equivalent to NOK 0.20 per share. In addition, a supplementary dividend of NOK 24.7 million (NOK 0.30 per share) was paid in November 2022. The Board of Directors proposes the payment of an ordinary dividend of NOK 0.30 per share based on the Group's 2022 results and will also request from the General Meeting an authorisation to pay an additional dividend later in the year.

Corporate governance

Itera applies corporate governance that is based on the requirements of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. The separate section on corporate governance provides more information on how Itera complies with Section 3-3(b) paragraph 2 of the Norwegian Accounting Act and the provisions of the Norwegian Code of Practice for Corporate Governance. The Board of Directors of Itera ASA held seven board meetings in 2022.

The Board of Directors has two subcommittees, namely the Audit Committee and the Compensation Committee. The Audit Committee consists of two board members and held five meetings in 2022. The Compensation Committee consists of two board members and held three meetings in 2022. The Compensation Committee prepares matters and makes recommendations to the Board regarding the CEO's remuneration. The Compensation Committee acts as an advisory body for the CEO on compensation-related issues and other significant personnel questions related to the executive management.

Further information on this area is provided in the corporate governance report at the end of this report.

Directors' and officers' liability insurance

Itera has signed a directors' and officers' liability insurance agreement with Gjensidige covering the Board of Directors and executive management. The insurance will cover damages amounting to NOK 10 million for each incident and accumulated over the insurance period (one year).

PARENT COMPANY

Financial results

Internal support processes and shared solutions are structured as Group Functions in the parent company Itera ASA in areas where this facilitates significant economies of scale and synergies. The scope of the Group Functions is managed in line with the Group's requirements, and they cover areas such as accounting/finance, HR, communication, marketing and internal IT. The parent company's operating revenue of NOK 54.2 million (NOK 46.4 million) was related to sales of these services to other Group companies.

The parent company's operating result was a loss of NOK 6.8 million (NOK 2.8 million). Its operating loss reflects the costs of owning the subsidiary companies.

As the owner, the parent company receives group contributions and dividends from the subsidiary companies. In 2022, the parent company received group contributions and dividends totalling NOK 53.8 million (NOK 46.9 million). The parent company's profit before tax was NOK 45.8 million (NOK 44.0 million) and the profit after tax was NOK 45.9 million (NOK 44.0 million).

Profit allocation

The Board of Directors proposes that the profit of NOK 45,873k recorded by the parent company Itera ASA is allocated as follows:

- NOK 24,656k to ordinary dividend
- NOK 24.656k to supplementary dividend paid in 2022
- NOK (3,439)k from other equity

The book value of the parent company's investments in the subsidiary companies is NOK 116.0 million. The parent company administers the Group bank account system. The Group's positive cash flow also appears as an increase in the liquid assets held by the parent company as this shows the combined bank deposits held in the Group bank account system. The parent company reports the bank deposits held by the subsidiary companies in the Group bank account system as liabilities to Group companies. The Norwegian companies are also jointly VAT registered, and the parent company is responsible for paying VAT on behalf of all these companies. The total VAT liability is reported as a liability on the parent company balance sheet but is offset by intragroup receivables due from subsidiaries.

The parent company's headcount at the end of 2022 was 23 as compared to 20 at end of 2021. 17 of the 23 employees are women. Absence due to sickness in 2022 was 2.9% as compared to 4.7% in 2021. No accidents or injuries occurred during the year. The Board considers the working environment to be good as supported by the company's employee satisfaction score.

It is the opinion of the Board of Directors that the annual accounts provide a true and fair view of the parent company's activities in 2022 and its financial position at the end of the year.

Going concern assumption

In accordance with Section 3-3a of the Norwegian Accounting Act, it is confirmed that the going concern assumption is applicable and that the annual accounts have been prepared on this basis. The forecast for 2023 and the Group's equity situation and liquidity situation provide the basis for the going concern assumption.

Outlook

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties.

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 our distributed delivery model across borders in the Nordics and Central and Eastern Europe, and focusing on operational efficiency remains unchanged.

During 2023 Itera will continue to invest in its expansion in Sweden and Central and Eastern Europe to accommodate current and expected future demand, while maintaining readiness to accelerate expansion in Ukraine. Itera is utilising its strong relations with the Ukrainian authorities and senior management in Nordic industries to enable the green transition through new industrial software solutions and services as part of the rebuilding of Ukraine after the invasion is over.

As customers are assessing the impact of the current macroeconomic uncertainty on their businesses, the increase in demand for IT services may be slightly softer in the short term. However, as digital transformation is key to realising both cost savings and new business opportunities, we expect continued strong demand in the medium to long term. Itera expects its organic growth rate to continue to be amongst the highest in our marketplace in 2023.

There is a gradual shift taking place in the nature of the demand for managed services. As businesses seek greater resilience, face a war for talent, and need to digitise and experience cost pressures, strategic managed services are increasingly a top management priority. Leveraging the substantial investment that has been taking place in its Cloud and Application Services during 2022, Itera will see a gradual improvement in profitability throughout 2023 with an increasing volume of migration and modernisation engagements, improving the total profitability of Itera.

Oslo, 27 April, 2023
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Siren Tønnesen
Board member
(Employee elected)

Hans Joachim Trøbråten
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

Corporate governance

The Board of Directors and executive management of Itera ASA carry out an annual review of the principles for corporate governance and how they function within the Group. Itera provides here an account of its principles and practice for corporate governance pursuant to Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES) as issued on 14 October 2021.

The Norwegian Code of Practice for Corporate Governance is available on www.nues.no/english.

A description of how Itera complies with the 15 recommendations set out in the Code of Practice for Corporate Governance is provided below.

1. Implementation and reporting on corporate governance

Itera ASA's principles for corporate governance ensure an appropriate division of roles and good collaboration between the company's owners, its Board of Directors and its executive management as well as satisfactory control of its activities. This helps to ensure the greatest possible value creation over time in the best interests of owners and other stakeholders.

The company's ethical guidelines address conflicts of interest, relationships with customers, suppliers and the media, inside information issues and other relevant financial interests of a personal nature. The ethical guidelines apply to all employees of the Itera Group.

Itera's employees increasingly regard non-financial incentives as important. Itera's management principles therefore contain a clear set of values for employees to identify with. Itera also focuses on making social and moral considerations part of its business processes. This means that customers or projects may be rejected on account of their being in conflict with the Group's set of values and vision, which is: "Make a difference". This applies to all the contexts in which Itera is present; the aspiration is for Itera's employees to view working at Itera as more than just a job, for its customers to find real value in collaborating with Itera, for its owners to receive a greater return from their investment than would be the case with other comparable investments, and for the company to make a positive contribution to economic and social development the local environments in which it operates.

Itera complies with the Norwegian Code of Practice for Corporate Governance with no material deviations from the Code's recommendations, with the exception of the deviations set out in sections 6 and 14.

2. Business (No deviation from the Code)

Itera is a leading international tech company that helps businesses and organisations accelerate their sustainable digital transformations. Itera has a unique ability to bring digital to the core of their business because of our full range of services in digital strategy and consulting, customer experience, technology and cloud operations. Our integrated services and multi-disciplinary teams meet customer needs rapidly and at scale using our world-class distributed delivery model and our Digital Factory at Scale, doing more for less. Itera has a strong customer portfolio in business-to-customer (B2C) markets, as well as in business-to-business (B2B) markets. The Group also owns two niche SaaS companies which mostly have recurring subscription-based revenues: Cicero Consulting, which provides advisory services and solutions to the banking and finance sector, and Compendia, which specialises in products and services for the HR, quality and management areas.

The Board monitors the progress of the company's ESG strategy and its associated processes and reporting. The Board includes these issues in its discussions relating to strategy, risk and performance.

The annual report contains details of the company's goals and strategies, and the financial markets are provided with continual updates by the company's quarterly presentations.

3. Equity and dividends (No deviation from the Code)

The company's capital situation is kept under constant review in relation to its objectives, strategy and desired risk profile.

The company's objective is to generate a competitive return for its shareholders through dividends and increases in the share price that is in line with comparable investments. Itera's dividend policy is intended to strike a balance between capital adequacy and providing shareholders with a reasonable return. The company's current dividend policy is to distribute at least 50% of the Group's adjusted annual profit after tax. Payment of the annual dividend is dependent on the company's financial situation, its working capital requirements and investment/acquisition opportunities. The Annual General Meeting approves the annual dividend based on a proposal from the Board of Directors. For 2022, the Board of Directors proposes the payment of an ordinary dividend of NOK 0.30 per share. The Board of Directors has also resolved to ask the Annual General Meeting to renew its authorisation to pay a supplementary dividend for 2022 if the Group's financial situation makes this possible.

At the Annual General Meeting in 2022, the Board of Directors was granted authorisation to increase the company's share capital by up to NOK 1,232,799 by issuing for subscription up to 4,109,331 new shares with a nominal value of NOK 0.30. The authorisation is effective until 30 June 2023 and replaced the authorisation approved by the Annual General Meeting held on 25 May 2021. The Board is authorised to waive the preferential rights of shareholders pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The authorisation also covers capital increases for non-cash payment or other special subscription terms pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The authorisation also covers resolutions in connection with mergers pursuant to Section 13-5 of the Norwegian Public Limited Companies Act.

At the same Annual General Meeting, the Board of Directors was granted authorisation to buy back own shares up to a nominal value of NOK 1,232,799, equivalent to 4,109,331 shares each of a face value of NOK 0.30. The authorisation is effective until 30 June 2023 and replaced the authorisation granted at the Annual General Meeting held on 25 May 2021. The authorisation was used to buy back 600,000 shares in December 2022 for the purpose of employee option and share purchase programmes.

The Board of Directors as part of its preparations for the Annual General Meeting carries out an annual review of whether it should ask for authorisation from the Annual General Meeting to increase the company's share capital and/or to be allowed to buy back own shares. Any authorisation is normally granted for one year, and the basis for such authorisation must be clearly communicated at the Annual General Meeting.

4. Equal treatment of shareholders and transactions with close associates (No deviation from the Code)

The company is committed to treating all shareholders equally. There is only one class of shares. The Articles of Association do not impose any restrictions on voting rights. Treating all shareholders equally is regarded as important. All information liable to influence the company's share price is published through the Oslo Stock Exchange's information system and on the company's website.

The company's transactions in its own shares (share buy-backs) are carried out through the stock exchange at market rates, except in cases of exercising buy-back options in discontinued employee share incentive programmes. The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

5. Shares and negotiability (No deviation from the Code)

Itera shares are listed on the Oslo Stock Exchange and are freely negotiable. Itera has one class of shares, and each share equals one vote at the General Meeting. The shares have no trading restrictions in the form of Board consent or ownership limitations. The Articles of Association of Itera ASA contain no restrictions on negotiability or voting rights and all shares have equal rights.

According to the conditions in Share Purchase Programme offered to selected managers and key personnel in 2020, 2021 and 2022, a three-year lock-in period applies to ownership of the shares purchased under this programme. Itera has a buy-back option of the shares in cases where the employee terminates his or her employment with Itera within the lock-in period. Itera considers that such trading limitation does not cause disturbances in the market due to limited scope and thus is not in violation of the NUES recommendation.

6. Annual General Meeting

All shareholders are entitled to participate in the Annual General Meeting. Arrangements have been made that allow shareholders to vote in accordance with their ownership through a legal representative or proxy. All shares in the company carry equal voting rights. There are no ownership restrictions, and the company is not aware of any shareholder agreements.

Minutes from the Annual General Meeting are made available using the Oslo Stock Exchange's information system and on the company's website (www.itera.com).

NUES recommends that the Annual General Meeting should vote separately on each individual candidate for any corporate bodies to which members are elected. Itera's practice is for the entire Board to be elected.

7. Committees (No deviation from the Code)

Nomination Committee
The Annual General Meeting has established a Nomination Committee in accordance with Itera's Articles of Association. The Annual General Meeting issues the mandate for the work of the Nomination Committee. The Nomination Committee nominates candidates for appointment to the Board of Directors for consideration by the Annual General Meeting. The nominations are required to provide relevant information about the candidates' background and independence. The Nomination Committee also makes proposals regarding the remuneration paid to members of the Board. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting.

The members of the Nomination Committee are Eli Giske, Bjørn Wicklund and Olav Werner Pedersen. No Board members or Itera management employees are members of the Nomination Committee.

The Nomination Committee publishes an invitation to submit proposals for candidates for election to the Board on the company's website. The Nomination Committee will also send a letter to the largest shareholders inviting their proposals.

Audit Committee
The Board has established an Audit Committee in accordance with Itera's Articles of Association. The Audit Committee has two members. Its mandate is to supervise the company's reporting procedures and to assess the effectiveness of internal control and risk management activities. The Audit Committee is in regular contact with the auditor and ensures the auditor is independent. The Audit Committee reports to the Board. Members of the Board have access to all relevant documentation as well as to the minutes of all Audit Committee meetings.

The members of the Audit Committee are Marianne Killengreen (chair) and Gyrid Skalleberg Ingerø.

Remuneration Committee
The Board has established a Remuneration Committee to develop and coordinate the Group's remuneration systems. The Remuneration Committee has two members – Jan-Erik Karlsson (chair) and Morten Thorkildsen.

8. Board of Directors: Composition and Independence (No deviation from the Code)

Itera does not have a corporate assembly. Itera's Articles of Association state that the company is to have a Board of between five and seven members. The Board currently has six members, four of whom are elected by shareholders at the Annual General Meeting. Itera's employees are represented by two employee electives and two observers. Fifty percent of each of the shareholder and employee elected board members and observers are women.

It is regarded as important for the Board to be balanced in terms of its members' expertise, experience and backgrounds in relation to areas that are of relevance to the company's activities. It is also desirable for the composition of the Board to reflect both the company's ownership structure and the need for independent representatives. The current Board includes four members elected by shareholders at the company's Annual General Meeting, and its composition satisfies the independence requirements set out in the Norwegian Code of Practice for Corporate Governance. No member of the executive management is a member of the Board.

