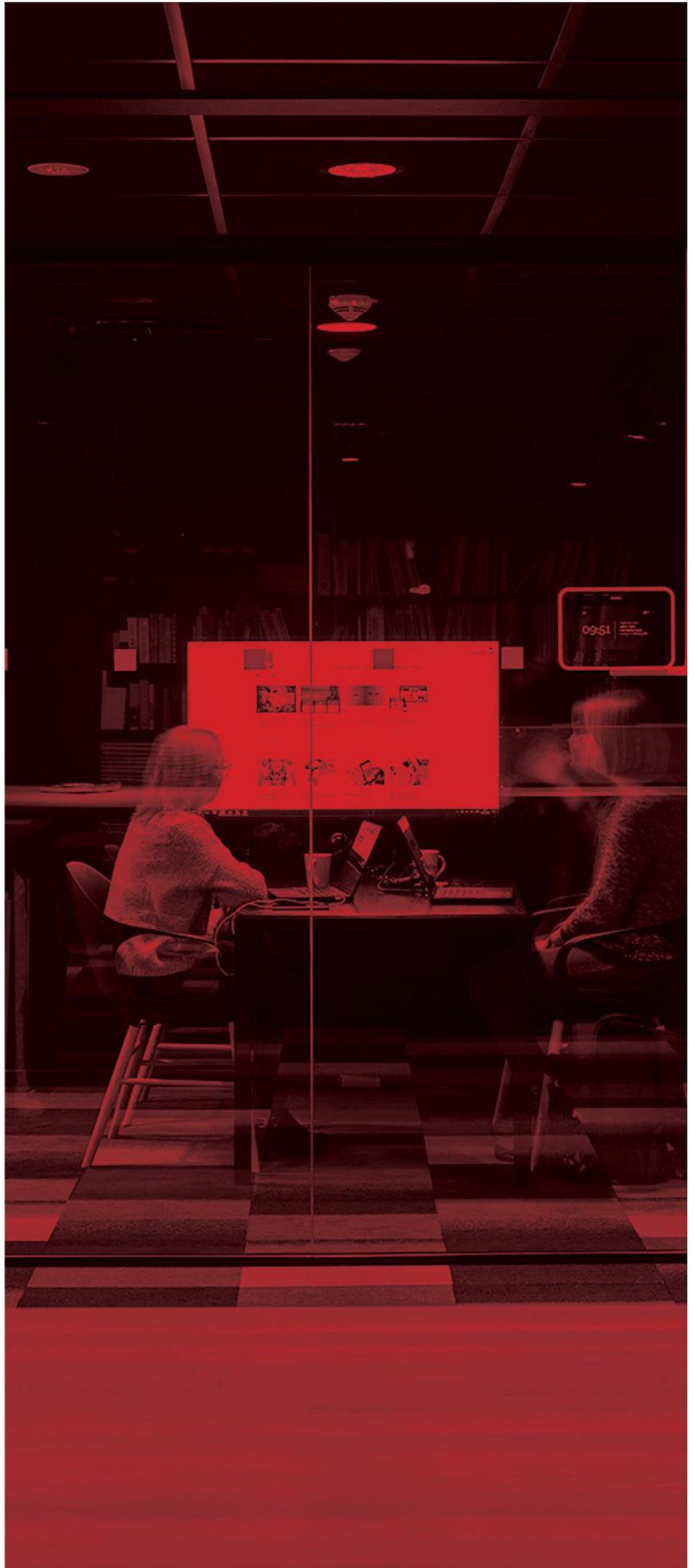


Q2

2017

itera
MAKE A DIFFERENCE



HIGHLIGHTS Q2 AND H1 2017

APRIL – JUNE 2017

- Operating revenue NOK 113.5 million (110.0), representing growth of 3%
- EBITDA NOK 12.9 million (15.6) and an EBITDA margin of 11.4% (14.2%)
- EBIT NOK 7.8 million (10.7) and an EBIT margin of 6.8% (9.7%)
- Cash flow from operations NOK 5.5 million (10.7)
- Bank deposits NOK 52.5 million (52.6)
- Equity ratio 28% (27%)

JANUARY – JUNE 2017

- Operating revenue NOK 232.1 million (215.7), representing growth of 8%
- EBITDA NOK 29.1 million (26.0) and an EBITDA margin of 12.5% (12.1%)
- EBIT NOK 19.1 million (14.5) and an EBIT margin of 8.2% (6.7%)
- Cash flow from operations NOK 4.7 million (7.2)

ACTIVITIES AND SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Itera experienced strong demand for its onshore and nearshore consulting services. Nearshore year-over-year growth was 30%. Onshore growth adjusted for the second quarter of 2017 containing 4 fewer working days was also in double digits.
- Itera's headcount increased by 13 in the second quarter, and by the end of the quarter was up 60 from the same point in 2016, with half this latter increase at Itera's nearshore locations.
- Bookings were high in the quarter due to multi-year extensions to significant managed service contracts and expansions to agreements at customers including Santander Consumer Bank, Islandsbanki and KLP.
- In the second quarter, the data protection authorities of Norway, Sweden and Denmark approved Itera's routines for transferring personal data to countries outside the EU. This is the first time such approval has been granted to a Norwegian company.
- An ordinary dividend of NOK 0.18 per share was paid in June.

