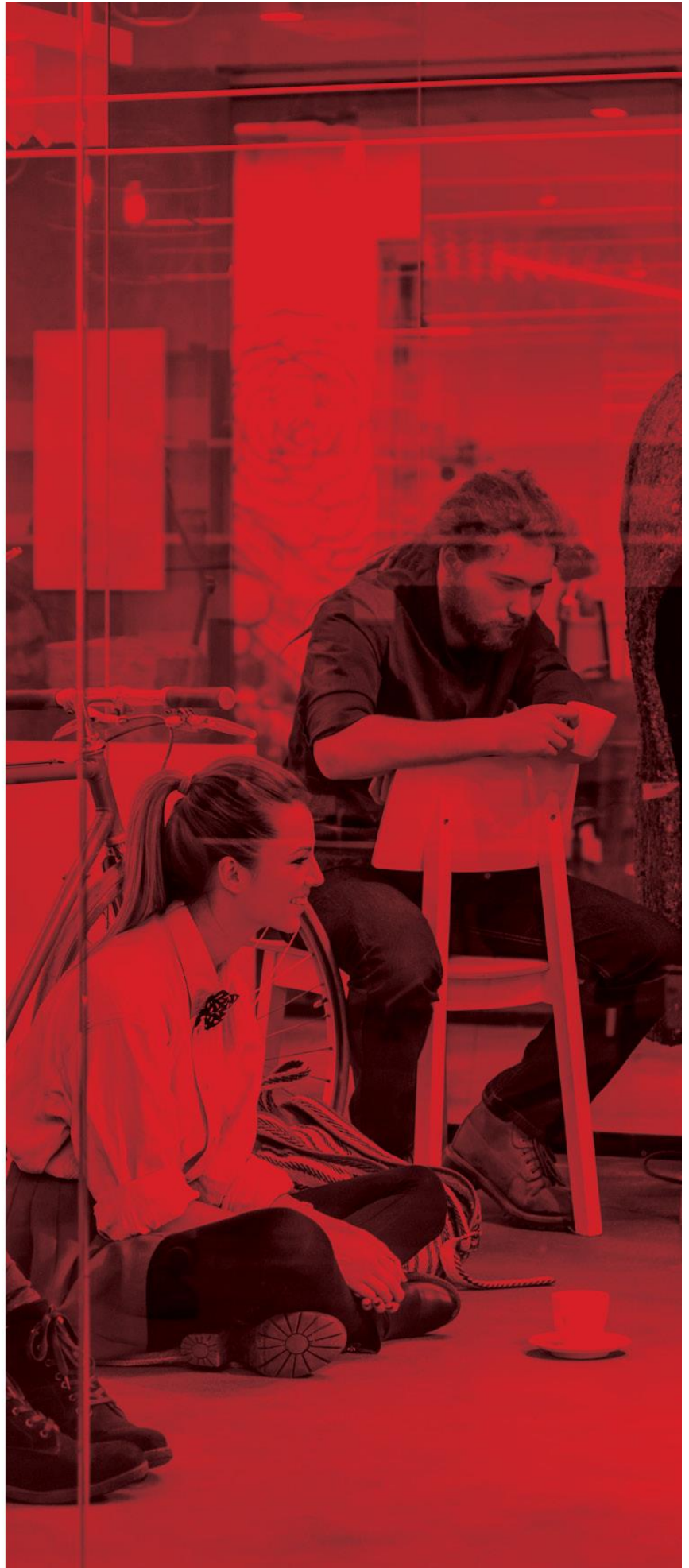


**Q2**  
2018

*itera*  
MAKE A DIFFERENCE



# HIGHLIGHTS Q2 AND H1 2018

## APRIL – JUNE 2018

- Operating revenue NOK 137.6 million (NOK 113.5 million), representing growth of 21%
- EBITDA NOK 14.7 million (NOK 12.9 million) and an EBITDA margin of 10.7% (11.4%)
- EBIT NOK 9.5 million (NOK 7.8 million) and an EBIT margin of 6.9% (6.8%)
- Cash flow from operations NOK 21.6 million (NOK 5.5 million)
- Bank deposits NOK 15.3 million (NOK 52.5 million)
- Equity ratio 11.3% (27.9%)

## JANUARY – JUNE 2018

- Operating revenue NOK 268.7 million (NOK 232.1 million), representing growth of 16%
- EBITDA NOK 29.9 million (NOK 29.1 million) and an EBITDA margin of 11.1% (12.5%)
- EBIT NOK 19.5 million (NOK 19.1 million) and an EBIT margin of 7.2% (8.2%)
- Cash flow from operations NOK 13.3 million (NOK 4.7 million)

## ACTIVITIES AND SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Second-quarter operating revenue was up 21% compared with the same period last year. Itera achieved significant revenue growth from its nearshore deliveries and also from its onshore and third-party services
- Cash flow from operations was particularly strong on the back of the Easter holiday falling in Q1.
- Itera had substantial negative cash flow from financing activities due to the payment of an ordinary dividend and the company re-purchasing a net two million own shares in anticipation of a share purchase programme for key employees. The latter had a significant temporary impact on the company's bank deposits and equity ratio.
- Itera entered into new or extended contracts with customers such as UEFA, Santander, yA Bank, Nets, Gjensidige Forsikring, Össur, VPS, Sbanken and If.
- Itera was named as one of Norway's top 25 most innovative companies across all industries for the third consecutive year.

