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**Q2** 2016

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# HIGHLIGHTS Q2 AND H1 2016

## APRIL – JUNE 2016

The results figures in this highlights section are pro forma figures for continuing operations. Equivalent figures for 2015 in brackets.

- Operating revenue NOK 110.0 million (99.7), representing growth of 10%
- EBITDA NOK 15.5 million (11.0) and an EBITDA of margin 14.2% (11.1%)
- EBIT before non-recurring items NOK 10.7 million (6.1) and an EBIT margin of 9.7% (6.2%)
- Cash flow from operations NOK 10.7 million (-6.6)
- Bank deposits NOK 52.6 million (43.7)
- Equity ratio 27% (29%)
- Dividend paid of NOK 0.12 per share

## JANUARY – JUNE 2016

- Operating revenue NOK 214.1 million (198.9), representing growth of 8%
- EBITDA NOK 26.7 million (20.8)
- EBIT before non-recurring items NOK 16.8 million (11.2)
- Cash flow from operations NOK 7.2 million (-14.7)

## ACTIVITIES AND SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- All units in Norway delivered positive revenue growth and a significant improvement in profitability. The biggest driver of revenue and profit growth for Itera's consulting activities in Norway was the greater number of working days in the quarter.
- Itera's activities in Denmark also delivered strong revenue growth that was further enhanced by the relationship between the Danish krone and the Norwegian krone. The profit margin for Itera's Danish activities also increased significantly.
- The strongest growth was achieved by Itera's nearshore services, partly as a consequence of greater capacity and partly because of currency effects. Itera's nearshore ratio at the close of the second quarter was the highest it has ever been, with 36% of all employees belonging to the Group's cost-efficient delivery centres in Ukraine and Slovakia.
- New delivery agreements were signed with customers such as Kredinor, the Norwegian Defence Estates Agency, PRA Group, Santander, If, Eika, Sapa, Gjensidige and KLP.
- An ordinary dividend of NOK 0.12 per share was paid based on the Group's 2015 results. Itera's Board of Directors was also granted authorisation by the Annual General Meeting to approve the payment of an additional dividend during 2016.
- Itera moved its head office from Ullevål Stadion to newly renovated premises on Nydalsveien for which it has signed a seven-year lease.

# KEY FIGURES

All figures in NOK million	2016	2015* change*	2015	2016	2016*	2015* change*	2015	2015	2015*
	4-6	4-6 %	4-6	1-6	1-6	1-6 %	1-6	1-12	1-12
Sales revenue	110.0	99.7 10 %	114.3	215.7	214.1	198.9 8 %	228.3	435.4	394.2
Gross profit	92.8	83.9 11 %	94.6	183.5	182.2	169.1 8 %	190.3	368.0	335.6
EBITDA	15.6	11.0 42 %	9.9	26.0	26.7	20.8 28 %	17.6	39.9	46.1
EBITDA margin	14.2 %	11.1 % 3,1 pts	8.6 %	12.1 %	12.5 %	10.5 % 2 pts	7.7 %	9.2 %	11.7 %
Operating profit (EBIT) before non-recur. items	10.7	6.1 75 %	4.7	16.2	16.8	11.2 50 %	7.5	20.1	26.4
EBIT margin before non-recurring items	9.7 %	6.2 % 3,6 pts	4.1 %	7.5 %	7.9 %	5.7 % 2,2 pts	3.3 %	4.6 %	6.7 %
Operating profit (EBIT)	10.7	4.4 145 %	2.9	14.5	14.7	7.5 95 %	3.8	18.8	22.7
EBIT margin	9.7 %	4.4 % 5,3 pts	2.5 %	6.7 %	6.9 %	3.8 % 3,1 pts	1.7 %	4.3 %	5.7 %
Profit before tax	10.4		3.6	13.8			3.7	19.7	
Profit for the period	7.7		2.6	10.3			2.7	13.1	
Profit margin	7.0 %		2.3 %	4.8 %			1.2 %	3.0 %	
Net cash flow from operating activities	10.7		-6.6	7.2			-14.7	20.8	
No. of employees at the end of the period	370	370 0 %	423	370	370	370 0 %	423	400	381

\* = Pro forma Profit & Loss and employee figures for continued operations. Other figures as reported.

