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**Q4** 2016

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# HIGHLIGHTS Q4 AND 2016

## OCTOBER – DECEMBER 2016

The results figures in this highlights section are pro forma figures for continuing operations (figures for the previous year in brackets)

- Operating revenue NOK 117.6 million (106.6), representing growth of 10%
- EBITDA NOK 18.2 million (14.2) and an EBITDA margin of 15.5% (13.3%)
- EBIT before non-recurring items NOK 13.2 million (8.8) and an EBIT margin of 11.2% (8.3%)
- Cash flow from operations NOK 36.9 million (30.1)
- Bank deposits NOK 71.1 million (68.4)
- Equity ratio 27% (25%)
- Payment of additional dividend of NOK 0.15 (0.00) per share

## JANUARY – DECEMBER 2016

- Operating revenue NOK 425.1 million (394.2), representing growth of 7%
- EBITDA NOK 55.9 million (46.1) and an EBITDA margin of 13.2% (11.7%)
- EBIT before non-recurring items NOK 36.4 million (26.4) and an EBIT margin of 8.6% (6.7%)
- Cash flow from operations NOK 48.4 million (20.8)
- Total dividend payment of NOK 0.27 (0.15) per share

## ACTIVITIES AND SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- Itera's Norwegian consulting and IT hosting activities delivered good growth in the fourth quarter, while its product companies reported a slight reduction due to lower revenue from implementation projects.
- Itera's Danish activities reported lower revenue as a result of a reduction in sales of hardware/software and services.
- Itera's nearshore activities generated good revenue growth and had strong order inflows in the quarter. The proportion of Itera's employees that work in its cost-efficient delivery centres in Ukraine and Slovakia was over 37%, an increase of 1 percentage point from the previous quarter.
- In addition to renewing major agreements with customers such as KLP and Eika, Itera entered into major new contracts with customers including Santander, Gjensidige and Islandsbanki.
- An additional dividend of NOK 0.15 per share was paid in the fourth quarter. This was in addition to the ordinary dividend of NOK 0.12 per share that was paid in the second quarter of 2016.

# KEY FIGURES

All figures in NOK million	2016	2015*	change*	2015	2016	2016*	2015*	change*	2015
	10-12	10-12	%	10-12	1-12	1-12	1-12	%	1-12
Sales revenue	117.6	106.6	10 %	113.1	425.1	423.6	394.2	7 %	435.4
Gross profit	98.9	90.4	9 %	94.7	361.6	360.4	335.6	7 %	368.0
EBITDA	18.2	14.2	28 %	13.6	55.3	55.9	46.1	21 %	39.9
EBITDA margin	15.5 %	13.3 %	2.1 pts	12.0 %	13.0 %	13.2 %	11.7 %	1.5 pts	9.2 %
Operating profit (EBIT) before non-recur. items	13.2	8.8	50 %	8.2	35.7	36.4	26.4	38 %	20.1
EBIT margin before non-recurring items	11.2 %	8.3 %	3 pts	7.2 %	8.4 %	8.6 %	6.7 %	1.9 pts	4.6 %
Operating profit (EBIT)	13.2	8.8	50 %	8.5	34.1	34.2	22.7	51 %	18.8
EBIT margin	11.2 %	8.3 %	3 pts	7.5 %	8.0 %	8.1 %	5.7 %	2.3 pts	4.3 %
Profit before tax	13.1			9.7	32.8				19.7
Profit for the period	10.0			5.8	24.7				13.1
Profit margin	8.5 %			5.1 %	5.8 %				3.0 %
Net cash flow from operating activities	36.9			30.1	48.4				20.8
No. of employees at the end of the period	395	381	4 %	400	395	395	381	4 %	400

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

for 2016 as a whole was NOK 360.3 million (NOK 335.6 million), which represents growth of 7% relative to 2015.

### Operating costs

The Group's total operating costs in the fourth quarter of 2016 were 7% higher at NOK 104.4 million (NOK 97.8 million). Operating costs for 2016 as a whole totalled NOK 387.2 million (NOK 367.9 million).

Cost of goods sold was NOK 18.8 million (NOK 16.1 million) in the fourth quarter and NOK 63.2 million (NOK 58.6 million) for 2016 as a whole. 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. Relative to the fourth quarter of 2015, less hardware and fewer software licences were purchased, while purchases from sub-consultants increased.

Personnel expenses were NOK 68.0 million (NOK 64.4 million) in the fourth quarter of 2016, representing an increase of 6%. The Group had 3% more employees in the fourth quarter of 2016 than in the fourth quarter of 2015. Personnel expenses for 2016 as a whole were NOK 261.8 million (NOK 246.9 million).