The Nomination Committee has announced that it will propose to the Annual General Meeting in May 2023 to extend the Board of Directors to 5 shareholder-elected and 2 employee-elected members.

9. The Work of the Board of Directors (No deviation from the Code)

The Board prepares an annual plan for its work with an emphasis on targets, strategy and implementation. In addition, the Board has a formal mandate that regulates its areas of responsibility, its duties and the allocation of roles between the Board, the Chairman of the Board and the CEO. The Board receives monthly financial reports for the Group as a whole and for the subsidiary companies, in which the executive management comments on financial performance and financial position. The Board discusses the company's strategy and budgets at extended board meetings.

The Board will normally obtain independent valuations for any material transactions involving the company and its shareholders, members of the Board, executive personnel or close associates of such parties.

The Board holds 6-10 meetings a year and assesses its own work on an annual basis. In addition, the Nomination Committee make an annual assessment of each Board member's performance and contribution.

The Board of Directors held 7 board meetings in 2022 with an attendance rate of 98%.

10. Risk management and internal control (No deviation from the Code)

Risk management and internal control are carried out by the Group using a range of processes, both at Board level and by the Group's executive management. The Audit Committee monitors risk management and internal control on behalf of the Board in ways that are additional to the reports and discussions on the issue at Board meetings.

Risk management
The Board is regularly updated on risk management at its meetings, by routine financial reports and by the reports produced by the executive management on the Group's business activities. The Board also assesses the need for measures to be taken in response to risk factors.

The basis of risk management at Itera is that the CEOs of the companies that form the Group are responsible for risk within their individual companies and must therefore have necessary knowledge and understanding of their companies' risk profiles, so that these companies can be managed in a financially and administratively responsible way.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. The CEO and CFO carry out this work in close cooperation with the management of the individual units.

Internal control

The Board assesses the internal control systems and considers the most important risk factors facing the company as part of the budget planning and budget approval process. The Group has in recent years pursued a growth strategy and the Board is committed to ensuring that all the Group's activities are covered at all times by internal control systems.

The senior management of the subsidiary companies are responsible for ensuring there are appropriate and effective internal controls that meet all applicable requirements and are responsible for ensuring compliance with the internal control requirements.

Accounting & Finance, HR, IT, Security, Quality Management and Communications are organised as common Group Functions across the Group. This ensures there is internal control across the companies and across national borders. Accounting & Finance has implemented shared accounting procedures for the Group where it has proved efficient to do so, including in relation to charts of accounts and reporting. The companies in the Group all use the same accounting system, which in 2020 was switched from Maconomy to Microsoft Dynamics 365. A specific approval authority matrix has been implemented that determines the authorisation routines for expenditure, and the approval of two individuals is required for payments to be made. The Group Finance Function has a separate function that manages accounting in the subsidiary companies. This function is also responsible for quality control of accounting information by performing reconciliations and other checks. Some accounting work is carried out by the Group's accounting department in Ukraine, which currently has four employees. There were also three full-time positions in the accounting department in Norway in 2022. In addition to the accounting department, there are separate Business Controllers that assist the companies with financial reporting, analyses, forecasting and budgets. There is a separate accounting function for the local operations in Ukraine and external accounting firms servicing the Slovakian, Czech and Polish branch. The CFO and the Finance Manager are responsible for continually assessing whether the accounting routines are functioning as required, including controlling reconciliations and analysing and monitoring a range of KPIs. The reports produced by the subsidiary companies are consolidated on a monthly basis, and analyses are carried out as part of the reporting process, with action taken as required. Reporting is carried out using the Group's standard reporting template, with consolidation being carried out using spreadsheets.

The CEO and CFO continually assess the financial results of the various business areas, the extent to which they are meeting the objectives that have been set, critical situations and events that might influence the future performance of the company, and whether optimal use is being made of resources. Meetings are held with the subsidiary companies every quarter to review these topics and others, and also to consider the risks related to financial reporting, over both the short and long term. The CEO, the CFO, the management of the subsidiary companies and relevant experts participate in these meetings, which are led by the CEO. The Group CEO proposes any risk-reduction measures that are required on the basis of the companies' financial reports and any follow-up meetings that are held.

11. Remuneration of the Board of Directors (No deviation from the Code)

The Nomination Committee makes recommendations to the Annual General Meeting regarding the remuneration paid to the Board of Directors. The remuneration paid to the members of the Board is determined by the Annual General Meeting once it has considered the proposals of the Nomination Committee. The remuneration paid to the Nomination Committee is determined by the Annual General Meeting once it has considered the proposals of the Board. Information on the remuneration paid to the members of the Board and their shareholdings can be found in the notes to the accounts in the annual report.

NUES recommends that members of Board of

Directors should not participate in any incentive or share option programme. Employee-elected Board members in Itera may be part of incentive and/or share option programmes in their capacity as employees. Inclusion in such programme may occur prior to or after the employee's election to the Board. Itera considers such inclusion to be independent of and unrelated to the employee's Board position and thus not in violation of the NUES recommendation.

12. Remuneration of executive personnel (No deviation from the Code)

The Board has produced guidelines on the remuneration of executive personnel in accordance with the rules set out in Section 6-16a of the Public Limited Liability Companies Act. The Company's Remuneration Committee is involved in the process of determining the remuneration paid to executive personnel. Details of the Board's guidelines on the remuneration of executive personnel are set out in a separate remuneration report.

13. Information and communications (No deviation from the Code)

The company strives to provide accurate and sufficiently comprehensive information every quarter, and to be quick to publish it. The company normally publishes quarterly figures within seven weeks of the end of a quarter. The company's provisional annual accounts are published in February. Open quarterly presentations are held with a webcast made available so that they can be viewed either live or subsequently.

The notice calling the Annual General Meeting and the annual report are made available on the company's website three weeks prior to the date of the Annual General Meeting.

The company strives to publish information in a non-discriminatory and simultaneous manner. The company maintains regular dialogue with shareholders, analysts and other parties. The company takes a cautious approach in its contacts with these parties. The company limits its communication with investors and analysts in the thirty days prior to the publication of an interim report. In addition, the company does not issue comments to the media or any other parties about the Group's results during this period. This is to ensure all market participants concerned are treated equally.

14. Take-overs

The Board of Directors is committed to equal treatment of shareholders and will ensure openness with respect to any potential takeover of the company. In the event of a takeover bid for Itera, the Board of Directors and executive management will seek to ensure all shareholders have access to sufficient information for them to be able to form a position on the bid. The Board has not issued separate guidelines on how it would operate in the event of a formal takeover bid, but it would conduct itself in accordance with the relevant provisions and recommendations set out by legislation and the Norwegian Code of Practice for Corporate Governance. The Board regards this as sufficient to ensure that shareholders' interests are safeguarded in an equal and proper manner.

The Board will inform shareholders of its opinion of any bid, and the Board will in connection with this inform shareholders about whether they themselves wish to accept the offer should they have taken a position on it.

15. Auditor (No deviation from the Code)

The company has elected PwC as its external auditor. PwC audits all the companies in the Group that are subject to statutory audit.

The auditor participates in all meetings of the Audit Committee.

The auditor prepares reports for the Audit Committee and the Board. These reports include an audit plan, an assessment of internal control at the company and a review of significant accounting principles and estimates. The auditor participates in the Board meeting at which the annual accounts are considered. The auditor participates in the Annual General Meeting. Information about the fees paid to the auditor can be found in the annual report.

OUR RESULTS 2022

Contents

Itera Group

Consolidated statement of comprehensive income

Itera Group 1 January – 31 December

NOK 1 000, except earnings per share

Continuing operations	**Note**	**2022**	**2021**
Revenues	2	**735 840**	**592 956**
Cost of goods and services		51 687	45 699
Salaries and personnel expenses	3,4,5,6	515 118	403 688
Depreciation and amortisation	11,12	31 753	24 582
Other operating and administrative expenses	7,5	60 063	41 944
Total operating expenses		**658 622**	**515 912**
Operating profit		**77 218**	**77 044**
Financial income	8	1 925	2 424
Financial expense	8	938	3 602
Net financial income (expenses)		**987**	**-1 178**
Profit before taxes		**78 206**	**75 866**
Income taxes	9	16 777	17 333
Net income from continuing operations		**61 429**	**58 533**
Net income from discontinued operations	**23**	**(10 438)**	**(14 385)**
Net income		**50 990**	**44 148**
Total income attributable to:			
Shareholders in parent company		50 990	44 148
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Other comprehensive income			
Translation differences on net investment in foreign operations		440	258
Total comprehensive income		**51 430**	**44 406**
Total comprehensive income attributable to:			
Shareholders in parent company		51 430	44 406
Earnings per share	10	0.63	0.55
Diluted earnings per share	10	0.63	0.55
Earnings per share (continuing operations)	10	0.76	0.73
Diluted earnings per share (continuing operations)	10	0.76	0.72

Consolidated statement of financial position

Itera Group 31 December

NOK 1 000	Note	2022	2021
ASSETS			
Deferred tax assets	9	4 388	4 791
Intangible assets	11, 12	33 185	34 826
Right of use assets	12	28 271	30 917
Property, plant and equipment	11	12 790	15 729
Total non-current assets		**78 634**	**86 262**
Current assets			
Contract costs	13	1 345	4 035
Contract assets	13	225	1 120
Accounts receivable	14, 15	98 971	76 092
Lease receivable - current	12, 15	-	3 370
Other current assets	16	12 661	12 794
Cash and cash equivalents	15, 17	41 934	37 457
Total current assets		**155 136**	**134 868**
Total assets		**233 771**	**221 130**

Consolidated statement of financial position

Itera Group 31 December

NOK 1 000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	18	24 656	24 656
Other equity		24 786	14 880
Total equity		**49 442**	**39 536**
Other provisions and liabilities		1 304	1 740
Lease liabilities - non-current	12, 15	20 420	20 036
Total non-current liabilities		**21 724**	**21 775**
Accounts payable	15	16 760	18 846
Tax payable	9	12 112	7 278
Public fees payable		47 828	37 136
Lease liabilities - current	12, 15	9 175	15 163
Contract liabilities	13	14 840	18 318
Other current liabilities	12, 19	61 891	63 078
Total current liabilities		**162 606**	**159 819**
Total liabilities		**184 330**	**181 594**
Total equity and liabilities		**233 771**	**221 130**

Oslo, 27 April, 2023
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Siren Tønnesen
Board member
(Employee elected)

Hans Joachim Trøbråten
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

Consolidated statement of cash flows

Itera Group 1 January – 31 December

NOK 1 000

Continuing operations	Note	2022	2021
Profit before taxes		**78 206**	**75 866**
Income taxes paid	9	(7 980)	(13 223)
Depreciation and amortisation	11	31 753	24 582
Share option costs		1 454	763
Change in contract assets		895	75
Change in accounts receivable	14	(23 348)	(9 535)
Change in accounts payable		(816)	(4 196)
Change in other accruals		7 742	14 532
Effect of changes in exchange rates		1 382	(2 040)
Net cash flow from operating activities		**89 288**	**86 824**
- Net cash flow from operating activities incl. discontinued operations	23	76 028	69 741
Investment in fixed assets	11	(6 503)	(7 326)
Investment in intangible assets	11	(9 773)	(25 297)
Net cash flow from investing activities		**(16 277)**	**(32 623)**
- Net cash flow from investing activities incl. discontinued operations	23	(15 222)	(32 789)
Purchase of own shares		(9 086)	(23 522)
Sale of own shares		6 559	8 427
Cash settlement of options contract		-	(978)
Equity settlement of options contract		-	3 951
Principal elements of lease payments	12	(14 556)	(11 176)
Instalment of sublease receivable		1 750	3 616
Dividends paid to equity holders of Itera ASA		(40 451)	(27 853)
Net cash flow from financing activities		**(55 784)**	**(47 534)**
- Net cash flow from financing activities incl. discontinued operations	23	(56 766)	(53 892)
Effects of exchange rate changes on cash and cash equivalents		437	(2)
Net change in cash and cash equivalents from continuing operations		**17 664**	**6 665**
Net change in cash and cash equivalents incuding discontinued operations		**4 478**	**(16 942)**
Cash and cash equivalents as of 1 January		37 457	54 399
Cash and cash equivalents as of 31 December		**41 934**	**37 457**

Consolidated statement of changes in equity

Itera Group 31 December

NOK 1 000	Note	Total paid in capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
Equity as of 1 January 2021		**24 655**	**(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	18	-	(518)	(23 005)	-	-	(23 522)
Sale of own shares	4	-	223	8 205	-	-	8 427
Dividends		-	-	-	-	(27 853)	(27 853)
Equity as of 31 December 2021		**24 655**	**(492)**	**(32 811)**	**820**	**47 362**	**39 536**
Net income for the period		-	-	-	-	50 990	50 990
Other comprehensive income for the period		-	-	-	440	-	440
Share option costs		-	-	1 454	-	-	1 454
Cash settlement of options contract		-	-	-	-	-	-
Equity settlement of options contract		-	-	-	-	-	-
Purchase of own shares	18	-	(197)	(8 890)	-	-	(9 086)
Sale of own shares	4	-	204	6 355	-	-	6 559
Dividends		-	-	-	-	(40 451)	(40 451)
Equity as of 31 December 2022		**24 655**	**(484)**	**(33 892)**	**1 260**	**57 901**	**49 442**

Corporate information and basis of preparation

Corporate information
Itera ASA (the Company) including its subsidiaries (the Group) is a leading international tech company that helps businesses and organisations to accelerate their sustainable digital transformation. We have a unique ability to bring digital to the core of their business because of our full range of services in digital strategy and consulting, customer experience, technology and cloud operations. Itera provides solutions and services to customers in industries such as insurance, banking and finance, energy, and public sector. Itera has offices in Norway, Sweden, Denmark, Iceland, Ukraine, Slovakia, Poland and the Czech Republic.