# REPORT FOR THE SECOND QUARTER AND FIRST SIX MONTHS

## FINANCIAL PERFORMANCE

### Summary for the second quarter of 2016

*In this report all comments comparing the Group's results to those achieved last year are based on pro forma figures unless otherwise stated. The pro forma figures exclude Itera's IT hosting unit in Sweden, which was sold with effect from 1 July 2015, as well as its consulting business in Sweden, which was closed in February 2016.*

As in the first quarter, Itera achieved solid growth from continuing operations in the second quarter relative to the same period in 2015. Overall, operating revenue was up 10%. Growth was particularly strong at Itera's nearshore activities and in Denmark, but the Group's consulting, hosting and product units in Norway also achieved significant revenue growth. The growth in Itera's consulting revenue was largely a result of the greater number of working days in the second quarter of 2016 relative to last year.

The Group's operating profit (EBIT) before non-recurring items was NOK 10.7 million (NOK 6.1 million), giving an EBIT margin of 9.7% (6.2%). There were no non-recurring items in the second quarter of 2016 whereas non-recurring costs totalling NOK 1.8 million were recognised in the same quarter last year.

Due to the timing of Easter and other movable holidays, there were 5.5 more working days in the second quarter of 2016 in Norway than in the equivalent period in 2015. A change of one working day represents an impact on earnings of slightly over NOK 1 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 2015.

The figures given in brackets in this report refer to the equivalent period in 2015. The comparable figures for tax expense and for balance sheet and cash flow items are the figures reported at 30 June 2015.

See Note 3 on alternative performance measures.

### Operating revenue

The Group reports operating revenue of NOK 110.0 million (NOK 99.7 million) for the second quarter of 2016 and of NOK 214.1 million (NOK 198.9 million) for the first six months of 2016. This represents revenue growth of 10% and 8% respectively. In percentage terms Itera's Danish unit and its nearshore activities achieved the strongest revenue growth, but revenue was also up at all the Group's Norwegian units.

Gross profit (revenue – cost of goods sold) was NOK 92.8 million (NOK 83.9 million) in the second quarter of 2016 and NOK 182.2 million (NOK 169.1 million) in the first six months of 2016. This represents growth of 11% for the quarter and 8% for the first six months.

### Operating costs

For the second quarter of 2016 the Group's operating costs were up 6% to NOK 99.3 million (NOK 93.5 million), while for the first six months they were up 5% to NOK 197.2 million.

Cost of goods sold was NOK 17.2 million (NOK 15.7 million) in the second quarter of 2016 and NOK 31.9 million (NOK 29.8 million) in the first six months of the year. Cost of goods sold principally consists of services purchased from sub-consultants, costs related to the Group's data centres, and third-party software licences and hardware that form part of larger deliveries. Cost of goods sold can vary significantly from quarter to quarter.

Personnel costs were NOK 67.0 million (NOK 61.2 million) in the second quarter of 2016 and NOK 135.3 million (NOK 127.4 million) in the first six months of the year. This latter figure represents an increase of 6.9% relative to the first six months of 2015, with 2.1 percentage points of the increase due to the weakness of the Norwegian krone.

Depreciation and amortisation totalled NOK 4.9 million (NOK 4.9 million) in the second quarter of 2016 and NOK 9.8 million (NOK 9.6 million) in the first six months, while for these same periods other operating costs were NOK 10.2 million (NOK 11.7 million) and NOK 20.3 million (NOK 20.9 million) respectively.

### Operating result

The operating result before depreciation and amortisation (EBITDA) for the second quarter of 2016 was a profit of NOK 15.6 million (a profit of NOK 11.0 million in Q2 2015), and for the first six months of 2016 was a profit of NOK 26.7 million (a profit of NOK 20.8 million in H1 2015). For these same periods the Group's operating result (EBIT) before non-recurring items was a profit of NOK 10.7 million (a profit of NOK 6.1 million in Q2 2015) and a profit of NOK 16.8 million (a profit of NOK 11.2 million in H1 2015) respectively. The EBIT margin was 9.7% (6.2%) for the second quarter of 2016 and 7.9% (5.7%) for the first six months of the year.

Net financial items totalled NOK -0.3 million (NOK 0.8 million) in the second quarter of 2016 and NOK -0.8 million (NOK -0.0 million) in the first six months of the year.

The result before tax for the second quarter was a profit of NOK 10.4 million (a profit of NOK 3.6 million in Q2 2015) and for the first six months of the year was a profit of NOK 13.8 million (a profit of NOK 3.7 million in H1 2015). For these same periods tax expense totalled NOK 2.6 million (NOK 1.0 million) and NOK 3.5 million (NOK 1.0 million) respectively. Tax paid in the second quarter totalled NOK 0.0 million (NOK 0.0 million) and NOK 0.1 million (NOK 0.0 million) in the first six months of the year.

The group had deferred tax assets of NOK 2.4 million (NOK 4.8 million) at 30 June 2016.