# KEY FIGURES

	2018	2017	change	change	2018	2017	change	2017
All figures in NOK million	4-6	4-6		%	1-6	1-6	%	1-12
Sales revenue	137.6	113.5	24.1	21 %	268.7	232.1	16 %	475.0
Gross profit	113.8	95.8	17.9	19 %	224.1	198.4	13 %	401.7
EBITDA	14.7	12.9	1.7	13 %	29.9	29.1	3 %	59.7
EBITDA margin	10.7 %	11.4 %	-0.7 %	-0.7 pts	11.1 %	12.5 %	-1.4 pts	12.6 %
Operating profit (EBIT)	9.5	7.8	1.7	22 %	19.5	19.1	2 %	39.3
EBIT margin	6.9 %	6.8 %	0.0 %	0 pts	7.2 %	8.2 %	-1 pts	8.3 %
Profit before tax	9.3	7.5	1.8	25 %	17.8	18.4	-3 %	38.3
Profit for the period	7.0	5.6	1.3	24 %	13.5	14.0	-3 %	29.6
Profit margin	5.1 %	5.0 %	0.1 %	0.1 pts	5.0 %	6.0 %	-1 pts	6.2 %
Net cash flow from operating activities	21.6	5.5	16.1	293 %	13.3	4.7	182 %	49.7
No. of employees at the end of the period	486	430	56	13 %	486	430	13 %	491

The figures for 2018 have been prepared in accordance with IFRS 15, while the 2017 figures are based on IAS 18.

# REPORT FOR THE SECOND QUARTER AND FIRST SIX MONTHS

## FINANCIAL PERFORMANCE

### Summary for the second quarter of 2018

Itera achieved organic revenue growth of 21% in the second quarter of 2018 relative to the second quarter of 2017. This was driven by growth in the revenue earned for services provided by Itera's own consultants from both its onshore and nearshore locations.

The Group's operating profit (EBIT) for the second quarter of 2018 was NOK 9.4 million (NOK 7.8 million), giving an EBIT margin of 6.9% (6.8%). The second quarter of 2018 was positively impacted by the fact it contained three more working days than the second quarter of 2017 due to the Easter holidays falling earlier in 2018 than in 2017. This is estimated to have had an impact on both revenue and earnings of more than NOK 3 million.

### 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 2017.

The figures given in brackets in this report refer to the equivalent period in 2017. The comparable figures for balance sheet items are the figures reported at 30 June 2017.

See Note 4 on alternative performance measures.

### IFRS 15 Revenue from Contracts with Customers

Itera adopted the new IFRS 15 Revenue from Contracts with Customers standard with effect from 1 January 2018. The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to Itera's opening balance sheet as at 1 January 2018, reflecting the introduction of contract assets and liabilities in relation to open contracts for trade and other receivables and trade and other payables respectively, with the costs of obtaining and fulfilling a contract capitalised as other current assets. The comparison figures have not been restated, and the financial statements for Q1 2018 as they would have been had they been prepared on the basis of the accounting policies applied in 2017 have been included in note 3, together with the effect of the new standard on the opening balance sheet as at 1 January 2018.

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (effective from 1 January 2018) replaces the old incurred loss model with an expected loss model. Itera's assessment is that implementing IFRS 9 will not have a significant impact on its financial statements.

### IFRS 16 Leases

A new accounting standard relating to leasing (IFRS 16) has not yet come into force for the Group and has consequently not been applied when preparing the consolidated accounts for the second quarter of 2018. Itera's assessment of the impact on its financial statements of implementing this standard remains unchanged from that set out in its annual report for 2017.

### Operating revenue

The Group reports operating revenue of NOK 137.6 million (NOK 113.5 million) for the second quarter of 2018, which represents growth of 21%. Revenue from services delivered by Itera's own consultants grew by 21%, while third-party service revenue was up by 34%. Subscription-related revenue grew by 4%. For the first six months revenue was up 16% to NOK 268.7 million.

Gross profit (revenue – cost of goods sold) was NOK 113.8 million (NOK 95.8 million) in the second quarter and NOK 224.1 million (NOK 198.4 million) in the first six months of 2018. These figures represent growth of 19% for the quarter and 13% for the first six months.

### Operating expenses

The Group's total operating expenses in the second quarter of 2018 were 21% higher at NOK 128.1 million (NOK 105.7 million), while for the first six months they were up 17% to NOK 249.3 million.

Cost of sales was NOK 23.8 million (NOK 17.6 million) in the second quarter of 2018. 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. For the first six months cost of sales was up 33% to NOK 44.7 million.

Personnel expenses were NOK 86.2 million (NOK 70.8 million) in the second quarter of 2018, which represents an increase of 22%. This is partially explained by an increase of 15% in the average number of employees. In addition, there was less capitalisation of labour related to product development. For the first six months personnel expenses were up 17% to NOK 168.3 million.

Other operating expenses were NOK 12.9 million in the second quarter of 2018, which was NOK 0.7 million higher than the same period last year. For the first six months other operating expenses were up 3% to NOK 25.9 million.

Depreciation and amortisation totalled NOK 5.2 million (NOK 5.2 million) in the second quarter and NOK 10.4 million (NOK 10.0 million) for the first six months.

### Operating result

The operating result before depreciation and amortisation (EBITDA) for the second quarter of 2018 was a profit of NOK 14.7 million (NOK 12.9 million), while the operating result (EBIT) was a profit of NOK 9.4 million (NOK 7.8 million). The EBIT margin for the second quarter of 2018 was 6.9% as compared to 6.8% in the second quarter of 2017.

The second quarter of 2018 contained three more working days than the second quarter of 2017 due to the Easter holidays falling earlier in 2018. This is estimated to have had an impact on both revenue and earnings of more than NOK 3 million.

