



Q3

2024

Make a difference

Agenda

1. Highlights of the quarter
2. Business review
3. Financial review
4. Outlook
5. Q&A

Arne Mjøs
CHIEF EXECUTIVE OFFICER



Bent Hammer
CHIEF FINANCIAL OFFICER



1 Highlights Q3 2024



Highlights

Large customer win-back

A global customer were replacing Itera with their global supplier affecting 35-40 consultants in third quarter.

However, due to an unsuccessful transition by the global supplier, the customer decided to return the projects to Itera starting in November.

500+ MNOK in two large agreements

Estimated value over four years for two large framework agreements in the third quarter.

Scaling these agreements are not reflected in book-to-bill ratio yet, awaiting budget allocations for 2025.

Opening of office in Stavanger region

This expansion brings Itera closer to customers in the energy, offshore and other industries advancing the green shift.

Adding 20 skilled employees and an attractive customer base through a small acquisition.

Q3 in brief

–5%

Organic revenue
growth

0.1%

EBIT margin

Market

After more than a year in a challenging environment, we are beginning to see positive trends in demand.

Wins

500+ MNOK in estimated value over four years for two large framework agreements

Order intake

Seasonal variations in order intake with book-to-bill of 0.7 in Q3 and 1.1 last 12 months.

Ukraine

Our business advisory services under “Enter Ukraine” are beginning to yield results with several new agreements.

Performance

Performance negatively impacted by a temporary loss of a major customer.

Cashflow

Cashflow from operations NOK 6 million in Q3.

NOK 82 million last 12 months, with EBITDA-to-Cash conversion of 89%

Dividend

Supplementary dividend for 2023 of NOK 0.20 per share to be paid in December.

Total dividend payouts of NOK 0.60 per share in 2024.

People

Incremental and temporary capacity reduction to align to market demand.

Number of employees decreased by 63 employees (8%) during the last 12 months.