### Cash flow, liquidity and equity

Cash from operating activities was NOK 10.7 million (NOK -6.6 million) for the second quarter of 2016 and NOK 7.2 million (NOK -14.7 million) for the first six months of the year. For the quarter this is NOK 4.9 million less than EBITDA, which is largely due to a higher proportion of work in progress and lower public duties payable at the same time as lower accounts receivable relative to 31 March 2016.

Work in progress at 30 June 2016 was NOK 3.8 million higher than at the same point in 2015, while accounts receivable from customers were NOK 4.6 million lower. Other current receivables were NOK 10.5 million lower.

Accounts payable at 30 June 2016 were NOK 3.6 million lower than at 30 June 2015. Public duties payable were NOK 1.2 million lower than at the same point in 2015, while tax payable increased from 0

to NOK 6.1 million. Other current liabilities were NOK 5.2 million lower.

Bank deposits totalled NOK 52.6 million (NOK 43.7 million) at 30 June 2016, and the Group had an undrawn credit facility of NOK 25 million.

The Group had interest-bearing liabilities totalling NOK 21.7 million (NOK 14.3 million) at 30 June 2016 related to financial lease agreements entered into in order to finance investments related to IT hosting contracts.

In the second quarter Itera purchased 990,990 of its own shares and sold 164,000 own shares in connection with the exercise of employee options. Itera held 965,445 own shares at 30 June 2016.

Equity at 30 June 2016 totalled NOK 51.4 million (NOK 55.8 million). This represented an equity ratio of 27% (29%).

## Investments

The Group invested a total of NOK 4.4 million (NOK 4.1 million) in the second quarter of 2016 and of NOK 8.6 million (NOK 7.1 million) in the first six months of the year.

Investment in Itera's IT hosting activities amounted to NOK 1.3 million (NOK 2.2 million) in the second quarter of 2016 and NOK 3.6 million (NOK 2.6 million) in the first six months of 2016. Leasing accounted for NOK 1.3 million (NOK 2.0 million) of the former amount and NOK 3.4 million (NOK 2.0 million) of the latter amount. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 1.4 million (NOK 1.0 million) in the second quarter and NOK 2.9 million (NOK 3.2 million) in the first six months of the year.

## Dividend

The Annual General Meeting approved the payment of a dividend of NOK 0.12 per share for 2015, with the total payment amounting to NOK 9.7 million. The ex-dividend date was 24 May 2016. The Annual General Meeting also authorised the Board of Directors to approve the payment of an additional dividend in 2016 if appropriate.

## BUSINESS REVIEW

The growth achieved in the first quarter is continuing and strengthening, and the Group is now delivering solid growth. Growth is particularly strong in Denmark and at the Group's nearshore activities, but all units in Norway are also achieving profitability improvements.

### Market and customer development

The Group experienced good order inflows in the second quarter of 2016, with customers such as Kredinor, the Norwegian Defence Estates Agency, PRA Group, Santander, If, Eika, Sapa, Gjensidige and KLP either extending existing or entering into new agreements.

These agreements span the whole range of services offered by the Group, from consultancy and strategy through to IT hosting and management via design and development. The design and development projects cover both business-critical core systems and communications solutions for Itera's customers to use with their own customers, existing as well as potential. The IT hosting and management services to an increasing degree involve setting up and hosting cloud-based platforms and applications rather than more traditional technology.

Growth was particularly strong in Denmark. A range of important deliveries took place in the second quarter, including new web solutions for Nets, which is a centrally important customer. Itera has total responsibility for the development of an entirely new universe of internet solutions to maintain Nets' corporate branding in five countries, as well as in relation to a global English version.

Also in Denmark, Itera developed and delivered a new intranet for Syd Energi (SE), a customer with which Itera has had a relationship for many years. The solution is designed to simplify day-to-day working for SE's 2,300 employees.

### New head office adapted for efficiency

In the second quarter Itera moved its head office in Oslo from Ullevål Stadion to new, contemporary premises in Nydalen. The new premises are newly renovated and have been adapted entirely to Itera's specifications and requirements. The Group expects to benefit from its new premises in relation to employee satisfaction, its corporate culture and its efficiency. All employees are now located in space-efficient, open-plan zones on the same level, which strongly facilitates interdisciplinary collaboration.

### Fintech partnership

Figures from analysis companies show that investment in fintech is growing strongly. Some analysts estimate that approximately USD 50 billion has been invested in fintech across the world over the last five years. The term covers technology that challenges traditional ways of organising and carrying out financial services such as payments, lending and financing, such as digital currencies. London is currently the centre of fintech in Europe, but the Nordic region is also home to a number of start-ups valued at over USD 1 billion.