Net financial items were NOK -0.1 million (NOK -0.3 million) in the second quarter of 2018 and NOK -1.6 million (NOK -0.6 million) in the first six months.

The result before tax for the second quarter of 2018 was a profit of NOK 9.3 million (NOK 7.5 million) and for the first six months of 2018 was a profit of NOK 17.8 million (NOK 18.4 million). Accrued tax expense totalled NOK 2.3 million (NOK 1.8 million) for the second quarter and NOK 4.3 million (NOK 4.5 million) for the first six months of 2018.

### Cash flow, liquidity and equity

Cash flow from operating activities was NOK 21.6 million (NOK 5.5 million) in the second quarter of 2018 and NOK 13.3 million (NOK 4.7 million) for the first six months of 2018. This represents the strongest seasonally-adjusted cash conversion rate in the last five years. Cash flow from financing activities was significantly negative

at NOK -42.3 million (NOK -14.8 million) in the second quarter of 2018 as the company distributed a dividend and purchased a net two million of its own shares. The own shares were purchased for an upcoming share purchase programme for key employees and to cover outstanding option programmes.

Work in progress at 30 June 2018 was NOK 9.4 million lower than at 30 June 2017. The decrease was due to the effect of implementing IFRS 15 and was more than offset by the introduction of contract assets of NOK 18.7 million. Accounts receivable from customers and other receivables were respectively NOK 0.6 million and NOK 1.4 million higher than at 30 June 2017.

Accounts payable at 30 June 2018 were NOK 3.7 million higher than at 30 June 2017. Public duties payable was NOK 2.2 million higher than at the end of the second quarter of 2017, while tax payable was NOK 5.3 million, which is NOK 4.3 million lower than at 30 June 2017. Contract liabilities totalling NOK 11.1 million were added due to Itera adopting IFRS 15 in 2018. Other current liabilities were NOK 9.2 million higher.

Bank deposits totalled NOK 15.3 million (NOK 52.5 million) at 30 June 2018, and the Group had an undrawn credit facility of NOK 25 million.

The Group had interest-bearing liabilities totalling NOK 11.3 million (NOK 16.8 million) at 30 June 2018 related to financial lease agreements entered into in order to finance investments related to IT hosting contracts, with NOK 5.8 million of this amount representing current liabilities and NOK 5.5 million being non-current liabilities.

Itera purchased 2,500,000 and sold 499,393 own shares in the second quarter as part of employee share and option programmes. At 30 June 2018 Itera held 2,214,542 own shares.

Equity at 30 June 2018 totalled NOK 20.7 million (NOK 56.1 million). The significant decrease is due to the dividend distributed in the quarter and to Itera purchasing its own shares. The equity ratio was 11.3% (27.9%).

## Investment

The Group invested a total of NOK 8.0 million (NOK 3.5 million) in the second quarter of 2018 and NOK 13.5 million (NOK 6.2 million) in the first six months of 2018. A significant part of this was related to fittings and furniture for Itera's new office in Kiev.

Investment in Itera's IT hosting activities amounted to NOK 1.9 million (NOK 0.3 million) in the second quarter of 2018 and NOK 2.2 million (NOK 1.2 million) in the first six months of 2018. Leasing accounted for NOK 1.5 million (NOK 0.2 million) of the former amount and NOK 1.7 million (NOK 1.0 million) of the latter amount. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 1.6 million (NOK 2.5 million) in the second quarter and NOK 4.7 million (NOK 5.2 million) in the first six months of 2018. Investment in office equipment, furniture and fittings for new office premises amounted to NOK 5.3 million (NOK 0.3 million) in the second quarter and NOK 7.7 (NOK 1.0 million) in the first six months of 2018.

## Dividend

The Annual General Meeting on 22 May 2018 approved the Board's proposal for an ordinary dividend payment of NOK 0.25 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

The Group's position as a specialist at creating digital business is strong. The range of services it offers is both unique and in demand from the market as a result of digitalisation in all industries. Artificial intelligence (AI), big data and cloud platforms are seeing significant interest and demand not only from small and medium-sized companies with the ability to move fast, but also from large organisations in both the private and public sectors.

## Market and customer development

In the second quarter of 2018, the Group entered into new or extended agreements with strong brands including UEFA, Santander, yA Bank, Nets, Gjensidige Forsikring, Össur, VPS, KLP, Sbanken and If.

The Group considers the assignment for UEFA in Switzerland as especially significant due to the use of innovative technology and the international scope. UEFA chose Itera to set up the technology platform to handle real-time data at massive scale delivered to the entire eco-system of football in Europe (Champions League, Europa League, Nations League). The data will include persons (management, referees etc.), players, teams, club rankings, league setup, travel logistics, results and live streaming of all matches. The target group is consumers of information related to European football through web, broadcasting and apps, for example supporters, media or betting companies.

## One of the most innovative companies – for the third time

In the second quarter Itera was named as one of Norway's most innovative companies across all industries for the third year in a row.

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 2018, including DNB, Telenor, Maemo, Tine, The Norwegian Tax Administration, Sbanken and DNV GL.

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. Itera proves that executive-led innovation is profitable and a smart investment strategy".

## Innovation as part of the organizational culture

To contribute to the Group's growth ambitions, the Group arranges an annual open innovation competition called "Itera Game Changer". The 2018 edition was held in the second quarter. The Group defines a "game changer" as an initiative (idea, partnership, spin off, agreement etc.) that has a realistic potential to significantly increase Itera's revenue over a 12-24 month perspective.

