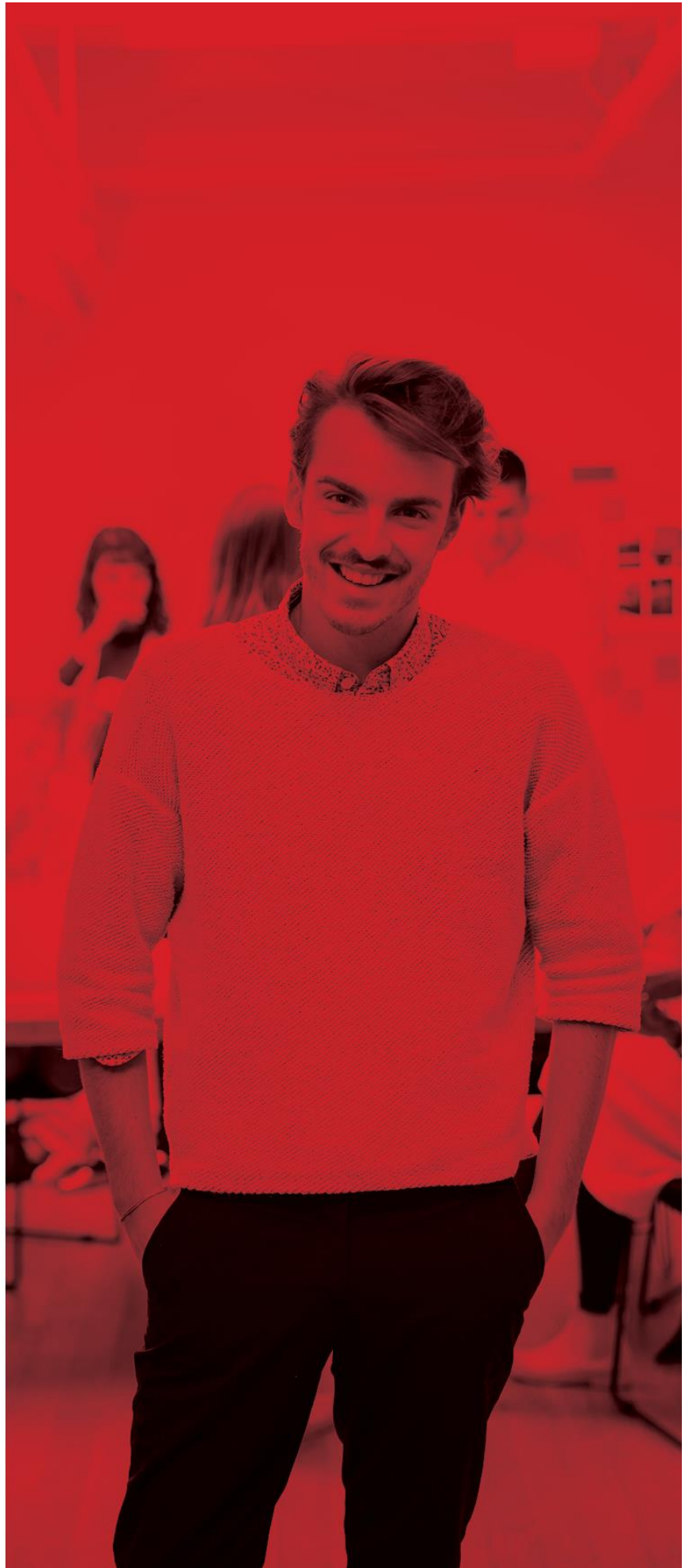


Q1
2019

itera
MAKE A DIFFERENCE



HIGHLIGHTS Q1

JANUARY – MARCH 2019

- Operating revenue NOK 142.8 million (NOK 131.2 million), representing growth of 9%
- EBITDA NOK 22.3 million (NOK 15.2 million) and an EBITDA margin of 15.6% (11.6%)
 - Comparative EBITDA before accounting change (IFRS 16 Lease) NOK 18.8 million and EBITDA margin of 13.2%
- EBIT NOK 13.8 million (NOK 10.0 million) and an EBIT margin of 9.7% (7.6%)
- Cash flow from operations NOK -8.5 million (NOK -8.2 million)
- Cash and cash equivalents NOK 43.2 million (NOK 44.0 million)
- Treasury shares valued at NOK 10.2 million
- Equity ratio 22% (25%)

ACTIVITIES AND SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- First-quarter operating revenue from Itera's core digital business was up 10% compared with the same period last year, while revenue from Itera's data centre operations was up 6%.
- The cost-cutting programme implemented in relation to Itera's traditional data centre operations improved EBIT by NOK 3 million compared with the same period in 2018.
- Itera consolidated its three data centres into two at the end of the quarter and terminated its web shop for hardware equipment.
- Cash flow from operations was negatively impacted by major receivables that fell due on the last weekend of March being received at the beginning of April.
- Itera had a strong order intake for its core digital business with a book-to-bill ratio of 2.3. Itera entered into new or extended contracts with customers such as Trafysys, Santander, BKK, Visavi Technology, Strand Unikorn, Loomis, Onninen, BITS, OBOS and JBF (Jernbanepersonalets Bank og Forsikring).
- The Board confirmed its prior resolution to propose the payment of an ordinary dividend of NOK 0.25 per share to the Annual General Meeting.