Itera occupies a strong position in banking, finance and insurance, and its customer portfolio in this sector is very strong. Furthermore, the Group is strongly innovation and entrepreneurship-oriented, and for this reason in the second quarter Itera became a partner to Fintech Factory in conjunction with several other strong financial-sector companies such as SEB, the Sparebank 1 Group and Santander. Fintech Factory is a brand-new initiative designed to accelerate fintech by linking entrepreneurs with established companies. The initiative has received support from Innovation Norway and has also been admitted to a global network of accelerators.

### Content marketing partnership

The market for content marketing is growing rapidly. Itera's communications team has more than 25 years of experience in strategic development for communications in general and for content in particular, and is therefore exceptionally well equipped to make a mark in the content marketing area. Itera therefore became an official partner of Content Marketing Norway in the second quarter.

### Employee satisfaction

Itera's employees are its most important resource, and their well-being is absolutely crucial to Itera's stability, growth and profitability. The Group dedicates a lot of resources to measuring and monitoring employee well-being and conducts two well-being surveys a year, with a main survey taking place each autumn and a simpler partial survey carried out in the spring. The survey carried out in the second quarter showed good progress at the overall level, with improvements seen in 7 out of 8 principal areas and nearly 100% of employees taking part. The area that has improved the most is new employees' perception of the quality of the training they receive. This is very important to employee well-being and efficiency, as high-quality training enables new employees to adjust to Itera's corporate culture quickly and reduces the time required for them to become fully productive.

### 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 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.

Itera is aiming to strengthen this trend, which involves us growing in conjunction with our customers across international borders as well as making the best use of delivery units and resources across the Group.

The revenue from Itera's 30 largest customers grew by 7% in the second quarter of 2016 and accounted for 73% of the Group's operating revenue, up from 69% in the second quarter of 2015.

## Organisation

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The Group's headcount at the end of the second quarter of 2016 was 370 as compared to reported 423 at the end of the second quarter of 2015. The decrease can be explained by the sale of Itera's IT hosting business in Sweden after the end of first half of 2015 as well as by the closure of the Group's consulting business in Sweden in February this year.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 36% (29%) at the end of the second quarter. The Group's development centre in Bratislava provides great flexibility with regard to meeting the target of achieving a nearshore ratio of 50% in the future.

## Significant risks and uncertainties

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Itera's activities are influenced by a number of different factors, some of which are within the company's control, and some of which are not. 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 new 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 sector in Ukraine.

More information about risks and uncertainties can be found in Itera's annual report for 2015.

## Outlook

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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

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The interim report for the third quarter of 2016 will be published and presented on 19 October 2016.

# 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 2016 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, 24 August 2016  
The Board of Directors of Itera ASA

Morten Thorkildsen  
Chairman

Mimi K. Berdal  
Board Member

Jan-Erik Karlsson  
Board Member

Eli Giske  
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	2016 4-6	2015* 4-6	change* %	2015 4-6	2016 1-6	2015* 1-6	change* %	2015 1-6	2015 1-12	2015* 1-12
<b>Sales revenue</b>	<b>110 026</b>	<b>99 665</b>	<b>10 %</b>	<b>114 335</b>	<b>215 673</b>	<b>198 927</b>	<b>8 %</b>	<b>228 272</b>	<b>435 393</b>	<b>394 243</b>
<b>Operating expenses</b>										
Cost of sales	17 180	15 744	9 %	19 773	32 190	29 848	7 %	37 981	67 355	58 621
Personnel expenses	67 041	61 218	10 %	70 839	136 782	127 415	6 %	145 515	275 383	246 868
Depreciation	4 927	4 905	0 %	5 202	9 849	9 561	3 %	10 097	19 779	19 741
Other operating expenses	10 173	11 664	-13 %	13 846	20 663	20 864	-3 %	27 166	52 731	42 625
<b>Total operating expenses</b>	<b>99 320</b>	<b>93 532</b>	<b>6 %</b>	<b>109 660</b>	<b>199 484</b>	<b>187 687</b>	<b>5 %</b>	<b>220 759</b>	<b>415 248</b>	<b>367 854</b>
<b>Operating profit before non-recurring items</b>	<b>10 706</b>	<b>6 133</b>	<b>75 %</b>	<b>4 675</b>	<b>16 189</b>	<b>11 240</b>	<b>50 %</b>	<b>7 513</b>	<b>20 145</b>	<b>26 389</b>
Non-recurring items	0	1 766	-100 %	1 766	1 648	3 732	-42 %	3 732	1 381	3 732
<b>Operating profit after non-recurring items</b>	<b>10 706</b>	<b>4 367</b>	<b>145 %</b>	<b>2 909</b>	<b>14 541</b>	<b>7 508</b>	<b>95 %</b>	<b>3 781</b>	<b>18 764</b>	<b>22 657</b>
<b>Financial items</b>	-	-		-	-	-		-	-	-
Other financial income	187			1 963	350			2 073	4 509	
Other financial expenses	509			1 275	1 138			2 166	3 619	
<b>Net financial items</b>	<b>-322</b>			<b>688</b>	<b>-788</b>			<b>-93</b>	<b>890</b>	
<b>Ordinary profit before tax</b>	<b>10 384</b>			<b>3 597</b>	<b>13 753</b>			<b>3 688</b>	<b>19 654</b>	
Tax expense	2 637			971	3 457			996	6 590	
<b>Profit for the period</b>	<b>7 746</b>			<b>2 626</b>	<b>10 296</b>			<b>2 692</b>	<b>13 064</b>	
Earnings per share	0.09			0.03	0.13			0.03	0.16	
Fully diluted earnings per share	0.09			0.03	0.12			0.03	0.16	
<b>Statement of other income and costs</b>										
Currency translation differences	-55			-284	-172			-692	-417	
Unreal. net effect on investments in foreign subsidiaries	-			357	-			-117	414	
Profit for the period	7 746			2 626	10 296			2 692	13 064	
<b>Total profit</b>	<b>7 691</b>			<b>2 699</b>	<b>10 124</b>			<b>1 883</b>	<b>13 061</b>	
Attributable to:										
Shareholders in parent company	7 691			2 699	10 124			1 883	13 061	

