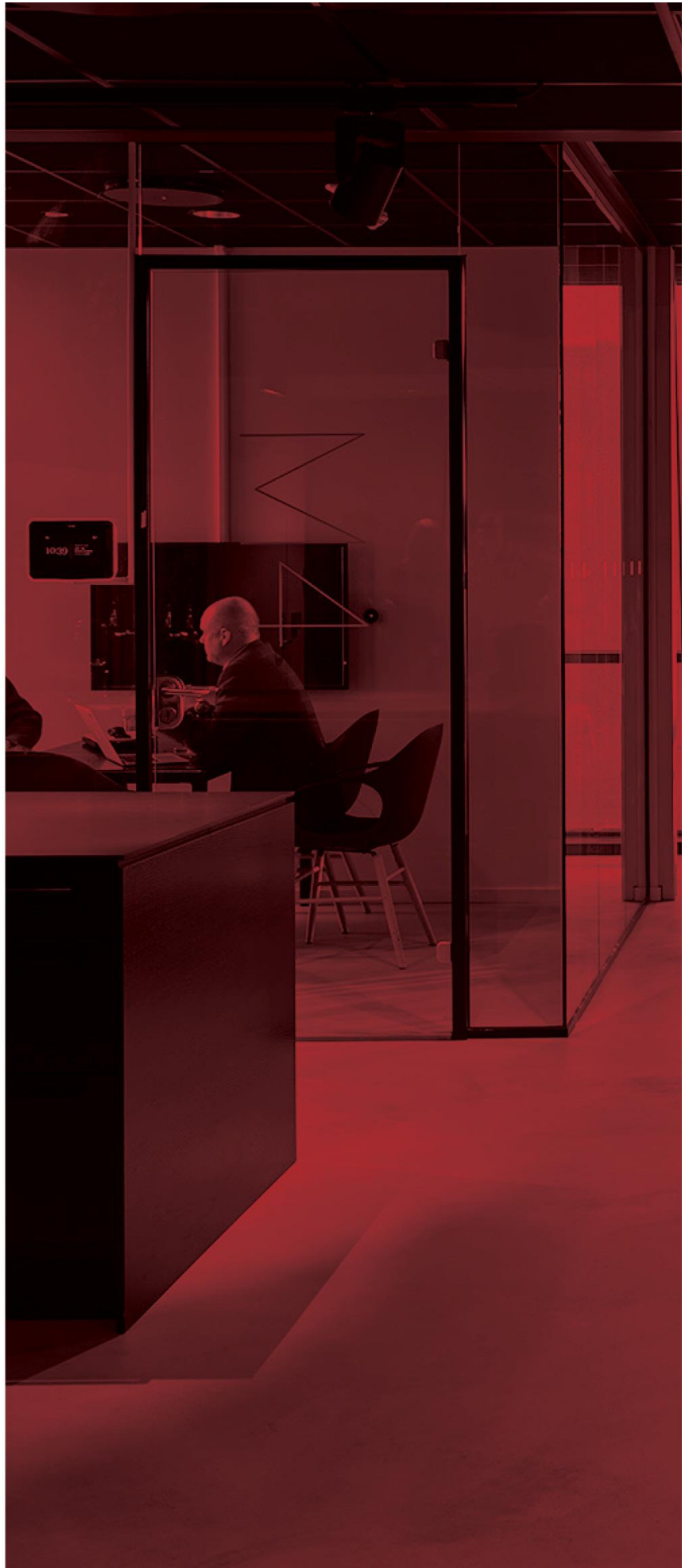


**Q3**  
2017

*itera*  
MAKE A DIFFERENCE



# HIGHLIGHTS Q3

JULY – SEPTEMBER 2017

- Operating revenue NOK 108.0 million (NOK 91.8 million), representing growth of 18%
- EBITDA NOK 11.5 million (NOK 11.0 million) and an EBITDA margin of 10.7% (12.0%)
- EBIT NOK 6.4 million (6.3) and an EBIT margin of 5.9% (6.9%)
- Cash flow from operations NOK 11.9 million (NOK 4.4 million)
- Bank deposits NOK 59.1 million (NOK 51.6 million)
- Equity ratio 30% (30%)

## ACTIVITIES AND SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- Third-quarter operating revenue was up 18% compared with the same period last year, with nearshore deliveries making a particular impact.
- Itera invested significantly in capacity growth to meet increased demand and added a net 45 employees in the quarter, and the Group's headcount was 88 higher at the end of the third quarter of 2017 than at the same point last year. The nearshore ratio increased by 5 percentage points to 42%.
- Earnings were only marginally up primarily due to costs associated with onboarding new employees.
- The company achieved strong positive cash flow from operations.
- A number of customers extended their cost-effective hybrid delivery agreements, with Itera's nearshore units also winning two new customer accounts.
- The Board approved the payment of an additional dividend of NOK 0.25 per share.