KEY FIGURES

	2019	2018	change	change	2018
	1-3	1-3		%	1-12

Amounts in NOK million

	2019	2018	change	change	2018
	1-3	1-3		%	1-12
Sales revenue	142.8	131.2	11.6	9 %	531.3
Gross profit	122.6	110.3	12.3	11 %	444.0
EBITDA	22.3	15.2	7.1	46 %	64.0
EBITDA margin	15.6 %	11.6 %	4 pts	4 pts	12.0 %
Operating profit (EBIT)	13.8	10.0	3.8	38 %	42.8
EBIT margin	9.7 %	7.6 %	2 pts	2 pts	8.1 %
Profit before tax	12.9	8.5	4.3	51 %	41.4
Profit for the period	9.7	6.5	3.2	49 %	31.7
Profit margin	6.8 %	5.0 %	1.8 pts	1.8 pts	6.0 %
Net cash flow from operating activities	(8.5)	(8.2)	(0.3)	(3 %)	56.8
No. of employees at the end of the period	488	489	(1)	(0 %)	486

GROUP PERFORMANCE IN THE FIRST QUARTER OF 2019

FINANCIAL PERFORMANCE

The comments below relate to Itera's performance in the first quarter of 2019 compared to the first quarter of 2018 unless otherwise stated. The figures given in brackets in this report refer to the equivalent period in 2018. Please refer to Note 5 for a description of the alternative performance measures used.

Itera (the Group) consists of Itera ASA (the Company) and its subsidiaries. Itera ASA is a public limited liability company, incorporated in Norway and listed on the Oslo stock exchange with the ticker ITE. The condensed consolidated interim financial statements cover the Group and the Group's subsidiaries. As a result of rounding differences, some numbers and percentages may not add up to the totals given.

Summary for the first quarter of 2019

Itera achieved organic revenue growth of 9% in the first quarter of 2019 relative to the first quarter of 2018. This was driven by revenue growth from Itera's core digital business of 10%, with Norway and Itera's nearshore delivery centres in Ukraine and Slovakia making a particularly strong contribution to this.

The Group's operating profit (EBIT) for the first quarter of 2019 was NOK 13.8 million (NOK 10.0 million), giving an EBIT margin of 9.7% (7.6%). The first quarter of 2019 contained one more working day than the first quarter of 2018. One working day normally has a positive impact of approximately NOK 1.5 million on revenue and operating profit.

Accounting principles

These interim condensed consolidated financial statements for the quarter ending 31 March 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual report for 2018. The accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, with the exceptions stated below. The interim financial information contained in this report has not been audited or reviewed.

IFRS 16 Leases

IFRS 16 Leases (effective from 1 January 2019) establishes significant new accounting policies for lessees. IFRS 16 eliminates the current distinction between operating and finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. Implementing IFRS 16 increased lease liabilities and right of use assets by NOK 54 million as at 1 January, this having a corresponding dilutive effect on the equity ratio. In addition, lease principal repayments have been reclassified from operating expenses to depreciation. This increases reported EBITDA compared to the previous standard. Please refer to Note 3 for further information.

Operating revenue

Itera reports operating revenue of NOK 142.8 million (NOK 131.2 million) for the first quarter of 2019, which represents growth of 9%. This growth was predominantly from Itera's core digital business, the revenue from which increased to NOK 107.1 million from NOK 97.4 million (+10%), while the revenue generated by Itera's traditional data centre operations increased by 6% from NOK 33.7 million to NOK 35.7 million.

Gross profit (revenue minus cost of goods sold) was NOK 122.6 million (NOK 110.3 million) in the first quarter, an increase of 11%.

Operating expenses

Itera's total operating expenses in the first quarter of 2019 were 6% higher at NOK 128.9 million (NOK 121.1 million).

Cost of sales was NOK 20.2 million (NOK 20.9 million) in the first quarter of 2019. Cost of sales principally consists of services purchased from sub-contractors, costs related to Itera'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 90.3 million (NOK 82.0 million) in the first quarter of 2019, which represents an increase of 10%. This increase was partly due to less capitalisation of product development.

Other operating expenses were NOK 10.0 million (NOK 13.0 million) in the first quarter of 2019. The decrease was due to lease costs totalling NOK 3.5 million being reclassified due to the adoption of IFRS 16, with the majority of this amount reclassified to depreciation expense.