Itera ASA is a public limited company registered and domiciled in Norway. The office address is Nydalsveien 28, 0422 Oslo, Norway. Itera ASA is listed on Oslo Stock Exchange (ticker ITERA). Itera ASA is the ultimate parent company of the Group.

The consolidated financial statements for Itera ASA were approved by the Board of Directors on 27 April 2023 and are subject to approval by the Annual General Meeting on 24 May 2023.

Basis of preparation
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations as approved by the EU as in effect at 31 December 2022, and with all additional disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2022. The consolidated financial statements have been prepared on the historical cost principle.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

Summary of significant accounting policies

The most important accounting principles applied by the Group in the preparation of the consolidated financial statements are described below. These principles have been applied identically to all the periods that are presented, unless otherwise stated.

Consolidation principles
Subsidiaries are companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50% of the voting shares in the target company. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the date when control ceases. All intercompany transactions, outstanding balances and unrealised group internal profits or losses are eliminated.

Foreign currency translation
The consolidated financial statements are presented in NOK, which is Itera ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on a net investment in a foreign entity. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of initial transaction for

Summary of significant accounting policies, cont.

non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration. The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Key sources of estimation uncertainty - critical accounting estimates
A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future. Areas of significant estimation uncertainty include:

Revenue recognition
Itera delivers most of its non-subscription services on Time & Material agreements. However, it may occasionally enter into fixed or target price agreements for development work. In such cases, the revenue is recognised proportionately to its estimated completion rate and contract value. Completion is measured as incurred hours relative to the estimate to complete the project. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. As of the end of 2022, there were no fixed or target price projects outstanding which may have represented any significant estimation uncertainty. Refer to note 2 for further information.

Impairment of capitalised development costs
Itera has capitalised development costs related to its Intellectual Property Rights (IPR). The IPR generate monthly subscription revenues over the length of the customer contracts, and the capitalised development costs are amortised over their estimated useful life. Significant technological changes or loss of major customer contracts may impact the remaining useful life or the fair value of the asset, respectively. The Group conducts impairment tests on the assets to assess whether there is a need to write down or accelerate the amortisation of the assets when such triggering factors occur. The current carrying value of the assets are low compared to the associated revenue generated from this. The Group thus considers the risk of impairment to be limited.

Share capital, share premium and other equity
Payments for the purchase of own shares are recognised as a reduction in equity and proceeds from any sales as an increase. Transaction costs directly related to equity transactions less taxes are recognised against equity as a reduction in the proceeds.

Tangible fixed assets
Tangible fixed assets are recognised at acquisition cost, less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenses directly attributable to purchasing the asset. Acquisition cost for assets developed in-house includes direct salary costs, other costs directly attributable to ensuring that the assets function as intended, and the costs of dismantling and removing the assets. Gains and losses on disposals of tangible fixed assets are presented as part of the operating profit/loss and calculated as the difference between the consideration received and the carrying value of the asset.

Depreciation of fixed assets
Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the useful life of property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible assets include, but are not limited to, expected developments in technology and markets. The useful lives of property, plant and equipment assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and estimated useful life, unless it is reasonably certain that the Group will obtain ownership after the end of the lease term.

The estimated useful lives for the current and comparison periods are:

Fixtures and fittings:	5–10 years
Other fixed assets:	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets
Research and development activities relate to significant new concepts or solutions. Costs are capitalised only to the extent that they can be measured reliably, the product or process is technically or commercially viable, the future economic benefits are likely, and the Group intends and has sufficient resources to complete its development as well as to sell or make use of it. Capitalised expenses include costs for materials, direct salary costs, and directly attributable overhead costs. Other development costs are expensed as incurred. Capitalised development expenditure is carried at cost minus amortisation and impairment.

Intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

Amortisation of intangible assets
Intangible assets are amortised on a straight-line basis over their estimated useful life from the date they become available for use. The estimated useful lives for the current and comparison periods are:

Capitalised development costs:	3–5 years
Software and IT equipment:	3–5 years

Summary of significant accounting policies, cont.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Itera ASA agreements consists of buildings, cars, equipment used in the operating activities and office machines. Cars usually have a lease period of 5 years, while several of the buildings have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and this has been taken into account.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments, less any lease incentives receivable
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Groups incremental borrowing rate.

The Groups incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected not to recognise the right-of-use assets and liabilities for short-term leases of equipment and low value assets. Short-term leases are defined as 12 months or less, and low value assets at NOK 50 000 or lower.

Accounts receivable and other receivables
Accounts receivable are recognised in the balance sheet at their nominal value, less a provision for expected losses. The interest element is disregarded if it is not material. The expected credit loss on trade receivables and contract assets is measured using a simplified lifetime model.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. The Itera Group receives government grants related to SkatteFUNN. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Pension
The Itera Group finances its pension arrangements for employees through collective defined contribution-based schemes. A defined contribution pension scheme is a plan under which an entity pays fixed contributions into a separate fund or pension fund and has no legal or constructive obli-

Summary of significant accounting policies, cont.

gation to pay any further amounts. Contribution obligations are recognised as personnel expenses in the profit and loss account when due. Prepaid contributions are recognised as an asset to the extent that they entail cash refunds or that future payments to the scheme are reduced.

Share-based remuneration

Employee share options at the Group give employees the right to subscribe for shares in Itera ASA at a future point at a predetermined price (exercise right). This right as a rule is dependent on the Group achieving concrete targets and the employee still being employed at the time of exercise.

Employee share options are valued at fair value on the grant date. Their calculated value is recognised as a personnel expense, with a counter entry to other paid-in equity. The cost of share options is divided over the period until the employee becomes unconditionally entitled to exercise the options. The expensed amounts are adjusted to reflect the actual amount of stock options exercised if the associated service and non-market conditions are met.

The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Provisions

Provisions are recognised when the Group has incurred a legal or constructive obligation as a result of a previous event and it is likely that this will lead to it making a payment or transferring other assets in order to settle the obligation, and the size of the obligation can be measured reliably. Provisions are measured at the present value of the expected future cash flows, discounted using a market-based discount rate before tax.

Revenue recognition

Revenue arising from subscriptions is recognised over the course of the contract period. The Group has various types of subscription services. SaaS (Software-as-a-Service) contracts are based on fixed monthly service fees. These are invoiced for one to twelve months in advance. Data centre and cloud operations subscription fees are typically a combination of fixed monthly services plus consumption-based services and may thus vary from month to month depending on the latter. These are invoiced in advance for the non-consumption based services and in arrears for the consumption.

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer. Where the consideration covers multiple sub-deliveries, it is broken down and recognised when the various components are delivered.

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer. Where the consideration covers multiple sub-deliveries, it is broken down and recognised when the various components are delivered.

IFRS 15 Revenue from Contracts with Customers is based on the principle of recognising revenue when control of goods or services transfers to a customer. Itera mostly derives its revenue from the transfer of services over time as opposed to point in time.

Revenue from consulting services rendered that relate to subscription contracts will in some cases be recognised over the contract period for the subscription contract and not at point in time when the services are delivered. The costs of fulfilling a contract, such as costs related to delivering the services mentioned are capitalised as contract costs if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Payments from customers for delivering these services are under IFRS considered prepayments and classified as contract liabilities under current liabilities.

Summary of significant accounting policies, cont.

Revenue from a transition project that is an integral part of a subsequent operating services contract is recognised on a linear basis over the period of the latter contract. Revenue from services is recognised when the hours are delivered and usually invoiced monthly with exception of projects with some milestone invoicing. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue is measured based on the consideration specified in a contract with a customer.

Contract assets, contract costs and contract liabilities

Contract assets comprises earned and recognised revenue that has not yet been invoiced. Contract assets is transferred to receivables when the rights to payment become unconditional, which usually occurs when invoices are issued to the customers.

Contract costs comprise expenses related to fulfilling a contract, typically implementation costs in the initial stage of a contract, capitalised and expensed over the expected contract periods.

Contract liabilities comprise prepayments from customers for delivering services.

Cost of goods and services

Cost of goods and services is the costs paid to external suppliers for goods or services directly related to Itera's delivery of goods and services. Cost of goods and services includes costs due to third-party contractors, the rental of software, purchases of software and hardware for resale, travel expenses for consultants and other costs.

Financial income and financial expense

Financial income comprises interest income from financial investments and bank deposits. Interest income is recognised using the effective interest rate method. Dividends are recognised in profit and loss when they are approved by the annual general meeting of the company from which they will be received. Financial expense comprises interest expense on borrowings and changes in the fair value of financial assets. All borrowing costs are recognised in profit and loss using the effective interest rate method. Financial income and financial expense also comprise foreign currency gains and losses.

Tax expense

Tax expense comprises both tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between the accounting values and tax values of assets and liabilities.

Deferred tax assets are capitalised on the balance sheet when it is probable that the individual company will have sufficient taxable profits in subsequent periods to be able to use the tax asset. The individual companies recognise previously non-capitalised tax assets to the extent that it has become probable that they will make use of them. Likewise, the individual companies reduce the value of their deferred tax assets to the extent that they no longer regard it as probable that they will be able to make use of their deferred tax assets.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the year ended 31 December 2022 and have not been applied in preparing these consolidated financial statements. The standards thay may be relevant to the Group are set out below. These will be adopted in the period that they become mandatory unless otherwise indicated. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

Summary of significant accounting policies, cont.

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors

Amendments to IAS 12 Income Taxes

Statement of cash flows
The statement of cash flow is prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits and other short-term liquid investments. Interest paid is presented as part of operating activities.

1 Overview of subsidiaries

NOK 1000	Country	Share holding	Result 2022	Equity 31.12.2022
Itera Norge AS[1)]	Norway	100%	22 474	30 428
Itera Offshoring Services AS[1)]	Norway	100%	9 605	13 304
Cicero Consulting AS[1)]	Norway	100%	5 757	10 219
Compendia AS[1)]	Norway	100%	5 612	6 725
Itera Sverige AB[1)]	Sweden	100%	(692)	930
Itera ApS[1)]	Denmark	100%	9 401	5 196
Itera ehf[2)]	Iceland	100%	5 365	2 192
Itera Consulting Group Ukraine, LLC[1)]	Ukraine	100%	(966)	7 165
Total			**56 556**	**76 270**

1) Consolidated pre 2016
2) Consolidated from 2021

2 Segments and geographical information

The business activities of the Group are carried out by 9 operational companies and two branch offices in 7 countries. Each company has its own management team and a CEO who is responsible for the company's financial results. Each company also has its own internal structure for management, budgeting and financial reporting, including reporting to the Group CEO. The Chief Operating Decision-Maker (CODM), who is responsible for allocating resources and assessing performance of operating units, has been identified as the steering committee consisting of the Group CEO and CFO. The activities carried out by all the subsidiaries are for all practical purposes related to delivering sustainable digital solutions to customers. In particular, the Group utilises its distributed delivery capabilities seamlessly across its various operating units and locations. The reported revenue in 6 geographical reporting segments outside Norway, from both external customers and intragroup sales, is less than 16% of the combined revenue. The operating segments have previously been aggregated into two reporting segments, Core digital business and Data centre operations. Itera's data centre operations have been transitioned to the cloud and remaining operations have been discontinued on 31st March 2022. As such, Itera now reports on continuing operations, while the discontinued operations are presented on a net income basis.

Transactions and transfers between the companies are carried out on normal commercial terms.

Revenues from transactions with the two largest external customers in Norway amount to NOK 91.0 and 87.4 million respectively in 2022.

2
Segments and geographical information, cont.

Geographical information:
NOK 1 000

2022	**Norway**	**Sweden**	**Denmark**	**Ukraine**	**Slovakia**	**Czech Republic**	**Iceland**	**Group**
Sales revenue	898 938	-	66 531	12 829	44 010	2 237	39 622	1 064 168
Intragroup eliminations	(269 264)	-	-	(12 829)	(43 998)	(2 237)	-	(328 328)
Net sales revenue	**629 674**	**-**	**66 531**	**-**	**12**	**-**	**39 622**	**735 840**
Services	516 708	-	50 477	-	12	-	39 608	606 805
Services 3rd Party	25 753	-	8 776	-	-	-	-	34 529
Subscriptions	72 782	-	4 398	-	-	-	-	77 179
Other revenue	14 432	-	2 880	-	-	-	14	17 327
Net sales revenue	**629 674**	**-**	**66 531**	**-**	**12**	**-**	**39 622**	**735 840**
Operating profit	**60 052**	**(691)**	**12 054**	**-**	**12**	**-**	**5 792**	**77 219**
Investments in fixed assets	14 512	-	180	1 327	258	-	-	16 277
Total assets	196 253	1 255	15 587	6 627	5 982	-	8 066	233 771
Total liabilities	163 224	326	9 890	86	5 405	-	5 398	184 330

2021	**Norway**	**Sweden**	**Denmark**	**Ukraine**	**Slovakia**	**Czech Republic**	**Iceland**	**Group**
Sales revenue	743 708	-	48 336	14 398	36 531	-	-	883 095
Intragroup eliminations	(202 609)	-	-	(14 398)	(33 010)	-	-	(250 033)
Net sales revenue	**541 099**	**-**	**48 336**	**-**	**3 520**	**-**	**-**	**592 956**
Services	399 436	-	39 464	-	3 520	-	-	482 526
Services 3rd Party	42 339	-	2 726	-	-	-	-	45 065
Subscriptions	87 381	-	5 650	-	-	-	-	93 031
Other revenue	11 943	-	497	-	-	-	-	12 440
Net sales revenue	**541 099**	**-**	**48 336**	**-**	**3 520**	**-**	**-**	**592 956**
Operating profit	**68 376**	**(34)**	**5 301**	**2 093**	**1 599**	**-**	**(290)**	**77 044**
Investments in fixed assets	29 282	-	195	1 740	1 573	-	-	32 789
Total assets	195 466	1 671	8 006	11 225	4 594	-	168	221 130
Total liabilities	169 379	3	6 871	1 102	3 948	-	292	181 594

Services revenue is generated from rendering of services to customers by Itera's own consultants. The service contracts are with a few exceptions Time & Material agreements where the invoicing is based on hours performed at agreed rates.