KEY FIGURES

All figures in NOK million	2017 4-6	2016 4-6	change %	2017 1-6	2016 1-6	change %	2016 1-12
Sales revenue	113.5	110.0	3 %	232.1	215.7	8 %	424.8
Gross profit	97.6	92.8	5 %	201.5	183.5	10 %	361.3
EBITDA	12.9	15.6	-17 %	29.1	26.0	12 %	55.6
EBITDA margin	11.4 %	14.2 %	-2.8 pts	12.5 %	12.1 %	0.5 pts	13.1 %
Operating profit (EBIT)	7.8	10.7	-27 %	19.1	14.5	31 %	34.1
EBIT margin	6.8 %	9.7 %	-2.9 pts	8.2 %	6.7 %	1.5 pts	8.0 %
Profit before tax	7.5	10.4	-28 %	18.4	13.8	34 %	32.8
Profit for the period	5.6	7.7	-27 %	14.0	10.3	36 %	25.3
Profit margin	5.0 %	7.0 %	-2.1 pts	6.0 %	4.8 %	1.3 pts	6.0 %
Net cash flow from operating activities	5.5	10.7	-49 %	4.7	7.2	-35 %	48.4
No. of employees at the end of the period	430	370	16 %	430	370	16 %	395

REPORT FOR THE SECOND QUARTER AND FIRST SIX MONTHS

FINANCIAL PERFORMANCE

Summary for the second quarter of 2017

Itera achieved organic revenue growth of 3% in the second quarter of 2017 relative to the same period in 2016. This growth was achieved through service-related revenue, particularly at Itera's nearshore locations but also onshore, while subscription-related revenue decreased. Underlying growth in service revenue was significantly higher as the second quarter of 2017 contained 4 fewer working days than in 2016. One working day normally represents an impact on revenue and earnings of slightly over NOK 1 million.

The Group's operating profit (EBIT) was NOK 7.8 million (NOK 10.7 million), giving an EBIT margin of 6.8% (9.7%).

Accounting principles

This consolidated interim financial report includes Itera ASA and its subsidiaries, and was prepared in accordance with IAS 34, which covers interim reporting, and the Securities Trading Act. The report has not been audited, and does not contain all the information required in an annual financial report. More information about the accounting principles used can be found in Itera's annual report for 2016.

The figures given in brackets in this report refer to the equivalent period in 2016. The comparable figures for tax expense and for balance sheet and cash flow items are the figures reported at 31 December 2016.

New accounting standards or amendments, like IFRS 9 (Financial instruments), IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leasing), have not yet come into force for the Group and have consequently not been applied when preparing the consolidated accounts per H1 of 2017. Itera maintains its assessment of the impact of implementing these standards on its financial statements as set forth in the annual report for 2016.

See Note 3 on alternative performance measures.

Operating revenue

The Group reports operating revenue of NOK 113.5 million (NOK 110.0 million) for the second quarter of 2017 and of NOK 232.1 million (NOK 215.7 million) for the first six months of 2017. These figures represent revenue growth of 3% and 8% respectively. There was strong underlying growth in service-related revenue in Norway in the second quarter due to increases in capacity, utilisation and billing rates, but 4 fewer working days significantly reduced the revenue growth reported for the quarter. Despite this, nearshore service revenue grew by 30% as a result of the successful development of several accounts in the Nordics. Subscription revenue was down 7% relative to the second quarter of last year.

Gross profit (revenue – cost of goods sold) was NOK 97.6 million (NOK 92.8 million) in the second quarter and NOK 201.5 million (NOK 183.5 million) in the first six months of 2017. These figures represent growth of 5% for the quarter and 10% for the first six months.

Operating expenses

The Group's total operating expenses for the second quarter of 2017 were 6% higher at NOK 105.7 million (NOK 99.3 million), while for the first six months they were up 7% to NOK 199.5 million.

Cost of goods sold was NOK 15.9 million (NOK 17.2 million) in the second quarter of 2017 and NOK 30.6 million (NOK 32.2 million) in

the first six months of the year. Cost of goods sold principally consists of services purchased from sub-consultants, costs related to the Group's data centres, and third-party software licences and hardware that form part of larger deliveries. Cost of goods sold can vary significantly from quarter to quarter.

Personnel expenses were up 8% to NOK 72.6 million (NOK 67.0 million) in the second quarter of 2017 and up 8% to NOK 147.3 million (NOK 136.8 million) in the first six months of the year. Personnel expenses per employee were down 5% in the second quarter and down 2% in the first six months due to proportionately higher growth in nearshore employee numbers.

Depreciation and amortisation totalled NOK 5.2 million (NOK 4.9 million) in the second quarter and NOK 10.0 million (NOK 9.8 million) in the first six months. Other operating expenses for these same periods totalled NOK 12.1 million (NOK 10.2 million) and NOK 25.1 million (NOK 20.7 million) respectively.

