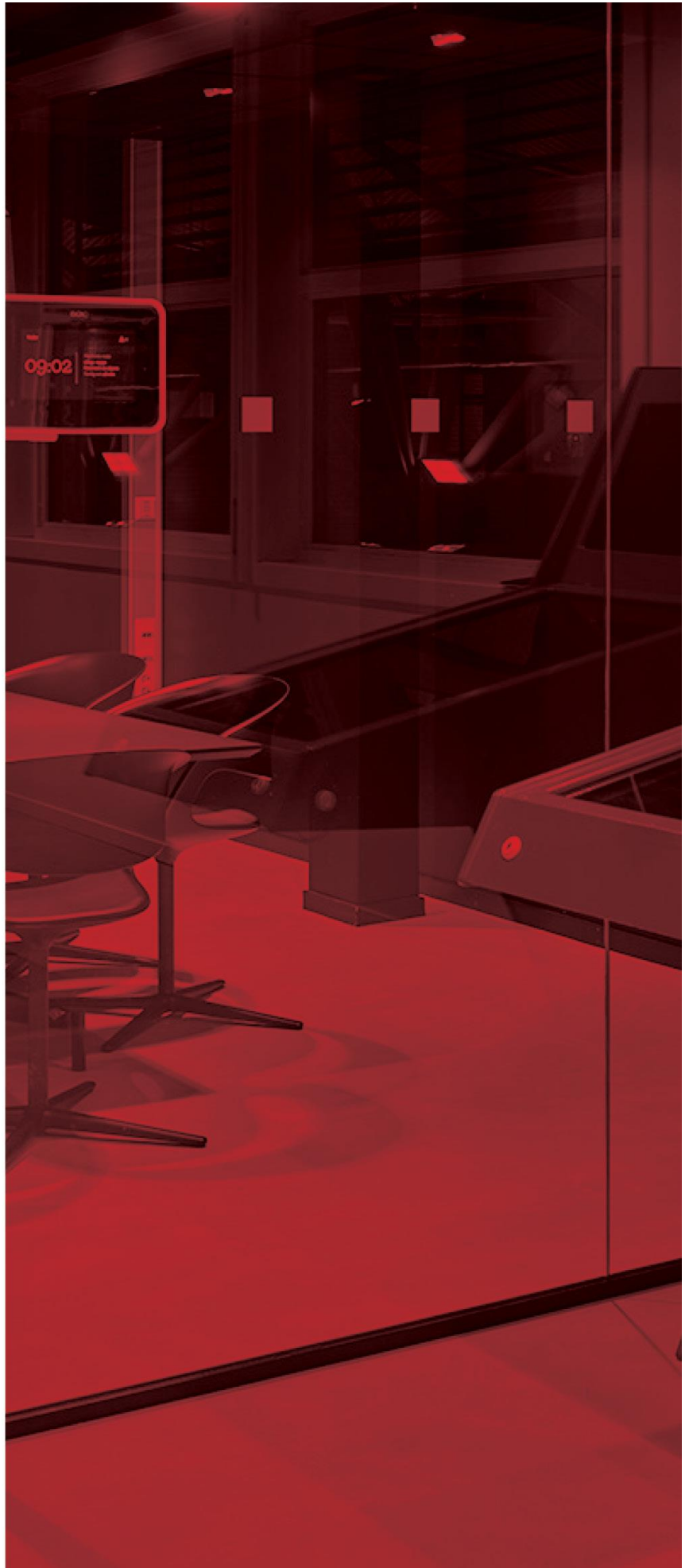


# Q4

2017

*itera*  
MAKE A DIFFERENCE



# HIGHLIGHTS Q4 AND 2017

## OCTOBER - DECEMBER 2017

- Operating revenue NOK 135.0 million (NOK 117.3 million), representing growth of 15%
- EBITDA NOK 19.0 million (NOK 18.5 million) and an EBITDA margin of 14.1% (15.8%)
- EBIT NOK 13.8 million (NOK 13.3 million) and an EBIT margin of 10.2% (11.3%)
- Cash flow from operations NOK 32.7 million (NOK 36.8 million)
- Bank deposits NOK 59.9 million (NOK 71.1 million)
- Equity ratio 24% (26%)