\* = Pro forma figures for continuing operations

# STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	2016 30 Jun	2015 30 Jun	change %	2015 Dec 31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax assets	2 380	4 788	-50 %	2 547
Other intangible assets	15 454	15 904	-3 %	15 274
Fixed assets	28 099	23 629	19 %	29 979
<b>Total non-current assets</b>	<b>45 933</b>	<b>44 322</b>	<b>4 %</b>	<b>47 800</b>
<b>Current assets</b>				
Work in progress	16 843	13 071	29 %	9 463
Accounts receivable	57 755	62 371	-7 %	66 599
Other receivables	18 956	29 422	-36 %	22 905
Bank deposits	52 579	43 729	20 %	68 351
<b>Total current assets</b>	<b>146 133</b>	<b>148 593</b>	<b>-2 %</b>	<b>167 318</b>
<b>TOTAL ASSETS</b>	<b>192 066</b>	<b>192 915</b>	<b>0 %</b>	<b>215 118</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	24 656	24 656	0 %	24 656
Other equity	16 482	28 402	-42 %	16 680
Net profit for the period	10 296	2 692	282 %	13 064
<b>Total equity</b>	<b>51 434</b>	<b>55 750</b>	<b>-8 %</b>	<b>54 401</b>
<b>Non-current liabilities</b>				
Non-current interest bearing liabilities	21 711	14 310	52 %	22 528
<b>Total non-current liabilities</b>	<b>21 711</b>	<b>14 310</b>	<b>52 %</b>	<b>22 528</b>
<b>Current liabilities</b>				
Accounts payable	18 644	22 234	-16 %	24 768
Tax payable	6 083	13	47141 %	3 211
Public duties payable	23 586	24 832	-5 %	29 321
Other short-term liabilities	70 610	75 775	-7 %	80 890
<b>Total current liabilities</b>	<b>118 922</b>	<b>122 855</b>	<b>-3 %</b>	<b>138 190</b>
<b>Total liabilities</b>	<b>140 633</b>	<b>137 165</b>	<b>3 %</b>	<b>160 717</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>192 067</b>	<b>192 915</b>	<b>0 %</b>	<b>215 118</b>
<b>Equity ratio</b>	<b>27 %</b>	<b>29 %</b>	<b>0 %</b>	<b>25 %</b>