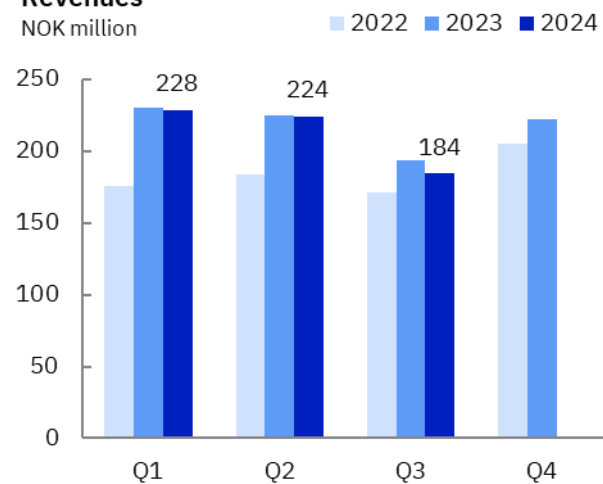
Key figures

Q3
-5%

YTD
-2%

Organic revenue growth

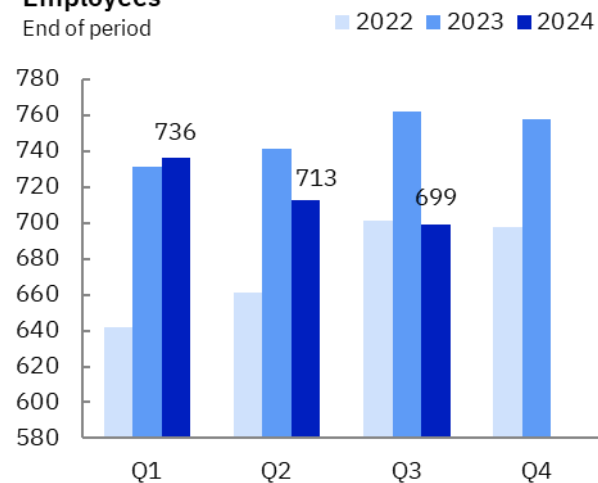
Revenues
NOK million



Q3
-8%

Growth in number of employees last 12 months

Employees
End of period

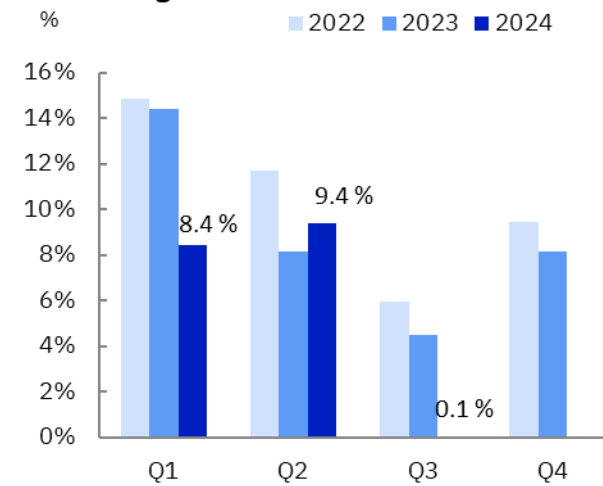


Q3
0.1%

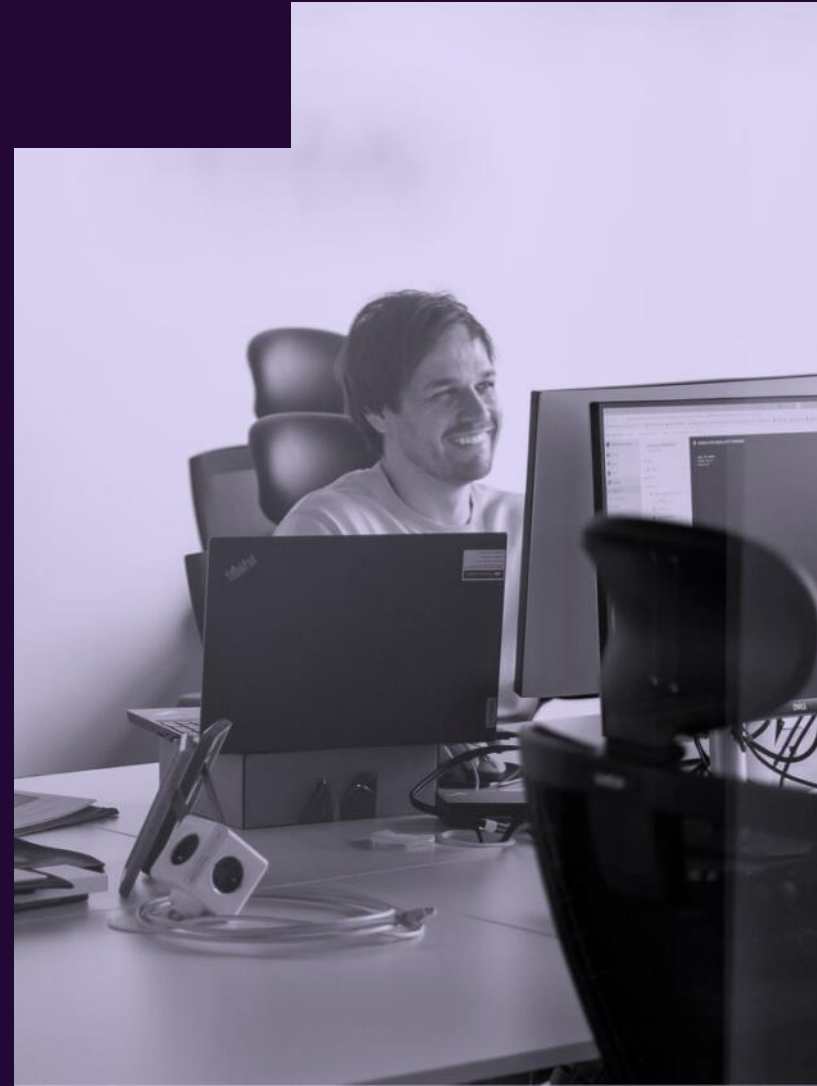
YTD
6.4%

EBIT margin

EBIT margin
%



2 Business review

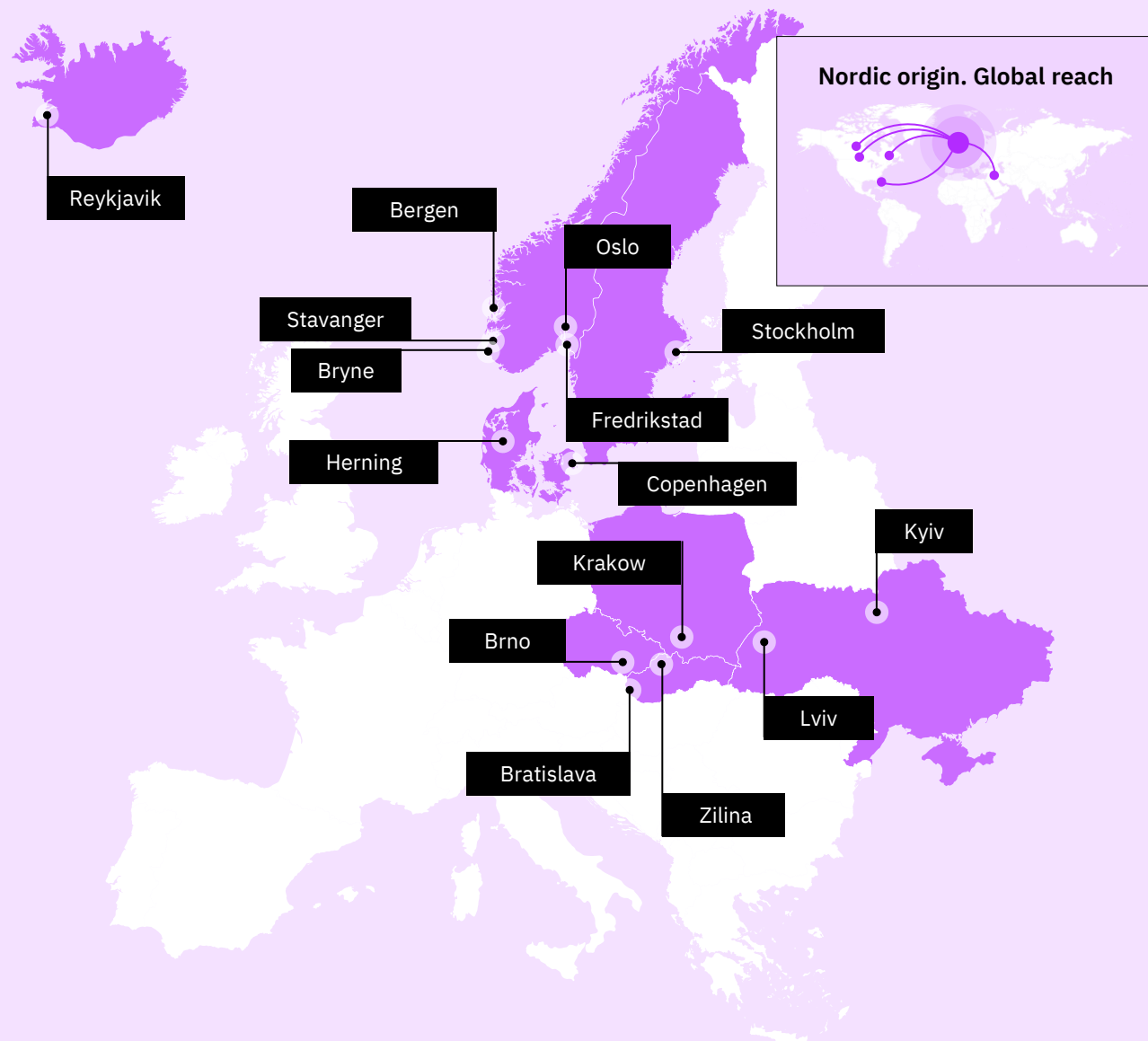


We are specialists in sustainable digital transformation

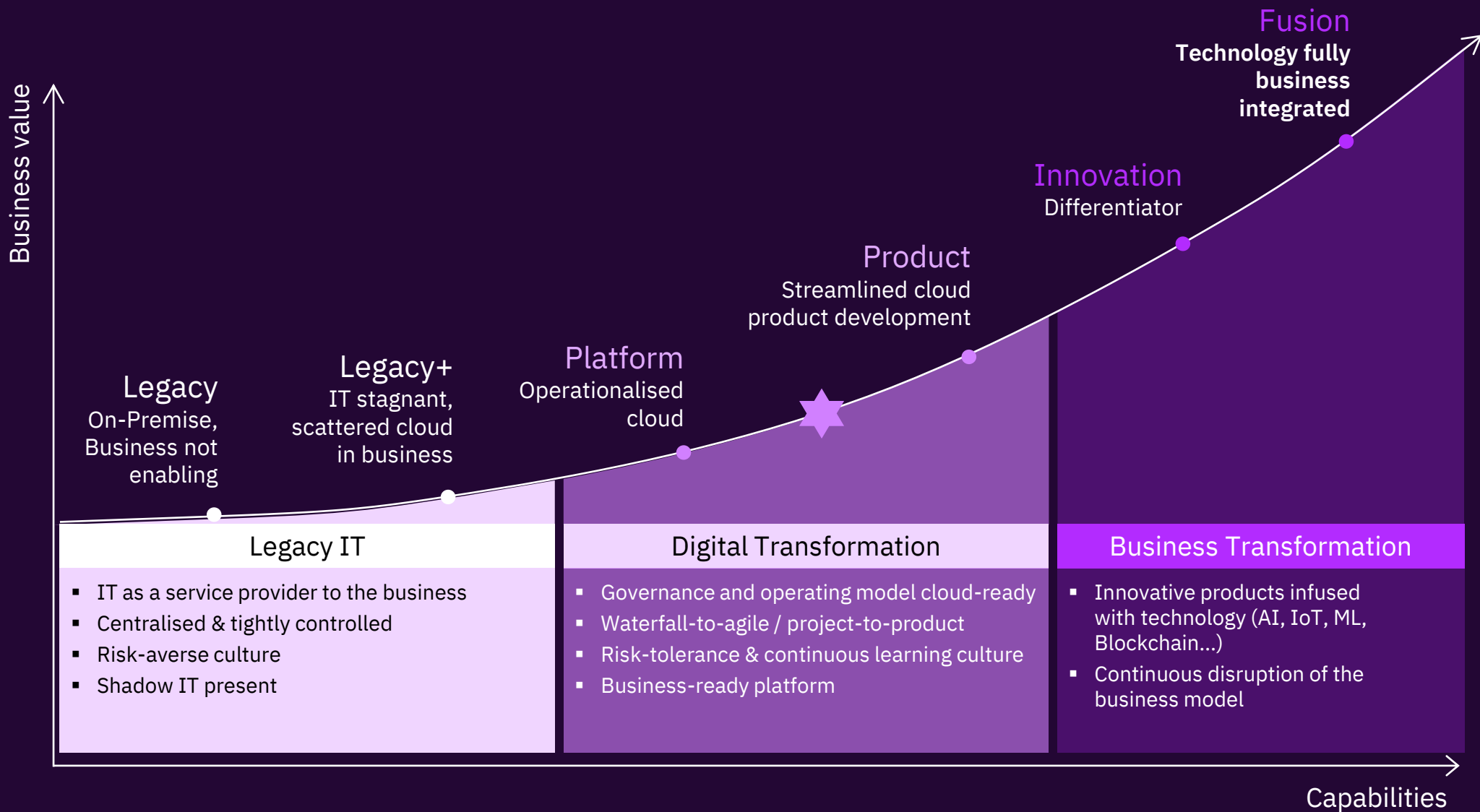
The Nordics is often positioned as digital and sustainable front-runner that show the way globally.