Depreciation and amortisation totalled NOK 5.0 million (NOK 5.4 million) in the fourth quarter and NOK 19.5 million (NOK 19.7 million) for 2016 as a whole. Other operating costs totalled NOK 12.6 million (NOK 11.9 million) for the fourth quarter and NOK 42.6 million (NOK 42.6 million) for 2016 as a whole.

### Operating result

The operating result before depreciation and amortisation (EBITDA) for the fourth quarter of 2016 was a profit of NOK 18.2 million (a profit of NOK 14.2 million in Q4 2015), and the operating result (EBIT) before non-recurring items was a profit of NOK 13.2 million (a profit of NOK 8.8 million in Q4 2015). The operating margin was 11.2% as compared to 8.3% in the fourth quarter of 2015.

The operating result before depreciation and amortisation (EBITDA) for 2016 as a whole was a profit of NOK 55.9 million (a profit of NOK 46.1 million in 2015), while the operating result (EBIT) before non-recurring items was a profit of NOK 36.4 million (a profit of NOK 26.4 million in 2015). The operating margin in 2016 was 8.6% (6.7%). Unadjusted EBIT before non-recurring items was NOK 35.7 million (NOK 20.1 million).

Net reported financial items were NOK -0.1 million (NOK 1.2 million) in the fourth quarter of 2016 and NOK -1.3 million (NOK 0.9 million) in 2016 as a whole.

The unadjusted result before tax for the fourth quarter of 2016 including was a profit of NOK 13.1 million (a profit of NOK 9.7 million in Q4 2015). The unadjusted result before tax for 2016 as a whole was NOK 32.9 million (NOK 19.7 million). Tax expense totalled NOK 3.1 million (NOK 4.0 million) in the fourth quarter, while tax paid totalled NOK 2.8 million (NOK 0.3 million). The provisional tax expense for 2016 as a whole was NOK 8.1 million (NOK 6.6 million), and tax paid was NOK 3.0 million (NOK 0.3 million).

The unadjusted result for the fourth quarter after the provisional tax calculation was a profit of NOK 10.0 million (a profit of NOK 5.8 million in Q4 2015) and a profit of NOK 24.8 million for 2016 as a whole (a profit of NOK 13.1 million in 2015). These figures represent growth of 73% relative to the fourth quarter of 2015 and of 89% relative to 2015 as a whole respectively.

### Cash flow, liquidity and equity

Cash flow from operational activities was NOK 36.9 million (NOK 30.1 million) in the fourth quarter of 2016 and NOK 48.4 million (NOK 20.8 million) for 2016 as a whole. With regard to the fourth quarter, cash flow from operational activities was NOK 18.7 million more than EBITDA, and this was primarily due to an increase in accounts payable and other current liabilities.

# REPORT FOR THE FOURTH QUARTER

## FINANCIAL PERFORMANCE

### Summary for the fourth quarter of 2016

In this report all comments comparing the Group's results with those achieved in the previous 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.

Itera achieved revenue growth of 10% in the fourth quarter of 2016 relative to the same period in 2015. This growth was achieved through its nearshore activities and its Norwegian consulting and IT hosting activities, while the revenue generated by Itera's Danish activities and its product companies in Norway decreased slightly. Itera achieved revenue growth of 7% for 2016 as a whole.

The Group's operating profit (EBIT) before non-recurring items was NOK 13.2 million (NOK 8.8 million), giving an EBIT margin of 11.2% (8.3%). There were no non-recurring items in the fourth quarter of 2016.

There was one more working day in the fourth quarter of 2016 than in the fourth quarter of 2015. A change of one working day represents an impact on earnings of slightly over NOK 1 million, but the effect was less than usual due to the long period between Christmas and New Year.

### 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 31 December 2015.

See Note 3 on alternative performance measures.

### Operating revenue

The Group reports operating revenue of NOK 117.6 million (NOK 106.6 million) for the fourth quarter of 2016, which represents growth of 10%. This revenue growth was largely achieved through the Group's consulting and IT hosting services, in addition to its nearshore services.

Operating revenue for 2016 as a whole was NOK 423.6 million (NOK 394.2 million), equivalent to growth of 7%. Operating revenue including revenue from discontinued operations totalled NOK 425.1 million (NOK 435.4 million).

Gross profit (revenue – cost of goods sold) was NOK 98.9 million (NOK 90.4 million) in the fourth quarter. This represents growth of 7% for the quarter relative to the same period in 2015. Gross profit

Work in progress at 31 December 2016 was NOK 3.4 million higher than at the same point in 2015, while accounts receivable from customers were NOK 11.1 million lower.