# KEY FIGURES

All figures in NOK million	2017 7-9	2016 7-9	change %	2017 1-9	2016 1-9	change %	2016 1-12
Sales revenue	108.0	91.8	18 %	340.0	307.5	11 %	424.8
Gross profit	94.5	79.2	19 %	295.9	262.7	13 %	361.3
EBITDA	11.5	11.0	4 %	40.6	37.1	10 %	55.6
EBITDA margin	10.7 %	12.0 %	-1.4 pts	11.9 %	12.1 %	-0.1 pts	13.1 %
Operating profit (EBIT)	6.4	6.3	1 %	25.5	20.9	22 %	34.1
EBIT margin	5.9 %	6.9 %	-1 pts	7.5 %	6.8 %	0.7 pts	8.0 %
Profit before tax	6.0	5.9	0 %	24.4	19.7	24 %	32.8
Profit for the period	4.5	4.4	1 %	18.5	14.7	25 %	25.3
Profit margin	4.2 %	4.8 %	-0.7 pts	5.4 %	4.8 %	0.6 pts	6.0 %
Net cash flow from operating activities	11.9	4.4	174 %	16.7	11.6	44 %	48.4
No. of employees at the end of the period	475	387	23 %	475	387	23 %	395

# REPORT FOR THE THIRD QUARTER

## FINANCIAL PERFORMANCE

### Summary for the third quarter of 2017

Itera achieved organic revenue growth of 18% in the third quarter of 2017 relative to the same period in 2016. This was driven by growth in the revenue earned for services provided by Itera's own consultants from its onshore as well as its nearshore locations.

The Group's operating profit (EBIT) in the third quarter of 2017 was NOK 6.4 million (NOK 6.3 million), giving an EBIT margin of 5.9% (6.9%). The third quarter of 2017 contained one less working day than the third quarter of 2016, representing an impact on revenue and earnings of slightly over NOK 1 million. Earnings were also negatively impacted by the costs associated with onboarding a large number of new employees, as well as by significant bid work that will continue into the fourth quarter.

### 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 balance sheet items are the figures reported at 30 September 2016.

New accounting standards or amendments, such as 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 for the third quarter of 2017. Itera's assessment of the impact of implementing these standards on its financial statements remains unchanged from that set out in its annual report for 2016.

See Note 3 on alternative performance measures.

### Operating revenue

The Group reports operating revenue of NOK 108.0 million (NOK 91.8 million) for the third quarter of 2017, which represents growth of 18%. Revenue from services delivered by Itera's own consultants grew by 27%, while third-party service revenue was up by 10%. Subscription-related revenue grew by approximately 4%. Revenue growth in Denmark and Sweden totalled more than 40%.

Gross profit (revenue – cost of sales) was NOK 94.5 million (NOK 79.2 million) in the third quarter. This represents growth of 19% relative to the third quarter of 2016.

### Operating expenses

The Group's total operating expenses in the third quarter of 2017 were 19% higher at NOK 101.6 million (NOK 85.5 million).

Cost of sales was NOK 13.5 million (NOK 12.6 million) in the third quarter of 2017. Cost of sales 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 sales can vary significantly from quarter to quarter.

Personnel expenses were NOK 71.9 million (NOK 58.5 million) in the third quarter of 2017, which represents an increase of 23%, which was primarily due to an increase in the number of employees. Personnel expenses per employee were up 2.5% in the quarter, but were unchanged year to date.

Depreciation and amortisation totalled NOK 5.1 million (NOK 4.7 million) in the third quarter, and other operating expenses totalled NOK 11.1 million (NOK 9.7 million).

### Operating result

The operating result before depreciation and amortisation (EBITDA) for the third quarter of 2017 was a profit of NOK 11.5 million (NOK 11.0 million), while the operating result (EBIT) was a profit of NOK 6.4 million (NOK 6.3 million). The EBIT margin for the third quarter of 2017 was 5.9% as compared to 6.3% in the third quarter of 2016.

Net financial items were NOK -0.4 million (NOK -0.4 million) in the third quarter of 2017.

The result before tax for the third quarter of 2017 was a profit of NOK 6.0 million (NOK 5.9 million). Tax expense totalled NOK 1.5 million (NOK 1.5 million), while tax paid totalled NOK 0.0 million (NOK 0.0 million).

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

### Cash flow, liquidity and equity

Cash flow from operating activities was NOK 11.9 million (NOK 4.4 million) in the third quarter of 2017. This is NOK 0.4 million higher than EBITDA, and this was primarily due to a seasonal reduction in accounts receivable from 30 June.