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

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

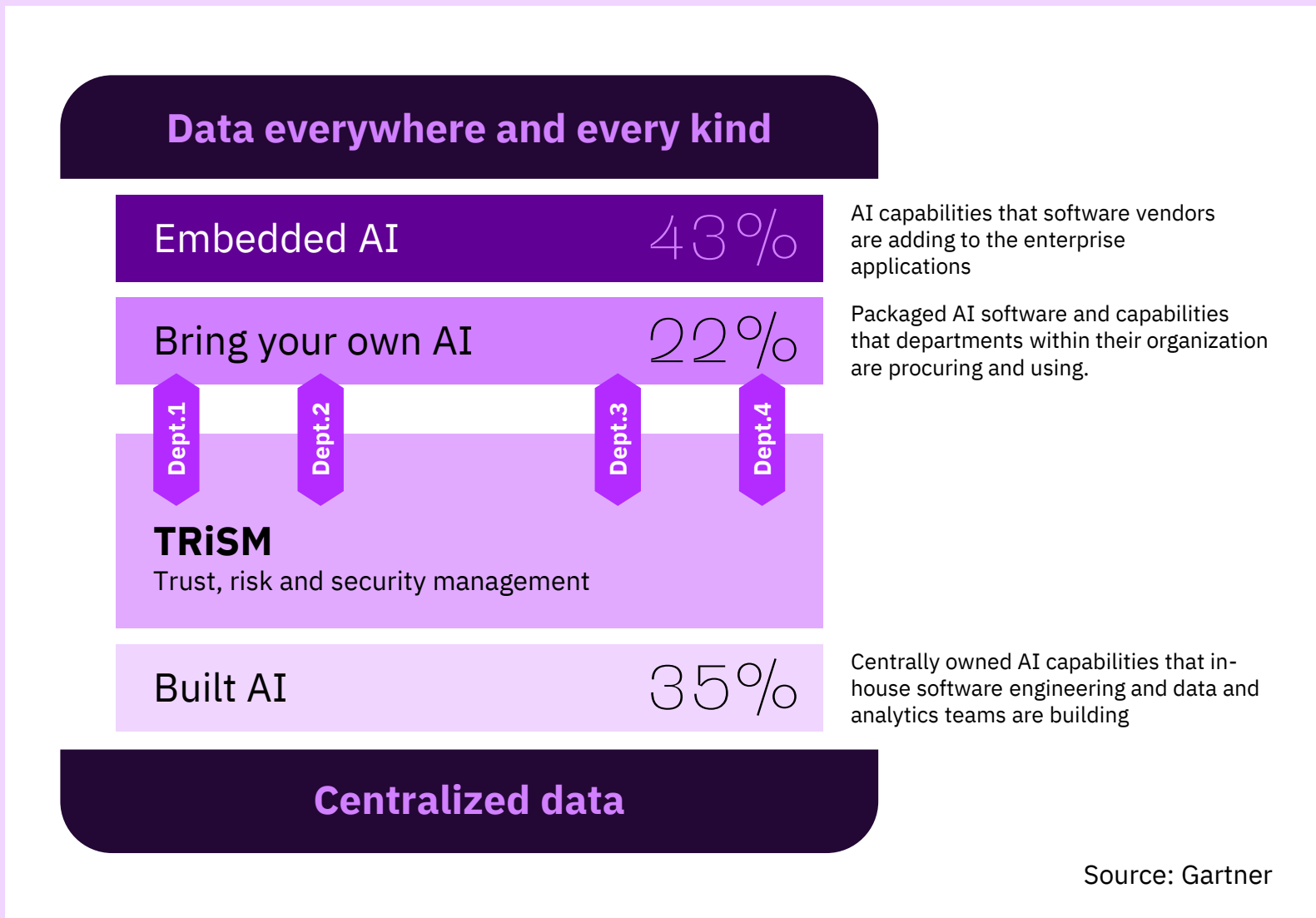


Digital and Business Transformation



With AI and data coming from everywhere, CIOs must deliver safe AI outcomes.

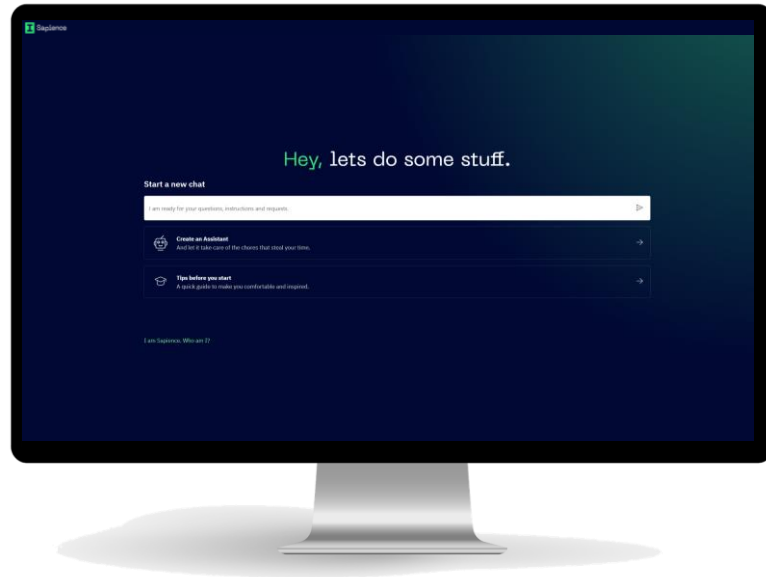
By 2026, Gartner expects generative AI to cause an enterprise spending spike of more than 15% due to the amount of resources needed to secure it, from access management to governance enforcement.