Accounts payable at 31 December 2016 were NOK 0.5 million higher than at 31 December 2015, while public duties payable were NOK 0.6 million higher. Deferred tax assets were NOK 0.3 million (NOK 2.5 million), while tax payable was NOK 5.9 million compared with NOK 3.2 million. Other current liabilities were NOK 13.7 million lower, which was principally due to the closure of Itera's company in Sweden.

Bank deposits totalled NOK 71.1 million (NOK 68.4 million) at 31 December 2016, and the Group had an undrawn credit facility of NOK 25 million.

The Group had interest-bearing liabilities totalling NOK 20.3 million (NOK 22.5 million) at 31 December 2016 related to financial lease agreements entered into in order to finance investments related to IT hosting contracts.

Itera did not buy or sell any of its own shares in the fourth quarter. At 31 December 2016 it held 965,445 own shares.

Equity at 31 December totalled NOK 53.6 million (NOK 54.4 million). This represented an equity ratio of 27% (25%).

## Investment

The Group invested a total of NOK 3.8 million (NOK 15.2 million) in the fourth quarter of 2016 and a total of NOK 17.6 million (NOK 24.4 million) in 2016 as a whole.

Investment in Itera's IT hosting activities amounted to NOK 1.2 million (NOK 13.2 million) in the fourth quarter of 2016 and to NOK 8.2 million (NOK 16.0 million) in 2016 as a whole. Leasing accounted for NOK 1.2 million (NOK 12.8 million) of the amount invested in the fourth quarter and NOK 6.4 million (NOK 14.8 million) of the amount invested in 2016 as a whole. Investment in intangible assets (including software developed in-house for ongoing yearly agreements) totalled NOK 2.1 million (NOK 2.0 million) in the fourth quarter of 2016 and NOK 6.8 million (NOK 6.7 million) in 2016 as a whole.

## Dividend

The Board of Directors has passed a resolution to propose an ordinary dividend of NOK 0.18 per share at the Annual General Meeting on 22 May 2017. It will also ask for its authorisation to approve possible additional dividends to be renewed.

## BUSINESS REVIEW

The market for the Group's services is generally healthy, and there is a good level of demand. There is a strong trend for services, products and processes to be digitised, and this is seen in all sectors, even if some sectors are more exposed than others. More and more businesses are in the process of redefining the role they play and their business model. Many established businesses are both drawing inspiration from and collaborating with start-ups, where the level of activity is high.

One area in which Itera is strongly positioned is banking and insurance, which is, like a number of other sectors, being strongly affected by new technology and undergoing extensive upheaval. Itera is finding the market position it has created in collaboration with its customers to be strong, and that the Group has the right knowledge, experience and approach to further strengthen its position: insight into advanced technology, a good understanding of business, and a strong focus on creating good user experiences. The Group's range of services in communication and technology are more relevant than ever before.

## Market and customer development

The Group experienced good order inflows in the fourth quarter. In addition to renewing major agreements with customers such as KLP and Eika, Itera entered into major new contracts with customers including Santander, Gjensidige and Islandsbanki.

These agreements span the whole range of the services offered by the Group, from consulting 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 to interact and communicate 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.

The Group is experiencing an increasing tendency for it to maintain long-term relationships with its customers, and for them to increasingly use a broader range of Itera's overall service portfolio. Customers that initially have used Itera as a technology development partner are, for example, entering into new management and IT hosting agreements or agreements for Itera to develop a new visual profile.

## Internationally recognised expertise

Itera's employees are outstanding in their specialist areas in communications and technology, and are often invited to be speakers at both national and international conferences throughout the year.

In the fourth quarter, Itera was represented by speakers at the Agile Conference (Smidig-konferanse, Oslo), the 2016 Star Canada testing conference (Canada), and dotJS (Paris), to name a few.

## Disruption across all sectors – methodology for reducing time-to-market

Many of Itera's customers are seeing their sector or business model disrupted and so need to test out ideas and concepts quickly. Itera has developed its own methodology for this, which combines service design with the principles of lean start-up.

During the fourth quarter Itera completed a strategy project based on this methodology for an energy group. The reason for the project was the current situation in the energy market, where companies are seeing prices fall and their margins come under pressure. At the same time, major projects are being undertaken to meet new legal requirements, such as introducing automatic measuring systems (AMs) to enable energy companies to provide customers with a more digital service offering. Many established energy groups have addressed these challenges by setting up new electricity companies that have new names and lower cost bases. Itera's customer wanted a quick high-quality overview of how to set up a newly incorporated, profitable and innovative electricity company in terms of the organisation, expertise, products and services it would need.