## JANUARY - DECEMBER 2017

- Operating revenue NOK 475.0 million (NOK 424.8 million), representing growth of 12%
- EBITDA NOK 59.6 million (NOK 55.6 million) and an EBITDA margin of 12.5% (13.1%)
- EBIT NOK 39.3 million (NOK 34.1 million) and an EBIT margin of 8.3% (8.0%)
- Cash flow from operations NOK 49.4 million (NOK 48.4 million)

## ACTIVITIES AND SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- Fourth-quarter operating revenue was up 15% compared with the same period in 2016, with double-digit growth in Service revenue across all geographical markets and both in of onshore and nearshore delivery locations.
- Itera added another net 16 employees in the quarter, bringing the net increase for the year to 96 employees or 24%. Itera's nearshore ratio increased further to 43%.
- Operating profit was 4% higher than in the same quarter of last year.
- Cash flow from operations was somewhat lower than expected due to delays in invoicing related to upgrading Itera's ERP system.
- The Board intends to propose an ordinary dividend of NOK 0.25 per share to the Annual General Meeting.

# KEY FIGURES

All figures in NOK million	2017	2016	change	2017	2016	change
	10-12	10-12	%	1-12	1-12	%
Sales revenue	135.0	117.3	15 %	475.0	424.8	12 %
Gross profit	113.9	98.5	16 %	409.9	361.3	13 %
EBITDA	19.0	18.5	3 %	59.6	55.6	7 %
EBITDA margin	14.1 %	15.8 %	-1.7 pts	12.5 %	13.1 %	-0.5 pts
Operating profit (EBIT)	13.8	13.3	4 %	39.3	34.1	15 %
EBIT margin	10.2 %	11.3 %	-1.1 pts	8.3 %	8.0 %	0.2 pts
Profit before tax	13.9	13.1	6 %	38.3	32.8	17 %
Profit for the period	11.7	10.6	11 %	30.2	25.3	19 %
Profit margin	8.7 %	9.0 %	-0.3 pts	6.4 %	6.0 %	0.4 pts
Net cash flow from operating activities	32.7	36.8	-11 %	49.4	48.4	2 %
No. of employees at the end of the period	491	395	24 %	491	395	24 %

# REPORT FOR THE FOURTH QUARTER

## FINANCIAL PERFORMANCE

### Summary for the fourth quarter of 2017

Itera achieved organic revenue growth of 15% in the fourth 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 and nearshore locations.

The Group's operating profit (EBIT) in the fourth quarter of 2017 was NOK 13.8 million (NOK 13.3 million), giving an EBIT margin of 10.2% (11.3%). The fourth quarter of 2017 contained one less working day than the fourth quarter of 2016.

### Operating revenue

The Group reports operating revenue of NOK 135.0 million (NOK 117.3 million) for the fourth quarter of 2017, which represents growth of 15%. Revenue from services delivered by Itera's own consultants grew by 25%, while third-party service revenue was up by 11%. Subscription-related revenue grew by approximately 1%. Revenue growth in Denmark and Sweden totalled 48%.

Operating revenue for 2017 as a whole was NOK 475.0 million (NOK 424.8 million), equivalent to growth of 12%.

Gross profit (revenue – cost of sales) was NOK 113.9 million (NOK 98.5 million) in the fourth quarter. This represents growth of 16% relative to the fourth quarter of 2016. Gross profit for 2017 as a whole was NOK 409.9 million (NOK 361.3 million), which represents growth of 13% relative to 2016.

### Operating expenses

The Group's total operating expenses in the fourth quarter of 2017 were 16% higher at NOK 121.2 million (NOK 104.0 million). Operating expenses for 2017 as a whole totalled NOK 435.8 million (NOK 389.0 million).

Cost of sales was NOK 21.1 million (NOK 18.8 million) in the fourth quarter of 2017 and NOK 65.2 million (NOK 63.5 million) in total for the year as a whole. 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 83.4 million (NOK 68.0 million) in the fourth quarter of 2017, which represents an increase of 23% and was primarily due to an increase in the number of employees. Personnel expenses per employee were down 1.2% from the same period in 2016, but were unchanged for the year as a whole. Personnel expenses for 2017 as a whole were NOK 302.6 million (NOK 263.3 million).

Depreciation and amortisation totalled NOK 5.2 million (NOK 5.2 million) in the fourth quarter, and other operating expenses totalled NOK 11.5 million (NOK 12.0 million). The corresponding figures for 2017 as a whole are NOK 20.3 million (NOK 19.8 million) and NOK 47.7 million (NOK 42.3 million) respectively.