Work in progress at 30 September 2017 was NOK 8.5 million higher than at 30 September 2016, with the increase largely due to a number of large fixed-price projects involving payment milestones. Accounts receivable from customers were NOK 1.0 million higher than at 30 September 2016. Other current receivables were NOK 2.2 million lower than at the end of the third quarter of last year.

Accounts payable at 30 September 2017 were NOK 2.0 million higher than at 30 September 2016. Public duties payable were NOK 1.4 million higher than at the end of the third quarter of 2016, while tax payable was NOK 11.0 million compared with NOK 7.6 million. Other current liabilities were NOK 7.9 million higher.

Bank deposits totalled NOK 59.1 million (NOK 51.6 million) at 30 September 2017, and the Group had an undrawn credit facility of NOK 25 million.

The Group had interest-bearing liabilities totalling NOK 15.3 million (NOK 21.4 million) at 30 September 2017 related to financial lease agreements entered into in order to finance investments related to IT hosting contracts.

Itera did not purchase or sell any of its own shares in the third quarter. At 30 September 2017 Itera held 63,935 own shares in addition to 150,000 shares that were pending transfer to option holders.

Equity at 30 September 2017 totalled NOK 59.6 million (NOK 55.5 million). This represented an equity ratio of 30% (30%).

## Investment

The Group invested a total of NOK 4.0 million (NOK 5.0 million) in the third quarter of 2017.

Investment in Itera's IT hosting activities amounted to NOK 0.1 million (NOK 3.4 million) in the third quarter of 2017. Leasing accounted for NOK 0.0 million (NOK 1.8 million) of this amount. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 2.9 million (NOK 1.7 million) in the third quarter of 2017.

## Dividend

At its meeting on 19 October 2017 the Board of Directors approved the payment of an additional dividend of NOK 0.25 per share for 2016 in accordance with the authorisation it was granted at the Annual General Meeting on 22 May 2017.

## BUSINESS REVIEW

The Group experiences that the market demand for its services is strong, especially in emerging technology areas such as artificial intelligence, machine learning and bot technology. It is a strong trend for companies in all sectors, private as well as public, to shift from more traditional working methods to adapt to more agile approaches, inspired from working principles within lean start-up and design thinking. 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. In the third quarter of 2017, the Group entered into new or extended agreements with strong industry brands including Santander, SpareBank 1, Tryg Forsikring, Gjensidige, Óssur, Islandsbanki and Nets. Agreements were also signed with customers including the Norwegian Defence Estates Agency (Forsvarsbygg), and E-nettet.

#### *Contributing to socially beneficial solutions*

Many of Itera's deliveries have an impact on society and make people's everyday lives easier. A good example of one such delivery is a new website developed in the third quarter for The Norwegian Labour Inspection Authority ([arbeidstilsynet.no](http://arbeidstilsynet.no)).

The aim of the delivery was to make the Authority's website into a main source of information on the requirements of the Norwegian Working Environment Act. The website was required to provide businesses and employees with the information and tools they need in order to be able to create a good working environment at their place of work. The Norwegian Labour Inspection Authority set the following requirements and principles in relation to the development of the new website:

- Relevant, applicable information of a high quality
- Easy for users to find, understand and use the information they need
- A fundamental principle was that the content should be structured, presented and made available with the user in mind.
- Visitors should not need to know the Authority's structure or how it divides responsibilities in order to find what they want.
- Similarly, visitors should not need to know how the Working Environment Act and associated regulations are structured.
- The solution should be regarded as the main source and preferred website for information about working environment issues in Norway.

Itera led a project where we created an entirely new website on the EpiServer 10 platform that was based on principles and requirements generated through analysis work and on guidelines from the Authority's communication and content strategies. The solution has responsive design and is adapted to mobile devices and the requirements of universal design, and has an EpiServer Find search engine built in. We also set up XML integration with six registers, including integrated maps and sorting functionality to show where approved businesses are located. We also set up API integration with nearly 50 acts and regulations on [lovdata.no](http://lovdata.no). The website was created in accordance with new requirements in relation to the Authority's logo, typography, colour palette and picture style, and the requirements described in its governance documents.

The Norwegian Labour Inspection Authority now has a new website on a modern technology platform with templates and modules that are adapted to the requirements of the website's users. The website has a high-quality, powerful search engine that will be a useful tool for users searching for information. The website's integration with other registers means users do not have to navigate to other websites to find lists of approved businesses and their locations, or a list of decisions on matters worked on by the Authority etc. The fact that the website displays the 45 most relevant acts and regulations from [lovdata.no](http://lovdata.no) means individual users will be able to obtain information on the relevant acts and regulations easily, as well as the Authority's commentaries on and interpretations of specific legal provisions.