Depreciation and amortisation totalled NOK 8.5 million (NOK 5.2 million) in the first quarter, with NOK 3.3 million of this amount due to the impact of IFRS 16.

Operating result

The operating result before depreciation and amortisation (EBITDA) for the first quarter of 2019 was a profit of NOK 22.3 million (NOK 15.2 million), positively impacted by the adoption of IFRS 16 with effect from 1 January 2019 (see note 3 for further details). Excluding the effect of IFRS 16 adoption, EBITDA in the first quarter of 2019 was NOK 18.8 million with corresponding EBITDA margin of 13.2%. The operating result (EBIT) was a profit of NOK 13.8 million (NOK 10.0 million). The EBIT margin for the first quarter of 2019 was 9.7% as compared to 7.6% in the first quarter of 2018.

Itera's earnings from its core digital business were NOK 13.7 million (NOK 12.7 million), giving an EBIT margin of 12.8% (13.0%). Itera's earnings from its traditional data centre operations were NOK 0.1 million (NOK -2.7 million), giving an EBIT margin of 0.3% (-8.0%). The transformation program to shift Itera's data centre operations to cloud offerings is progressing in line with the plan.

The result before tax for the first quarter of 2019 was a profit of NOK 12.9 million (NOK 8.5 million). Tax expense accrued for the first quarter totalled NOK 3.1 million (NOK 2.0 million).

Cash flow, liquidity and equity

Net cash flow from operating activities was NOK -8.5 million (NOK -8.2 million) in the first quarter of 2019. As in the first quarter of 2018, the collection of customer receivables was negatively impacted by a significant number of invoices falling due on the last weekend of March.

Net cash outflow for investing activities was NOK 2.5 million (NOK 5.5 million) in the first quarter of 2019, of which NOK 1.0 million (NOK 2.4 million) was for office equipment, furniture and fittings. An additional NOK 3.2 million (NOK 0.2 million) investment was financed through leasing, and this was primarily to upgrade and consolidate Itera's data centres from three to two locations. Investment in intangible assets, including investment in intellectual

property rights, totalled NOK 1.6 million (NOK 3.1 million).

There was a net cash outflow for financing activities of NOK 1.0 million (NOK 2.1 million) in the first quarter of 2019.

Work in progress at 31 March 2019 was NOK 7.5 million lower than at 31 March 2018, while capitalised contract costs were NOK 3.5 million lower. The capitalised contract costs are related to deferred revenue recognition under IFRS 15. Accounts receivable and other receivables were respectively NOK 2.5 million and NOK 2.2 million lower than at 31 March 2018.

Accounts payable at 31 March 2019 was unchanged at NOK 21.2 million. Public duties payable was NOK 1.8 million lower than at the end of the first quarter of 2018, while tax payable was NOK 6.7 million, which is NOK 0.2 million higher than at 31 March 2018. Contract liabilities at 31 March 2019 were NOK 14.9 million higher at NOK 26.0 million. This was due to a reclassification of customer prepayments from other short-term liabilities, which were reduced by NOK 29.6 million to NOK 45.7 million.

Cash and cash equivalents amounted to NOK 43.2 million at 31 March 2019, compared to NOK 44.0 million at 31 March 2018. At the end of the period, Itera had an undrawn credit facility of NOK 25 million.

Itera had lease liabilities totalling NOK 61.4 million (NOK 11.9 million) at 31 March 2019, which represents a net increase of NOK 49.5 million. NOK 50.5 million of the lease liabilities relates to the capitalisation of the present value of future lease and rental obligations under the new IFRS 16 Leases standard, while the rest relates to financial lease agreements entered into to finance investments related to IT hosting contracts. NOK 17.7 million of the lease liabilities are current liabilities that fall due within 12 months, while NOK 43.7 million are classified as non-current liabilities.

Itera did not purchase or sell any of its own shares in the first quarter. At 31 March 2019 Itera held 1,242,165 own shares, valued at NOK 10.2 million.

Equity at 31 March 2019 totalled NOK 57.0 million (NOK 54.0 million at 31 March 2018). The equity ratio was 22.3% (24.7%). The equity ratio was negatively impacted by 5.5 percentage points as a result of the adoption of IFRS 16 with effect from 1 January 2019.

Dividend

At its meeting on 14 February 2019, the Board of Directors passed a resolution to propose an ordinary dividend of NOK 0.25 per share at the Annual General Meeting on 21 May 2019. It will also ask for its authorisation to approve possible additional dividends to be renewed.

BUSINESS REVIEW

Itera'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. The Internet of things (IoT), artificial intelligence (AI), big data and cloud platforms are attracting 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 first quarter of 2019, Itera had a strong order intake in its core digital business with a book-to-bill ratio of 2.3 and entered into new or extended contracts with customers such as Trafsys, Santander, BKK, Visavi Technology, Strand Unikorn, Loomis, Onninen, BITS, OBOS and JBF (Jernbanepersonalets Bank og Forsikring).