Operating result

The operating result before depreciation and amortisation (EBITDA) for the second quarter of 2017 was a profit of NOK 12.9 million (NOK 15.6 million), while the operating result (EBIT) was a profit of NOK 7.8 million (NOK 10.7 million). For the first six months EBITDA was NOK 29.1 million (NOK 26.0 million), while EBIT was NOK 19.1 million (NOK 14.5 million). The EBIT margin was 6.8% for the second quarter of 2017 as compared to 9.7% in the second quarter of 2016, while for the first six months it was 8.2% (6.7% in H1 2016).

Net financial items were NOK -0.3 million (NOK -0.3 million) in the second quarter and NOK -0.6 million (NOK -0.8 million) in the first six months of 2017.

The result before tax for the second quarter of 2017 was a profit of NOK 7.5 million (NOK 10.4 million) and for the first six months of 2017 was a profit of NOK 18.4 million (NOK 13.8 million). Tax expense for the second quarter totalled NOK 1.8 million (NOK 2.6 million), while tax paid totalled NOK 1.4 million (NOK 0.0 million). For the first six months of the year tax expense totalled NOK 4.5 million (NOK 3.5 million), while tax paid totalled NOK 3.1 million (NOK 0.1 million).

The Group had deferred tax assets totalling NOK 3.4 million (NOK 2.4 million) at 30 June 2017.

Cash flow, liquidity and equity

Cash flow from operating activities was NOK 5.5 million (NOK 10.7 million) in the second quarter of 2017 and NOK 4.7 million (NOK 7.2 million) in the first six months of 2017. This latter amount is NOK 24.4 million lower than EBITDA, and this was primarily due to increases in accounts receivable and lower public duties and accounts payable than at 31 December 2016.

Work in progress at 30 June 2017 was NOK 3.1 million lower than at 30 June 2016, whereas accounts receivable from customers were NOK 12.7 million higher than at 30 June 2016. Other current receivables were slightly higher.

Accounts payable at 30 June 2017 were NOK 2.2 million higher than at 30 June 2016. Public duties payable were NOK 1.9 million higher than at the end of the second quarter of 2016, while tax payable was NOK 9.5 million as compared with NOK 6.1 million. Other current liabilities were NOK 1.7 million higher.

Bank deposits totalled NOK 52.5 million (NOK 52.6 million) at 30 June 2017, and the Group had an undrawn credit facility of NOK 25

million.

The Group had interest-bearing liabilities totalling NOK 16.8 million (NOK 21.7 million) at 30 June 2017 related to financial lease agreements entered into in order to finance investments related to IT hosting contracts.

Itera purchased 250,000 own shares and sold 1,151,510 shares in the second quarter in connection with its share option and employee share purchase programs. Itera held 63,935 own shares at 30 June 2017

Equity at 30 June 2017 totalled NOK 56.1 million (NOK 51.4 million). This represented an equity ratio of 28% (27%).

Investment

The Group invested a total of NOK 3.5 million (NOK 4.4 million) in the second quarter of 2017 and of NOK 6.2 million (NOK 8.6 million) in the first six months of the year.

Investment in Itera's IT hosting activities amounted to NOK 0.3 million (NOK 1.3 million) in the second quarter of 2017 and NOK 1.2 million (NOK 3.6 million) in the first six months of 2017. Leasing accounted for NOK 0.2 million (NOK 1.3 million) of the former amount and NOK 1.0 million (NOK 3.4 million) of the latter amount. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 3.0 million (NOK 1.4 million) in the second quarter and NOK 5.2 million (NOK 2.9 million) in the first six months of the year.

Dividend

The Annual General Meeting on 22 May 2017 approved the Board's proposal for an ordinary dividend payment of NOK 0.18 per share and authorised the Board to decide on the payment of an additional dividend later in the year. The share went ex-dividend on 23 May.

BUSINESS REVIEW

There is strong demand for Itera's services both in traditional areas such as developing and hosting applications, and also to an increasing extent in emerging areas of technology such as machine learning, artificial intelligence and robotics. Organisations have never been more strongly focused on the user experience and time-to-market than they are today, and the Group is finding that both the range of services it offers and its delivery methodologies are relevant and well-suited to the market situation.

Market and customer development

Itera's portfolio of customers is strong across a broad spectrum of sectors, but is particularly strong in banking and insurance, a sector in which it has sizeable and long-term customer relationships. In the second quarter of 2017, the Group entered into new or prolonged agreements with strong industry brands including Santander, KLP, Kredinor, If, Gjensidige, Eika, Islandsbanki and Nets. Agreements were also signed with customers including the Norwegian Defence Estates Agency (Forsvarsbygg), the University of Oslo, Enfo, Home and Konsentra.

Co-innovation to explore market and industry trends

Itera foresees several exciting innovation opportunities through co-innovation with our customers and partners in several industries, e.g. PSD2 (Payment Services Directive) in the financial services, ehealth in the healthcare industry, smart grids in the utility sector, as well as smart buildings and smart cities. We are participating in several cases to leverage the use of new data-centric driven platforms and ecosystems with predictive analytics, big data, Internet-of-things (IoT), machine learning and artificial intelligence. Machine learning and artificial intelligence are outcomes of the need to master the exponentially growing amount of data. Interest in nearshoring continues to grow, with the market being driven by a combination of digital transformation and core system renewals.