### Operating result

The operating result before depreciation and amortisation (EBITDA) for the fourth quarter of 2017 was a profit of NOK 19.0 million (NOK 18.5 million), while the operating result (EBIT) was a profit of NOK 13.8 million (NOK 13.3 million). The EBIT margin for the fourth

quarter of 2017 was 10.2% as compared to 11.3% in the fourth quarter of 2016.

The operating result before depreciation and amortisation (EBITDA) for 2017 as a whole was a profit of NOK 59.6 million (a profit of NOK 55.6 million in 2016), while the operating result (EBIT) was a profit of NOK 39.3 million (a profit of NOK 34.1 million in 2016). The operating margin in 2017 was 8.3% (8.0%).

Net financial items were NOK 0.0 million (NOK -0.2 million) in the fourth quarter of 2017 and NOK -1.0 million (NOK -1.4 million) for the year as a whole.

The result before tax for the fourth quarter of 2017 was a profit of NOK 13.9 million (NOK 13.1 million) and a profit of NOK 38.3 million (NOK 32.8 million) for the year as a whole. Tax expense totalled NOK 2.1 million (NOK 2.5 million) for the fourth quarter and NOK 8.0 million (NOK 7.5 million) for 2017 as a whole. Tax paid totalled NOK 4.5 million (NOK 2.8 million) and NOK 7.7 million (NOK 3.0 million) in these same periods respectively.

The Group had deferred tax assets totalling NOK 3.6 million (NOK 2.9 million) at 31 December 2017.

### Cash flow, liquidity and equity

Cash flow from operating activities was NOK 32.7 million (NOK 36.8 million) in the fourth quarter of 2017 and NOK 49.4 million (NOK 48.4 million) for 2017 as a whole. With regard to the fourth quarter, cash flow from operational activities was NOK 13.7 million higher than EBITDA, and this was primarily due to a seasonal increase in short-term liabilities. For the year as a whole, cash flow from operational activities was close to EBITDA less taxes paid. Accounts receivable at 31 December 2017 were NOK 70.4 million (NOK 55.9 million), which was higher than expected, and this was due to delays in invoicing related to upgrading the Group's ERP system.

Work in progress at 31 December 2017 was NOK 1.5 million higher than at 31 December 2016, with the increase largely due to work to implement new managed services accounts. Other current receivables were NOK 2.0 million higher than at the end of the fourth quarter of last year.

Accounts payable at 31 December 2017 were NOK 0.6 million lower than at 31 December 2016. Public duties payable were NOK 3.1 million higher than at the end of the fourth quarter of 2016, while tax payable was NOK 8.2 million compared with NOK 8.1 million. Other current liabilities were NOK 15.2 million higher.

Bank deposits totalled NOK 59.9 million (NOK 71.1 million) at 31 December 2017, and the Group had an undrawn credit facility of NOK 25 million.

The Group had interest-bearing liabilities totalling NOK 13.8 million (NOK 20.3 million) at 31 December 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 fourth quarter. At 31 December 2017 Itera held 63,935 own shares in addition to 150,000 shares that were pending transfer to option holders.

Equity at 31 December 2017 totalled NOK 51.2 million (NOK 54.3 million). This represented an equity ratio of 24% (26%).

## Investment

The Group invested a total of NOK 9.4 million (NOK 2.9 million) in the fourth quarter of 2017.

Investment in Itera's IT hosting activities amounted to NOK 1.0 million (NOK 2.5 million) in the fourth quarter of 2017. Leasing accounted for NOK 0.6 million (NOK 1.2 million) of this amount. Investment in building improvements at a new facility in Kiev amounted to NOK 2.4 million. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 6.3 million (NOK 1.6 million) in the fourth quarter of 2017.

## Dividend

At its meeting on 15 February 2018, the Board of Directors passed a resolution to propose an ordinary dividend of NOK 0.25 per share at the Annual General Meeting on 22 May 2018. It will also ask for its authorisation to approve possible additional dividends to be renewed.

## BUSINESS REVIEW

The market demand for Itera's services is strong, and the Group has continued to build its strong position as a specialist in creating digital business. Emerging technologies are leading to changes in all industries, and the level of demand for services and products to be digitalised is substantial. Itera is correspondingly experiencing demand both for strategic advisory services as well as for concept development, technical development and application management services. Many of the Group's customers have transitioned from having a one-track focus on optimising their existing business to running one or more additional parallel tracks in order to continuously explore new ideas and business models. The Group's delivery methodologies are well suited for handling both perspectives, and its range of services is well adapted to market demand.