Itera works as a partner to many organisations that want to advance society by making the most of the opportunities offered by high-quality user experiences and future-oriented technologies. An example from the first quarter is the cash management company Loomis, whose Anti-Money Laundering solution Itera worked to

further develop. Loomis has an important role in society as a distributor of cash and aims to help to reduce crime. Loomis' Anti Money Laundering solution helps to prevent crime as it automatically generates alerts in the event of unusual activity, e.g. if there is a change in the amount of cash that Loomis collects from a customer. The agreement was a good strategic fit as it was based on our multidisciplinary approach as ONE Itera, and involved Itera's expertise in frontend, backend, user experience, functional architecture and testing.

Another example of how Itera works as a partner can be found in the digital health area. Millions of people experience reduced mobility and quality of life as a result of accidents or diseases. Many people benefit from products such as support braces or prosthetic solutions. Össur, a global leader in non-invasive orthopaedic products, is the company behind the app SmartMeasure, developed for specialists to use with patients. The app uses the iPhone's gyroscopic sensor technology to take accurate measurements so that each patient gets an individually tailored product. A team from Itera is involved in both developing and testing the SmartMeasure app.

Digital twins

Knowledge sharing is a part of Itera's culture and is practiced not only internally but also externally, as Itera's employees deliver lectures at universities and talks at conferences and organise open community events. One example from the first quarter was an event that was open to both employees and non-employees that addressed the concept of digital twins.

Itera was selected by Microsoft HQ in Redmond to be one of the first companies in Europe to build expertise and capabilities related to Azure Digital Twins. Azure Digital Twins is based on Microsoft's IoT platform and is designed to enable comprehensive digital models of physical objects to be created. Digital twins make it possible to model relationships and interactions between people, spaces and sensors and to build reusable and scalable models that link data streams between the digital and physical worlds. This technology is a key enabler of future connected industries, such as smart utility & energy services, smart buildings and smart cities.

Itera's robust understanding of the theory as well as its significant hands-on experience of building such models means it has a solid basis for creating new concepts for our customers.

Strategic partnership within Artificial Intelligence

A significant part of the Group's revenue is related to the banking, finance and insurance sectors, and the company can count most of the major companies in these sectors as customers. The assignments Itera undertakes in these areas span the entire range of services offered by the Group, including consulting, design, communication, development, testing and managed cloud services. The Group's considerable specialist knowledge is the basis for the regular market reports it publishes, which cover developments in strategic areas. To further strengthen Itera's role as a trusted adviser to its customers, in the first quarter Itera set up a strategic cooperation with Mito.ai, which specialises in artificial intelligence. Mito.ai has developed an artificial intelligence solution for understanding text data, regardless of the language in which the text is written.

More than three million news articles, job ads, public messages and social media posts are analysed daily. In the first quarter, these vast volumes of data were used to develop a new report on the current situation in the "race for artificial intelligence" taking place in the Nordic banking sector. The report provides decision makers at banks with the basis they need to understand trends, technologies and competitors, and has attracted significant interest from several of the largest organizations in the sector.

Continued growth in cloud services

As in previous quarters, we again saw a rapid shift toward using cloud-based solutions in the first quarter. A major change is that the cloud has become more secure than on-premises solutions. Security is becoming a key driver for moving to cloud, in addition to the new

capabilities it offers in relation to services and products for digital businesses.

Many companies are critically reviewing their on-premises security solutions in the context of the massive growth of IoT and are investing in more agile cloud solutions. The big story in cloud security is that big hacks and failures have not occurred. Cloud services are not getting breached. Most security incidents are the customer's fault.

Many new applications are built in the cloud as a first choice and many companies are working on further developing their existing solutions and IT infrastructure by moving to the cloud. In general, we can see that almost all our customers are planning to start using or to increase their use of cloud services in 2019.

Strong focus on technology platforms

Today, cloud-based technology platforms such as Microsoft Azure, Google Cloud and Amazon Web Services (AWS) include features and functionality that used only to be available to large companies. This democratisation of technology is ensuring that any business – whether a start-up or a small or large business – can take advantage of sophisticated technology due to the products and services being more affordable and user-friendly.

These products and services include massive data analytics, the Internet of Things (IoT), machine learning, artificial intelligence (AI) and natural language processing. New voice user interfaces such as Google's Assistant, Apple's Siri and Amazon's Alexa are all based on cloud technology.

Technology platforms comply with every international security standard and are enabling edge computing and the massive growth of IoT devices and sensors. To become a digital business, new technology platforms are the only option as no traditional data centres are designed for this new digital world.