Full range of services in complex deliveries

Many of Itera's deliveries are complex solutions, both in terms of technology as well as of content. A good example of such a complex delivery is a new portal solution for Sapa, which was launched during the second quarter.

With customers from a broad range of industries across the globe, Sapa is the world's largest supplier of aluminium. To help ensure good customer communications and a high-quality user experience on digital channels, Sapa engaged Itera to develop the new portal solution.

As Sapa has offices in 40 countries and needs to communicate in 23 languages, it was clear from the start that the solution that was to be developed would be more than average in scope. Itera and Sapa therefore established two main guidelines for the project:

Customer focus: creating a good user experience by focusing on the customer's industry and making it simpler for customers to contact Sapa.

Lean approach: testing the concept out as early as possible to avoid resource-consuming alterations and changes later in the process.

The new solution was built around the day-to-day activities and industries of Sapa's customers rather than around Sapa's organisational structure or products. The solution is navigated on the basis of the customer's industry and geographic location, and accordingly it presents customers with content in their local language. Significant emphasis was attached to ensuring the content was relevant and that it was easy to contact Sapa.

The concept was quality checked using an efficient method to avoid the need for difficult alterations later in the process. Thanks to the use of a flexible project approach, a functional beta version of the solution was ready in a remarkable three months, and only four months later the full solution was complete, with the content translated into 23 languages. With only six people, the delivery team was very efficient in terms of set up.

The project is a good illustration of how being a complete provider that offers a full range of services in communication and technology enables Itera to create value. Itera delivered the preliminary project, strategy, design, development (EpiServer), content strategy and communications profile for the solution, and also set up Google Analytics, working at all times in close collaboration with Sapa.

The same week that the service was launched, Sapa noticed that displaying the 'Contact us' option clearly across the whole solution had a major effect on lead generation.

Strong and active expertise

Itera's employees are active in their areas of expertise, and they share and strengthen their knowledge in international, national and local arenas. An example from the second quarter is the SPENN 2017 conference, where one of Itera's employees gave a talk on the need for service design thinking in the insurance sector based on her Master's thesis, which was nominated 'best thesis in design' at the Oslo School of Architecture and Design in 2016. Another example is the annual digitalisation conference for the financial sector organised by Finance Norway and Teknisk Ukeblad, where Itera was represented by an employee who gave a presentation on how chatbot technology could revolutionise the user experience in the financial sector.

Open knowledge sharing

Itera bases its culture on its values – innovative, passionate and skilled – and strongly believes that sharing increases the company's overall knowledge. The Group has a philosophy of open knowledge-sharing, and arranges open seminars on a regular basis. During the second quarter, free seminars on topics including artificial intelligence (AI), chatbots, health technology and fintech attracted several hundred participants.

Recruitment with a long-term focus

In addition to working in a very focused way on continuous recruitment, Itera runs a summer internship program targeted at students at major universities. This program is a strategic instrument for building relationships with the most talented students at an early stage in their education, with some students offered positions at Itera as early as after their second or third years of their Master's course.

In the second quarter, Itera welcomed 24 students from NTNU, the University of Oslo and the Oslo School of Architecture and Design. The students were divided into groups, each led by one of Itera's project managers, and were challenged to solve strategic issues for some of the Group's customers.

One of the five most innovative companies in Norway

In the second quarter Itera was named one of Norway's most innovative companies across all industries for the second year in a row. The Group climbed 10 places from 2016 to rank as one of the top five most innovative companies in 2017.

The award is organized by "Innovasjonsmagasinet", which, with its 25,000 readers and national distribution, is Norway's premier innovation magazine. Each year, 25 companies are selected from across all sectors. Many strong brands were among the 25 chosen in 2017, including Norwegian, Statoil, Telenor, DNV GL, Snøhetta, Storebrand, Jotun and Schibsted.

The jury's assessment stated that Itera is: "One of the few remaining listed communications and technology companies and is enjoying impressive success through its focus on innovation. Through its smart and innovative use of both Nordic and international resources, it is optimizing its value contribution and reaping the benefits of open, customer-driven innovation. A 60% increase in value in 2016 has contributed to the impressive 10 places it has climbed compared to 2016. Itera proves that executive-led innovation is profitable and a smart investment strategy".

First in Norway to be approved by EU data authorities

Following thorough review, the data protection authorities of Norway, Sweden and Denmark approved in the second quarter Itera's routines for transferring personal data to countries outside the EU. This is the first time such approval has been granted to a Norwegian company.

With limited access to IT expertise in the Nordic region, many IT service providers have considered using personnel located in other countries both inside and outside the EU in order to increase their capacity. The EU's rules on the processing of personal data in countries outside the union are strict and require companies that are planning on using such countries to complete a relatively extensive application process with their national data protection authority.

The approval is called BCR-P (Binding Corporate Rules for Processors), and provides valuable benefits to both existing and potential customers: Firstly, the Norwegian Data Protection Authority approval confirms that Itera's framework, methods and procedures are in accordance with EU requirements. Secondly, it simplifies important processes for customers, as they no longer have to apply for approval from the data protection authority when they are planning to utilize IT services located in a country outside the EU. Instead, they can cite Itera's approval as a personal data processor, BCR-P. Because Itera also has operations in Sweden and Denmark, Swedish and Danish customers enjoy this advantage as well.