# STATEMENT OF CASH FLOW

All figures in NOK 1000	2016 4-6	2015 4-6	change %	2016 1-6	2015 1-6	change %	2015 1-12
<b>Cash flow from operating activities</b>							
Profit before taxes	10 384	3 597	189 %	13 753	3 688	273 %	19 654
Profit from sale of subsidiary	0	0		-530	0		-2 348
Tax paid	-21	0		-148	0		-327
Depreciation	4 927	5 202	-5 %	9 849	10 097	-2 %	20 366
Change in work in progress	-4 115	169	-2540 %	-7 808	-844	-826 %	2 363
Change in accounts receivable	3 366	-1 240	371 %	3 647	-2 679	236 %	-12 095
Change in accounts payable	1 860	4 562	-59 %	-3 021	-5 010	40 %	-572
Change in other accruals	-5 414	-19 168	72 %	-8 183	-19 380	58 %	-6 379
Effect of currency changes	-243	322	-175 %	-328	-524	37 %	126
<b>Net cash flow from operating activities</b>	<b>10 743</b>	<b>-6 557</b>	<b>264 %</b>	<b>7 231</b>	<b>-14 651</b>	<b>149 %</b>	<b>20 786</b>
<b>Cash flow from investment activities</b>							
Investment in fixed assets	-1 726	-1 084	-59 %	-2 303	-1 881	-22 %	-2 856
Investment in intangible assets	-1 393	-1 048	-33 %	-2 877	-3 217	11 %	-6 744
Receipt from sale of shares in other companies	0	0	0 %	0	0	0 %	10 937
Net payment from sale of subsidiary	0	0		-881	0		0
<b>Net cash flow from investment activities</b>	<b>-3 119</b>	<b>-2 132</b>	<b>-46 %</b>	<b>-6 061</b>	<b>-5 098</b>	<b>-19 %</b>	<b>1 337</b>
<b>Cash flow from financing activities</b>							
Purchase of own shares	-3 604	0		-3 604	0		-456
Sales of own shares	648	0		648	0		69
Borrowings repaid	-2 202	-1 628	-35 %	-4 258	-3 711	-15 %	-8 265
Dividend	-9 727	0		-9 727	0		-12 309
<b>Net cash flow from financing activities</b>	<b>-14 885</b>	<b>-1 628</b>	<b>-814 %</b>	<b>-16 941</b>	<b>-3 711</b>	<b>-357 %</b>	<b>-20 961</b>
<b>Net cash flow</b>	<b>-7 261</b>	<b>-10 317</b>	<b>30 %</b>	<b>-15 771</b>	<b>-23 460</b>	<b>33 %</b>	<b>1 162</b>
Bank deposits at the beginning of the period	59 841	54 046	11 %	68 351	67 189	2 %	67 189
<b>Bank deposits at the end of the period</b>	<b>52 580</b>	<b>43 729</b>	<b>20 %</b>	<b>52 580</b>	<b>43 729</b>	<b>20 %</b>	<b>68 351</b>
<b>New borrowing related to leasing</b>	<b>1 271</b>	<b>1 988</b>	<b>-36 %</b>	<b>3 441</b>	<b>1 988</b>	<b>73 %</b>	<b>14 761</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 2014</b>	<b>24 656</b>	<b>0</b>	<b>305</b>	<b>-595</b>	<b>29 501</b>	<b>53 867</b>
Comprehensive income for the year	0	0	0	-3	13 064	13 061
Option costs	0	0	97	0	0	97
Purchase of own shares	0	-47	0	0	-409	-456
Sale of own shares	0	9	0	0	60	69
Dividend	0	0	0	0	-12 237	-12 237
<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 year to date 2016	0	0	0	-158	10 296	10 139
Option costs	0	0	106	0	-22	84
Purchase of own shares	0	-300	0	0	-3 304	-3 604
Sale of own shares	0	49	0	0	93	142
Dividend	0	0	0	0	-9 727	-9 727
<b>Shareholders' equity as of 30 Jun 2016</b>	<b>24 656</b>	<b>-290</b>	<b>508</b>	<b>-755</b>	<b>27 316</b>	<b>51 434</b>

# NOTES

## NOTE 1: TRANSACTIONS WITH RELATED PARTIES

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There have been no material transactions with related parties during the reporting period 31 December 2015 to 30 June 2016.

## NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

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There have been no events after 30 June 2016 that would have an effect on the interim accounts.

## NOTE 3: ALTERNATIVE PERFORMANCE MEASURES

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The new guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs) have come into force for 2016. In accordance with these guidelines Itera is publishing definitions for the alternative performance measures used by the company. Alternative performance measures, i.e. performance measures not based on financial reporting standards, provide the company's management, investors and other external users with additional relevant information on the company's operations by excluding matters that may not be indicative of the company's operating result or cash flow. Itera has adopted non-recurring costs, EBITDA, EBITDA margin, EBIT, EBIT margin and equity ratio as alternative performance measures both because the company thinks these measures will increase the level of understanding of the company's operational performance and because these represent performance measures that are often used by analysts and investors and other external parties.

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

EBITDA is calculated as profit for the period before (i) tax expense, (ii) financial income and expenses and (iii) depreciation and amortisation.