In the first quarter, the Group continued its strategic focus on technology platforms. Trainings and certifications activities were provided and completed across the Group, and these were tailored to the Group's strategic competence areas, to ensure that the whole Group is at the forefront of designing, developing and managing innovative solutions based on advanced services within AI, big data and the IoT.

Nordic strategy and larger, long-term customer relationships

A key part of Itera's strategy is to maintain and develop its 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 5% in the first quarter of 2019 and accounted for 77% of its operating revenue, down from 80% in the first quarter of 2018.

Itera is witnessing a clear tendency for more and more Nordic customers to purchase a wider range of services from it 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

Itera's headcount at the end of the first quarter of 2019 was 488 as compared to 489 at the end of the first quarter of 2018.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 45% (44%) at the end of the first quarter. Itera 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 several 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 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 Itera on its bank deposits, as well as leasing costs and the cost of credit facilities.

Itera 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 2018.

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 Itera's services, using hybrid teams of Nordic and 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.

There is an attractive market with high demand for digitalisation in all Nordic markets. Profitable growth and cash flow are key focus areas. We will continue to invest in our new Managed Cloud Services unit and to transition of our own data centre to the cloud. Larger projects and customers are expected to continue to increase revenue visibility, efficiency and scalability.

Next interim report

The interim report for the second quarter of 2019 will be published and presented on 21 August 2019.

INTERIM CONDENSED FINANCIAL INFORMATION

Consolidated statement of comprehensive income

All figures in NOK 1000 except earnings per share	2019 1-3	2018 1-3	change	change %	2018 1-12
Sales revenue	142 763	131 151	11 612	9 %	531 323
Operating expenses					
Cost of sales	20 151	20 856	(705)	(3 %)	87 275
Gross Profit	122 612	110 294	12 318	11 %	444 048
<i>Gross Margin</i>	86 %	84 %		1.8 pts	84 %
Personnel expenses	90 323	82 046	8 276	10 %	327 769
Depreciation and amortisation	8 452	5 200	3 252	63 %	21 141
Other operating expenses	10 014	13 033	(3 019)	(23 %)	52 322
Total operating expenses	128 940	121 136	7 804	6 %	488 507
Operating profit	13 824	10 015	3 809	38 %	42 816
Net financial income (expenses)	(962)	(1 480)	519	35 %	(1 397)
Profit before taxes	12 862	8 535	4 327	51 %	41 419
Income taxes	3 128	2 002	1 126	56 %	9 742
Net income	9 734	6 533	3 201	49 %	31 677
Earnings per share	0.12	0.08	0.04	50 %	0.39
Fully diluted earnings per share	0.12	0.08	0.04	51 %	0.39
Translation differences on net investment in foreign operations	(217)	(197)	(20)	(10 %)	260
Total comprehensive income	9 517	6 336	3 181	50 %	31 937
Total comprehensive income attributable to:					
Shareholders in parent company	9 517	6 336	3 181	50 %	31 937

Consolidated statement of financial position

All figures in NOK 1000	2019 31 Mar	2018 31 Mar	change	change %	2018 31 Dec
ASSETS					
Non-current assets					
Deferred tax assets	3 652	3 822	(171)	-4 %	3 630
Other intangible assets	22 227	23 126	(899)	-4 %	22 954
Property, plant and equipment	24 768	20 452	4 316	21 %	23 477
Right-of-use assets	50 333	-	50 333		-
Total non-current assets	100 979	47 400	53 579	113 %	50 061
Current assets					
Work in progress	2 628	10 165	(7 537)	-74 %	4 188
Contract costs	15 162	18 684	(3 522)	-19 %	16 407
Accounts receivable	75 294	77 834	(2 541)	-3 %	52 267
Other receivables	18 450	20 610	(2 160)	-10 %	16 665
Cash and cash equivalents	43 219	44 014	(795)	-2 %	55 279
Total current assets	154 753	171 308	(16 555)	-10 %	144 807
TOTAL ASSETS	255 732	218 708	37 024	17 %	194 868
EQUITY AND LIABILITIES					
Equity					
Share capital	24 656	24 656	-	0 %	24 656
Other equity	22 570	22 825	(255)	-1 %	(8 890)
Net income for the period	9 734	6 533	3 201	49 %	31 678
Total equity	56 960	54 014	2 947	5 %	47 443
Non-current liabilities					
Other provisions and liabilities	892	-	892		
Lease liabilities - long-term portion	43 724	5 530	38 195	691 %	5 613
Total non-current liabilities	44 616	5 530	39 087	707 %	5 613
Current liabilities					
Accounts payable	21 173	21 152	21	0 %	23 941
Tax payable	6 732	6 548	183	3 %	9 537
Public duties payable	36 901	38 708	(1 807)	-5 %	33 130
Contract liabilities	25 994	11 095	14 899	134 %	24 146
Lease liabilities	17 657	6 329	11 328	179 %	4 001
Other current liabilities	45 698	75 332	(29 634)	-39 %	47 057
Total current liabilities	154 155	159 164	(5 009)	-3 %	141 812
Total liabilities	198 771	164 694	34 077	21 %	147 425
TOTAL EQUITY AND LIABILITIES	255 732	218 708	37 024	17 %	194 868
Equity ratio	22.3 %	24.7 %		-2.4 pts	24.3 %