Nordic strategy and larger, long-term customer relationships

A key part of Itera's strategy is to maintain and develop the Group's

largest and most strategic relationships across national borders and areas of expertise. Itera has a strong customer portfolio in the Nordic region, where many customers are served from more than one of Itera's various locations.

The revenue from Itera's 30 largest customers grew by 13% in the second quarter of 2017 and accounted for 76% of the Group's operating revenue, up from 72% in the second quarter of 2016.

The Group is witnessing a clear tendency for more and more Nordic customers to purchase a wider range of services from Itera across international borders. Nearshoring and cloud services are natural drivers of this, but we are also seeing a greater tendency for personnel resources to be mobile and for project teams to be distributed across international borders in the Nordic region. This is making local presence less critical.

Organisation

The Group's headcount at the end of the second quarter of 2017 was 430 as compared to 370 at the end of the second quarter of 2016.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 39% (36%) at the end of the second quarter. The Group has development centres in Slovakia and Ukraine and has a strategic target of achieving a nearshore ratio of 50% over the long term.

Significant risks and uncertainties

Itera's activities are influenced by a number of different factors, both within and outside of the company's control. As a service company, Itera faces business risks associated with competition and pressure on prices, project overruns, recruitment, loss of key employees, customers' performance and bad debts. Market-related risks include risks related to the business cycle. Financial risks include currency fluctuations against the Norwegian krone (NOK), principally in relation to the Danish krone (DKK), the US dollar (USD) and the euro (EUR). In addition, interest rate changes will affect the returns earned by the Group on its bank deposits, as well as leasing costs and the cost of credit facilities.

The Group is exposed through its nearshore activities in Ukraine to additional risk factors such as country risk, data security and corruption. Itera has a zero-tolerance policy on corruption and therefore does not deliver services to the public or private sectors in Ukraine.

More information about risks and uncertainties can be found in Itera's annual report for 2016.

Outlook

The company's overall strategy of developing large, long-term customer relationships, increasing the number of project deliveries which involve the full range of the Group's services, using nearshore resources and focusing on operational efficiency remains unchanged.

Itera develops its range of services to meet customers' requirements, and its services are based on combining communication and technology.

Next interim report

The interim report for the third quarter of 2017 will be published and presented on 20 October 2017.

STATEMENT BY THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

We hereby confirm that, to the best of our knowledge, the summarised half-yearly financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Accounting, and that the information they contain gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group taken as a whole.

We also confirm that, to the best of our knowledge, the summarised half-yearly financial statements give a true and fair view of the information mentioned in Section 5-6, fourth paragraph, of the Securities Trading Act.

Oslo, 22 August 2017
The Board of Directors of Itera ASA

Morten Thorkildsen
Chairman

Mimi K. Berdal
Board Member

Jan-Erik Karlsson
Board Member

Gyrid Skalleberg Ingerø
Board Member

Odd Khalifi
Board Member/Employee Representative

Berit Klundseter
Board Member/Employee Representative

Arne Mjøs
CEO

STATEMENT OF COMPREHENSIVE INCOME

All figures in NOK 1000	2017 4-6	2016 4-6	change %	2017 1-6	2016 1-6	change %	2016 1-12
Sales revenue	113 497	110 026	3 %	232 066	215 673	8 %	424 787
Operating expenses							
Cost of sales	15 851	17 180	-8 %	30 594	32 190	-5 %	63 533
Gross Profit	97 646	92 846	5 %	201 472	183 483	10 %	361 254
Gross Margin	86 %	84 %		87 %	85 %		85 %
Personnel expenses	72 566	67 041	8 %	147 250	136 782	8 %	263 326
Depreciation	5 162	4 927	5 %	10 027	9 849	2 %	19 785
Other operating expenses	12 146	10 173	19 %	25 140	20 663	22 %	42 345
Total operating expenses	105 725	99 320	6 %	213 012	199 484	7 %	388 990
Operating profit before non-recurring items	7 772	10 706	-27 %	19 055	16 189	18 %	35 797
Non-recurring items	-	0	-100 %	-	1 648	-100 %	1 648
Operating profit after non-recurring items	7 772	10 706	-27 %	19 055	14 541	31 %	34 149
Financial items							
Other financial income	169	187	-10 %	434	350	24 %	874
Other financial expenses	469	509	-8 %	1 045	1 138	-8 %	2 230
Net financial items	-300	-322	7 %	-611	-788	22 %	-1 356
Ordinary profit before tax	7 471	10 384	-28 %	18 443	13 753	34 %	32 793
Tax expense	1 833	2 637	-30 %	4 462	3 457	29 %	7 484
Profit for the period	5 638	7 746	-27 %	13 982	10 296	36 %	25 309
Earnings per share	0.07	0.09	-27 %	0.17	0.13	36 %	0.31
Fully diluted earnings per share	0.07	0.09	-25 %	0.17	0.12	40 %	0.30
Statement of other income and costs							
Currency translation differences	74	-55	235 %	339	-172	297 %	-329
Profit for the period	5 638	7 746	-27 %	13 982	10 296	36 %	25 309
Total profit	5 713	7 691	-26 %	14 320	10 124	41 %	24 980
Attributable to:							
Shareholders in parent company	5 713	7 691	-26 %	14 320	10 124	41 %	24 980

STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	2017 30 Jun	2016 30 Jun	change	change %	2016 Dec 31
ASSETS					
Non-current assets					
Deferred tax assets	3 379	2 380	999	42 %	2 865
Other intangible assets	17 576	15 454	2 122	14 %	15 607
Fixed assets	23 024	28 099	-5 076	-18 %	27 243
Total non-current assets	43 979	45 933	-1 954	-4 %	45 715
Current assets					
Work in progress	13 719	16 843	-3 124	-19 %	14 311
Accounts receivable	70 425	57 755	12 670	22 %	55 939
Other receivables	20 393	18 956	1 437	8 %	22 040
Bank deposits	52 493	52 579	-87	0 %	71 092
Total current assets	157 030	146 133	10 896	7 %	163 382
TOTAL ASSETS	201 008	192 067	8 942	5 %	209 098
EQUITY AND LIABILITIES					
Equity					
Share capital	24 656	24 656	0	0 %	24 656
Other equity	17 431	16 482	949	6 %	4 679
Net profit for the period	13 982	10 296	3 686	36 %	24 980
Total equity	56 069	51 434	4 635	9 %	54 315
Non-current liabilities					
Non-current interest bearing liabilities	16 795	21 711	-4 916	-23 %	20 311
Total non-current liabilities	16 795	21 711	-4 916	-23 %	20 311
Current liabilities					
Accounts payable	20 839	18 644	2 195	12 %	24 442
Tax payable	9 547	6 083	3 464	57 %	8 121
Public duties payable	25 438	23 586	1 852	8 %	29 945
Other short-term liabilities	72 320	70 610	1 710	2 %	71 965
Total current liabilities	128 145	118 922	9 222	8 %	134 472
Total liabilities	144 939	140 633	4 306	3 %	154 783
TOTAL EQUITY AND LIABILITIES	201 008	192 067	8 942	5 %	209 098
Equity ratio	27.9 %	26.8 %		1.1 pts	26.0 %

STATEMENT OF CASH FLOW

All figures in NOK 1000	2017 4-6	2016 4-6	change %	2017 1-6	2016 1-6	change %	2016 1-12
Cash flow from operating activities							
Profit before taxes	7 471	10 384	-28 %	18 443	13 753	34 %	32 793
Profit from sale of subsidiary	0	0	0 %	0	-530	100 %	-530
Tax paid	-1 397	-21	-6535 %	-3 099	-148	-1993 %	-2 984
Depreciation	5 162	4 927	5 %	10 027	9 849	2 %	19 785
Change in work in progress	7 273	-4 115	277 %	593	-7 808	108 %	-5 276
Change in accounts receivable	-6 737	3 366	-300 %	-14 486	3 647	-497 %	5 464
Change in accounts payable	2 567	1 860	38 %	-3 603	-3 021	-19 %	2 777
Change in other accruals	-9 706	-5 414	-79 %	-3 181	-8 183	61 %	-3 147
Effect of currency changes	858	-243	453 %	33	-328	110 %	-448
Net cash flow from operating activities	5 491	10 743	-49 %	4 726	7 231	-35 %	48 434
Cash flow from investment activities							
Payment from sale of fixed assets	0	0	0 %	0	0	0 %	140
Investment in fixed assets	-982	-1 726	43 %	-1 013	-2 303	56 %	-5 263
Investment in intangible assets	-2 500	-1 393	-79 %	-5 185	-2 877	-80 %	-6 230
Net payment from sale of subsidiary	0	0	0 %	0	-881	100 %	-881
Net cash flow from investment activities	-3 483	-3 119	-12 %	-6 198	-6 061	-2 %	-12 234
Cash flow from financing activities							
Purchase of own shares	-1 590	-3 604	56 %	-1 590	-3 604	56 %	-3 604
Sales of own shares	3 643	648	462 %	3 643	648	462 %	373
Borrowings repaid	-2 226	-2 202	-1 %	-4 543	-4 258	-7 %	-8 591
Dividend	-14 620	-9 727	-50 %	-14 620	-9 727	-50 %	-21 911
Net cash flow from financing activities	-14 792	-14 885	1 %	-17 110	-16 941	-1 %	-33 734
Currency effect on cash	-21	0	0 %	-17	0	0 %	275
Net cash flow	-12 805	-7 261	-76 %	-18 599	-15 771	-18 %	2 741
Bank deposits at the beginning of the period	65 298	59 841	9 %	71 092	68 351	4 %	68 351
Bank deposits at the end of the period	52 493	52 580	0 %	52 493	52 580	0 %	71 092
New borrowing related to leasing	227	1 271	-82 %	1 027	3 441	-70 %	6 374