### Combining professional development with social responsibility

Professional and personal development are decisive factors for employee satisfaction, and Itera invests a lot of resources in facilitating diverse competence development opportunities. For the third quarter training event, the decision was taken to combine the event's concept with Itera's vision – make a difference. This resulted in a full-day event at which more than 100 technology and communication experts joined forces to solve some of the challenges faced by one of Itera's customers, the Nobel Peace Center.

Representatives from the Nobel Peace Center attended the whole day, which they started off by giving a presentation on some of the key issues the Center is facing, which range from website improvement work to service design issues in relation to their exhibitions.

Itera's consultants spent the whole day working in multidisciplinary teams solving the topics presented by the Center's representatives. At the end of the day, the teams presented and delivered communication, chatbot technology and service design concepts and prototypes for exhibitions and other types of visit to the Center.

The event was of great value to both Itera and our customer. The Nobel Peace Center was enthusiastic about the new ideas and concepts, and the participants from Itera were given the opportunity to make a difference and to develop their expertise at the same time.

### 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 third quarter, the Group hosted a series of seminars which attracted several hundred participants.

As an example, a seminar on testing and quality assurance was fully booked. Unstable or unsafe IT solutions represent a challenge at many organizations, and often result in a negative user experience, reputation damage, increased costs and customer loss. Itera has a large and experienced group of test engineers in Norway, Bratislava and Kiev, and in August Itera hosted an open seminar in

Oslo to share our best practice for securing increased predictability, reduced risk and higher quality in IT projects.

Itera draws inspiration from both the Nordic and international professional technology communities and from communication trends and topics. In the third quarter, the Group hosted one of the world's leading experts on artificial intelligence, Dr Radhika Dirks, who shared her thoughts and some of her insights into artificial intelligence (AI). Radhika Dirks is a partner at Xlabs.ai, a Silicon-Valley based company which aims to solve some of the largest global challenges with the help of AI. The seminar was fully booked, and the feedback from the audience was exceptionally good. Itera plans to host internationally recognised experts on a regular basis to gain inspiration and knowledge and to share this openly with our network.

### Targeted recruitment of top young talent

To recruit the top consultants of the future, Itera runs a summer internship programme every year, which is targeted at young talented people studying at selected universities. The programme allows the Group to get to know and build relationships with future colleagues at an early stage in their education. The students work for eight weeks in interdisciplinary teams supervised and supported by Itera's experienced project managers. In the third quarter, the teams were given assignments of strategic importance to some of Itera's customers: developing a new sales solution for an insurance company, a digital door-lock system for a customer in property management, a solution for selling cars online and a project focusing on improving the customer experience for a large parking company.

### Engaging with social responsibility

The proportion of women in the IT sector is low, and Itera wants to help create a more balanced mix. Three of Itera's female developers took part in a technology summer camp hosted by TENK, a technology network for women, for 130 girls in grades 8 to 10, at which the technologists from Itera hosted workshops and acted as teaching supervisors for the young participants.

### 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 22% in the third quarter of 2017 and accounted for 79% of the Group's operating revenue, up from 73% in the third 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 third quarter of 2017 was 475 as compared to 387 at the end of the third quarter of 2016.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 42% (36%) at the end of the third 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 fourth quarter of 2017 will be published and presented on 20 February 2018.