Consolidated statement of cash flows

All figures in NOK 1000	2019 1-3	2018 1-3	change %	2018 1-12
Profit before taxes	12 862	8 535	51 %	41 419
Income taxes paid	(5 977)	(4 459)	-34 %	(9 844)
Depreciation and amortisation	5 153	5 200	-1 %	21 141
Change in work in progress	1 560	(488)	419 %	5 489
Change in accounts receivable	(23 026)	(7 470)	-208 %	1 780
Change in accounts payable	(2 768)	442	-726 %	3 232
Change in other accruals	8 436	(10 202)	183 %	(6 124)
Effect of changes in exchange rates	(4 732)	214	-2306 %	(283)
Net cash flow from operating activities	(8 491)	(8 228)	-3 %	56 809
Investment in fixed assets	(958)	(2 409)	60 %	(12 547)
Investment in intangible assets	(1 551)	(3 101)	50 %	(8 137)
Net cash flow from investing activities	(2 509)	(5 509)	54 %	(20 684)
Purchase of own shares	-	-	0 %	(22 556)
Sales of own shares	-	-	0 %	11 075
Borrowings repaid	(1 050)	(2 088)	50 %	(8 721)
Dividends paid to equity holders of Itera ASA	-	-	0 %	(20 493)
Net cash flow from financing activities	(1 050)	(2 088)	50 %	(40 695)
Effects of exchange rate changes on cash and cash equivalents	(10)	(16)	33 %	(5)
Net change in cash and cash equivalents	(12 060)	(15 841)	24 %	(4 576)
Cash and cash equivalents at the beginning of the period	55 279	59 854	-8 %	59 854
Cash and cash equivalents at the end of the period	43 219	44 014	-2 %	55 279
New borrowings related to leasing	3 150	172	1727 %	3 689

Consolidated statement of changes in equity

All figures in NOK 1000	Share capital	Own shares	Other paid in equity	Cumulative translation differences	Other equity	Total equity
Equity as of 1 January 2018	24 656	(64)	1 014	(235)	25 268	50 638
Implementation of IFRS 15	-	-	-	-	(3 005)	(3 005)
Comprehensive income for the period	-	-	-	260	31 678	31 938
Share option costs	-	-	(466)	-	-	(466)
Employee share purchase programme	-	-	312	-	-	312
Purchase of own shares	-	(750)	(21 806)	-	-	(22 556)
Sale of own shares	-	442	10 634	-	-	11 075
Dividends	-	-	-	-	(20 493)	(20 493)
Equity as of 31 December 2018	24 656	(373)	(10 312)	25	33 448	47 443
Comprehensive income for the period	-	-	-	(217)	9 734	9 517
Share option costs	-	-	-	-	-	-
Employee share purchase programme	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-
Reduction of the share premium reserve	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Equity as of 31 March 2019	24 656	(373)	(10 312)	(193)	43 182	56 960

NOTES

NOTE 1: TRANSACTIONS WITH RELATED PARTIES

There have been no material transactions with related parties during the reporting period 1 January 2019 to 31 March 2019.

NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2019 that would have a material effect on the interim accounts.

NOTE 3: IFRS 16 LEASES

Itera adopted IFRS 16 Leases on 1 January 2019. This has resulted in almost all leases being recognised on the statement of financial position, as IFRS 16 removes the distinction between operating and finance leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rental costs are recognised in the statement of financial position. Itera has applied exceptions allowed by the standard for short-term and low-value leases.

Itera adopted the modified retrospective approach upon transition, which has resulted in all the transition impact being reported as adjustments to opening balances, and comparative periods have not been restated. Itera used the practical expedient contained in IFRS 16 that permits companies not to reassess whether contracts meet the definition of a lease and applied IFRS 16 to all existing operating leases as of 31 December 2018.

Following adoption of the new model on 1 January 2019, Itera recognised a liability to make lease payments (i.e. a lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. a right-of-use asset) for all leases with a lease term of more than twelve months, unless the underlying asset is of low value. Depreciation on right-of-use assets is recognised separately from interest expense on lease liabilities in the income statement.

Itera will remeasure its lease liabilities upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

Itera had a liability for rent for premises totalling NOK 57.4 million at 31 December 2018. This amount includes the rental agreement for Itera's head office premises at Nydalen in Oslo which runs until 30 June 2023, as well as rental agreement for its office premises in Kiev (Ukraine) which runs until 5 December 2022. Itera also has office rental agreements in Bratislava (SK), Copenhagen (DK) and Bryne (NO).