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

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

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

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

# KEY FIGURES

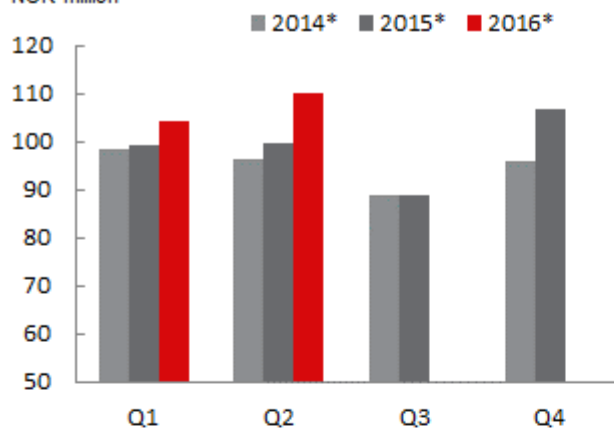
All figures in NOK 1000	2016 4-6	2015* 4-6	change %	2015 4-6	2016 1-6	2015* 1-6	change %	2015 1-6	2015 1-12	2015* 1-12
<b>Profit &amp; Loss</b>										
Sales revenue	110 026	99 665	10 %	114 335	215 673	198 927	8 %	228 272	435 393	394 243
Gross profit 1	92 846	83 920	11 %	94 562	183 483	169 079	8 %	190 291	368 038	335 623
EBITDA	15 633	11 038	42 %	9 877	26 038	20 801	28 %	17 611	39 924	46 130
EBITDA margin	14.2 %	11.1 %	3.1 pts	8.6 %	12.1 %	10.5 %	2 pts	7.7 %	9.2 %	11.7 %
Operating profit (EBIT) before non-recur. items	10 706	6 133	75 %	4 675	16 189	11 240	50 %	7 513	20 145	26 389
EBIT margin before non-recurring items	9.7 %	6.2 %	3.6 pts	4.1 %	7.5 %	5.7 %	2.2 pts	3.3 %	4.6 %	6.7 %
Operating profit (EBIT)	10 706	4 367	145 %	2 909	14 541	7 508	95 %	3 781	18 764	22 657
EBIT margin	9.7 %	4.4 %	5.3 pts	2.5 %	6.7 %	3.8 %	3.1 pts	1.7 %	4.3 %	5.7 %
Profit before taxes	10 384			3 597	13 753			3 688	19 654	
Profit for the period	7 746			2 626	10 296			2 692	13 064	
<b>Balance sheet</b>										
Non-current assets	45 933			44 322	45 933			44 322	47 800	
Bank deposits	52 579			43 729	52 579			43 729	68 351	
Current assets	146 133			148 593	146 133			148 593	167 318	
Total assets	192 066			192 915	192 066			192 915	215 118	
Equity	51 434			55 750	51 434			55 750	54 401	
Total current liabilities	118 922			122 855	118 922			122 855	138 190	
Equity ratio	26.8 %			28.9 %	26.8 %			28.9 %	0	
Current ratio	1.23			1.21	1.23			1.21	1	
<b>Cash flow</b>										
Net cash flow from operating activities	10 743			-6 557	7 231			-14 651	20 786	
Net cash flow	-7 261			-10 317	-15 771			-23 460	1 162	
<b>Share information</b>										
Number of shares	82 186 624			82 186 624	82 186 624			82 186 624	82 186 624	
Weighted average basic shares outstanding	81 640 174			82 184 374	81 640 174			82 184 374	82 122 897	
Weighted average diluted shares outstanding	83 060 174			83 475 374	83 060 174			83 475 374	83 553 897	
Profit per share	0.09			0.03	0.13			0.03	0	
Diluted Profit per share	0.09			0.03	0.12			0.03	0	
EBITDA per share	0.19	0.13	43 %	0.12	0.32	0.25	29 %	0.21	0.49	0.56
Equity per share	0.63			0.68	0.63			0.68	0.66	
Dividend per share	0.12			0.00	0.12			0.00	0.15	
<b>Employees</b>										
Number of employees at the end of the period	370	370	0 %	423	370	370	0 %	423	400	381
Average number of employees	371	374	-1 %	428	381	377	-1 %	434	425	383
Operating revenue per employee	296	266	11 %	267	567	528	8 %	525	1 024	1 029
Gross profit 1 per employee	250	224	12 %	221	482	448	9 %	438	866	876
Personnel expenses per employee	181	164	10 %	166	359	338	7 %	335	648	645
Other operating expenses per employee	27	31	-12 %	32	54	55	-2 %	63	124	111
EBITDA per employee	42	30	43 %	23	68	55	29 %	41	94	120
EBIT per employee	29	16	76 %	11	43	30	51 %	17	47	69

\* = Pro forma Profit & Loss and employee figures for continuing operations. Other figures as reported.