Itera invited the Group's very skilled, highly experienced, commercially insightful and very creative employees to participate in the competition. The employees themselves were free to decide whether they would work alone or as part of a team that they would form with other colleagues or alternatively by inviting external participants. To win, entrants had to come up with a business concept that is scalable and has significant market potential.

A broad range of ideas were presented, and all attendees and participants were able to vote to decide which one would win. The winning idea was an insurance portal that presents and analyses all your insurance terms and policies - regardless of company.

## DevOps and digital platforms as strategic focus areas

DevOps and digital platforms are strategic focus areas at Itera. During the second quarter, the Group continued its work on building a strong team in these areas in order to ensure it is at the forefront of developing and operating next-generation solutions based on advanced services within AI, big data and IoT that are available on new digital platforms.

The Group is focusing both on horizontal digital platforms like Microsoft Azure, Amazon Web Services (AWS) and Google Cloud as well as on new industry-specific platforms dominated by major companies with the strengths and abilities needed to change industries.

## A beacon of expertise

Itera aims to be a beacon of expertise in its core areas. In the second quarter, the CEO of Itera, Arne Mjøs, was invited to present the Group's view on digital platforms at Future Insight 2030, an international conference that took place at Oslo Opera House. The title of Arne Mjøs' address was "Towards the platform economy", and he spoke to several hundred participants about how horizontal and vertical digital platforms will change most industries in the near future. One of the key takeaways was to focus on the leading horizontal platforms that have the most ground-breaking AI, such as Microsoft Azure, Amazon Web Services and Google Cloud to enable new business models.

## The only approved data processor in the Nordics

The European Commission department for Justice and Consumers is responsible for EU policy on justice, consumer rights and gender equality. In the second quarter, the Commission published a list of companies for which the EU BCR cooperation procedure is closed and approval had been granted. Itera is the only company in the Nordics approved as a data processor.

Itera's routines for transferring personal data to countries outside the EU was, after thorough review, approved by the data protection authorities of Norway, Sweden and Denmark in 2017. This is the first time such approval has been granted to a Norwegian company.

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 outside Norway, other Nordic or international 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 26% in the second quarter of 2018 and accounted for 80% of the Group's operating revenue, up from 76% in the second quarter of 2017.

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.

A good example of this scalability is Itera's entry model into the Icelandic market that is now served by more than 45 of Itera's consultants who work in a number of the company's different locations.

## Recruitment with a long-term focus

In addition to working in a very focused way on continuous recruitment, Itera annually 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 program. In the second quarter, Itera welcomed 27 students from NTNU, the University of Oslo, Copenhagen Business School, NHH and OsloMet. The students were divided into groups, each led by one of Itera's project managers, and were challenged to solve strategic issues for four of the Group's customers.

## Organisation

The Group's headcount at the end of the second quarter of 2018 was 486 as compared to 430 at the end of the second quarter of 2017.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 44% (39%) at the end of the second quarter. The Group has development centres in Slovakia and Ukraine, and is approaching its long term strategic target of achieving a nearshore ratio of more than 50%.

## 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 2017.

## 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 2018 will be published and presented on 19 October 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 30 June 2018 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, 17 August 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

Erik Berg Solheim  
Board Member/Employee Representative

Charlotte Bech Blindheim  
Board Member/Employee Representative

Arne Mjøs  
CEO

# STATEMENT OF CONSOLIDATED INCOME

All figures in NOK 1000	2018 4-6	2017 4-6	change	change %	2018 1-6	2017 1-6	change %	2017 1-12
<b>Sales revenue</b>	<b>137 571</b>	<b>113 497</b>	<b>24 074</b>	<b>21 %</b>	<b>268 722</b>	<b>232 066</b>	<b>16 %</b>	<b>475 025</b>
<b>Operating expenses</b>								
Cost of sales	23 810	17 649	6 161	35 %	44 667	33 625	33 %	73 360
<b>Gross Profit</b>	<b>113 760</b>	<b>95 848</b>	<b>17 912</b>	<b>19 %</b>	<b>224 055</b>	<b>198 441</b>	<b>13 %</b>	<b>401 666</b>
<i>Gross Margin</i>	83 %	84 %	-2 %	-1.8 pts	83 %	86 %		85 %
Personnel expenses	86 206	70 768	15 437	22 %	168 252	144 219	17 %	294 316
Depreciation	5 228	5 162	67	1 %	10 428	10 027	4 %	20 335
Other operating expenses	12 877	12 146	731	6 %	25 910	25 140	3 %	47 682
<b>Total operating expenses</b>	<b>128 121</b>	<b>105 725</b>	<b>22 396</b>	<b>21 %</b>	<b>249 257</b>	<b>213 012</b>	<b>17 %</b>	<b>435 692</b>
<b>Operating profit</b>	<b>9 450</b>	<b>7 772</b>	<b>1 678</b>	<b>22 %</b>	<b>19 465</b>	<b>19 055</b>	<b>2 %</b>	<b>39 333</b>
<b>Financial items</b>								
Other financial income	63	169	-106	-63 %	218	434	-50 %	713
Other financial expenses	202	469	-267	-57 %	1 837	1 045	76 %	1 721
<b>Net financial items</b>	<b>-139</b>	<b>-300</b>	<b>162</b>	<b>54 %</b>	<b>-1 619</b>	<b>-611</b>	<b>-165 %</b>	<b>-1 008</b>
<b>Ordinary profit before tax</b>	<b>9 311</b>	<b>7 471</b>	<b>1 839</b>	<b>25 %</b>	<b>17 846</b>	<b>18 443</b>	<b>-3 %</b>	<b>38 325</b>
Tax expense	2 336	1 833	503	27 %	4 338	4 462	-3 %	8 691
<b>Profit for the period</b>	<b>6 975</b>	<b>5 638</b>	<b>1 337</b>	<b>24 %</b>	<b>13 508</b>	<b>13 982</b>	<b>-3 %</b>	<b>29 635</b>
Earnings per share	0.09	0.07	0.02	25 %	0.17	0.17	-3 %	0.36
Fully diluted earnings per share	0.08	0.07	0.02	24 %	0.16	0.17	-4 %	0.36
<b>Statement of other income and costs</b>								
Currency translation differences	-197	74	-271	-365 %	-394	339	-216 %	693
Profit for the period	6 975	5 638	1 337	24 %	13 508	13 982	-3 %	29 635
<b>Total profit</b>	<b>6 778</b>	<b>5 713</b>	<b>1 065</b>	<b>19 %</b>	<b>13 114</b>	<b>14 320</b>	<b>-8 %</b>	<b>30 328</b>
Attributable to:								
Shareholders in parent company	6 778	5 713	1 065	19 %	13 114	14 320	-8 %	30 328

# STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	Note	2018 30 Jun	2017 30 Jun	change	change %	2017 31 Dec
<b>ASSETS</b>						
<b>Non-current assets</b>						
Deferred tax assets		3 490	3 379	111	3 %	3 023
Other intangible assets		23 436	17 576	5 860	33 %	22 272
Fixed assets		24 752	23 024	1 728	8 %	21 235
<b>Total non-current assets</b>		<b>51 678</b>	<b>43 979</b>	<b>7 699</b>	<b>18 %</b>	<b>46 530</b>
<b>Current assets</b>						
Work in progress		4 344	13 719	-9 374	-68 %	15 794
Accounts receivable		71 016	70 425	591	1 %	70 364
Contract assets	3	18 731	0	18 731	0 %	0
Other receivables		21 837	20 393	1 444	7 %	21 230
Bank deposits		15 336	52 493	-37 157	-71 %	59 854
<b>Total current assets</b>		<b>131 264</b>	<b>157 030</b>	<b>-25 765</b>	<b>-16 %</b>	<b>167 241</b>
<b>TOTAL ASSETS</b>		<b>182 942</b>	<b>201 008</b>	<b>-18 066</b>	<b>-9 %</b>	<b>213 771</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital		24 656	24 656	0	0 %	24 656
Other equity		-17 461	17 431	-34 892	-200 %	-3 653
Net profit for the period		13 508	13 982	-473	-3 %	29 635
<b>Total equity</b>		<b>20 703</b>	<b>56 069</b>	<b>-35 365</b>	<b>-63 %</b>	<b>50 638</b>
<b>Non-current liabilities</b>						
Non-current interest bearing liabilities		5 510	10 056	-4 546	-45 %	6 799
<b>Total non-current liabilities</b>		<b>5 510</b>	<b>10 056</b>	<b>-4 546</b>	<b>-45 %</b>	<b>6 799</b>
<b>Current liabilities</b>						
Accounts payable		24 530	20 839	3 691	18 %	20 710
Tax payable		5 286	9 547	-4 261	-45 %	8 531
Public duties payable		27 611	25 438	2 173	9 %	33 041
Contract liabilities	3	11 050	0	11 050	0 %	0
Other short-term liabilities		88 252	79 059	9 193	12 %	94 052
<b>Total current liabilities</b>		<b>156 728</b>	<b>134 883</b>	<b>21 845</b>	<b>16 %</b>	<b>156 334</b>
<b>Total liabilities</b>		<b>162 239</b>	<b>144 939</b>	<b>17 299</b>	<b>12 %</b>	<b>163 133</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>182 942</b>	<b>201 008</b>	<b>-18 066</b>	<b>-9 %</b>	<b>213 771</b>
<b>Equity ratio</b>		<b>11.3 %</b>	<b>27.9 %</b>		<b>-16.6 pts</b>	<b>23.7 %</b>