The table below shows a reconciliation of the future payments of operating lease expenses at 31 December 2018 to the lease liability that was recognised as at 1 January 2019.

All figures in NOK 1000

Disclosed operating lease commitments as at 31 December 2018	57 388
Discounted using the Group's incremental borrowing rate	(3 369)
Finance lease liabilities recognised as at 31 December 2018	57 343
Short term leases recognised on a straight-line basis as expense	45
Low -value leases recognised on a straight-line basis as expense	-
Contracts reassessed as service agreements	-
Adjustments as a result of a different treatment of extension and termination options	-
Adjustments relating to changes in the index or rate affecting variable payments	-
Lease liability recognised as at 1 January 2019	54 019

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.

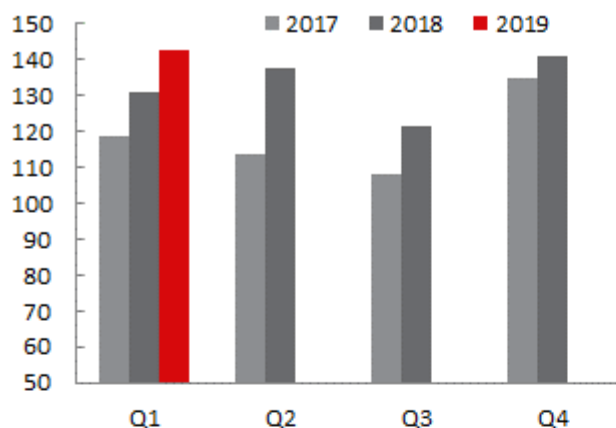
Equity ratio is calculated as total equity as a proportion of total equity and liabilities.

KEY FIGURES

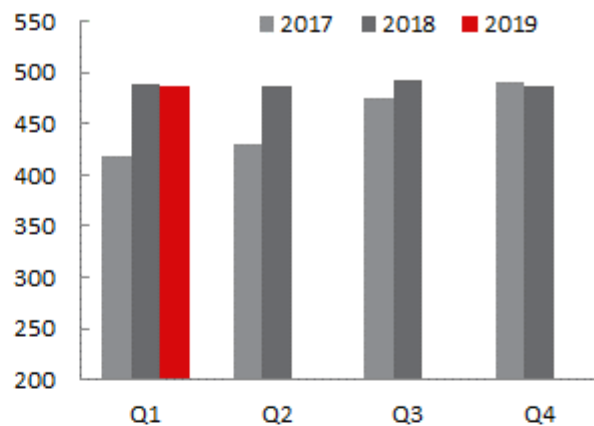
Amounts in NOK 1000	2019 1-3	2018 1-3	change	change %	2018 1-12
Profit & Loss					
Sales revenue	142 763	131 151	11 612	9 %	531 323
Gross profit	122 612	110 294	12 318	11 %	444 048
EBITDA	22 275	15 215	7 060	46 %	63 957
EBITDA margin	15.6 %	11.6 %	4 pts	4 pts	12.0 %
Operating profit (EBIT) before non-recur. items	13 824	10 015	3 809	38 %	42 816
EBIT margin before non-recurring items	9.7 %	7.6 %	2.0 %	2 pts	8.1 %
Operating profit (EBIT)	13 824	10 015	3 809	38 %	42 816
EBIT margin	9.7 %	7.6 %	2 pts	2 pts	8.1 %
Profit before taxes	12 862	8 535	4 327	51 %	41 419
Profit for the period	9 734	6 533	3 201	49 %	31 677
Balance sheet					
Non-current assets	100 979	47 400	53 579	113 %	50 061
Bank deposits	43 219	44 014	(795)	(2 %)	55 279
Other current assets	111 534	127 294	(15 761)	(12 %)	144 807
Total assets	255 732	218 708	37 024	17 %	194 868
Equity	56 960	54 014	2 947	5 %	47 443
Total non-current liabilities	44 616	5 530	39 087	707 %	5 613
Total current liabilities	154 155	159 164	(5 009)	(3 %)	141 812
Equity ratio	22.3 %	24.7 %	-2.4 pts	-2.4 pts	24.3 %
Current ratio	1.00	1.08	-0.07 pts	(7 %)	1.02
Cash flow					
Net cash flow from operating activities	(8 491)	(8 228)	(263)	(3 %)	56 809
Net cash flow	(12 060)	(15 841)	3 780	24 %	(4 574)
Share information					
Number of shares	82 186 624	82 186 624	-	0 %	82 186 624
Weighted average basic shares outstanding	81 166 581	81 972 689	(806 108)	(1 %)	81 086 951
Weighted average diluted shares outstanding	81 893 842	82 906 989	(1 013 147)	(1 %)	82 222 212
Profit per share	0.12	0.08	0.04	50 %	0.39
Diluted Profit per share	0.12	0.08	0.04	51 %	0.39
EBITDA per share	0.27	0.19	0.09	48 %	0.79
Equity per share	0.70	0.66	0.04	7 %	0.00
Dividend per share	0.00	0.00	-	0 %	0.25
Employees					
Number of employees at the end of the period	488	489	(1)	(0 %)	486
Average number of employees	487	489	(2)	(0 %)	488
Operating revenue per employee	293	268	25	9 %	1 089
Gross profit per employee	252	226	26	12 %	910
Personnel expenses per employee	185	168	18	10 %	0
Other operating expenses per employee	21	27	(6)	(23 %)	0
EBITDA per employee	46	31	15	47 %	131
EBIT per employee	28	20	8	39 %	88