# STATEMENT OF COMPREHENSIVE INCOME

All figures in NOK 1000	2017 7-9	2016 7-9	change %	2017 1-9	2016 1-9	change %	2016 1-12
<b>Sales revenue</b>	<b>107 971</b>	<b>91 799</b>	<b>18 %</b>	<b>340 037</b>	<b>307 473</b>	<b>11 %</b>	<b>424 787</b>
<b>Operating expenses</b>							
Cost of sales	13 499	12 557	7 %	44 092	44 748	-1 %	63 533
<b>Gross Profit</b>	<b>94 472</b>	<b>79 242</b>	<b>19 %</b>	<b>295 945</b>	<b>262 725</b>	<b>13 %</b>	<b>361 254</b>
<i>Gross Margin</i>	<i>87 %</i>	<i>86 %</i>	<i>1.2 pts</i>	<i>87 %</i>	<i>85 %</i>	<i>1.6 pts</i>	<i>85 %</i>
Personnel expenses	71 909	58 535	23 %	219 159	195 317	12 %	263 326
Depreciation	5 100	4 691	9 %	15 127	14 540	4 %	19 785
Other operating expenses	11 051	9 680	14 %	36 191	30 343	19 %	42 345
<b>Total operating expenses</b>	<b>101 558</b>	<b>85 463</b>	<b>19 %</b>	<b>314 570</b>	<b>284 947</b>	<b>10 %</b>	<b>388 990</b>
<b>Operating profit before non-recurring items</b>	<b>6 413</b>	<b>6 337</b>	<b>1 %</b>	<b>25 467</b>	<b>22 526</b>	<b>13 %</b>	<b>35 797</b>
Non-recurring items	-	0	-100 %	-	1 648	-100 %	1 648
<b>Operating profit after non-recurring items</b>	<b>6 413</b>	<b>6 336</b>	<b>1 %</b>	<b>25 467</b>	<b>20 878</b>	<b>22 %</b>	<b>34 149</b>
<b>Financial items</b>							
Other financial income	104	311	-67 %	538	661	-19 %	874
Other financial expenses	549	704	-22 %	1 594	1 842	-13 %	2 230
<b>Net financial items</b>	<b>-445</b>	<b>-393</b>	<b>-13 %</b>	<b>-1 056</b>	<b>-1 181</b>	<b>11 %</b>	<b>-1 356</b>
<b>Ordinary profit before tax</b>	<b>5 967</b>	<b>5 943</b>	<b>0 %</b>	<b>24 411</b>	<b>19 697</b>	<b>24 %</b>	<b>32 793</b>
Tax expense	1 462	1 498	-2 %	5 924	4 956	20 %	7 484
<b>Profit for the period</b>	<b>4 505</b>	<b>4 445</b>	<b>1 %</b>	<b>18 487</b>	<b>14 741</b>	<b>25 %</b>	<b>25 309</b>
Earnings per share	0.05	0.05	0 %	0.23	0.18	25 %	0.31
Fully diluted earnings per share	0.05	0.05	2 %	0.22	0.18	27 %	0.30
<b>Statement of other income and costs</b>							
Currency translation differences	-127	-231	45 %	212	-403	153 %	-329
Profit for the period	4 505	4 445	1 %	18 487	14 741	25 %	25 309
<b>Total profit</b>	<b>4 378</b>	<b>4 214</b>	<b>4 %</b>	<b>18 698</b>	<b>14 338</b>	<b>30 %</b>	<b>24 980</b>
Attributable to:							
Shareholders in parent company	4 378	4 214	4 %	18 698	14 338	30 %	24 980

# STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	2017 30 Sep	2016 30 Sep	change	change %	2016 Dec 31
<b>ASSETS</b>					
<b>Non-current assets</b>					
Deferred tax assets	3 370	2 368	1 002	42 %	2 865
Other intangible assets	18 476	14 935	3 541	24 %	15 607
Fixed assets	21 603	28 146	-6 543	-23 %	27 243
<b>Total non-current assets</b>	<b>43 449</b>	<b>45 449</b>	<b>-1 999</b>	<b>-4 %</b>	<b>45 715</b>
<b>Current assets</b>					
Work in progress	22 323	13 820	8 503	62 %	14 311
Accounts receivable	56 030	55 046	984	2 %	55 939
Other receivables	18 097	20 314	-2 217	-11 %	22 040
Bank deposits	59 065	51 580	7 485	15 %	71 092
<b>Total current assets</b>	<b>155 514</b>	<b>140 760</b>	<b>14 754</b>	<b>10 %</b>	<b>163 382</b>
<b>TOTAL ASSETS</b>	<b>198 964</b>	<b>186 209</b>	<b>12 755</b>	<b>7 %</b>	<b>209 098</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	24 656	24 656	0	0 %	24 656
Other equity	16 488	16 141	347	2 %	4 679
Net profit for the period	18 487	14 728	3 759	26 %	24 980
<b>Total equity</b>	<b>59 630</b>	<b>55 524</b>	<b>4 106</b>	<b>7 %</b>	<b>54 315</b>
<b>Non-current liabilities</b>					
Non-current interest bearing liabilities	15 347	21 360	-6 013	-28 %	20 311
<b>Total non-current liabilities</b>	<b>15 347</b>	<b>21 360</b>	<b>-6 013</b>	<b>-28 %</b>	<b>20 311</b>
<b>Current liabilities</b>					
Accounts payable	18 932	16 963	1 969	12 %	24 442
Tax payable	10 972	7 599	3 374	44 %	8 121
Public duties payable	23 875	22 484	1 391	6 %	29 945
Other short-term liabilities	70 207	62 278	7 929	13 %	71 965
<b>Total current liabilities</b>	<b>123 986</b>	<b>109 324</b>	<b>14 662</b>	<b>13 %</b>	<b>134 472</b>
<b>Total liabilities</b>	<b>139 333</b>	<b>130 683</b>	<b>8 649</b>	<b>7 %</b>	<b>154 783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>198 964</b>	<b>186 209</b>	<b>12 755</b>	<b>7 %</b>	<b>209 098</b>
<b>Equity ratio</b>	<b>30.0 %</b>	<b>29.8 %</b>		<b>0.2 pts</b>	<b>26.0 %</b>