# STATEMENT OF CASH FLOW

	2018	2017	change	change	2018	2017	change	2017
All figures in NOK 1000	4-6	4-6		%	1-6	1-6	%	1-12
<b>Cash flow from operating activities</b>								
Profit before taxes	9 311	7 471	1 839	306 %	17 846	18 443	-3 %	38 325
Tax paid	-3 405	-1 397	-2 008	30 %	-7 864	-3 099	-154 %	-8 708
Depreciation	5 228	5 162	67	7644 %	10 428	10 027	4 %	20 335
Change in work in progress	5 821	7 273	-1 452	601 %	5 332	593	800 %	-1 482
Change in accounts receivable	6 818	-6 737	13 555	-150 %	-652	-14 486	96 %	-14 425
Change in accounts payable	3 378	2 567	811	216 %	3 820	-3 603	206 %	-3 732
Change in other accruals	-5 050	-9 706	4 656	-308 %	-15 252	-3 181	-379 %	18 713
Effect of currency changes	-528	858	-1 386	162 %	-314	33	-1060 %	639
<b>Net cash flow from operating activities</b>	<b>21 573</b>	<b>5 491</b>	<b>16 082</b>	<b>-66 %</b>	<b>13 345</b>	<b>4 726</b>	<b>182 %</b>	<b>49 664</b>
<b>Cash flow from investment activities</b>								
Investment in fixed assets	-6 445	-982	-5 462	82 %	-8 853	-1 013	-774 %	-6 041
Investment in intangible assets	-1 553	-2 500	947	-364 %	-4 654	-5 185	10 %	-13 418
<b>Net cash flow from investment activities</b>	<b>-7 998</b>	<b>-3 483</b>	<b>-4 515</b>	<b>23 %</b>	<b>-13 507</b>	<b>-6 198</b>	<b>-118 %</b>	<b>-19 458</b>
<b>Cash flow from financing activities</b>								
Purchase of own shares	-22 556	-1 590	-20 966	92 %	-22 556	-1 590	-1319 %	-1 590
Sales of own shares	2 868	3 643	-775	570 %	2 868	3 643	-21 %	3 298
Borrowings repaid	-2 076	-2 226	150	-1586 %	-4 164	-4 543	8 %	-8 114
Dividend	-20 493	-14 620	-5 873	-149 %	-20 493	-14 620	-40 %	-35 113
<b>Net cash flow from financing activities</b>	<b>-42 257</b>	<b>-14 792</b>	<b>-27 465</b>	<b>46 %</b>	<b>-44 345</b>	<b>-17 110</b>	<b>-159 %</b>	<b>-41 519</b>
Currency effect on cash	4	-21	25	-184 %	-12	-17	33 %	75
<b>Net cash flow</b>	<b>-28 678</b>	<b>-12 805</b>	<b>-15 873</b>	<b>19 %</b>	<b>-44 518</b>	<b>-18 599</b>	<b>-139 %</b>	<b>-11 238</b>
Bank deposits at the beginning of the period	44 013	65 298	-21 285	407 %	59 854	71 092	-16 %	71 092
<b>Bank deposits at the end of the period</b>	<b>15 337</b>	<b>52 493</b>	<b>-37 157</b>	<b>241 %</b>	<b>15 336</b>	<b>52 493</b>	<b>-71 %</b>	<b>59 854</b>
<b>New borrowing related to leasing</b>	<b>1 478</b>	<b>227</b>	<b>1 251</b>	<b>-82 %</b>	<b>1 651</b>	<b>1 027</b>	<b>61 %</b>	<b>1 577</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 2016</b>	<b>24 656</b>	<b>-290</b>	<b>480</b>	<b>-928</b>	<b>30 397</b>	<b>54 315</b>
Comprehensive income for the year 2017	0	0	0	693	29 635	<b>30 328</b>
Option costs	0	0	216	0	-1 134	<b>-918</b>
Employee share purchase programme	0	0	318	0	0	<b>318</b>
Purchase of own shares	0	-75	0	0	-1 515	<b>-1 590</b>
Sale of own shares	0	300	0	0	2 998	<b>3 298</b>
Dividend	0	0	0	0	-35 113	<b>-35 113</b>
<b>Shareholders' equity as of 31 Dec 2017</b>	<b>24 656</b>	<b>-64</b>	<b>1 014</b>	<b>-235</b>	<b>25 268</b>	<b>50 637</b>
Implementation of IFRS 15	0	0	0	0	-2 961	<b>-2 961</b>
Comprehensive income year to date 2018	0	0	0	-302	13 508	<b>13 206</b>
Option and employee share purchase programmes	0	150	2 718	0	0	<b>2 868</b>
Purchase of own shares	0	-750	0	0	-21 806	<b>-22 556</b>
Dividend	0	0	0	0	-20 493	<b>-20 493</b>
<b>Shareholders' equity as of 30 Jun 2018</b>	<b>24 656</b>	<b>-664</b>	<b>3 733</b>	<b>-537</b>	<b>-6 484</b>	<b>20 703</b>

# NOTES

## NOTE 1: TRANSACTIONS WITH RELATED PARTIED

There have been no material transactions with related parties during the reporting period 1 January 2018 to 30 June 2018.

## NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 30 June 2018 that would have a material effect on the interim accounts.

## NOTE 3: IMPLEMENTATION OF IFRS 15 – “REVENUE FROM CONTRACTS WITH CUSTOMERS”

The IASB has issued a new standard on the recognition of revenue, IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces IAS 18, which covers contracts for goods and services, and IAS 11 (Construction Contracts). Itera adopted IFRS 15 with effect from 1 January 2018.

The new standard is based on the principle of recognising revenue when control of goods or services transfers to a customer. The notion of control replaces the existing notion of risks and rewards. The most important change to current practice is that revenue from consulting services rendered that relate to subscription contracts in some cases will be recognised over the contract period for the subscription contract and not at point in time when the services are delivered as was previously the case. Under IFRS 15, control is considered to have been transferred when the subscription contracts are fulfilled, not when the services are rendered. The costs of fulfilling a contract, such as costs related to delivering the services mentioned, were under the previous accounting policy expensed as incurred. IFRS 15 requires such costs to be capitalised as contract assets if the amortisation period is more than 12 months. The amortisation period is the expected contract period, including renewals. Payments from customers for delivering these services are under IFRS considered prepayments and classified as contract liabilities under current liabilities. Itera has reconsidered its approach and will use the prospective approach in adopting the standard, which means that the cumulative impact of adopting the standard has been recognised in retained earnings at 1 January 2018. The new accounting standard will have some impact on the timing of when Itera recognises revenue, the cost of resources and tax. In addition, certain line items in the statement of financial position have changed, mainly in relation to contract assets and liabilities.

The tables below show the impact of IFRS 15 on the statement of consolidated income for 2018 and on the statement of financial position as at 30 June 2018. The impact on retained earnings at 1 January 2018 from the change in accounting principles has been estimated to be NOK -3.0 million.