Services 3d party revenue is generated from rendering of services to customers performed by subcontractors.

Subscriptions revenue is generated from services provided on regular basis with fees based on fixed amounts or volumes.

2 Segments and geographical information, cont.

Segment information:

NOK 1 000

2022	**Continuing operations**	**Discontinued operations**	**Group (gross)**
Sales revenue	735 840	7 340	743 180
Operating profit	77 219	(13 383)	63 836

2021	**Continuing business**	**Discontinued operations**	**Group (gross)**
Sales revenue	592 956	40 106	633 062
Operating profit	77 079	(18 477)	58 602

The discontinued operations refer to Itera's data centre operations which was discontinued on 31st March 2022. Refer to note 23 for further information.

3 Salaries and personnel costs

NOK 1000	**2022**	**2021**
Salaries	440 109	348 029
Share option costs	1 479	611
Social security taxes	38 213	34 496
Pension costs	14 151	12 114
Other benefits	26 944	16 084
Salaries and personnel expenses capitalised *)	(5 777)	(7 646)
Total payroll and personnel expenses	**515 118**	**403 688**
Average number of employees	677	556

*See note 11

4 Share-based remuneration

Share option programmes

The Group had five share option programmes running in 2022. All schemes to be settled in shares.

Share option programmes were issued late 2019, twice during 2020 and once in 2021 and 2022. These programmes have no financial targets attached, and up to one-third of the options are exercisable after three years and otherwise rolled forward. All remaining options must be exercised after four years or otherwise forfeited.

The fair value of the options was calculated on the date they were granted, and the options granted are being expensed over the accrual periods of four years in accordance with the graded vesting principle. Fair value is calculated using the Black-Scholes-Merton option pricing model. The calculation of fair value assumes that historical volatility is an indication of future volatility. Expected volatility is therefore set equal to historical volatility. The interest rate is based on rates obtained from Norges Bank for the same period as the life of the options. For the option programmes, an annual participant attrition rate of 10–20% were assumed. For calculation purposes, an annual dividend of NOK 0.45 to NOK 0.90 were assumed for the various programmes.

Share option costs (including employer's social security contributions) of NOK 1,454k were expensed in 2022 (NOK 1,156k in 2021).

4
Share-based remuneration, cont.

Programme	Outstanding 31.12.2021	Issued in 2022	Expired in 2022	Exercised in 2022	Outstanding 31.12.2022	Fair value when issued	Exercise price 1)	Share price when issued 2)	Date of issue	Exercise period
2019	260 000	-	-	-	260 000	NOK 1.66	NOK 10.29	NOK 10.29	17.12.2019	2023
2020 (programme 1)	755 000	-	20 000	-	735 000	NOK 2.07	NOK 11.32	NOK 11.46	02.07.2020	2024
2020 (programme 2)	375 000	-	-	-	375 000	NOK 2.45	NOK 13.91	NOK 13.91	23.12.2020	2024
2021	720 000	-	135 000	-	585 000	NOK 2.36	NOK 13.50	NOK 13.50	22.06.2021	2025
2022	-	950 000	10 000	-	940 000	NOK 2.34	NOK 12.50	NOK 12.50	22.06.2022	2026
Total	**2 110 000**	**950 000**	**165 000**	**-**	**2 895 000**					

1) The exercise price is the average share price over the 15 days prior to the date the option is granted.
2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

Programme	No. of options	Interest rate	Volatility	Lifetime
2019	260 000	0.99 %	37.8%	4 years
2020 (programme 1)	735 000	0.28 %	43.2%	4 years
2020 (programme 2)	375 000	0.54%	42.3%	4 years
2021	585 000	1.06%	41.7%	4 years
2022	940 000	3.20%	44.2%	4 years
Total	**2 895 000**			

Employee share purchase programme
In 2017, Itera introduced an annual Employee Share Purchase Programme, where employees could purchase shares up to a market value of NOK 20,000 (30,000 in 2021) at a 20% discount (25% discount in 2021). The programme has been repeated each year since 2017.

After changes in Norwegian legislation in 2022 the programme was changed so that employees could purchase shares at a valuation discount of NOK 3.31 per share. The discount was related to a three-year lock-in period of the shares. 108 employees purchased a total of 232,078 shares. The discount is recognised against the equity.

Share purchase programme for managers and key personnel
In 2022, a Share Purchase Programme was offered to the Group's managers and key personnel in order to foster alignment of interests between executives and shareholders, as well as contribute to retention of key people.

Under the programme, the invitees were offered to purchase up to a defined number of shares at a valuation discount of NOK 3.31 per share. The discount was related to a three-year lock-in period of the shares. The Company has an option to re-purchase all or some of the shares with the same discount in the event the shareholder terminates his or her employment in the Group within the lock-in period. 22 key employees and executives showed their long-term commitment by purchasing a total of 448,310 shares for a total investment of NOK 4.3 million under this programme. The discount is recognised against the equity.

5 Executive remuneration

This information is available in the separate Executive Remuneration Report for 2022 available on www.itera.com.

6 Pension

All of the Group's pension schemes are defined contribution schemes. The Group's pension expense is represented by the premiums paid and is included in payroll and personnel expenses in the Statement of Comprehensive Income. The Group's pension schemes in Norway comply with the Norwegian Mandatory Occupational Pension Act (OTP).

Pension cost

NOK 1 000	2022	2021
Norway	23 024	18 100
Denmark	2 335	2 047
Iceland	133	-
Total	**25 492**	**20 147**

7 Other operating expenses

NOK 1 000	2022	2021
Facilities	12 264	6 277
Office supplies	18 874	13 864
Professional fees	13 426	8 617
Courses	4 277	3 408
Travel and entertainment	4 670	1 570
Sales and marketing	3 837	5 263
Other operating expenses	2 715	2 945
Total	**60 063**	**41 944**

Fees to the auditors

NOK 1000, excluding VAT	2022	2021
Statutory audit of Itera ASA	506	241
Statutory audit of subsidiaries in Norway	333	299
Statutory audit of international subsidiaries	195	94
Audit fees	**1 034**	**634**
Tax advisory services	-	-
Fees for other certification services	-	-
Other services provided to subsidiaries in Norway	29	59
Other services provided to international subsidiaries	-	-

8 Financial income and expenses

NOK 1000	2022	2021
Interest income	263	32
Foreign currency gains	225	-
Other financial income	1 437	624
Net financial income	**1 925**	**656**
Interest expense	529	294
Foreign currency losses	-	181
Other financial expense	408	1 358
Total financial expenses	**938**	**1 833**
Net foreign currency gains/losses	**225**	**(181)**

9 Taxes

NOK 1 000	2022	2021
Tax expense		
Tax payable	14 017	13 471
Change in deferred tax	20	(20)
Correction of previous years	(9)	-
Tax credit	(194)	(175)
Less negative tax expense from discontinued operations	2 944	4 057
Total tax expense	**16 777**	**17 333**
Tax payable in the balance sheet:		
Profit before tax	64 823	57 424
Permanent tax differences	1 287	(963)
Changes in temporary differences	(6 623)	2 924
Tax losses carried forward	(308)	(190)
Total basis for tax payable	**59 179**	**59 194**
Tax payable 31 December	**13 035**	**12 166**
Tax paid in advance	79	(129)
Correction of previous years	-	184
SkatteFUNN	(808)	(4 767)
Deduction of tax paid in Slovakia	(194)	(175)
Net tax payable 31 December	**12 112**	**7 278**

Taxes paid in advance is included in other current receivables.

Specification of the basis for deferred tax	2022	2021
Fixed assets	(11 565)	(13 867)
Current assets	1	(150)
Other temporary differences	756	(236)
Gain- and loss account	94	-
Other accruals	(411)	(1 217)
Tax losses carried forward	-	-
Remaining tax credit	(8 749)	(6 424)
Total	**(19 875)**	**(21 893)**
Deferred tax	(4 388)	(4 791)
Deferred tax recognised in the balance sheet	(4 388)	(4 791)

9
Taxes, cont.

NOK 1 000	2022	2021
Reconciliation of tax rate		
Profit before tax	78 206	75 866
Tax calculated at the nominal corporation tax rate of 22%	17 205	16 691
Effect of change in the tax rate	-	-
Effect of differing tax rates for foreign subsidiaries	238	(39)
Effect of permanent differences	283	(212)
Effect of change in tax calculation previous years	-	-
Effect of other differences	(948)	894
Tax expense in profit and loss	16 777	17 332
Effective tax rate	**(21.5%)**	**(22.8%)**

10
Earnings and diluted earnings per share

NOK 1000, except earnings per share	2022	2021
Profit for the year	50 990	44 148
Average number of outstanding shares	80 852	80 688
Outstanding employee share options	2 895	2 110
Dilution effect of outstanding share options	107	399
Average number of shares including dilution	80 959	81 087
Earnings per share	0.76	0.73
Diluted earnings per share	0.76	0.72
Earnings per share incl. discontinued operations	0.63	0.55
Diluted earnings per share incl. discontinued operations	0.63	0.55

The average share price for 2022 calculated on the basis of the market closing price for the Itera share on each trading day (except for days when no shares were traded when the bid price has been used) was NOK 12.71.

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

The share option exercise prices are NOK 12.50, NOK 13.50, NOK 13.91, NOK 11.46 and NOK 10.29 for 2022, 2021, 2020 (programme 2), 2020 (programme 1) and 2019 programmes, respectively.

11
Non-current assets

Intangible assets
Intangible assets (capitalised development costs) are primarily related to the development of new concepts. These concepts are primarily related to contracts with fixed future income.

In 2022, costs of NOK 9.7 million (NOK 7.7 million) incurred in connection with the development of products were capitalised. Expenditure incurred in connection with development work relates principally to the salaries and personnel costs of the employees involved in developing the concepts.

11 Non-current assets, cont.

During 2021, Itera has capitalised NOK 17.8 million of development costs for a Cloud Centre of Excellence (CCoE), of which NOK 8 million was direct services and purchases of goods from external suppliers. The remaining amount was linked to own staff through a global interdisciplinary team that formed the basis for a new global business unit called Cloud & Application Services (CAS).

Cloud & Application Services (CAS, formerly HCS) was launched on January 1, 2022, where CCoE is the backbone for direct (architecture and automation, process and security, cloud operations, managed workloads, migration services) and indirectly related services (support, maintenance of the application lifecycle).

	2022		
NOK 1 000	**Development costs**	**Software**	**Sum**
Acquisition cost			
Accumulated at 1 January	60 095	4 698	64 793
Additions	9 657	117	9 773
Disposals	-	(1 325)	(1 325)
Accumulated at 31 December	**69 752**	**3 489**	**73 241**
Amortisation			
Accumulated at 1 January	26 418	3 545	29 963
Amortisation for the year	10 664	314	10 978
Amortisation for the year related to discontinued operations	-	116	116
Amortisation on disposals in the year	-	(1 002)	(1 002)
Accumulated at 31 December	**37 082**	**2 974**	**40 056**
Book value			
Book value at 1 January	33 675	1 154	34 826
Book value at 31 December	**32 670**	**515**	**33 185**
Estimated useful life	3-5 years	3-5 years	
Amortisation plan	linear	linear	

Prepaid expenses in 2021 includes a reclassification of the Group cloud-based ERP system Dynamics 365. The expenses for configuring the software were classified as an intangible asset in 2020. In accordance with IFRIC Update March 2021 MNOK 5.5 was moved to prepaid expenses in 2021 as the criteria in IAS 38 were not met. The costs were capitalised as the configuration and customisation services are not distinct from the SaaS agreement. The costs are accrued over the terms of the service agreement, in total 5 years, the same time period as the initial depreciation period for the asset.

11
Non-current assets, cont.

NOK 1 000	2021 Development costs	Software	Sum
Acquisition cost			
Accumulated at 1 January	42 054	9 506	51 560
Additions	23 372	1 924	25 297
Disposals	(5 331)	(6 732)	(12 063)
Accumulated at 31 December	**60 095**	**4 698**	**64 794**
Amortisation			
Accumulated at 1 January	24 594	2 742	27 336
Amortisation for the year	7 155	431	7 586
Amortisation for the year related to disc.op.	-	560	560
Amortisation on disposals in the year	(5 331)	(188)	(5 519)
Other changes	-	-	-
Accumulated at 31 December	**26 418**	**3 545**	**29 963**
Book value			
Book value at 1 January	17 458	-	24 225
Book value at 31 December	**33 675**	**1 154**	**34 826**
Estimated useful life	3-5 years	3-5 years	
Amortisation plan	linear	linear	

Property, plant and equipment

NOK 1 000	2022 Office machinery & equipment	Fixtures and fittings	Sum
Acquisition cost			
Accumulated at 1 January	34 775	7 715	42 490
Additions	5 682	822	6 503
Disposals	(5 217)	(567)	(5 785)
Translation differences	(855)	(293)	(1 148)
Accumulated at 31 December	**34 384**	**7 676**	**42 061**
Depreciation			
Accumulated at 1 January	22 719	4 041	26 760
Depreciation	6 169	1 503	7 672
Depreciation on disposals	(4 049)	(445)	(4 493)
Translation differences	(492)	(177)	(669)
Accumulated at 31 December	**24 348**	**4 922**	**29 270**
Book value			
Book value at 1 January	12 056	3 674	15 729
Book value at 31 December	**10 036**	**2 755**	**12 790**
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

11 Non-current assets, cont.

Property, plant and equipment

NOK 1 000	2021 Office machinery & equipment	2021 Fixtures and fittings	2021 Sum
Acquisition cost			
Accumulated at 1 January	29 358	6 793	36 151
Additions	6 468	1 025	7 492
Disposals	(1 051)	(102)	(1 153)
Translation differences	-	-	-
Accumulated at 31 December	**34 775**	**7 715**	**42 490**
Depreciation			
Accumulated at 1 January	17 085	3 661	20 747
Depreciation	6 593	544	7 138
Depreciation on disposals	(959)	(103)	(1 063)
Translation differences	-	(62)	(62)
Accumulated at 31 December	**22 719**	**4 041**	**26 760**
Book value			
Book value at 1 January	12 273	3 131	15 404
Book value at 31 December	**12 056**	**3 674**	**15 729**
Estimated useful life	3 years	5–10 years	
Depreciation plan	linear	linear	

12 Right-of-use assets and lease liabilities

The Group has leasing contracts in connection with its office premises and company cars and until the discontinuation of its data centre operations on 31 March 2022 in its investments in IT equipment related to its major IT hosting contracts.