# STATEMENT OF CASH FLOW

All figures in NOK 1000	2017 7-9	2016 7-9	change %	2017 1-9	2016 1-9	change %	2016 1-12
<b>Cash flow from operating activities</b>							
Profit before taxes	5 967	5 943	0 %	24 411	19 697	24 %	32 793
Profit from sale of subsidiary	0	0	0 %	0	-530	100 %	-530
Tax paid	-40	0	0 %	-3 139	-148	-2020 %	-2 984
Depreciation	5 100	4 691	9 %	15 127	14 540	4 %	19 785
Change in work in progress	-9 512	3 023	-415 %	-8 920	-4 785	-86 %	-5 276
Change in accounts receivable	14 396	2 709	431 %	-91	6 357	-101 %	5 464
Change in accounts payable	-1 907	-1 681	-13 %	-5 510	-4 702	-17 %	2 777
Change in other accruals	-1 279	-10 367	88 %	-4 460	-18 550	76 %	-3 147
Effect of currency changes	-782	40	-2054 %	-749	-288	-160 %	-448
<b>Net cash flow from operating activities</b>	<b>11 943</b>	<b>4 359</b>	<b>174 %</b>	<b>16 669</b>	<b>11 590</b>	<b>44 %</b>	<b>48 434</b>
<b>Cash flow from investment activities</b>							
Payment from sale of fixed assets	0	140	-100 %	0	140	-100 %	140
Investment in fixed assets	-1 067	-1 658	36 %	-2 080	-3 962	47 %	-5 263
Investment in intangible assets	-2 888	-1 737	-66 %	-8 073	-4 614	-75 %	-6 230
Net payment from sale of subsidiary	0	0	0 %	0	-881	100 %	-881
<b>Net cash flow from investment activities</b>	<b>-3 955</b>	<b>-3 255</b>	<b>-21 %</b>	<b>-10 153</b>	<b>-9 317</b>	<b>-9 %</b>	<b>-12 234</b>
<b>Cash flow from financing activities</b>							
Purchase of own shares	0	0	0 %	-1 590	-3 604	56 %	-3 604
Sales of own shares	0	0	0 %	3 643	648	462 %	373
Borrowings repaid	-1 448	-2 103	31 %	-5 991	-6 361	6 %	-8 591
Dividend	0	0	0 %	-14 620	-9 727	-50 %	-21 911
<b>Net cash flow from financing activities</b>	<b>-1 448</b>	<b>-2 103</b>	<b>31 %</b>	<b>-18 557</b>	<b>-19 045</b>	<b>3 %</b>	<b>-33 734</b>
Currency effect on cash	32	0	0 %	14	0	0 %	275
<b>Net cash flow</b>	<b>6 571</b>	<b>-1 000</b>	<b>757 %</b>	<b>-12 027</b>	<b>-16 771</b>	<b>28 %</b>	<b>2 741</b>
Bank deposits at the beginning of the period	52 493	52 580	0 %	71 092	68 351	4 %	68 351
<b>Bank deposits at the end of the period</b>	<b>59 065</b>	<b>51 580</b>	<b>15 %</b>	<b>59 065</b>	<b>51 580</b>	<b>15 %</b>	<b>71 092</b>
<b>New borrowing related to leasing</b>	<b>0</b>	<b>1 753</b>	<b>-100 %</b>	<b>1 027</b>	<b>5 193</b>	<b>-80 %</b>	<b>6 374</b>



# STATEMENT OF CHANGES IN EQUITY

All figures in NOK 1000	Share capital	Own shares	Other equity	Translation differences	Other equity	Total equity
<b>Shareholders' equity as of 31 Dec 2015</b>	<b>24 656</b>	<b>-38</b>	<b>402</b>	<b>-598</b>	<b>29 980</b>	<b>54 401</b>
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
<b>Shareholders' equity as of 31 Dec 2016</b>	<b>24 656</b>	<b>-290</b>	<b>480</b>	<b>-927</b>	<b>30 397</b>	<b>54 315</b>
Comprehensive income year to date 2017	0	0	0	212	18 487	18 698
Option costs	0	0	0	0	-1 134	-1 134
Cost of employee share purchase programme	0	0	0	0	318	318
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
<b>Shareholders' equity as of 30 Sep 2017</b>	<b>24 656</b>	<b>-19</b>	<b>480</b>	<b>-716</b>	<b>35 231</b>	<b>59 630</b>

# NOTES

## NOTE 1: TRANSACTIONS WITH RELATED PARTIED

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

## NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

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

## NOTE 3: ALTERNATIVE PERFORMANCE MEASURES

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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 short for earnings before interest, taxes depreciaton 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, taxes 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.