## Condensed statement of income

All figures in NOK 1000	Old Principles 4-6 2018	Effect of IFRS 15	New Principles 4-6 2018	Old Principles 1-6 2018	Effect of IFRS 15	New Principles 1-6 2018
Sales revenue	137 558	13	137 571	269 221	-499	268 722
Cost of sales	24 045	-234	23 810	45 245	-578	44 667
Personnel expenses	86 018	188	86 206	168 677	-425	168 252
Depreciation	5 228	-	5 228	10 428	-	10 428
Other operating expenses	12 877	-	12 877	25 910	-	25 910
<b>Operating profit</b>	<b>9 390</b>	<b>60</b>	<b>9 450</b>	<b>18 961</b>	<b>504</b>	<b>19 465</b>
Net financial items	-52	-86	-139	-1 446	-173	-1 619
<b>Ordinary profit before tax</b>	<b>9 338</b>	<b>-27</b>	<b>9 311</b>	<b>17 515</b>	<b>331</b>	<b>17 846</b>
Tax expense	2 342	-6	2 336	4 262	76	4 338
<b>Profit for the period</b>	<b>6 995</b>	<b>-21</b>	<b>6 975</b>	<b>13 253</b>	<b>255</b>	<b>13 508</b>

## Condensed statement of financial position

All figures in NOK 1000	Old Principles 30 Jun 2018	Effect of IFRS 15	New Principles 30 Jun 2018
<b>ASSETS</b>			
Deferred tax assets	2 682	808	3 490
Other intangible assets	23 436	0	23 436
Fixed assets	24 752	0	24 752
<b>Total non-current assets</b>	<b>50 869</b>	<b>808</b>	<b>51 678</b>
Work in progress	15 236	-10 892	4 344
Accounts receivable	71 016	0	71 016
Contract assets	0	18 731	18 731
Other receivables	21 837	0	21 837
Bank deposits	15 336	0	15 336
<b>Total current assets</b>	<b>123 426</b>	<b>7 839</b>	<b>131 264</b>
<b>TOTAL ASSETS</b>	<b>174 295</b>	<b>8 647</b>	<b>182 942</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Total equity</b>	<b>23 409</b>	<b>-2 706</b>	<b>20 703</b>
Non-current interest bearing liabilities	5 510	0	5 510
<b>Total non-current liabilities</b>	<b>5 510</b>	<b>0</b>	<b>5 510</b>
Accounts payable	24 530	0	24 530
Tax payable	5 286	0	5 286
Public duties payable	27 611	0	27 611
Contract liabilities	0	11 050	11 050
Other short-term liabilities	87 949	303	88 252
<b>Total current liabilities</b>	<b>145 376</b>	<b>11 353</b>	<b>156 728</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>174 295</b>	<b>8 647</b>	<b>182 942</b>
<b>Equity ratio</b>	<b>13.4 %</b>	<b>-2.1 pts</b>	<b>11.3 %</b>

### NOTE 4: ALTERNATIVE PERFORMANCE MEASURES

In accordance with the guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs), 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, tax, depreciation and amortisation. It is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

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

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

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

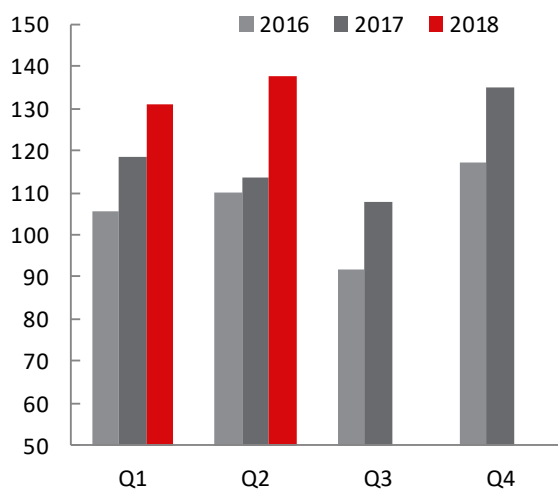
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