## Market and customer development

Itera has a strong customer portfolio across a range of sectors, but its centre of gravity is in banking and insurance, which represent more than 50% of the Group's annual revenue. In the fourth quarter of 2017, the Group entered into new or extended existing agreements with strong industry brands including If, KLP, Kredinor, Tryg Forsikring, Gjensidige Forsikring, DNB and Santander.

During the fourth quarter, Itera continued to expand in the Icelandic market, and now has more than 40 full-time nearshore employees working on customers based in the country following Itera's launch there about a year ago.

## Brand awareness and visibility

A strong brand based on positive connotations is important for both sales and recruitment, and Itera works systematically to increase its brand footprint in the Nordic market.

Itera's strategy and activities connected to brand awareness resulted in good results in visibility. Highlights from the year as a whole include:

- 2 million impressions of the brand on social media
- 30 employer branding videos produced in-house, which have attracted a total of 120,000 views
- Sponsor/partner at 15 conferences
- Three breakfast seminars organised, two of which had over 100 attendees

During the fourth quarter, Itera launched a new corporate website in all countries based on the key concepts of great design, smart technology and relevant content. The project used Itera's best practice methodology, and was delivered on time and on budget with a high level of quality.

## *A beacon of expertise*

Itera is a specialist in creating digital business and has a strong focus on building its position as a beacon of expertise. In order to do this, the Group utilises a broad range of channels and arenas, both digital (e.g. social media) and physical (e.g. conferences and meet-ups).

In the fourth quarter of 2017 Itera launched a podcast in order to reach new target audiences and address complex topics. In December, the podcast was ranked as one of the top five technology podcasts on iTunes, with topics addressed including bitcoin, GDPR, PSD2 and the power of social media in society.

Itera believes in open knowledge sharing. During the fourth quarter, Itera's employees published blog posts on topics like blockchain and digital disruption, service design, artificial intelligence, automisation, bot technology and digital branding.

The Group arranges open seminars on a regular basis. During the fourth quarter, the Group hosted a fully booked seminar on testing and test management that was attended by both existing and potential customers. With both onshore-based and nearshore-based speakers, the event illustrated the strength of the Group's delivery model and solid capacity in testing.

## In the top five for innovation

Innovation and innovation processes have been a key topic at Itera for many years. The Group's approach is to assemble known components in new ways, whether this is expertise, features, technologies, solutions or services.

In 2017, Norway's leading innovation publication "Innovasjonsmagasinet" named Itera one of the five most innovative companies in Norway across all industries. The jury stated that Itera is: "One of the few remaining listed communications and technology companies and it is enjoying impressive success through its focus on innovation. Through its smart and innovative use of both Nordic and international resources, Itera is optimising its value contribution and reaping the benefits of open, customer-driven innovation. Itera proves that executive-led innovation is profitable and a smart investment strategy".

## 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 17% in the fourth quarter of 2017 and accounted for 78% of the Group's operating revenue, up from 74% in the fourth 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 fourth quarter of 2017 was 491 as compared to 395 at the end of the fourth quarter of 2016.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 43% (37%) at the end of the fourth 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 first quarter of 2018 will be published and presented on 14 May 2018.

# 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 31 December 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, 15 February 2018