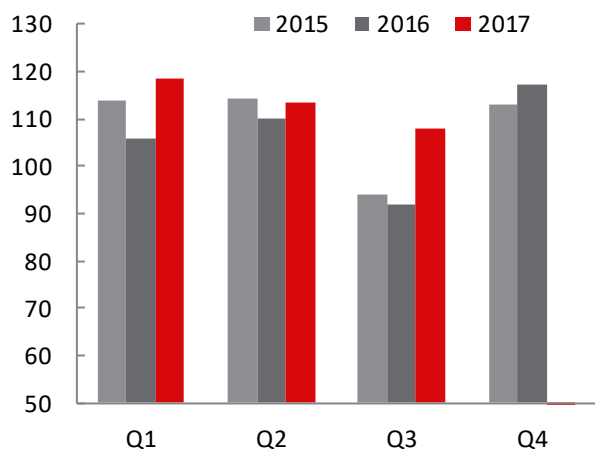
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

# KEY FIGURES

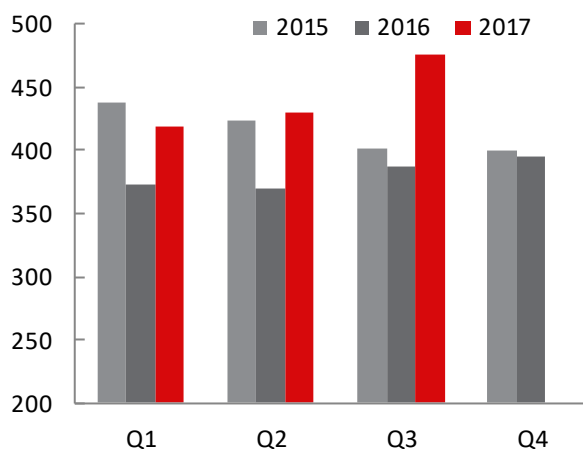
All figures in NOK 1000	2017 7-9	2016 7-9	change %	2017 1-9	2016 1-9	change %	2016 1-12
<b>Profit &amp; Loss</b>							
Sales revenue	107 971	91 799	18 %	340 037	307 473	11 %	424 787
Gross profit 1	94 472	79 242	19 %	295 945	262 725	13 %	361 254
EBITDA	11 512	11 028	4 %	40 594	37 066	10 %	55 582
EBITDA margin	10.7 %	12.0 %	-1.4 pts	11.9 %	12.1 %	-0.1 pts	13.1 %
Operating profit (EBIT)	6 413	6 336	1 %	25 467	20 878	22 %	34 149
EBIT margin	5.9 %	6.9 %	-1 pts	7.5 %	6.8 %	0.7 pts	8.0 %
Profit before taxes	5 967	5 943	0 %	24 411	19 697	24 %	32 793
Profit for the period	4 505	4 445	1 %	18 487	14 741	25 %	25 309
<b>Balance sheet</b>							
Non-current assets	43 449	45 449	-4 %	43 449	45 449	-4 %	45 715
Bank deposits	59 065	51 580	15 %	59 065	51 580	15 %	71 092
Other current assets	96 449	89 180	8 %	96 449	89 180	8 %	92 291
Total assets	198 964	186 209	7 %	198 964	186 209	7 %	209 098
Equity	59 630	55 524	7 %	59 630	55 524	7 %	54 315
Total current liabilities	123 986	109 324	13 %	123 986	109 324	13 %	134 472
Equity ratio	30.0 %	29.8 %	0.2 pts	30.0 %	29.8 %	0.2 pts	26.0 %
Current ratio	0.78	0.82	-5 %	0.78	0.82	-5 %	0.69
<b>Cash flow</b>							
Net cash flow from operating activities	11 943	4 359	174 %	16 669	11 590	44 %	48 434
Net cash flow	6 571	-1 000	757 %	-12 027	-16 771	28 %	2 741
<b>Share information</b>							
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	82 122 689	81 221 179	1 %	81 671 934	81 640 174	0 %	81 640 174
Weighted average diluted shares outstanding	82 942 862	83 350 179	0 %	82 595 719	83 905 174	-2 %	83 905 174
Profit per share	0.05	0.05	0 %	0.23	0.18	25 %	0
Diluted Profit per share	0.05	0.05	2 %	0.22	0.18	27 %	0
EBITDA per share	0.14	0.14	3 %	0.50	0.45	9 %	0.68
Equity per share	0.73	0.68	6 %	0.73	0.68	7 %	0.67
Dividend per share	0.00	0.00	0 %	0.18	0.12	50 %	0.27
<b>Employees</b>							
Number of employees at the end of the period	475	387	23 %	475	387	23 %	395
Average number of employees	453	378	20 %	429	382	12 %	385
Operating revenue per employee	238	243	-2 %	792	805	-2 %	1 104
Gross profit 1 per employee	209	210	0 %	689	687	0 %	939
Personnel expenses per employee	159	155	3 %	510	511	0 %	684
Other operating expenses per employee	24	26	-5 %	84	79	6 %	110
EBITDA per employee	25	29	-13 %	95	97	-3 %	144
EBIT per employee	14	17	-16 %	59	59	1 %	93