STATEMENT OF CHANGES IN EQUITY

All figures in NOK 1000	Share capital	Own shares	Other equity	Translation differences	Other equity	Total equity
Shareholders' equity as of 31 Dec 2015	24 656	-38	402	-598	29 980	54 401
Comprehensive income for the year	0	0	0	-329	25 309	24 980
Option costs	0	0	78	0	0	78
Purchase of own shares	0	-300	0	0	-3 304	-3 604
Sale of own shares	0	49	0	0	324	373
Dividend	0	0	0	0	-21 911	-21 911
Shareholders' equity as of 31 Dec 2016	24 656	-290	480	-927	30 397	54 315
Comprehensive income year to date 2017	0	0	0	339	13 982	14 320
Option costs	0	0	0	0	0	0
Purchase of own shares	0	-75	0	0	-1 515	-1 590
Sale of own shares	0	345	0	0	3 298	3 643
Dividend	0	0	0	0	-14 620	-14 620
Shareholders' equity as of 30 Jun 2017	24 656	-19	480	-589	31 542	56 069

NOTES

NOTE 1: TRANSACTIONS WITH RELATED PARTIED

There have been no material transactions with related parties during the reporting period 31 December 2016 to 30 June 2017.

NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 30 June 2017 that would have a material effect on the interim accounts.

NOTE 3: ALTERNATIVE PERFORMANCE MEASURES

The new guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs) have entered into force for 2017. In accordance with these guidelines Itera is publishing definitions for the alternative performance measures used by the company. Alternative performance measures, i.e. performance measures not based on financial reporting standards, provide the company's management, investors and other external users with additional relevant information on the company's operations by excluding matters that may not be indicative of the company's operating result or cash flow. Itera has adopted non-recurring costs, EBITDA, EBITDA margin, EBIT, EBIT margin and equity ratio as alternative performance measures both because the company thinks these measures will increase the level of understanding of the company's operational performance and because these represent performance measures that are often used by analysts and investors and other external parties.

Non-recurring costs are significant costs that are not expected to reoccur under normal circumstances.

EBITDA is 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 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.

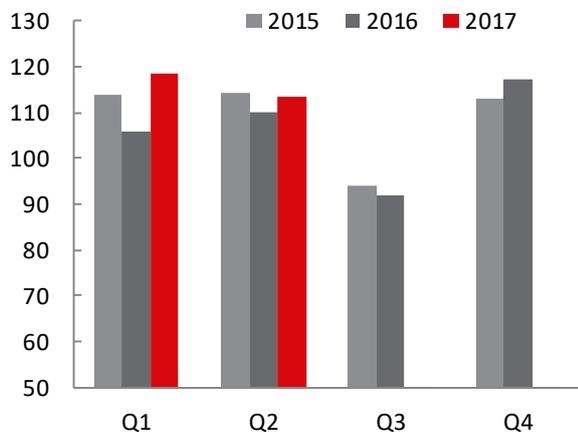
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

KEY FIGURES

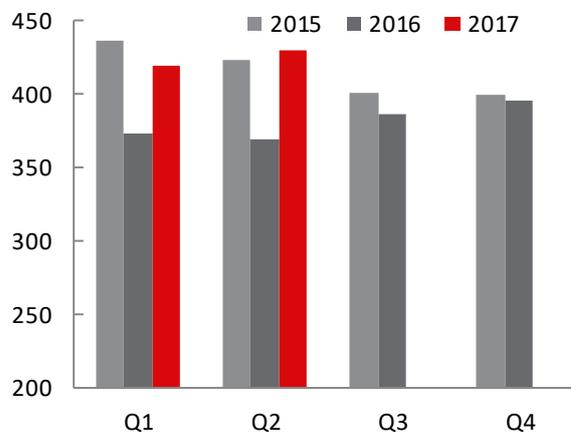
All figures in NOK 1000	2017 4-6	2016 4-6	change %	2017 1-6	2016 1-6	change %	2016 1-12
Profit & Loss							
Sales revenue	113 497	110 026	3 %	232 066	215 673	8 %	424 787
Gross profit 1	97 646	92 846	5 %	201 472	183 483	10 %	361 254
EBITDA	12 933	15 633	-17 %	29 082	26 038	12 %	55 582
EBITDA margin	11.4 %	14.2 %	-2.8 pts	12.5 %	12.1 %	0.5 pts	13.1 %
Operating profit (EBIT)	7 772	10 706	-27 %	19 055	14 541	31 %	34 149
EBIT margin	6.8 %	9.7 %	-2.9 pts	8.2 %	6.7 %	1.5 pts	8.0 %
Profit before taxes	7 471	10 384	-28 %	18 443	13 753	34 %	32 793
Profit for the period	5 638	7 746	-27 %	13 982	10 296	36 %	25 309
Balance sheet							
Non-current assets	43 979	45 933	-4 %	43 979	45 933	-4 %	45 715
Bank deposits	52 493	52 579	0 %	52 493	52 579	0 %	71 092
Current assets	157 030	146 133	7 %	157 030	146 133	7 %	163 382
Total assets	201 008	192 067	5 %	201 008	192 067	5 %	209 098
Equity	56 069	51 434	9 %	56 069	51 434	9 %	54 315
Total current liabilities	128 145	118 922	8 %	128 145	118 922	8 %	134 472
Equity ratio	27.9 %	26.8 %	1.1 pts	27.9 %	26.8 %	1.1 pts	26.0 %
Current ratio	1.23	1.23	0 %	1.23	1.23	0 %	1.21
Cash flow							
Net cash flow from operating activities	5 491	10 743	-49 %	4 726	7 231	-35 %	48 434
Net cash flow	-12 805	-7 261	-76 %	-18 599	-15 771	-18 %	2 741
Share information							
Number of shares	82 186 624	82 186 624	0 %	82 186 624	82 186 624	0 %	82 186 624
Weighted average basic shares outstanding	81 671 934	81 640 174	0 %	81 446 557	81 640 174	0 %	81 640 174
Weighted average diluted shares outstanding	82 681 168	83 060 174	0 %	82 422 148	83 060 174	-1 %	83 905 174
Profit per share	0.07	0.09	-27 %	0.17	0.13	36 %	0
Diluted Profit per share	0.07	0.09	-27 %	0.17	0.12	37 %	0
EBITDA per share	0.16	0.19	-17 %	0.36	0.32	12 %	0.68
Equity per share	0.69	0.63	9 %	0.69	0.63	9 %	0.67
Dividend per share	0.18	0.12	50 %	0.18	0.12	50 %	0.27
Employees							
Number of employees at the end of the period	430	370	16 %	430	370	16 %	395
Average number of employees	424	371	14 %	418	381	10 %	385
Operating revenue per employee	267	296	-10 %	555	567	-2 %	1 104
Gross profit 1 per employee	230	250	-8 %	482	482	0 %	939
Personnel expenses per employee	171	181	-5 %	352	359	-2 %	684
Other operating expenses per employee	29	27	4 %	60	54	11 %	110
EBITDA per employee	30	42	-28 %	70	68	2 %	144
EBIT per employee	18	29	-37 %	46	43	7 %	93