Implementation of AI at Itera

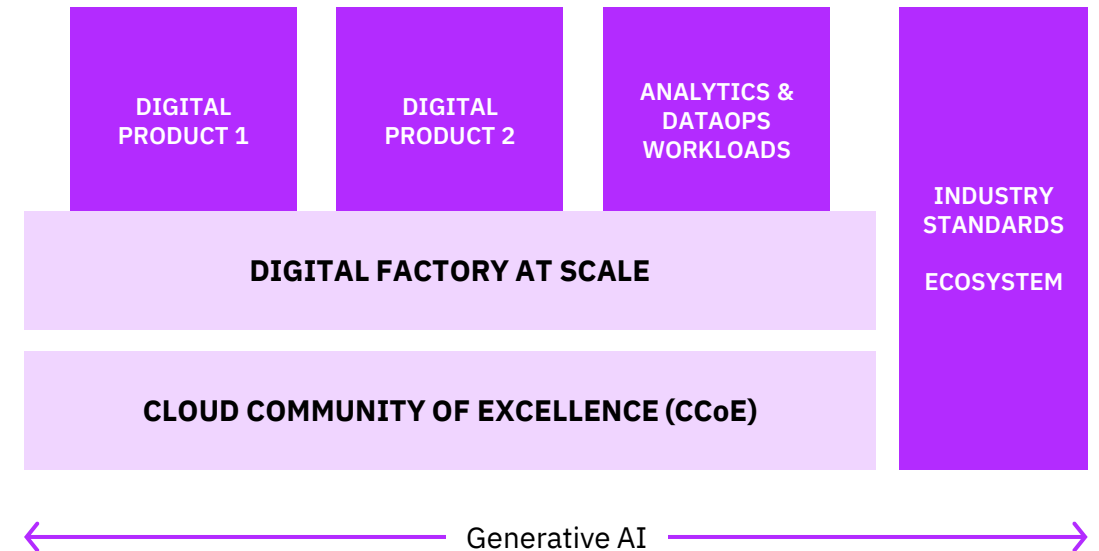
Bring your own AI

SAPIENSE – ITERA'S AI PLATFORM



Embedded AI

BUSINESS & DIGITAL STRATEGY



Built IT

Delivery excellence generated large customer win-back

Years of delivery excellence was key to a global customer requesting a roll-back to Itera after a few months

Vendor consolidation and a quest for lower rates induced a global customer to transition a significant portion of Itera's activities to a global supplier, resulting in a sudden volume reduction affecting approximately 35-40 consultants.

Due to an unsuccessful transition from the global supplier, the customer has, however, decided to return their engagements to Itera starting in November.

The customer stated Itera's agility, entrepreneurial culture and a partnership based on trust and transparency as key value generators underlying the more high-end delivery model.





Kredinor renews framework agreement valued at NOK 200-250 Million

Kredinor has renewed its framework agreement with Itera for digitalisation services.

Valued at NOK 200-250 million over four years.

Kredinor's purpose with the renewal of the framework agreement is to continue its ongoing efforts to streamline and enhance the quality of its services through digitalization.

Itera has been an existing supplier to Kredinor for over a seven-year period, and this engagement is a vital part of Itera's long-standing presence as a digitalization partner within the financial sector.



New Framework Agreement with IMDi worth up to 300 million

The Directorate of Integration and Diversity (IMDi) has awarded a new framework agreement to Itera for consulting services related to the investigation, development, and maintenance of IMDi's digital services.

The agreement involves a procurement need of up to NOK 300 million over a period of 2+1+1 years.

Itera has been a supplier to IMDi for the past two years, and this engagement is an important part of our social responsibility.

Itera's proposal was assessed as the best overall.



Opening a new office in the Stavanger region

Itera has today announced that it has completed a small acquisition, adding 20+ skilled employees and an attractive customer base, in order to establish a new office in the Stavanger region. This expansion gives Itera greater proximity to significant potential customers in energy, offshore and competitive industries driving forward the green transition.

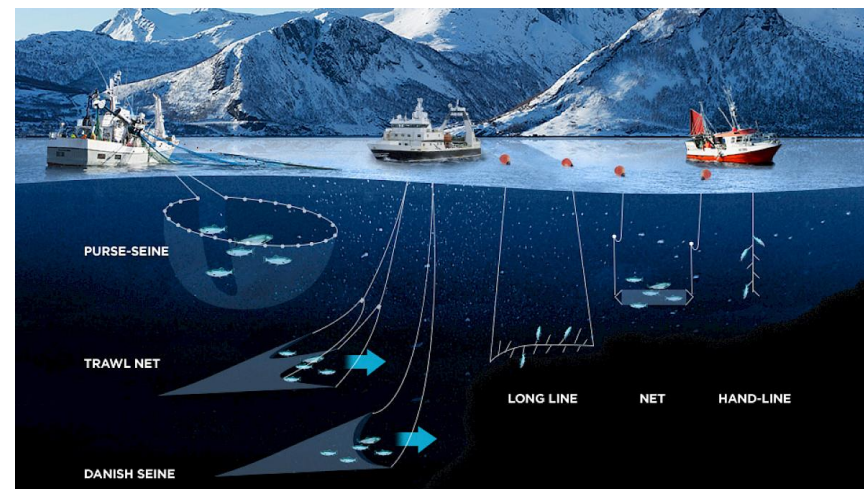
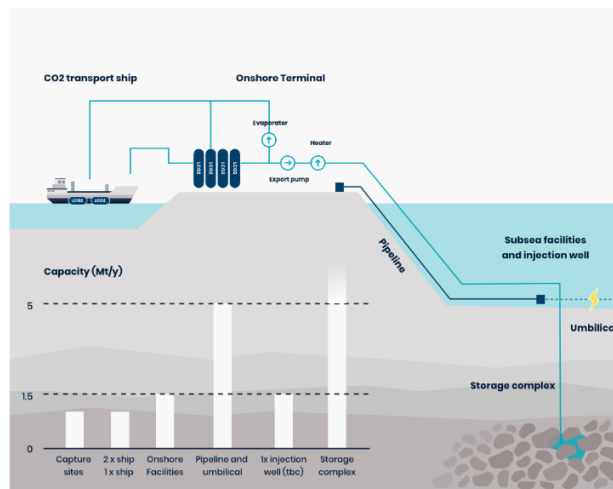
REVOLTR[®]
MOSAIQUE[®]



↑ Kine Buchard (General Manager) and Nils Olav Nergaard (Business Developer) in Revoltr.

The opportunity in the Stavanger Region

- Itera will be present in Rogaland as an international player with strong local presence, an entrepreneurial culture and a full range of services
- Gives us proximity to customers as large companies often have offices in Oslo, Stavanger and Bergen
- Norway's most important industrial cluster: Offshore, Oil/Gas, and Renewable Energy (wind, carbon capture, tech)
- The energy industry in Stavanger is a hub of new innovation and technology development, making it a pivotal location for Itera's growth and strategic initiatives



Launch of "Housing for Ukraine" pilot project

Itera, in collaboration with Moelven, launched the "Housing for Ukraine" pilot project at an event in its Oslo office, aiming to build homes for four families in Ukraine.

- The building is produced as modules indoors at the factory in Moelv and transported on trailers to Borodyanka - an hour's drive north-west of Kyiv. Here they are lifted and assembled into new homes for four families who have lost their homes in the war.
- The new homes is part of a pilot project, where the purpose is to enter the Ukrainian market.
- A highlight of the event was the signing of a contract between Moelven Byggmodul and its suppliers.



↑ Lasse Maugesten (Itera), Frode Henning Killi (Moelven), Cecilie Myrseth (Norway's Minister of Trade and Industry), Marharyta Bondarieva (policy advisor from Borodyanka community).



↑ Minister of Trade and Industry of Norway Cecilie Myrseth speaking at the signing.



↑ Jon Erik Høgberg (Itera), Frode Henning Killi (Moelven), Cecilie Myrseth (Norway's Minister of Trade and Industry), Marharyta Bondarieva (policy advisor from Borodyanka community), Ihor Holovchenko (Ministry of Foreign Affairs of Ukraine), Jørn Eirik Erlund (Moelven) and Lasse Maugesten (Itera).