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 10-12	2016 10-12	change %	2017 1-12	2016 1-12	change %
<b>Sales revenue</b>	<b>134 988</b>	<b>117 315</b>	<b>15 %</b>	<b>475 025</b>	<b>424 787</b>	<b>12 %</b>
<b>Operating expenses</b>						
Cost of sales	21 070	18 786	12 %	65 163	63 533	3 %
<b>Gross Profit</b>	<b>113 918</b>	<b>98 529</b>	<b>16 %</b>	<b>409 863</b>	<b>361 254</b>	<b>13 %</b>
<i>Gross Margin</i>	<i>84 %</i>	<i>84 %</i>	<i>0.4 pts</i>	<i>86 %</i>	<i>85 %</i>	<i>1.2 pts</i>
Personnel expenses	83 420	68 009	23 %	302 579	263 326	15 %
Depreciation	5 208	5 245	-1 %	20 335	19 785	3 %
Other operating expenses	11 487	12 003	-4 %	47 679	42 345	13 %
<b>Total operating expenses</b>	<b>121 185</b>	<b>104 043</b>	<b>16 %</b>	<b>435 755</b>	<b>388 990</b>	<b>12 %</b>
<b>Operating profit before non-recurring items</b>	<b>13 803</b>	<b>13 271</b>	<b>4 %</b>	<b>39 270</b>	<b>35 797</b>	<b>10 %</b>
Non-recurring items	-	-		-	1 648	-100 %
<b>Operating profit after non-recurring items</b>	<b>13 803</b>	<b>13 271</b>	<b>4 %</b>	<b>39 270</b>	<b>34 149</b>	<b>15 %</b>
<b>Financial items</b>						
Other financial income	175	213	-18 %	713	874	-18 %
Other financial expenses	126	388	-67 %	1 721	2 230	-23 %
<b>Net financial items</b>	<b>49</b>	<b>-175</b>	<b>128 %</b>	<b>-1 008</b>	<b>-1 356</b>	<b>26 %</b>
<b>Ordinary profit before tax</b>	<b>13 851</b>	<b>13 096</b>	<b>6 %</b>	<b>38 262</b>	<b>32 793</b>	<b>17 %</b>
Tax expense	2 125	2 528	-16 %	8 049	7 484	8 %
<b>Profit for the period</b>	<b>11 727</b>	<b>10 568</b>	<b>11 %</b>	<b>30 214</b>	<b>25 309</b>	<b>19 %</b>
Earnings per share	0.14	0.13	10 %	0.37	0.31	19 %
Fully diluted earnings per share	0.14	0.13	13 %	0.37	0.30	21 %
<b>Statement of other income and costs</b>						
Currency translation differences	75	73	2 %	286	-329	187 %
Profit for the period	11 727	10 568	11 %	30 214	25 309	19 %
<b>Total profit</b>	<b>11 801</b>	<b>10 641</b>	<b>11 %</b>	<b>30 500</b>	<b>24 980</b>	<b>22 %</b>
Attributable to:						
Shareholders in parent company	11 801	10 641	11 %	30 500	24 980	22 %

# STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	2017 31 Dec	2016 31 Dec	change	change %
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax assets	3 550	2 865	685	24 %
Other intangible assets	21 905	15 607	6 298	40 %
Fixed assets	21 602	27 243	-5 641	-21 %
<b>Total non-current assets</b>	<b>47 057</b>	<b>45 715</b>	<b>1 342</b>	<b>3 %</b>
<b>Current assets</b>				
Work in progress	15 794	14 311	1 482	10 %
Accounts receivable	70 364	55 939	14 425	26 %
Other receivables	24 006	22 040	1 966	9 %
Bank deposits	59 854	71 092	-11 238	-16 %
<b>Total current assets</b>	<b>170 018</b>	<b>163 382</b>	<b>6 635</b>	<b>4 %</b>
<b>TOTAL ASSETS</b>	<b>217 075</b>	<b>209 098</b>	<b>7 977</b>	<b>4 %</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	24 656	24 656	0	0 %
Other equity	-3 667	4 679	-8 346	-178 %
Net profit for the period	30 214	24 980	5 234	21 %
<b>Total equity</b>	<b>51 203</b>	<b>54 315</b>	<b>-3 112</b>	<b>-6 %</b>
<b>Non-current liabilities</b>				
Non-current interest bearing liabilities	13 774	20 311	-6 537	-32 %
<b>Total non-current liabilities</b>	<b>13 774</b>	<b>20 311</b>	<b>-6 537</b>	<b>-32 %</b>
<b>Current liabilities</b>				
Accounts payable	23 862	24 442	-580	-2 %
Tax payable	8 151	8 121	30	0 %
Public duties payable	33 009	29 945	3 064	10 %
Other short-term liabilities	87 076	71 965	15 112	21 %
<b>Total current liabilities</b>	<b>152 098</b>	<b>134 472</b>	<b>17 626</b>	<b>13 %</b>
<b>Total liabilities</b>	<b>165 872</b>	<b>154 783</b>	<b>11 090</b>	<b>7 %</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>217 075</b>	<b>209 098</b>	<b>7 977</b>	<b>4 %</b>
<b>Equity ratio</b>	<b>23.6 %</b>	<b>26.0 %</b>		<b>-2.4 pts</b>