The Group had a liability for rent of premises and company cars totalling NOK 31.5 million at 31 December 2022.

Rental agreements*	Lease expiration
Office premises	
Head office Oslo, Norway	30.06.2023
Bergen, Norway	30.04.2024
Bryne, Norway	30.06.2023
Fredrikstad, Norway	31.07.2027
Copenhagen, Denmark	30.06.2031
Kyiv, Ukraine	07.11.2025
Bratislava, Slovakia	16.03.2028
Company cars, Oslo, Norway	20.05.2025

* The Group has entered into short-term rental agreements for co-working space in Stockholm (Sweden), Brno (Czech Republic), Lviv (Ukraine), Žilina (Slovakia) and Krakow (Poland).

12
Right-of-use assets and lease liabilities, cont.

Incremental borrowing rate	Date	Rate
Leased office premises at date of incorporation of IFRS 16, Norway	01.01.2019	2.72%
Leased office premises at date of incorporation of IFRS 16, Denmark	01.01.2019	1.17%
Leased office premises at date of incorporation of IFRS 16, Slovakia	01.01.2019	1.14%
Leased office premises, Slovakia	01.10.2021	0.95%
Leased office premises, Bergen, Norway	01.05.2021	1.76%
Leased office premises, Ukraine	07.12.2022	6.22%
Leased office premises, Fredrikstad, Norway	01.05.2022	2.77%
Leased company cars, Norway	01.05.2022	2.77%

Right-of-use assets

	2022		
	Leased IT equipment	**Leased office premises and other**	**Sum**
Net value at 1 January	1 258	29 659	30 917
Additions	-	10 789	10 789
Disposals	(616)	-	(616)
Depreciation	-	(13 102)	(13 102)
Depreciation related to discontinued operations	(641)	-	(641)
Translation differences	-	926	926
Net value at 31 December	**-**	**28 271**	**28 271**

	2021		
	Leased IT equipment	**Leased office premises and other**	**Sum**
Net value at 1 January	4 883	33 380	38 263
Additions	-	13 849	13 849
Disposals	(544)	(6 670)	(7 214)
Depreciation	-	(10 383)	(10 383)
Depreciation related to discontinued operations	(3 080)	-	(3 080)
Translation differences	-	(516)	(516)
Net value at 31 December	**1 258**	**29 659**	**30 917**

Lease liabilities

	2022		
Future minimum lease payments are as follows	**Leased IT equipment**	**Leased office premises and other**	**Sum**
Up to 1 year	-	9 912	9 912
1 to 5 years	-	18 138	18 138
Over 5 years	-	3 403	3 403
Future minimum lease payments	**-**	**31 542**	**31 542**
Future interest up to 1 year	-	737	737
Future interest 1 to 5 years	-	1 054	1 054
Future interest over 5 years	-	66	66
Discounted present value of future minimum lease payments	**-**	**29 595**	**29 595**
Of which			
- current liabilities	-	9 175	9 175
- non-current liabilities	-	20 420	20 420

12 Right-of-use assets and lease liabilities, cont.

	2021		
Future minimum lease payments are as follows	**Leased IT equipment**	**Leased office premises and other**	**Sum**
Up to 1 year	860	14 795	15 655
1 to 5 years	137	14 884	15 021
Over 5 years	-	5 534	5 534
Future minimum lease payments	**997**	**35 213**	**36 210**
Future interest up to 1 year	13	480	493
Future interest 1 to 5 years	3	467	470
Future interest over 5 years	-	49	49
Discounted present value of future minimum lease payments	**982**	**34 217**	**35 199**
Of which			
- current liabilities	847	14 316	15 163
- non-current liabilities	134	19 902	20 036

The total cash outflow relating to leases was NOK 15.54 million in 2022. The Group does not have significant residual value guarantees related to its leases.

Sublease agreement
In 2021 the Group decided to sublease a part of the office premises in Kyiv, Ukraine until 30.11.2022. The sublease was terminated early in mid-June 2022 due to the invasion from Russia.

In 2022 income from subleasing right of use assets was MNOK 1.7 (MNOK 2.3 in 2021).

Short term or low value lease agreements
The Group has other lease contracts with low value or short contract terms where the Group has decided to not recognise lease liabilities or right-of-use assets. These leases are instead expensed when they incur. Short term leases expensed in 2022 amounted to NOK 4.3 million.

Extension options and future agreements
Several of the Group's lease agreements for rent of office premises include a right of renewal which may be exercised during the last period of the lease term. The Group's potential future lease payments not included in the lease liabilities related to extension options is MNOK 2.6 (gross) at 31 December 2022.

On 31 December 2022, Itera entered into a renewal of its office facility agreement in Bryne, Norway. Under the agreement, the offices will be significantly upgraded. The new agreement will take effect from 1 July 2023 and last until 30 June 2028, with the option of an exit up to two years earlier for a penalty. Itera also has the option to extend the lease term by two years.

Itera has also entered an agreement for a new head office in the city centre of Oslo, Norway. The lease term is from 15 June 2023 to 31 May 2030 with an option to extend by another three years. The estimated right-of-use asset related to the new head office is MNOK 49.

Variable lease payments
The Group has no variable lease payments.

Interest expense
The interest expense was MNOK 0.6 in 2022 compared to MNOK 0.8 in 2021.

13 Contract assets, contract costs and contract liabilities

Significant changes in contract assets

NOK 1 000	2022	2021
Balance, beginning of period	**1 120**	**1 196**
Net additions arising from operations in the period	225	1 720
Amounts billed in period and thus reclassified to accounts receivables	(1 121)	(1 796)
Changes in impairment allowances	-	-
Balance, end of period	**225**	**1 120**

Significant changes in contract costs

NOK 1 000	2022	2021
Balance, beginning of period	**4 035**	**6 851**
Costs capitalised in the period	-	-
Amortisation	(2 690)	(2 816)
Impairment losses	-	-
Balance, end of period	**1 345**	**4 035**

Significant changes in contract liabilities

NOK 1 000	2022	2021
Balance, beginning of period	**18 318**	**21 291**
Increases due to cash received, excluding amounts recognised as revenue during the period	13 762	15 084
Revenue recognised that was included in the contract liability balance at the beginning of the period	(17 240)	(18 058)
Balance, end of period	**14 840**	**18 318**

Management expects that the remaining transaction price allocated to the unsatisfied contract obligations as of 31 December 2022 will be recognised in the fiscal year 2023.

14 Accounts receivable

NOK 1 000	2022	2021
Gross accounts receivable at 31 December	98 971	76 242
Provision for bad debts	-	(150)
Net accounts receivable at 31 December	**98 971**	**76 092**

Aging of receivables	Total	Not due	< 30 days	30–60 days	60–90 days	> 90 days
Accounts receivable 2022	**98 971**	**78 513**	**15 935**	**1 606**	**252**	**2 665**
Accounts receivable 2021	76 092	63 764	8 850	2 882	559	37

Accounts receivable by currency	2022	%	2021	%
NOK	78 809	80%	67 684	89%
SEK	-	0%	-	0%
DKK	15 349	16%	8 153	11%
UAH	435	0%	255	0%
EUR	36	0%	-	0%
ISK	4 342	4%	-	0%
Sum	**98 971**	**100%**	**76 092**	**100%**

14 Accounts receivable, cont.

Change in provisions for bad debts

NOK 1 000	2022	2021
Provision for bad debts at 1 January	(150)	(150)
Additional provisions	150	(216)
Used provisions	-	216
Provision for bad debts at 31 December	**-**	**(150)**

Losses on accounts receivable are classified as operating expenses in the Consolidated Income Statement. A loss of NOK 0.7k was recognised in 2022 versus NOK 216k in 2021. Maximum credit risk is equivalent to the figure for net accounts receivable shown in the table above.

15 Financial assets and financial liabilities

NOK 1 000

Financial assets	2022	2021
Trade receivables	98 971	76 092
Cash and cash equivalents	41 934	37 457
Total	**140 905**	**113 548**

Financial liabilities	2022	2021
Long term leasing liabilities	20 420	20 036
Trade payables	16 760	18 846
Short term leasing liabilities	9 175	15 163
Total	**46 353**	**54 045**

There are no material differences between the recognised and fair value of financial assets and liabilities.

16 Other current assets

NOK 1 000	2022	2021
Prepaid expenses	7 249	7 973
Other current receivables	5 412	4 822
Total	**12 661**	**12 794**

Prepaid expenses in 2021 includes a reclassification of the Group cloud-based ERP system Dynamics 365. The expenses for configuring the software were classified as an intangible asset in 2020. In accordance with IFRIC Update March 2021 NOK 5.5 million moved to pre-paid expenses in 2021 as the criteria in IAS 38 were not met. The costs have been capitalised as the configuration and customisation services are not distinct from the SaaS agreement. The costs are accrued over the terms of the service agreement, in total 5 years, the same time period as the initial depreciation period for the asset.

17 Cash and cash equivalents

NOK 1 000	2022	2021
Cash and bank deposits	41 934	37 457
Restricted cash	(11 974)	(10 511)
Unrestricted cash and cash equivalents	**29 960**	**26 946**
Undrawn credit facilities	35 000	21 500
Cash reserve	**64 960**	**48 446**

Restricted cash include the employees' tax withholdings.

Cash and cash equivalents per currency:

NOK 1 000	2022	2021
NOK	21 798	22 161
DKK	3 562	4 548
EUR	3 634	1 470
USD	10 251	6 247
Other	2 690	3 030
Cash and cash equivalents	**41 934**	**37 457**

The Group has a multi-currency cash-pool agreement with Danske Bank.
The overdraft facility agreement with Danske Bank has the following financial covenant:

* NIBD / EBITDA (net interest-bearing debt ratio) shall not be more than 2.25.

This key ratio is assessed as at December 31st each year and at the latest 120 days after year-end.

The Group had no overdraft or borrowings from Danske Bank as at 31 December 2022.
As collateral for the line of credit, the bank has a pledge on the customer receivables of the Norwegian subsidiaries.

Refer to note 25 for Alternative Performance Measures.

18 Shareholders

Share capital
Itera ASA's share capital on 31 December 2022 was NOK 24,655,987,20 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30. All shares in Itera have the same dividend and voting rights.

Ownership structure
At the close of 2022, Itera ASA had 2,042 (2,278) shareholders. Of these 6% (4%) were foreign shareholders. The company's 20 largest shareholders owned 73 % (73%) of the company's shares at yearend.

Holdings of own shares
The Itera Group held 1,637,006 own shares at the start of 2022. The Group purchased 655,000 own shares in 2022. 680,404 own shares were used in connection with share option programme and employee share purchase programme. The Itera Group held 1,611,602 own shares at the end of 2022.

18 Shareholders, cont.

Dividend

An ordinary dividend of NOK 0.20 per share (16.4 million) based on the 2021 result was paid in June 2022. A supplementary dividend of NOK 0.30 per share (24.7 million) was paid in November 2022. An ordinary dividend of NOK 0.30 per share (NOK 24.7 million) is proposed based on the 2022 result. The Board will also ask for an authorisation to pay a supplementary dividend later in the year.

20 largest shareholders in Itera ASA at 31 December 2022	Shares	%
Arne Mjøs Invest AS	25 763 031	31.3%
OP Capital AS	4 605 242	5.6%
GIP AS	4 194 584	5.1%
Septim Consulting AS	3 150 000	3.8%
Eikestad AS	3 000 000	3.7%
Boinvestering AS	2 849 362	3.5%
Gamst Invest AS	2 572 570	3.1%
Jøsøyra Invest AS	2 200 000	2.7%
Itera ASA	1 611 602	2.0%
DZ Privatbank S.A.	1 600 000	1.9%
DNB Bank ASA	1 597 853	1.9%
Jon Erik Høgberg	1 144 356	1.4%
Aandestad Pangari AS	950 000	1.2%
Framar Invest AS	902 240	1.1%
Altea AS	700 000	0.9%
Jetund Gunnar Nyvang	650 000	0.8%
Lars Peter Jensen	630 800	0.8%
Morten Johnsen Holding AS	600 000	0.7%
Kim-Kjetil Grøsland	600 000	0.7%
Sober Kapital AS	540 786	0.7%
Total 20 largest	**59 862 426**	**72.8%**
Other shareholders	22 324 198	27.2%
Total all issued	**82 186 624**	**100.0%**

19 Other current liabilities

NOK 1 000	2022	2021
Holiday pay	25 972	22 912
Accrued wages and bonuses	24 484	25 682
Accrued other expenses	11 435	14 484
Total	**61 891**	**63 078**

20 Exchange rates

Information on the exchange rates applied by the Itera Group in 2022.

	1 Jan	Average	31 Dec
SEK	0.97	0.95	0.95
DKK	1.34	1.36	1.41
EUR	9.99	10.09	10.51
UAH	3.10	3.39	3.69
USD	8.82	9.62	9.86
ISK	0.07	0.07	0.07
CZK		0.42	0.44

21 Financial risk management

The Itera Group is exposed to financial risks such as: credit risk, liquidity risk, currency risk and interest rate risk. The Group's exposure to these risks is considered to be low. The Group has established guidelines to manage its exposure to these risks. The main principle is to minimise exposure to financial risks, and the Group accordingly holds no financial assets or liabilities for speculative purposes.