# QUARTERLY DEVELOPMENT 2015-2017

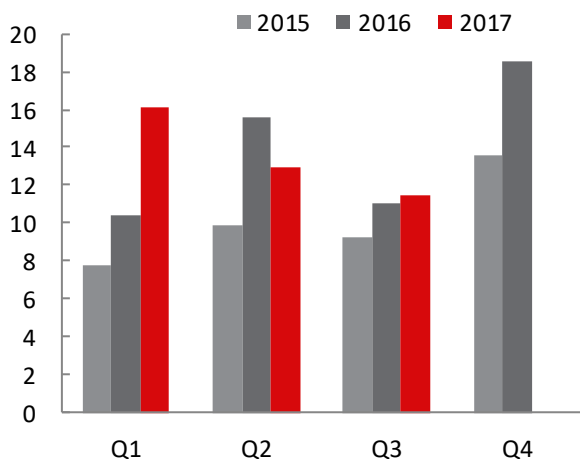
**Revenues**  
NOK million



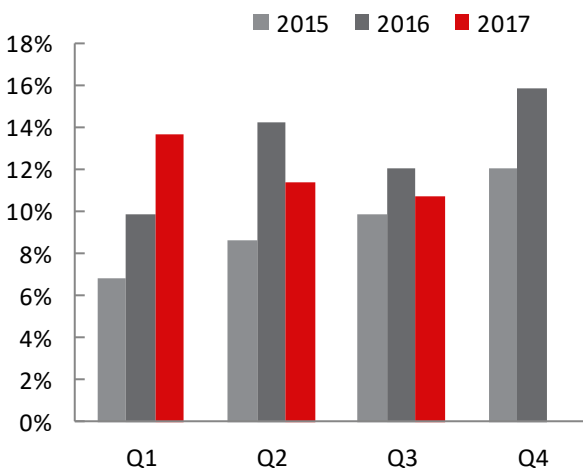
**Employees**  
End of period



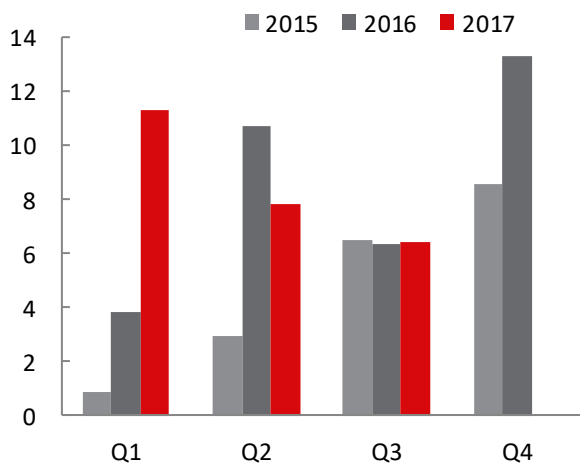
**EBITDA**  
NOK million



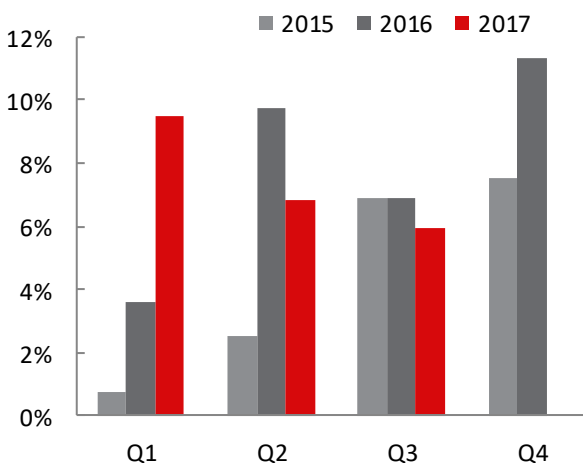
**EBITDA margin**  
%



**EBIT**  
NOK million



**EBIT margin**  
%





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