# KEY FIGURES

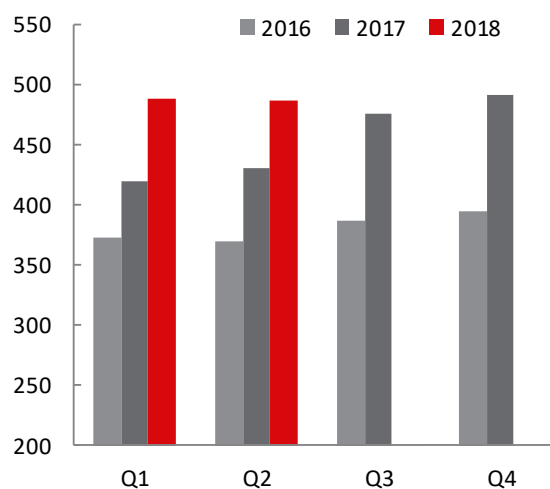
All figures in NOK 1000	2018 4-6	2017 4-6	change %	2018 1-6	2017 1-6	change %
<b>Profit &amp; Loss</b>						
Sales revenue	137 571	113 497	21 %	268 722	232 066	16 %
Gross profit 1	113 760	95 848	19 %	224 055	198 441	13 %
EBITDA	14 678	12 933	13 %	29 893	29 082	3 %
EBITDA margin	10.7 %	11.4 %	-0.7 pts	11.1 %	12.5 %	-1.4 pts
Operating profit (EBIT)	9 450	7 772	22 %	19 465	19 055	2 %
EBIT margin	6.9 %	6.8 %	0 pts	7.2 %	8.2 %	-1 pts
Profit before taxes	9 311	7 471	25 %	17 846	18 443	-3 %
Profit for the period	6 975	5 638	24 %	13 508	13 982	-3 %
<b>Balance sheet</b>						
Non-current assets	51 678	43 979	18 %	51 678	43 979	18 %
Bank deposits	15 336	52 493	-71 %	15 336	52 493	-71 %
Other current assets	115 928	104 537	11 %	115 928	104 537	11 %
Total assets	182 942	201 008	-9 %	182 942	201 008	-9 %
Equity	20 703	56 069	-63 %	20 703	56 069	-63 %
Total current liabilities	156 728	134 883	16 %	156 728	134 883	16 %
Equity ratio	11.3 %	27.9 %	-16.6 pts	11.3 %	27.9 %	-16.6 pts
Current ratio	0.84	1.16	-28 %	0.84	1.16	-28 %
<b>Cash flow</b>						
Net cash flow from operating activities	21 573	5 491	293 %	13 345	4 726	182 %
Net cash flow	-28 678	-12 805	-124 %	-44 518	-18 599	-139 %
<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	80 972 386	81 596 934	-1 %	81 472 537	81 409 057	0 %
Weighted average diluted shares outstanding	82 132 421	82 606 168	-1 %	82 519 705	82 384 648	0 %
Profit per share	0.09	0.07	25 %	0.17	0.17	-3 %
Diluted Profit per share	0.08	0.07	24 %	0.16	0.17	-4 %
EBITDA per share	0.18	0.16	14 %	0.37	0.36	3 %
Equity per share	0.26	0.69	-63 %	0.25	0.69	-63 %
Dividend per share	0.25	0.18	39 %	0.25	0.18	39 %
<b>Employees</b>						
Number of employees at the end of the period	486	430	13 %	486	430	13 %
Average number of employees	486	424	15 %	487	418	17 %
Operating revenue per employee	283	268	6 %	552	556	-1 %
Gross profit 1 per employee	234	226	4 %	460	475	-3 %
Personnel expenses per employee	177	167	6 %	345	345	0 %
Other operating expenses per employee	27	29	-8 %	53	60	-12 %
EBITDA per employee	30	31	-1 %	61	70	-12 %
EBIT per employee	19	18	6 %	40	46	-12 %

# QUARTERLY DEVELOPMENT 2015-2018

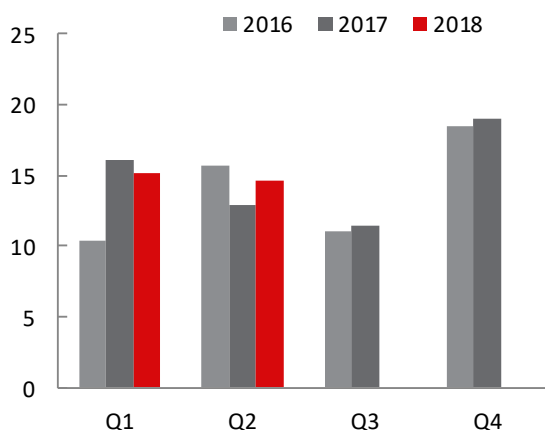
**Revenues**  
NOK million



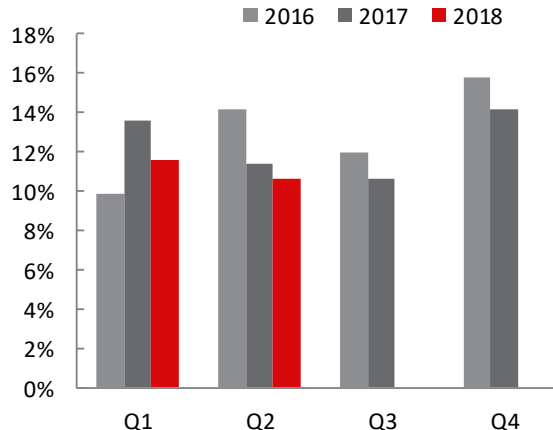
**Employees**  
End of period



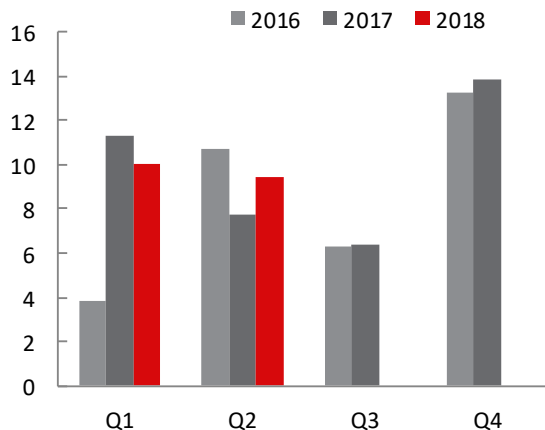
**EBITDA**  
NOK million



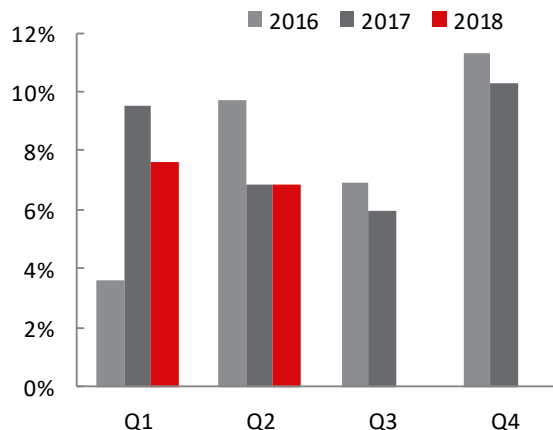
**EBITDA margin**  
%



**EBIT**  
NOK million



**EBIT margin**  
%





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