QUARTERLY DEVELOPMENT 2015-2017

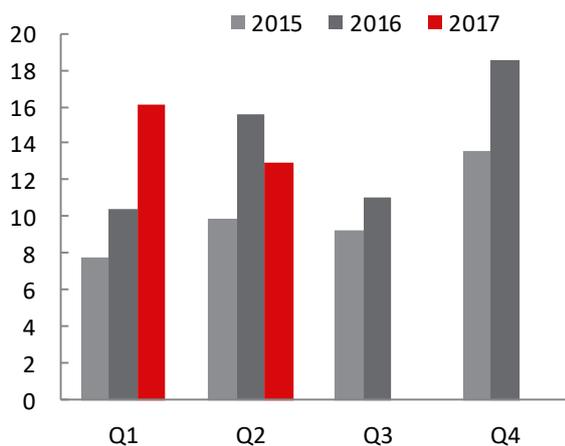
Revenues
NOK million



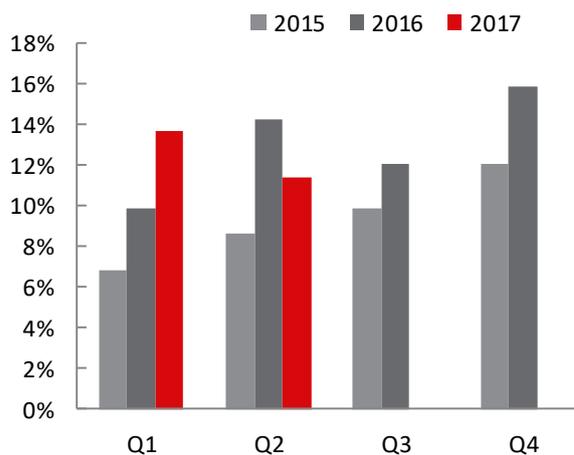
Employees
End of period



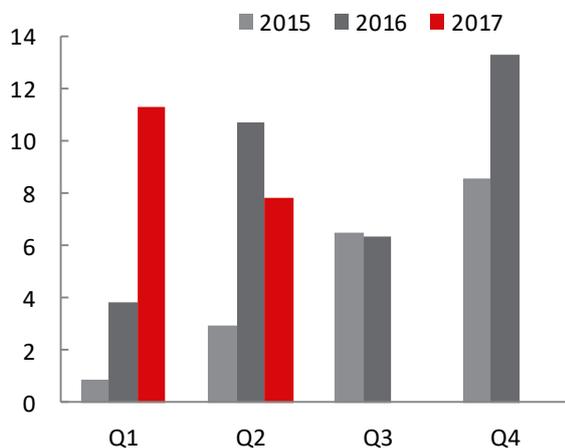
EBITDA
NOK million



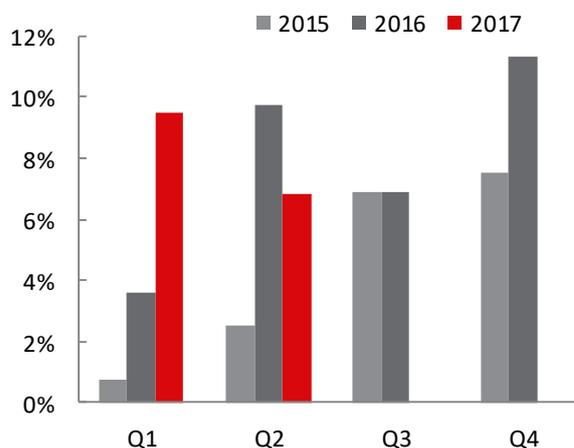
EBITDA margin
%



EBIT
NOK million



EBIT margin
%





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