# QUARTERLY DEVELOPMENT 2014-2016

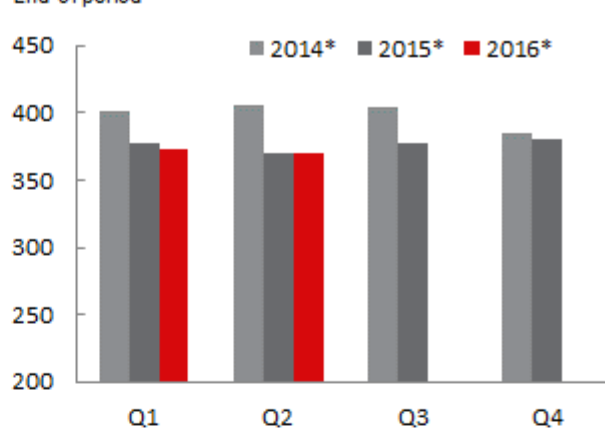
## Revenues

NOK million



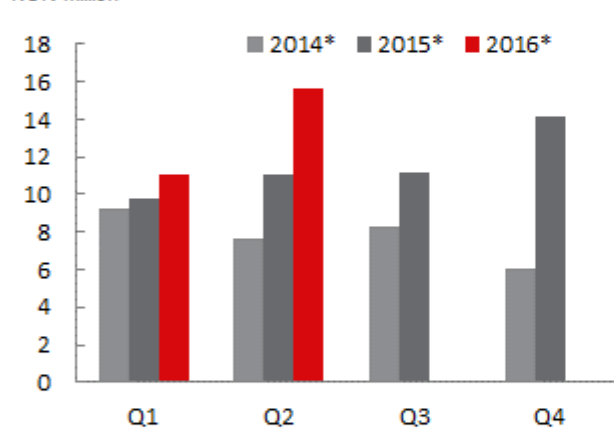
## Employees

End of period



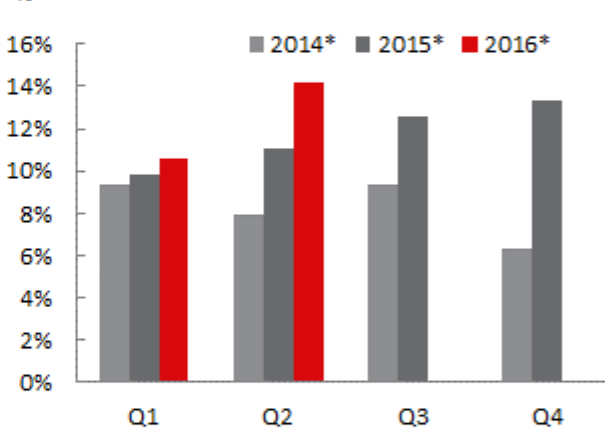
## EBITDA

NOK million



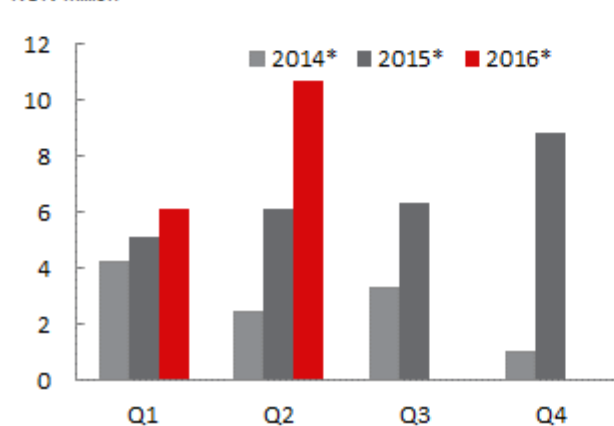
## EBITDA margin

%



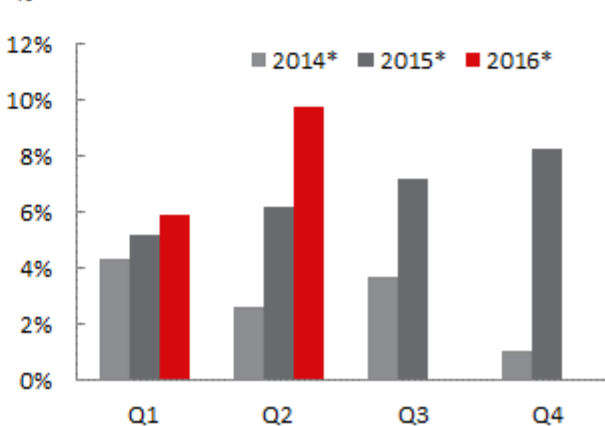
## EBIT

NOK million



## EBIT margin

%



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THE DIFFERENCE.**