# STATEMENT OF CASH FLOW

All figures in NOK 1000	2017 10-12	2016 10-12	change %	2017 1-12	2016 1-12	change %
<b>Cash flow from operating activities</b>						
Profit before taxes	13 851	13 096	6 %	38 262	32 793	17 %
Profit from sale of subsidiary	0	0	0 %	0	-530	100 %
Tax paid	-4 515	-2 835	-59 %	-7 655	-2 984	-157 %
Depreciation	5 208	5 245	-1 %	20 335	19 785	3 %
Change in work in progress	6 529	-492	1428 %	-1 482	-5 276	72 %
Change in accounts receivable	-14 335	-893	-1505 %	-14 425	5 464	-364 %
Change in accounts payable	4 930	7 479	-34 %	-580	2 777	-121 %
Change in other accruals	20 582	15 403	34 %	15 214	-3 147	583 %
Effect of currency changes	477	-160	399 %	-272	-448	39 %
<b>Net cash flow from operating activities</b>	<b>32 728</b>	<b>36 844</b>	<b>-11 %</b>	<b>49 397</b>	<b>48 434</b>	<b>2 %</b>
<b>Cash flow from investment activities</b>						
Payment from sale of fixed assets	0	0	-100 %	0	140	-100 %
Investment in fixed assets	-3 050	-1 301	-134 %	-5 130	-5 263	3 %
Investment in intangible assets	-6 333	-1 615	-292 %	-14 407	-6 230	-131 %
Net payment from sale of subsidiary	0	0	-100 %	0	-881	100 %
<b>Net cash flow from investment activities</b>	<b>-9 383</b>	<b>-2 917</b>	<b>-222 %</b>	<b>-19 537</b>	<b>-12 234</b>	<b>-60 %</b>
<b>Cash flow from financing activities</b>						
Purchase of own shares	0	0	-100 %	-1 590	-3 604	56 %
Sales of own shares	0	-275	100 %	3 643	373	878 %
Borrowings repaid	-2 123	-2 230	5 %	-8 114	-8 591	6 %
Dividend	-20 493	-12 184	-68 %	-35 113	-21 911	-60 %
<b>Net cash flow from financing activities</b>	<b>-22 616</b>	<b>-14 689</b>	<b>-54 %</b>	<b>-41 174</b>	<b>-33 734</b>	<b>-22 %</b>
Currency effect on cash	60	275	-78 %	75	275	-73 %
<b>Net cash flow</b>	<b>789</b>	<b>19 512</b>	<b>-96 %</b>	<b>-11 238</b>	<b>2 741</b>	<b>-510 %</b>
Bank deposits at the beginning of the period	59 065	51 580	15 %	71 092	68 351	4 %
<b>Bank deposits at the end of the period</b>	<b>59 854</b>	<b>71 092</b>	<b>-16 %</b>	<b>59 854</b>	<b>71 092</b>	<b>-16 %</b>
<b>New borrowing related to leasing</b>	<b>550</b>	<b>1 180</b>	<b>-53 %</b>	<b>1 577</b>	<b>6 374</b>	<b>-75 %</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	633	30 214	30 847
Option costs	0	0	216	0	-1 434	-1 218
Cost of employee share purchase programme	0	0	318	0	0	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	-35 113	-35 113
<b>Shareholders' equity as of 31 Dec 2017</b>	<b>24 656</b>	<b>-19</b>	<b>1 014</b>	<b>-294</b>	<b>25 847</b>	<b>51 203</b>

# NOTES

## NOTE 1: 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 31 December 2017.

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 fourth quarter of 2017. Itera's assessment of the impact of implementing these standards on its financial statements is that they will have some effect on the gross presentation, but not very significant effect on net income.

See Note 4 on alternative performance measures.

## NOTE 2: TRANSACTIONS WITH RELATED PARTIES

---

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

## NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

---

There have been no events after 31 December 2017 that would have a material effect on the interim accounts.

## NOTE 4: 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 stands 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 stands 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.