Order intake

Order intake from selected new and existing customers.

Book-to-bill ratio*) of 0.7 in Q3 and 1.1 for the last 12 months.



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

Customer mix

Share existing customers

91.8% (94.9%)

of revenues in Q3 2024

New customers

15.2 (9.8)

NOK mill.

Revenue from new customers won over the past year Q3 2024 (8.2% share)

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

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

High visibility

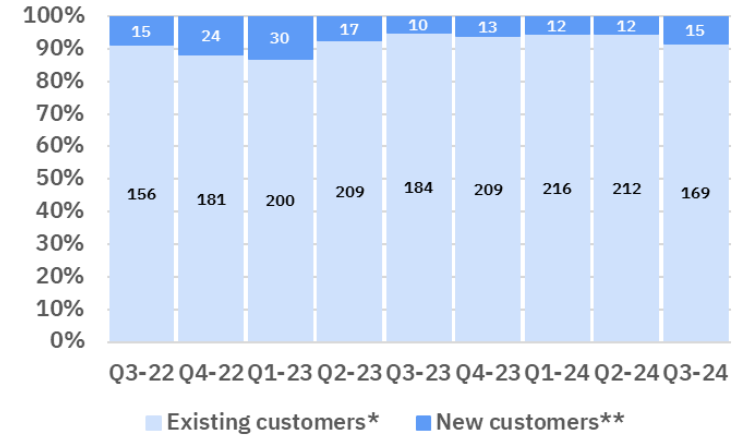
80% (83%)

Top 30 customers, share of revenue

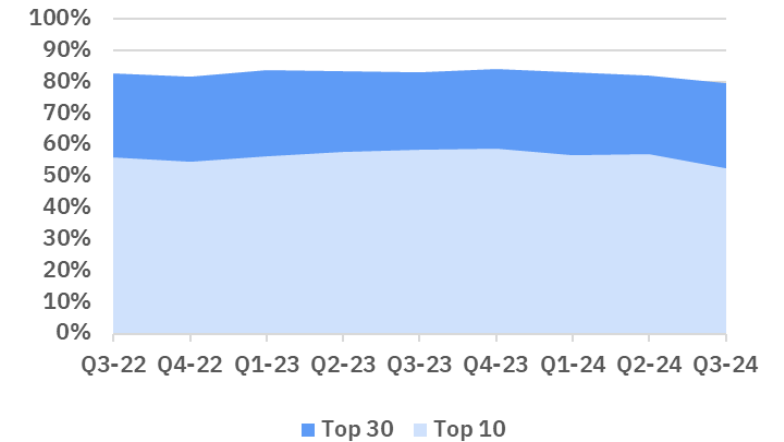
High customer concentration signifies

- Strategic relationships
- Full range of services
- Distributed delivery across borders

Revenue customers split (in MNOK)



Largest customers' share of revenue



Skilled and innovative employees

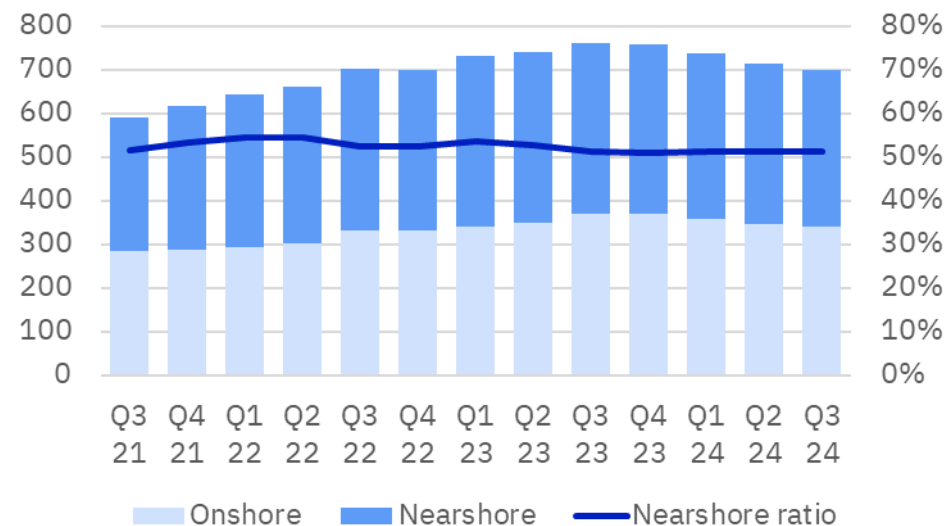
699 employees at the end of the quarter

Down by 63 last twelve months as part of the business optimisation program.

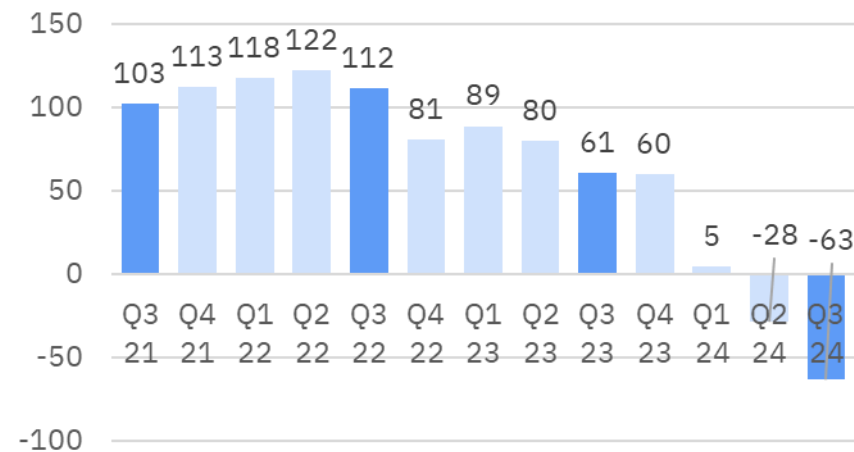
Nearshore ratio of 51% (51%)

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

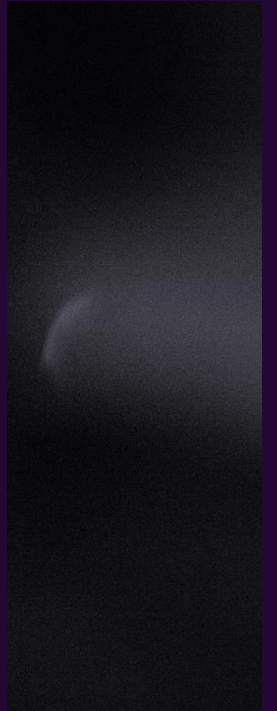
Number of employees end of quarter by shore



Rolling 12 months net FTE growth



3 Financial review



Key financials

- Revenue down 5%
- Personnel expenses down 2%
- Other opex decrease following business optimisation program
- EBIT of MNOK 0.1 (8.7)
- EBIT margin of 0.1% (4.5%)
- EBITDA-to-cash conversion of 89% last 12 months
- No. of FTEs 699 (-63)