QUARTERLY DEVELOPMENT 2017-2019

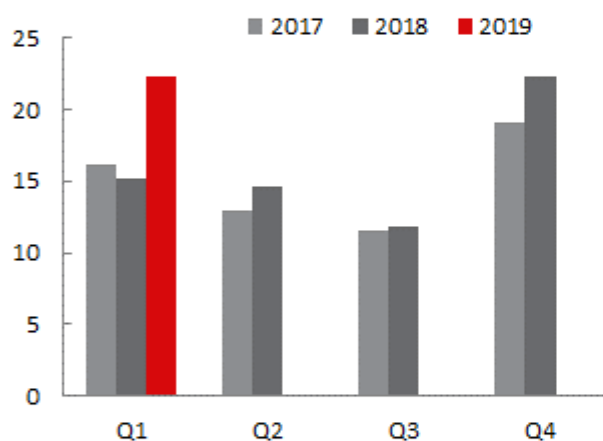
Revenues
NOK million



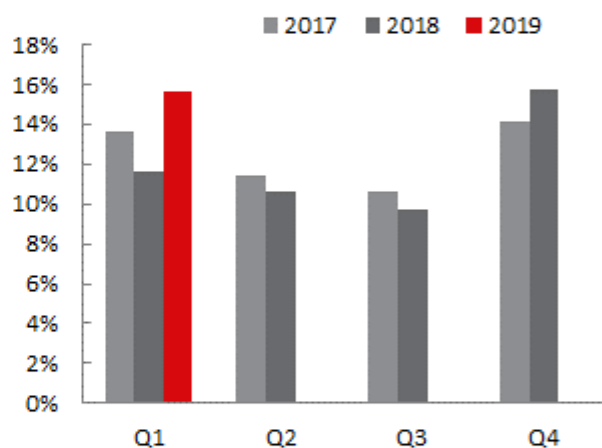
Employees
End of period



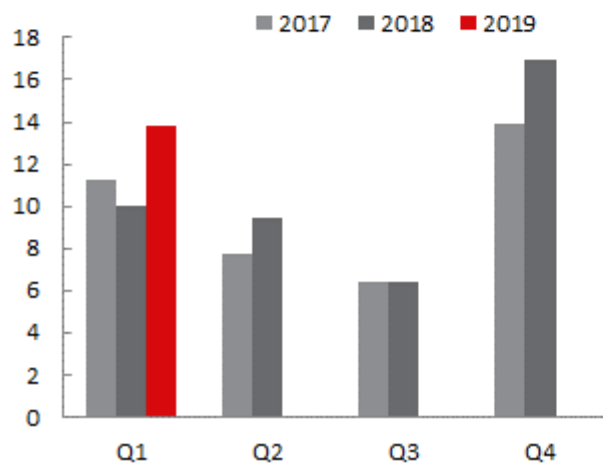
EBITDA
NOK million



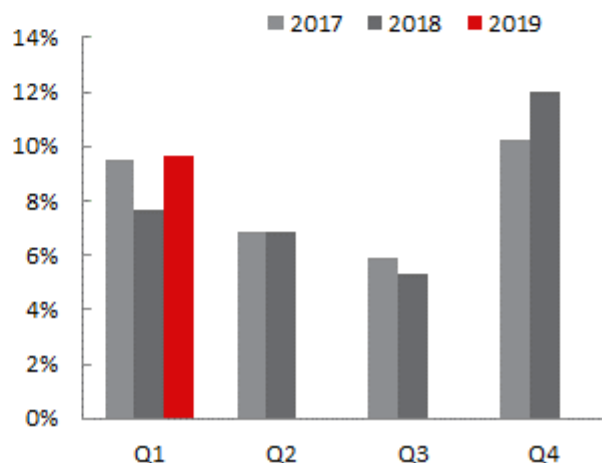
EBITDA margin
%



EBIT
NOK million



EBIT margin
%





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