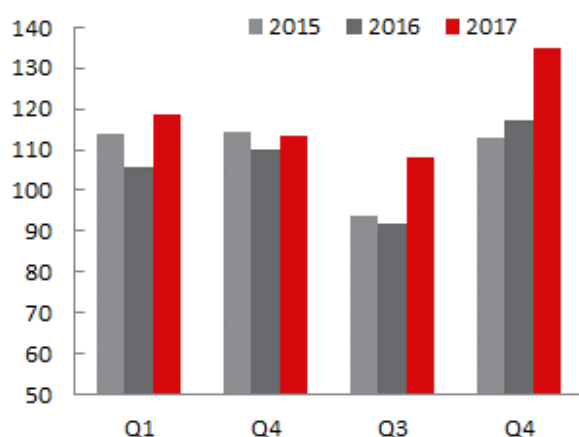
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

# KEY FIGURES

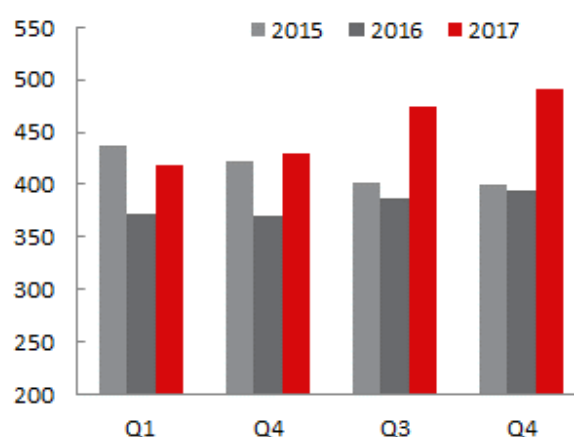
All figures in NOK 1000	2017 10-12	2016 10-12	change %	2017 1-12	2016 1-12	change %
<b>Profit &amp; Loss</b>						
Sales revenue	134 988	117 315	15 %	475 025	424 787	12 %
Gross profit 1	113 918	98 529	16 %	409 863	361 254	13 %
EBITDA	19 011	18 516	3 %	59 605	55 582	7 %
EBITDA margin	14.1 %	15.8 %	-1.7 pts	12.5 %	13.1 %	-0.5 pts
Operating profit (EBIT)	13 803	13 271	4 %	39 270	34 149	15 %
EBIT margin	10.2 %	11.3 %	-1.1 pts	8.3 %	8.0 %	0.2 pts
Profit before taxes	13 851	13 096	6 %	38 262	32 793	17 %
Profit for the period	11 727	10 568	11 %	30 214	25 309	19 %
<b>Balance sheet</b>						
Non-current assets	47 057	45 715	3 %	47 057	45 715	3 %
Bank deposits	59 854	71 092	-16 %	59 854	71 092	-16 %
Other current assets	110 164	92 291	19 %	110 164	92 291	19 %
Total assets	217 075	209 098	4 %	217 075	209 098	4 %
Equity	51 203	54 315	-6 %	51 203	54 315	-6 %
Total current liabilities	152 098	134 472	13 %	152 098	134 472	13 %
Equity ratio	23.6 %	26.0 %	-2.4 pts	23.6 %	26.0 %	-2.4 pts
Current ratio	0.72	0.69	6 %	0.72	0.69	6 %
<b>Cash flow</b>						
Net cash flow from operating activities	32 728	36 844	-11 %	49 397	48 434	2 %
Net cash flow	789	19 512	-96 %	-11 238	2 741	-510 %
<b>Share information</b>						
Number of shares	82 186 624	82 186 624	0 %	82 186 624	82 186 624	0 %
Weighted average basic shares outstanding	81 972 689	81 221 179	1 %	81 690 873	81 640 174	0 %
Weighted average diluted shares outstanding	82 797 629	84 195 179	-2 %	82 590 747	83 905 174	-2 %
Profit per share	0.14	0.13	10 %	0.37	0.31	19 %
Diluted Profit per share	0.14	0.13	13 %	0.37	0.30	21 %
EBITDA per share	0.23	0.23	2 %	0.73	0.68	7 %
Equity per share	0.62	0.67	-7 %	0.63	0.67	-6 %
Dividend per share	0.25	0.15	67 %	0.43	0.27	59 %
<b>Employees</b>						
Number of employees at the end of the period	491	395	24 %	491	395	24 %
Average number of employees	485	391	24 %	443	385	15 %
Operating revenue per employee	278	300	-7 %	1 072	1 104	-3 %
Gross profit 1 per employee	235	252	-7 %	925	939	-2 %
Personnel expenses per employee	172	174	-1 %	683	684	0 %
Other operating expenses per employee	24	31	-23 %	108	110	-2 %
EBITDA per employee	39	47	-17 %	134	144	-7 %
EBIT per employee	28	34	-16 %	89	93	-5 %