The Group's nearshore operations in Ukraine, Slovakia, the Czech Republic and Poland (under establishment late 2022) exposes it to new risks, such as country risk, IT security risks and the risk of corruption. Itera has a zero-tolerance policy on corruption.

Credit risk

Credit risk is the risk of financial loss to the Group's receivables due from customers and other short-term receivables. In order to manage this risk, the Group has established credit approval procedures to evaluate the creditworthiness of all material counterparties The Group's exposure to credit risk is not dependent on individual customers but customers as a group. The amount is examined as of every closing date. The provision is supported by historical credit loss experience of trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Information on the Group's risk exposure in respect of accounts receivable is provided in note 14. The Group's customers are private and public companies. The Group assesses the credit worthiness of all new customers and periodically for existing customers.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity in such a way as to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. The Group has established an overdraft facility with its banking partner. See note 17 for further information.

In order to accommodate growth in the Group's operational companies, lease financing contracts have been entered into for major investments in software and hardware.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

21 Financial risk management, cont.

NOK 1 000	Less than 6 months	6–12 months	1–5 years	Over 5 years	Total
Balance at 31 Dec 2022					
Accounts payable	16 760	-	-	-	16 760
Leasing liabilities	4 587	4 587	17 083	3 337	29 559
Balance at 31 Dec 2021					
Accounts payable	18 846	-	-	-	18 846
Leasing liabilities	7 581	7 581	14 552	5 485	35 199

Currency risk

The Group is exposed to currency risk through its businesses in Sweden, Denmark, Iceland, Ukraine, Slovakia, the Czech Republic and Poland. The exposure to currency risk is limited by the fact that businesses in Sweden, Denmark and Iceland have revenue and costs in their local currency, and in addition most borrowing is arranged within the Group. Of the Group's total revenue, 7% is in Danish kroner (DKK). A 10% change in the NOK exchange rate against DKK would have a 0.7% effect on the Group's revenue. The effect of currency deviation on financial assets and liabilities denominated in non-functional currency is not material.

The Group's Central and Eastern European companies operate in five different currencies: USD, Euro, Czech koruna, Polish zloty and Ukrainian Hryvna. The main exposure is in USD, which is the primary currency used in the Ukrainian operation. The Group has to a large extent currency adjustment mechanisms in its agreements with customers to counteract its exposure to US dollar and Euros, where service fees for distributed services are denominated in USD or EUR and converted to Nordic currencies at the start of the monthly delivery period.

Interest rate risk

The Group is exposed to interest rate risk in relation to its bank deposits. The Group is also exposed in connection with lease financing contracts and when drawing against the overdraft facility. The Group does not hold any financial securities or other assets that have an inherent interest rate risk. The effect on profit and loss of change in interest rate is insignificant.

Fair value

Itera does not have significant differences between fair value and book value in respect of financial instruments, which mainly comprise accounts receivable and accounts payable, other current receivables and other current liabilities and lease liabilities.

22 Transactions with related parties

There were no other transactions between the Group and related parties in the period from 1 January to 31 December 2022 other than those described in note 2.

23 Discontinued operations

In accordance with previously communicated plans, Itera discontinued its data centre operations on 31 March 2022. The remaining business that had not already been migrated to the cloud was sold to Move AS on 31 March 2022 with effect from 1 April 2022. All remaining customer and supplier contracts related to Itera's data centre operations were transported to Move in the transaction. The segment is being reported as discontinued operations in the current period. The results of the discontinued operations are presented in the income statement as a single line item, separate from the continuing operations of the company.

23 Discontinued operations, cont.

The following table presents the results of the discontinued operation for the current and comparative periods:

	2022	2021
Revenue	7 340	40 106
Operating expenses	20 723	58 548
Operating profit	**(13 383)**	**(18 442)**
Income taxes	(2 944)	(4 057)
Net income	**(10 438)**	**(14 385)**
Net cash flow from operating activities	(13 260)	(17 083)
Net cash flow from investing activities	1 055	(166)
Net cash flow from financing activities	(982)	(6 358)
Net increase in cash generated by discontinued operations	**(13 187)**	**(23 607)**

The carrying amount of the assets and liabilities of the discontinued operation as of the date of disposal was as follows:

	31 March 2022
Lease contracts	1 049
Other assets	815
Net assets sold	**1 863**

Details of the sale of the segment:

	2022
Cash received	1 055
Carrying amount of net assets sold	1 863
Net loss on sale before income tax	**(808)**

Explanaition of restated income statement for 2021:

	Reported in 2021	Discontinued operations	Restated 2021
Revenues	**633 062**	**40 106**	**592 956**
Cost of goods and services	63 120	17 421	45 699
Salaries and personnel expenses	434 697	31 010	403 688
Depreciation and amortisation	28 467	3 885	24 582
Other operating and administrative expenses	48 176	6 232	41 944
Total operating expenses	**574 460**	**58 548**	**515 912**
Operating profit	**58 602**	**(18 442)**	**77 044**
Financial income	2 424	0	2 424
Financial expense	3 602	0	3 602
Net financial income (expenses)	**(1 178)**	**0**	**(1 178)**
Profit before taxes	**57 424**	**(18 442)**	**75 866**
Income taxes	13 276	(4 057)	17 333
Net income	**44 148**	**(14 385)**	**58 533**

24 Subsequent events

After the reporting period ended on 31 December 2022 and up to the date these consolidated financial statements have been approved for issue, no events have been identified that require disclosure.

25 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.

EBITDA is short for earnings before interest, tax, depreciation and amortisation. It is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

EBITDA margin is calculated as EBITDA as a proportion of operating revenue.

EBIT is short for earnings before interest and tax and is calculated as profit for the period before (i) tax expense and (ii) financial income and expenses.

EBIT margin is calculated as EBIT as a proportion of operating revenue.

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

NIBD/EBITDA ratio is calculated as the interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA.

Contents

Itera ASA

Income statement

Itera ASA 1 January – 31 December

NOK 1 000	Note	2022	2021
Sales revenue	1	54 183	46 395
Operating revenue		**54 183**	**46 395**
Salaries and personnel expenses	2,3,4	31 953	26 017
Depreciation and amortisation	5	1 194	1 602
Other operating expenses	2	27 837	21 580
Total operating expenses		**60 984**	**49 199**
Operating profit (loss)		**(6 801)**	**(2 804)**
Income from investments in subsidiaries	6	53 844	46 937
Interest income from companies in the same group		191	112
Other financial income		317	349
Interest expense to companies in the same group		1 152	210
Other financial expense		573	404
Net financial income		**52 627**	**46 784**
Profit before income tax		**45 826**	**43 980**
Income taxes	7	(47)	(22)
Net profit for the year		**45 873**	**44 002**
Allocation of profit/loss:			
To supplemental dividend	11	24 656	8 219
To ordinary dividend	11	24 656	16 437
To/from other equity	11	(3 439)	19 346
Total allocation		**45 873**	**44 002**

Statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2022	2021
ASSETS			
Deferred tax assets	7	375	328
Intangible assets	5	363	592
Property, plant and equipment	5	927	1 756
Investment in subsidiaries	8	116 041	116 041
Total non-current assets		**117 706**	**118 716**
Receivables from group companies	9	9 085	4 579
Other receivables		5 460	6 477
Cash and cash equivalents	9, 10	19 982	23 249
Total current assets		**34 527**	**34 305**
TOTAL ASSETS		**152 233**	**153 021**

Statement of financial position

Itera ASA 31 December

NOK 1 000	Note	2022	2021
EQUITY AND LIABILITIES			
Share capital	11	24 656	24 656
Other paid-in capital	11	13 229	7 166
Own shares	11	(483)	(491)
Total paid-in capital		**37 402**	**31 331**
Other equity	11	26 632	37 694
Total retained earnings		**26 632**	**37 694**
Total equity		**64 033**	**69 025**
Accounts payable		3 727	3 425
Tax payable	7	-	-
Public fees payable	12	22 212	15 787
Liabilities to group companies	9	31 922	41 579
Proposed dividend	11	24 656	16 437
Other current liabilities		5 684	6 766
Total current liabilities		**88 201**	**83 996**
Total liabilities		**88 201**	**83 996**
TOTAL EQUITY AND LIABILITIES		**152 233**	**153 021**

Oslo, 27 April, 2023
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Siren Tønnesen
Board member
(Employee elected)

Hans Joachim Trøbråten
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

Statement of cash flows

Itera ASA 1 January – 31 December

NOK 1 000	Note	2022	2021
Cash flow from operating activities			
Profit before tax		45 826	43 980
Dividend and group contribution recognised but not paid	6	(53 844)	(46 937)
Share option costs		333	154
Depreciation and amortisation	5	1 194	1 602
Change in accounts payable		302	426
Change in other accruals		(856)	(3 346)
Net cash flow from operating activities		**(7 045)**	**(4 121)**
Cash flow from investment activities			
Purchases of property, plant and equipment and intangible assets	5	(137)	(988)
Payments from group contributions and dividends from subsidiaries		46 937	53 406
Payments of liabilities to group companies		(1 114)	(1 117)
Payments of receivables from group companies		927	2 900
Net cash flow from investment activities		**46 613**	**54 201**
Cash flow from financing activities			
Net change in group cash pool		144	(29 707)
Cash settlement of options contract	11	-	(978)
Equity settlement of options contract	11	-	3 951
Payments for purchases of own shares	11	(9 086)	(23 522)
Proceeds from sales of own shares	11	6 559	8 427
Dividend paid		(40 451)	(27 853)
Net cash flow from financing activities		**(42 835)**	**(69 681)**
Net change in cash and cash equivalents		**(3 267)**	**(19 601)**
Cash and cash equivalents as at 1 January		23 249	42 850
Cash and cash equivalents as at 31 December		**19 982**	**23 249**

General information and significant accounting principles

General information
The accounts for Itera ASA have been prepared in accordance with the Accounting Act of 1998 and the generally accepted accounting principles in Norway (NGAAP). In cases where the notes for the parent company are significantly different from the notes for the Group, these are provided below. Reference is otherwise made to the information in the notes for the Group.

Estimates and judgment
Preparing accounts in accordance with Norwegian Generally Accepted Accounting Principles involves management making judgments, estimates and assumptions that influence the accounting principles that are applied and the amounts that are reported for assets, liabilities, revenue and costs. Actual amounts may vary from the estimated amounts. The estimates and underlying assumptions used are evaluated continuously. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods that are affected by the changes.

Subsidiaries
Investments in subsidiaries are valued at acquisition cost less any write downs. Investments are written down when impaired unless the impairment is regarded as temporary. Impairment losses are reversed if the basis for the impairment loss is no longer present. Dividends, group contributions and other distributions from subsidiaries are recognised in profit and loss on the same date as they are recognised in the accounts of subsidiaries. If the distributions paid by a subsidiary exceed the profit earned by the company during any given ownership period, these are regarded as repayments of the investment and the carrying value of the investment is reduced.

Currency
Transactions involving foreign currencies are translated into functional currency using the exchange rates that are in effect at the time of the transactions. Gains and losses that arise from the payment of such transactions and the translation of monetary items in foreign currencies at the rates in effect on the date of the balance sheet are recognised in the income statement. The Company uses the Norwegian kroner (NOK) as both its functional and presentation currency.

Share capital
Ordinary shares are classified as equity. Costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Purchase of own shares
Where the Company purchases its own shares, the consideration paid, including any directly attributable costs, is recognised as a change in equity. Own shares are presented as a reduction in equity, net of any tax effects. When the Company sells or reissues it own shares, the consideration received is recognised as an increase in equity, and gains or losses arising from such transactions are applied to retained earnings.

Intangible assets
Intangible assets are recognised on the balance sheet if it can be shown to be probable that there will be future economic benefits attributable to the assets and their cost price can be estimated reliably. Intangible assets are carried at cost price.

Tangible fixed assets
Tangible fixed assets are carried at acquisition cost less accumulated depreciation and accumulated impairment losses. If the fair value of a tangible fixed asset is lower than its carrying value and the impairment is not temporary, the asset is written down to fair value.

General information and significant accounting principles, cont.

Impairment
At each balance sheet date, the Company assesses whether there are objective indications that assets may be impaired. Assets that are individually significant are tested for impairment on an individual basis. The remaining assets are assessed collectively or in groups of assets that share similar credit risk characteristics. All impairment losses are charged to profit and loss. Impairment losses are reversed if the reversal can be objectively linked to an event that occurs after the loss was recognised.

Pension plan
The Company has a defined contribution pension plan. The contributions are recognised as salaries and personnel cost in the income statements as they incur.

Share-based remuneration
Employee share options at Itera give employees the right to subscribe to shares in Itera ASA at a future point at a predetermined price (exercise right). This right is dependent on the employee still being employed at the time of exercise. The value of share options is calculated at grant date and expensed as a personnel cost over the vesting period. Options are normally granted with a subscription price equal to the average share price over the thirty days prior to the grant date. The social security tax costs associated with employees' taxable benefits are expensed as incurred over the accrual periods on the basis of the accrual rates and values at the balance sheet date.

Operating revenue
The parent company's operating revenue arises from the shared services it delivers through its Group Functions in the accounting/finance, HR, IT and communication areas. Its revenue is based on a cost-plus model and is recognised when the services are delivered.

Financial income and expense
Financial income comprises interest income from financial investments and group contributions or dividends from subsidiaries. Group contributions and dividends are recognised in profit and loss on the same date that they are recognised by the company from which they are received. Financial expense comprises interest expense on borrowings.