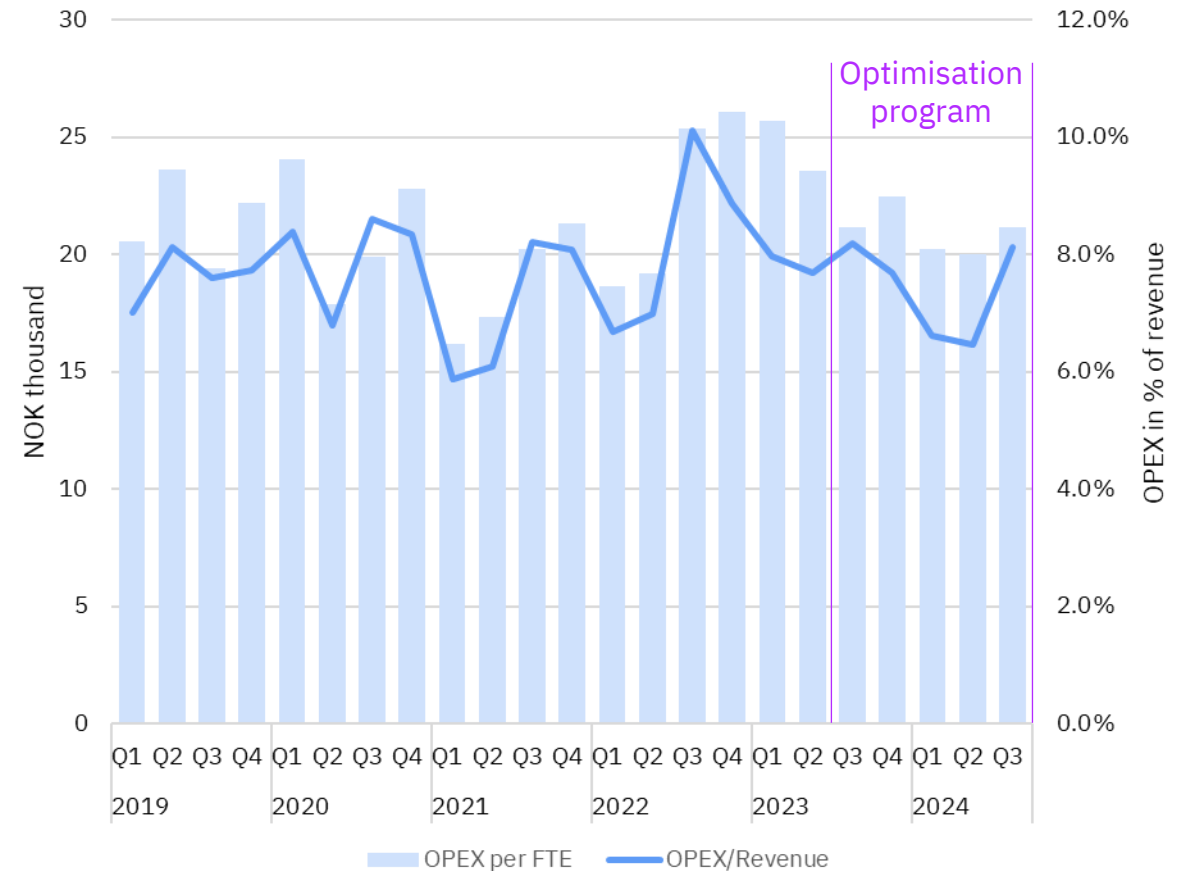
	2024	2023	Change	2024	2023	Change	2023
NOK Million	7-9	7-9	%	1-9	1-9	%	FY
Operating revenue	184.2	193.9	-5%	636.9	649.5	-2%	871.6
Gross profit	169.4	181.6	-7%	586.7	607.5	-3%	813.7
Personnel expenses	146.1	148.8	-2%	476.7	471.8	1%	634.4
Other opex	15.0	15.9	-6%	44.6	51.6	-14%	68.7
EBITDA	8.3	16.9	-51%	65.4	84.1	-22%	110.7
EBITDA margin	4.5%	8.7%	-4.2pts	10.3%	13.0%	-2.7pts	12.7%
Depreciation	8.1	8.2	-1%	24.9	23.8	5%	32.3
EBIT	0.1	8.7	-98%	40.5	60.3	-33%	81.4
EBIT margin	0.1 %	4.5 %	-4.4 pts	6.4 %	9.3 %	-2.9 pts	9.3 %
Net cash flow from operations	6.2	(3.2)	292%	25.9	37.2	-30%	93.4
Cash and cash equivalents	29.8	42.2	-29%	29.8	42.2	-29%	49.2
Employees at end of period	699	762	-8%	699	762	-8%	758
Employees in average	706	752	-6%	726	734	-1%	741

Business optimisation program

Itera has implemented a business optimisation program with the target of improving EBIT margin by 1.2-1.6 points

- Strict cost control has brought spending on other Operating Expenses (OPEX) down to 2019-20 levels
- In Q3 of 2024, year-over-year reductions in other OPEX was accretive to the EBIT margin by 1.1 pts
- OPEX relative to revenue at the lowest since the pandemic, where travel and social activities were naturally restricted

OPEX per FTE and in % of Revenue

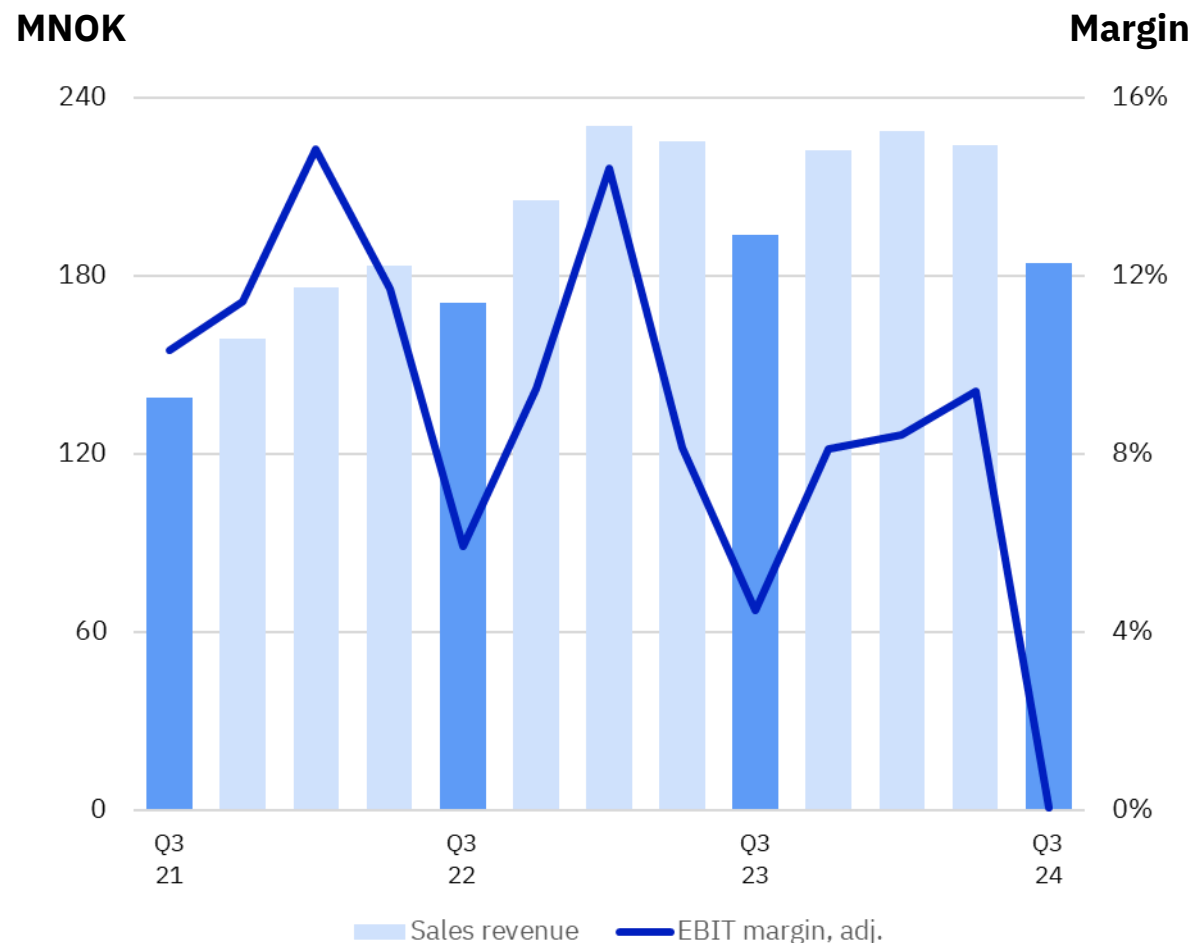


Revenue and earnings development

Strong revenue growth year over year with 2-year CAGR of 11.6% and an average of 8.1% EBIT margin