# QUARTERLY DEVELOPMENT 2015-2017

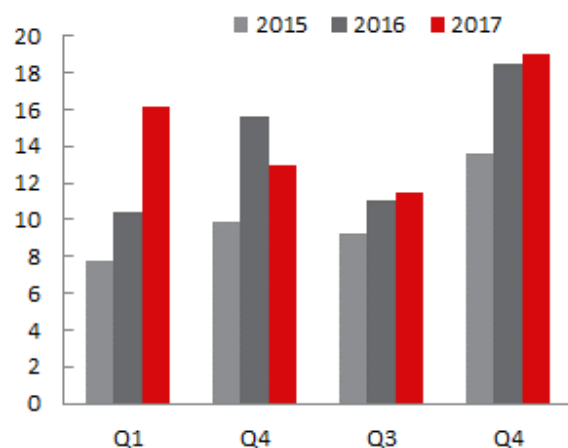
**Revenues**  
NOK million



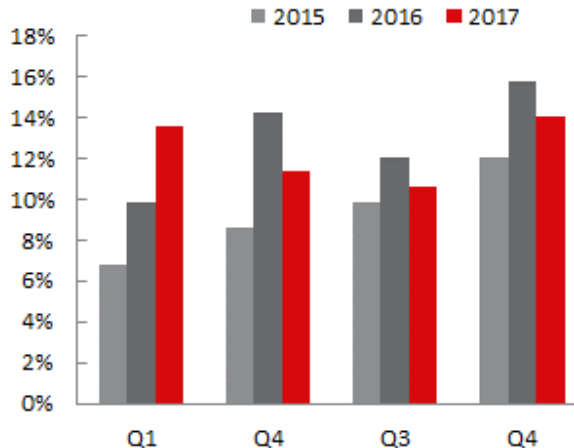
**Employees**  
End of period



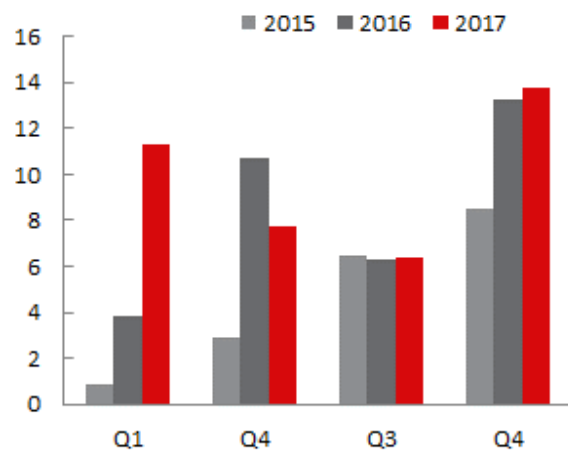
**EBITDA**  
NOK million



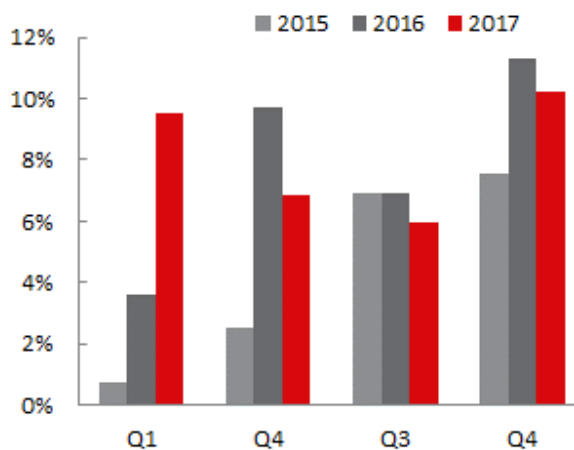
**EBITDA margin**  
%



**EBIT**  
NOK million



**EBIT margin**  
%





**ARNE MJØS**

CEO  
Tlf +47 23 00 76 50  
Mob. +47 905 23172  
arne.mjøs@itera.no

**BENT HAMMER**

CFO  
Tlf +47 23 00 76 50  
Mob. +47 982 15 497  
bent.hammer@itera.no

**ITERA**

Itera.no  
Nydalsveien 28  
Pb. 4814 Nydalen, 0422 Oslo  
TLF +47 23 00 76 50  
contact@itera.no

*itera*  
MAKE A DIFFERENCE