Tax expense
Tax expense comprises both tax payable and changes in deferred tax. Tax expense is recognised in the profit and loss account. Deferred tax assets and liabilities are calculated using the liability method on a non-discounted basis and are calculated for all differences arising between accounting values and tax values of assets and liabilities as well as for losses carried forward. Deferred tax assets on net tax-reducing differences that have not been eliminated and tax losses that are to be carried forward are recognised on the basis of expected future earnings.

1 Transactions with related parties

Itera has structured internal support processes in the areas of accounting/finance, HR, internal IT, quality management, security and communication as Group Functions. These functions are part of Itera ASA and work with subsidiaries. The parent company invoices these subsidiaries on a cost-plus model. In 2022 Itera invoiced NOK 54.2 million (NOK 46.4 million) in respect of these services.

2 Salaries, personnel expenses and other remuneration

NOK 1000	**2022**	**2021**
Salaries	24 174	21 123
Share option costs	333	154
Social security tax	3 304	3 079
Pension costs	974	912
Other personnel costs	3 168	749
Total salaries and personnel expenses	**31 953**	**26 017**
Average number of employees	23	22

For information on salaries and other remuneration of the executive management, see note 5 to the consolidated accounts.

Auditor

Analysis of remuneration paid to the auditor:

	2022	**2021**
Statutory audit	506	241
Tax advice	-	-
Other services	29	4
Total fees paid to the auditor	**535**	**245**

3 Pension

Itera ASA operates a defined contribution pension scheme. The Company’s pension expense is represented by the premiums paid, and totalled NOK 974k in 2022 (NOK 912k). The Company’s pension scheme complies with the Norwegian Mandatory Occupational Pension Act (OTP).

4 Share-based remuneration

Share option costs (including employer's social security contributions) of NOK 326k were expensed in 2022 (NOK -186k in 2021). See note 4 in the consolidated financial statements for further information on share-based remuneration.

Pro-gramme	Out-standing 31.12. 2021	Issued 2022	Expired in 2022	Exercised in 2022	Out-standing 31.12. 2022	Fair value when issued	Exercise price [1]	Share price when issued [2]	Date of issue	Exercise period
2020	120 000	-	-	-	120 000	NOK 2.07	NOK 11.46	NOK 11.46	02.07.2020	2024
2021	130 000	-	-	-	130 000	NOK 2.36	NOK 13.50	NOK 13.50	22.06.2021	2025
2022	-	120 000	-	-	120 000	NOK 2.34	NOK 12.50	NOK 12.50	22.06.2022	2026

1) The exercise price is the average share price over the 30 days prior to the date the option is granted.
2) The exercise price is set at fair value on the date the option is granted. The company works on the basis that the exercise price is the same as the share price on the date the option is granted and that the options do not have any intrinsic value on this date.

Programme	No. of share options	Interest rate	Volatility	Lifetime
2020	120 000	0.28%	43.2%	3.95 years
2021	130 000	1.06%	41.7%	3.98 years
2022	120 000	3.20%	44.2%	3.98 years
Total	**370 000**			

5 Non-current assets

NOK 1 000	Research and develop-ment	Soft-ware	Total intan-gible assets	Office machin-ery & equip-ment	Fixtures and fittings	Total property, plant and equip-ment	Total non-current assets
Acquisition cost							
Accumulated at 1 January	1 918	1 459	**3 377**	2 511	3 908	**6 419**	9 796
Additions	-	-	**-**	77	60	**137**	137
Disposals	-	-	**-**	-	-	**-**	-
Accumulated at 31 December	**1 918**	**1 459**	**3 377**	**2 588**	**3 968**	**6 555**	**9 933**
Depreciation and amortisation							
Accumulated at 1 January	1 918	867	**2 785**	1 514	3 149	**4 663**	7 448
Depreciation and amortisation	-	229	**229**	507	458	**965**	1 194
Depreciation and amortisation on disposals	-	-	**-**	-	-	**-**	-
Accumulated at 31 December	**1 918**	**1 096**	**3 014**	**2 021**	**3 607**	**5 628**	**8 642**
Book value							
Book value at 1 January	-	592	**592**	997	759	**1 756**	2 348
Book value at 31 December	**-**	**363**	**363**	**567**	**360**	**927**	**1 290**
Estimated useful life	3-5 years	3-5 years		3-5 years	3-5 years		
Depreciation plan	linear	linear		linear	linear		

6 Income from investments in subsidiaries

Itera ASA has recognised the following income in its annual accounts from its investment in its subsidiaries:

NOK 1 000 **Company name**	**Dividend**	**Group contribution**	**Total**
Itera Norge AS	22 000	-	**22 000**
Itera Offshoring Services AS	6 000	-	**6 000**
Compendia AS	8 000	-	**8 000**
Itera Aps	7 776	-	**7 776**
Cicero Consulting AS	200	7 092	**7 292**
Itera ehf	2 776	-	**2 776**
Total income from investment in subsidiaries	**46 752**	**7 092**	**53 844**

7 Income taxes

NOK 1 000	**2022**	**2021**
Tax expense for the year		
Current tax on profit for the year	-	-
Change in deferred tax	(47)	(22)
Total tax expense for the year	**(47)**	**(22)**
Tax payable		
Profit before tax	45 826	43 980
Permanent differences	(46 039)	(44 079)
Change in temporary differences	214	646
Utilisation of losses carried forward	-	(190)
Basis for current tax, taxable revenue	**-**	**357**
Tax payable in the balance sheet	**-**	**-**
Specification of the basis for deferred tax		
Fixed assets	(1 680)	(1 460)
Other temporary differences	(24)	(30)
Total temporary differences	(1 705)	(1 491)
Losses carried forward	-	-
Basis for deferred tax	**(1 705)**	**(1 491)**
Deferred tax asset (-) / Deferred tax liability (+)	**(375)**	**(328)**

8 Shares in subsidiaries

NOK 1 000	Registered office	Share capital[1)]	Share holding	Book value 1 Jan.	Change	Book value 31 Dec.	Profit/Loss in 2022	Equity in 2022
Itera Norge AS	Oslo	1 000	100%	51 713	-	51 713	22 474	30 428
Itera Offshoring Services AS	Oslo	200	100%	7 500	-	7 500	9 605	13 304
Cicero Consulting AS	Oslo	200	100%	16 474	-	16 474	5 757	10 219
Compendia AS	Bryne	182	100%	14 475	-	14 475	5 612	6 725
Itera Sverige AB[1)]	Stockholm	100	100%	-	-	-	(692)	930
Itera ApS	Copenhagen	1 424	100%	16 717	-	16 717	9 401	5 196
Itera ehf	Reykjavik	34	100%	34	-	34	5 365	2 192
Itera Consulting Group Ukraine, LLC	Kyiv	7 125	100%	9 127	-	9 127	(966)	7 165
Total				**116 041**	**-**	**116 041**	**56 556**	**76 270**

1) Itera Sverige AB is owned by Itera Norge AS, with book value of NOK 1.3 million.

9 Balances between companies in the same group, including cash pool

Receivables from Group companies

NOK 1 000 **Company name**	**2022**	**2021**
Itera Norge AS	3 620	2 975
Itera ApS	893	217
Cicero Consulting AS	41	49
Compendia AS	182	217
Itera Offshoring Services AS	1 218	981
Itera ehf	3 131	140
Total	**9 085**	**4 579**

Receivables from group companies consist of group accounts receivables, receivables from group companies relating to the group's joint value added tax registration (see Note 12).

Liabilities to Group companies

NOK 1 000 **Company name**	**2022**	**2021**
Itera Norge AS	6 773	10 207
Compendia AS	5 019	11 700
Cicero Consulting AS	10 315	10 446
Itera ApS	-	1 766
Itera Offshoring Services AS	9 815	7 460
Itera ehf	-	-
Total	**31 922**	**41 579**

Liabilities to group companies consist of bank deposits held by subsidiaries in group cash pool, payables to group companies relating to the group's joint value added tax registration and net of receivables in relation to group contributions and dividends.

9 Balances between companies in the same group, including cash pool, cont.

Cash Pool
In the group's cash pool, Itera ASA is responsible both for its own deposits/drawings and for deposits/drawings made by the subsidiaries. The figures reported for bank deposits held by Itera ASA in the balance sheet include deposits paid into the cash pool by the subsidiaries, which are netted against the parent company's drawings. The bank deposits held by the subsidiaries in the cash pool are reported in the parent company accounts as liabilities to group companies.

10 Restricted deposits

Itera ASA holds NOK 20.0 million (23.2 million) in cash and bank deposits, of which NOK 1.0 million (NOK 0.9 million) is on restricted accounts for payment of payroll tax deductions.

11 Additional equity information

NOK 1 000	Share capital	Own shares	Other paid-in capital	Other equity	Total equity
Equity at 1 January 2021	**24 656**	**(381)**	**(3 981)**	**40 441**	**60 735**
Net income for the period	-	-	-	44 002	**44 002**
Share option costs	-	-	154	-	**154**
Cash settlement of options contract	-	-	(978)	-	**(978)**
Sale of own shares	-	223	8 205	-	**8 427**
Employee share purchase programme	-	(518)	-	(23 005)	**(23 522)**
Equity settlement of options contract	-	185	3 766	-	**3 951**
Ordinary dividend	-	-	-	(16 437)	**(16 437)**
Supplementary dividend	-	-	-	(7 307)	**(7 307)**
Equity at 31 December 2021	**24 656**	**(491)**	**7 166**	**37 694**	**69 025**
Net income for the period	-	-	-	45 873	**45 873**
Share option costs	-	-	333	-	**333**
Cash settlement of options contract	-	-	-	-	**-**
Sale of own shares	-	204	6 355	-	**6 559**
Employee share purchase programme	-	(197)	(625)	(8 265)	**(9 086)**
Equity settlement of options contract	-	-	-	-	**-**
Ordinary dividend	-	-	-	(24 656)	**(24 656)**
Supplementary dividend	-	-	-	(24 656)	**(24 656)**
Dividend own shares	-	-	-	642	**642**
Equity at 31 December 2022	**24 656**	**(483)**	**13 229**	**51 288**	**64 033**

See note 4 and 18 in the consolidated financial statements for further information on share-based remuneration and share capital.

12 Public taxes and duties payable

The Norwegian companies in the group are jointly registered for value added tax and other taxes and duties, and accordingly the figures reported for public taxes and duties payable include value added tax payable by the other Norwegian companies in the group. The total VAT liability is included in the parent company accounts but is offset by intragroup receivables due from subsidiaries.

13 Financial risk management

The Group is exposed to various financial risks, such as credit risk, liquidity risk, currency risk and interest rate risk. These risks are regarded as low. The Group has established procedures for managing these risks. The main principle is to minimise the level of financial risk, and the Group on this basis holds no assets or liabilities for speculative purposes. See note 21 to the group accounts for further information on financial risk management.

Statement by the Board of directors and the CEO

The Board of Directors and the CEO have today approved the annual report and annual accounts of the Itera ASA group and the parent company for the 2022 calendar year and as at 31 December 2022 (2022 Annual Report).

We confirm that, to the best of our knowledge:

- The consolidated accounts have been prepared in accordance with the IFRS and related interpretations as approved by the EU and with the additional Norwegian disclosure requirements pursuant to the Norwegian Accounting Act as in effect at 31 December 2022.
- The annual accounts of the parent company have been prepared in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles as in effect at 31 December 2022.
- The annual report of the group and the parent company, including the statements on corporate governance and on corporate social responsibility, has been prepared in accordance with the requirements of the Norwegian Accounting Act and Norwegian Accounting Standard No. 16 as in effect at 31 December 2022.
- The information contained in the accounts provides a true and fair view of the group's and the parent company's assets, liabilities, financial position and earnings taken as a whole at 31 December 2022.
- The annual report of the group and the parent company provides a true and fair view of:
  – the developments, earnings and financial position of the group and the parent company
  – the principal risk and uncertainty factors facing the group and the parent company

Oslo, 27 April 2023
The Board of Directors and the CEO of Itera ASA

Morten Thorkildsen
Chairman of the board

Marianne Killengreen
Board member

Jan-Erik Karlsson
Board member

Gyrid Skalleberg Ingerø
Board member

Siren Tønnesen
Board member
(Employee elected)

Hans Joachim Trøbråten
Board member
(Employee elected)

Arne Mjøs
Chief Executive Officer

To the General Meeting of Itera ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Itera ASA, which comprise:

- the financial statements of the parent company Itera ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Itera ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 22 May 2018 for the accounting year 2018.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

pwc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualify as new key audit matters. *Recognition of revenue* contains the same characteristics and risks as last year and consequently has been an area of focus also for the 2022 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Recognition of revenue The Group's revenue for the year ended 31 December 2022 amounted to NOK 735 840 thousand. The majority of the Group's revenue is derived from the transfer of services over time, but some are also point in time contracts. Revenue from subscription contracts are recognized over the contract period, in accordance with IFRS 15. We considered recognition of revenue to be a key audit matter because revenue makes a material part of the financial statement. Additionally, there is an inherent risk of error due to the significant number of transactions and underlying data involved, and because recognition of revenue sometimes is complex. Refer to notes 2 to the financial statements, and the summary of significant accounting policies for further details, as well as an explanation of the accounting principles related to revenue recognition.	We obtained an understanding of the revenue recognition process through interviews with management and reviews of the Group's process and policy documentation. We evaluated management's policies for revenue recognition and whether they were in accordance with IFRS 15. For a sample of contracts, we also tested the application of management's accounting policies. We identified, assessed and tested the design and operating effectiveness of management's internal controls over revenue recognition which includes change of data in the Group's billing system to test the accuracy and validity of revenues. We traced a sample of sales transactions to supporting documentation to test the accuracy, validity and cut-off of revenues. Based on our understanding of the standard flow of revenue transactions, we also performed analytical procedures to further test the accuracy and validity of the transactions. Our procedures included comparing booked revenues throughout the year to receipts of payments. We noted no significant deviations as a result of our audit procedures. We considered the Group's disclosures about revenue recognition in note 2 to the financial statements and the summary of significant accounting policies and found them to be appropriate.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Itera ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "Itera ASA ESEF-2022-12-31-en", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 27 April 2023
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant

Shares and shareholders

The objective of Itera ASA (the Company) is to ensure its shareholders a competitive return in the form of dividends and higher share price in comparison with alternative investments.