Opportunities for margin expansion

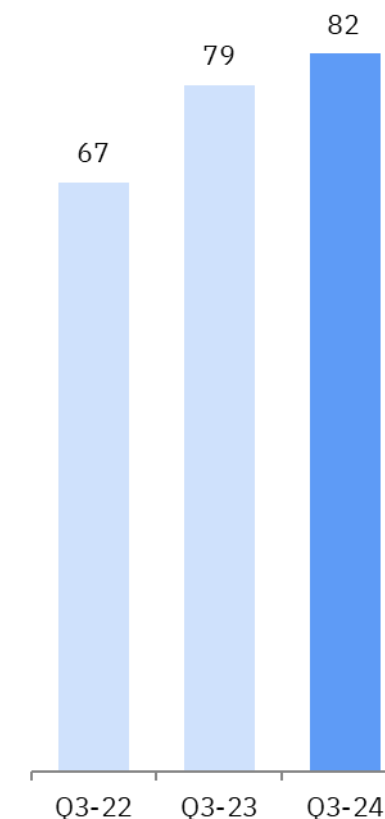
- Conversion of promising pipeline
- Normalisation of utilisation
- Increasing recurring revenue and cloud migration and modernisation driven by AI and security
- Expansion in Sweden
- Advisory services and Ukraine recovery



Statement of cash flow

NOK Million	2024 7-9	2023 7-9	2024 1-9	2023 1-9	2023 FY
EBITDA	8.3	16.9	65.4	84.1	110.7
Change in balance sheet items	(2.1)	(20.1)	(39.5)	(46.9)	(17.3)
Net cash flow from operating activities	6.2	(3.2)	25.9	37.2	93.4
Net cash flow from investment activities	(2.5)	(7.9)	(7.3)	(15.6)	(19.4)
Purchase of own shares	-	-	-	(0.1)	(11.9)
Sale of own shares	-	-	4.9	6.2	6.2
Equity settlement of options contract	-	-	-	0.3	2.9
Principal elements of lease payments	(3.5)	(3.3)	(10.4)	(9.6)	(12.9)
Long-term borrowings	(0.3)	5.0	(0.8)	5.0	4.8
External dividend paid	-	-	(32.4)	(24.7)	(56.9)
Net cash flow from financing activities	(3.8)	1.7	(38.7)	(22.8)	(67.7)
Net change in bank deposits and cash	0.3	(9.8)	(19.4)	0.2	7.3
Bank deposits at the end of the period	29.8	42.2	29.8	42.2	49.2

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



- Cash flow from operations NOK 6.2 (-3.2) million in Q3
- 12-month rolling cash flow from operations was NOK 82.1 (78.6) million
- Cash conversion from EBITDA of 89% (70%) last 12 months

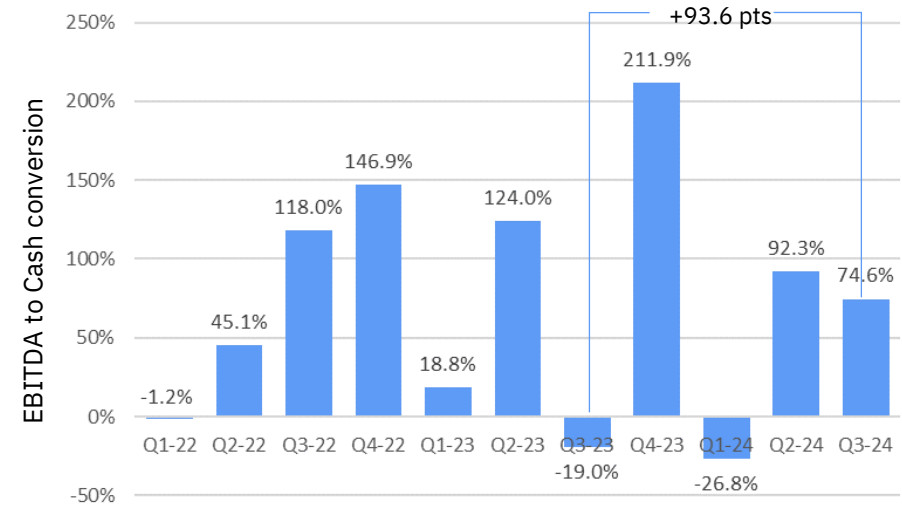
EBITDA to Cash conversion

Consistent high EBITDA to Cash conversion rate

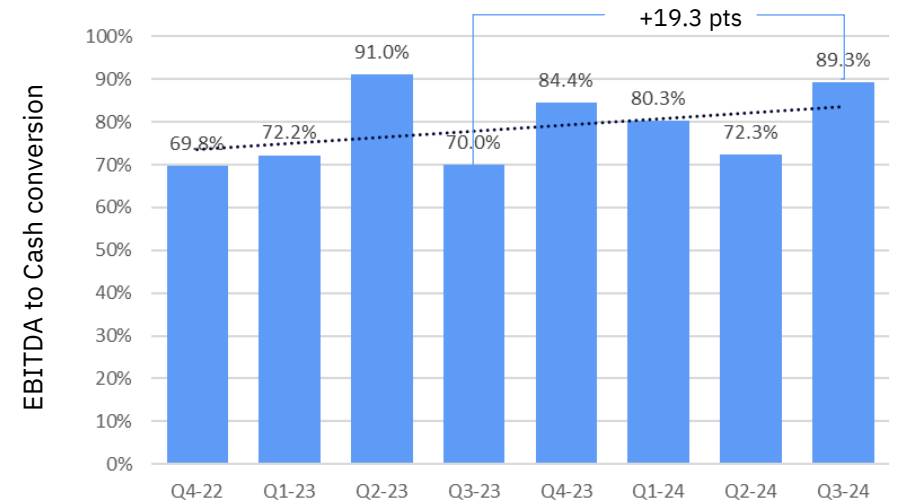
High and consistent cash conversion is a key enabler for returns to shareholders in the form of dividends and/or share repurchase.

The business requires limited working capital.

Quarterly



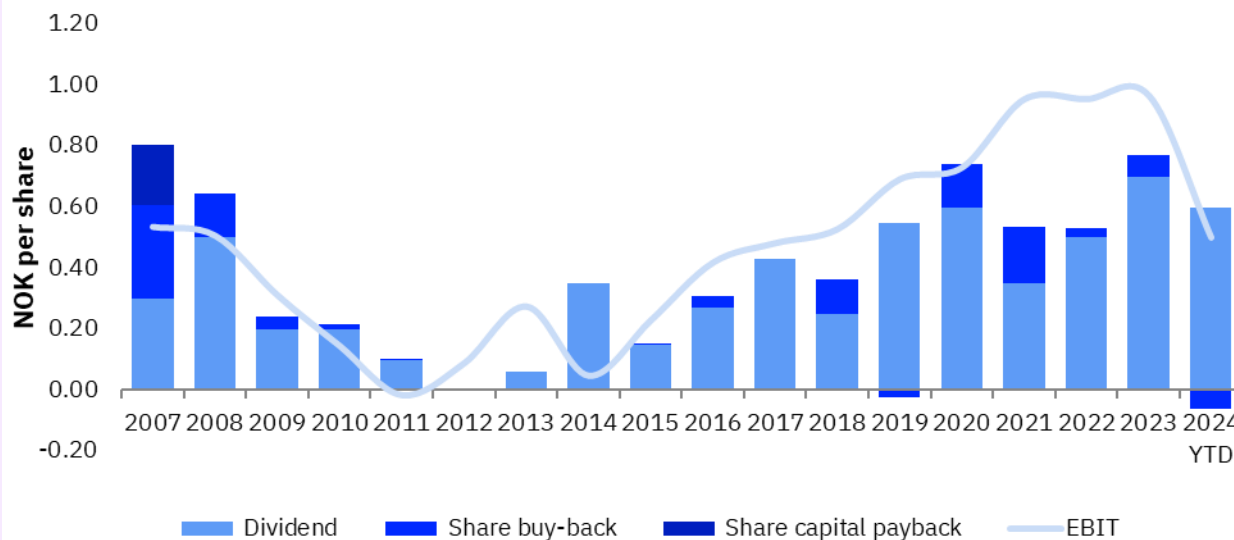
Last 12 months



Dividend and own shares

- A supplementary dividend of NOK 0.20 per share for 2023 to be paid 6 Dec 2024
 - Ordinary dividend of NOK 0.40 paid in June
- Share price was NOK 10.95 at the end of Sep 2024, a change of -2% incl. dividends from NOK 12.05 at the end of Sep 2023
- Current holding of own shares is 1,143,465. Value at 30 Sep 2024 was MNOK 12.5
- Consistent high distribution of earnings

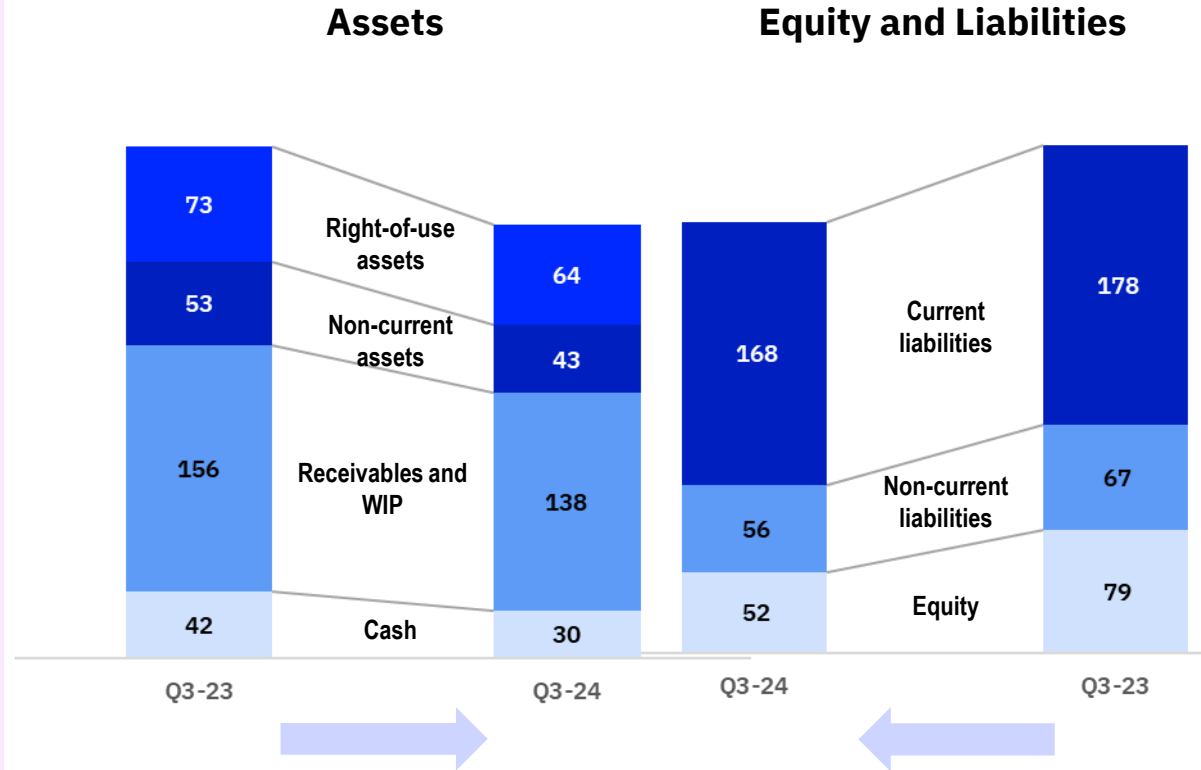
Allocations to shareholders



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

Statement of financial position per 30 June 2024

- Cash and equity reduced following strong dividend payments last 12 months (158% of net income)
- Equity ratio of 19% (24%), 24% (31%) excluding IFRS 16 Leasing
- Cash balance of MNOK 30 (MNOK 42)
- Total balance decreased by MNOK 49 to MNOK 275



4 Outlook



Outlook

Underlying strong demand for digital transformation with the market expected to gradually return in the coming months, supported by new framework agreements

Readiness to migrate and operate larger scale cloud transformations to enable **the AI opportunity**

Growth opportunities through new **Stavanger office**

Connecting Ukraine and the Nordics to enable the green energy shift and rebuild Ukraine

Profitable growth and cash flow are key focus areas.

5 Q&A



Top 20 shareholders

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS	33.29	NOR	27 363 031
2	OP CAPITAL AS	5.64	NOR	4 635 242
3	GIP AS	5.35	NOR	4 400 088
4	SEPTIM CONSULTING AS	5.07	NOR	4 165 946
5	BOINVESTERING AS	3.70	NOR	3 037 862
6	GAMST INVEST AS	3.23	NOR	2 653 462
7	JØSYRA INVEST AS	2.68	NOR	2 200 000
8	DZ PRIVATBANK S.A.	2.29	LUX	1 880 000
9	EIKESTAD AS	1.95	NOR	1 600 000
10	HØGBERG, JON ERIK	1.52	NOR	1 247 356
11	ITERA ASA	1.39	NOR	1 143 465
12	AANESTAD PANAGRI AS	1.16	NOR	950 000
13	SOBER KAPITAL AS	1.08	NOR	888 560
14	FRAMAR INVEST AS	0.97	NOR	800 000
15	NYVANG, JETMUND GUNNAR	0.92	NOR	758 950
16	ALTEA AS	0.85	NOR	700 000
17	JENSEN, LARS PETER	0.78	NOR	643 700
18	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600 000
19	HAMMER, BENT	0.69	NOR	569 133
20	FRATERNITAS A/S	0.63	NOR	514 413
TOP 20		73.92		60 751 208