Shareholder policy
Itera endeavours to ensure shareholders a competitive return on their investment in the form of a higher share price and dividends. The share price shall reflect the Company's earnings and underlying values. Open communication and equally treatment of the shareholders shall contribute to increased shareholder values and trust among investors.

Investor information
Itera ASA was listed on the Oslo Stock Exchange (OSE) on 27 January 1999 under the ticker code ITE, which in 2020 was changed to ITERA. The Company shall treat all shareholders equally concerning information which may affect the market value of the shares. All information of relevance for the share price is published via the notification system of the Oslo Stock Exchange as well as on the Company's website www.itera.no, to ensure such information is made available to all stakeholders simultaneously. The quarterly reports are also made available on Itera's website in the form of online webcasts. The shares have been assigned the ISIN NO 0010001118, and the Company's organisation number at the Norwegian Brønnøysund Regis¬ter Centre is NO 980 250 547.

Share capital
Itera ASA's share capital at 31 December 2021 was NOK 24,655,987 made up of 82,186,624 fully paid shares each with nominal value of NOK 0.30.

All shares have the same voting rights at the General Meeting.

Shareholders
As of 31 December 2022, Itera had 2,042 (2,178) shareholders. At year-end, 6% (6%) of the Company's shares were owned by foreign investors. The Company's twenty largest investors owned 73% (73%) of the Company's shares.

Dividend
During 2022, dividends of NOK 0.50 (0.35) per share were paid, for a total of NOK 41.1 (27.9) million.

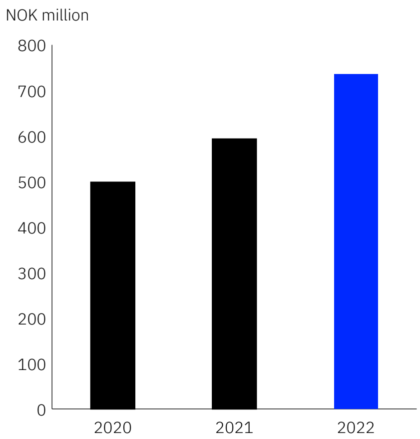
Share price
The Itera share price opened the year at NOK 15.25 and closed at NOK 13.20, corresponding to a change of -13%, or -10% including dividend payments in the period. The highest share price during the year was NOK 15.25 and the lowest price was NOK 10.50. Itera had a market value corresponding to MNOK 1,085 (1,253) million at 31 December 2022.

Share option schemes
The Company has established option programmes for key personnel. Current share option programmes were implemented in 2019, 2020, 2021 and 2022. There were 2,745,000 outstanding share options at year-end. Reference is also made to Note 4 to the Consolidated Financial Statements.

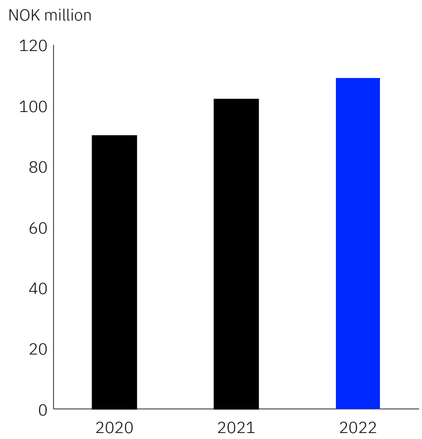
Major shareholders
For major shareholders, see note 18 in the consolidated accounts.

Development 2020–2022
(continuing operations)

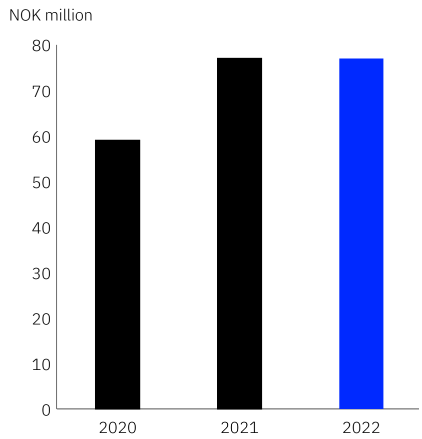
Revenue



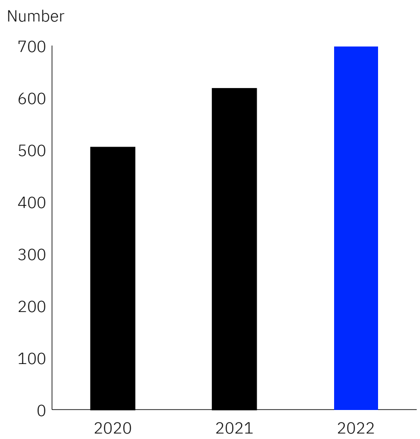
EBITDA



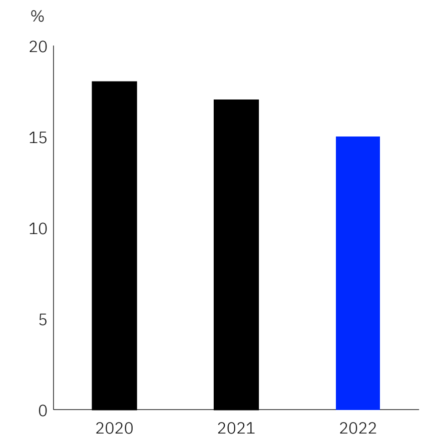
EBIT



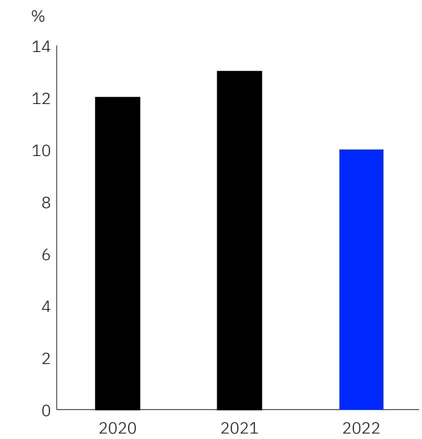
Employees



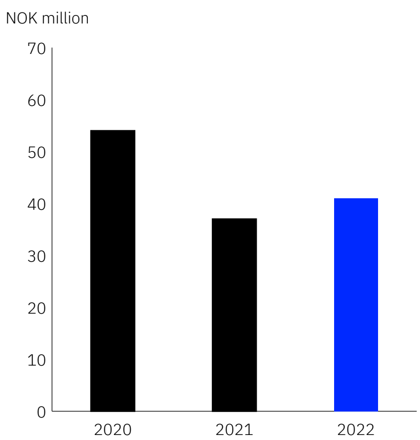
EBITDA margin



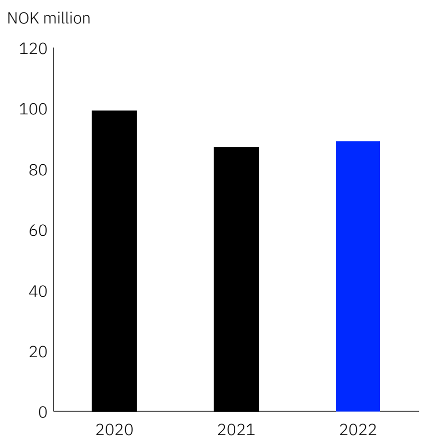
EBIT margin



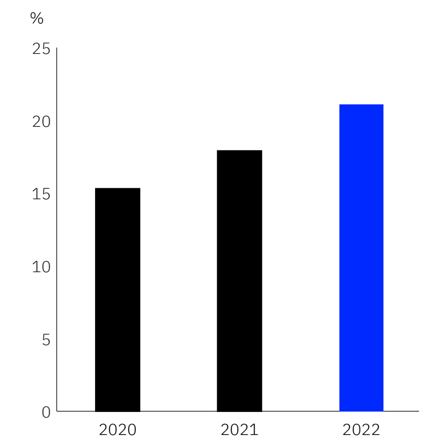
Bank deposits



Cash flow

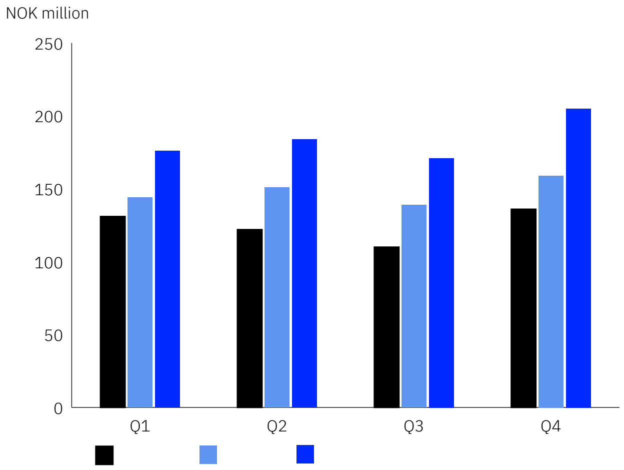


Equity ratio

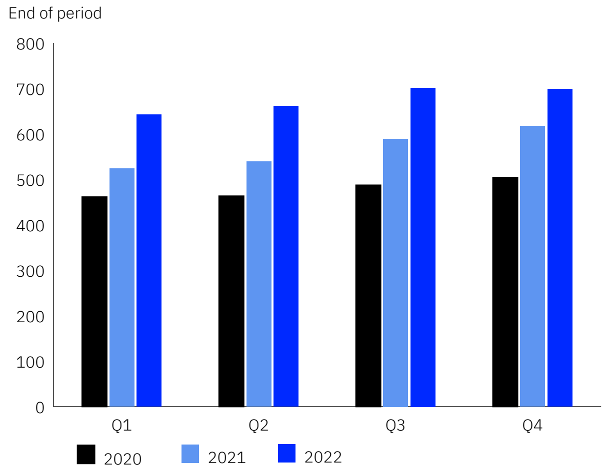


Quarterly development 2020–2022
(continuing operations)

Revenue



Employees



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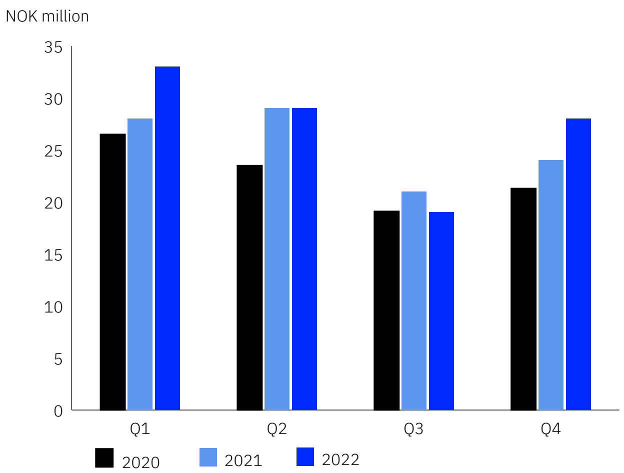

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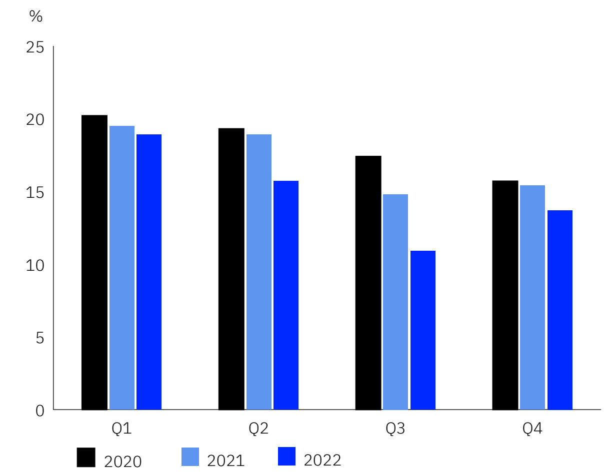

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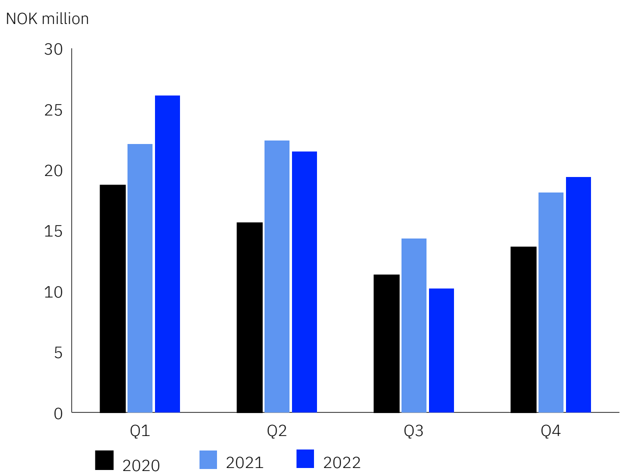

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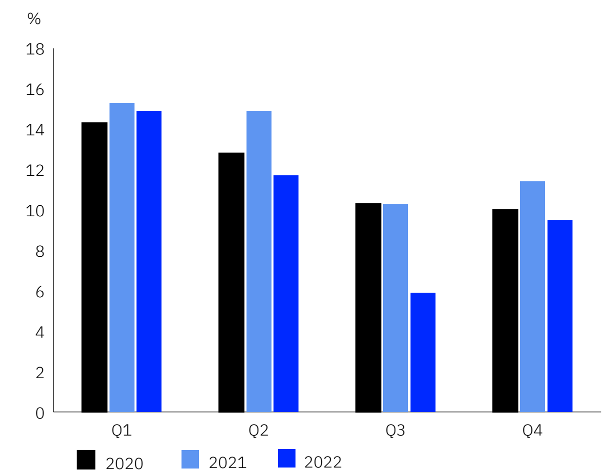

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