Itera completed this project using both service design and lean start-up principles in collaboration with personnel from the customer's business development and executive management teams. The end product was a report that sketched out what a clear direction for a new and innovative electricity company might be and the next steps towards implementing this.

### Itera's CEO voted top IT executive of the year

At the 2016 Norwegian Computer Society's Rosing prize-giving ceremony, Arne Mjøs, the CEO of Itera, was voted top IT executive of the year. The jury was impressed by Arne's ability to drive strategic changes based on making better and smarter use of IT and his ability to develop an organisation that is assertive about adopting new technological solutions in appropriate ways.

### Nordic strategy and larger, long-term 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 12% in the fourth quarter of 2016 and accounted for 75% of the Group's operating revenue, up from 70% in the fourth quarter of 2015.

The Group is witnessing a clear tendency for more and more Nordic customers to purchase a wider range of services from Itera across international borders. Nearshoring and cloud services are natural drivers of this, but we are also seeing a greater tendency for personnel resources to be mobile and for project teams to be distributed across international borders in the Nordic region. This is making local presence less critical.

### Organisation

The Group's headcount at the end of the fourth quarter of 2016 was 395 as compared to 381 at the end of the fourth quarter of 2015 for Itera's continued operations.

The proportion of Itera's capacity that is located nearshore (its nearshore ratio) was 37% (35%) at the end of the fourth quarter. The Group has development centres in Slovakia and Ukraine and has a strategic target of achieving a nearshore ratio of 50% over the long term.

### Significant risks and uncertainties

Itera's activities are influenced by a number of different factors, both within and outside of the company's control. As a service company, Itera faces business risks associated with competition and pressure on prices, project overruns, recruitment, loss of key employees, customers' performance and bad debts. Market-related risks include risks related to the business cycle. Financial risks include currency fluctuations against the Norwegian krone (NOK), principally in relation to the Danish krone (DKK), the US dollar (USD) and the euro (EUR). In addition, interest rate changes will affect the returns earned by the Group on its bank deposits, as well as leasing costs and the cost of credit facilities.

The Group is exposed through its nearshore activities in Ukraine to additional risk factors such as country risk, data security and corruption. Itera has a zero-tolerance policy on corruption and therefore does not deliver services to the public or private sectors in Ukraine.

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

### Outlook

The company's overall strategy of developing large, long-term customer relationships, increasing the number of project deliveries which involve the full range of the Group's services, using nearshore resources and focusing on operational efficiency remains unchanged.

Itera develops its range of services to meet customers' requirements, and its services are based on combining communication and technology.

### Next interim report

The interim report for the first quarter of 2017 will be published and presented on 27 April 2017.

# STATEMENT OF COMPREHENSIVE INCOME

All figures in NOK 1000	2016 10-12	2015* 10-12	change* %	2015 10-12	2016 1-12	2016* 1-12	2015* 1-12	change* %	2015 1-12
<b>Sales revenue</b>	<b>117 642</b>	<b>106 569</b>	<b>10 %</b>	<b>113 115</b>	<b>425 115</b>	<b>423 559</b>	<b>394 243</b>	<b>7 %</b>	<b>435 393</b>
<b>Operating expenses</b>									
Cost of sales	18 786	16 119	17 %	18 372	63 533	63 206	58 621	8 %	67 355
<b>Contribution margin</b>	<b>98 856</b>	<b>90 450</b>	<b>9 %</b>	<b>94 744</b>	<b>361 581</b>	<b>360 353</b>	<b>335 623</b>	<b>7 %</b>	<b>368 038</b>
CM%	84 %	85 %	-0.8 pts	84 %	85 %	85 %	85 %	-0.1 pts	85 %
Personnel expenses	68 009	64 387	6 %	68 500	263 326	261 826	246 868	6 %	275 383
Depreciation	4 994	5 406	-8 %	5 452	19 534	19 520	19 741	-1 %	19 779
Other operating expenses	12 639	11 860	7 %	12 633	42 982	42 625	42 625	0 %	52 731
<b>Total operating expenses</b>	<b>104 428</b>	<b>97 772</b>	<b>7 %</b>	<b>104 956</b>	<b>389 375</b>	<b>387 178</b>	<b>367 854</b>	<b>5 %</b>	<b>415 248</b>
<b>Operating profit before non-recurring item</b>	<b>13 214</b>	<b>8 796</b>	<b>50 %</b>	<b>8 159</b>	<b>35 739</b>	<b>36 381</b>	<b>26 389</b>	<b>38 %</b>	<b>20 145</b>
Non-recurring items	-	-		-351	1 648	2 170	3 732	-42 %	1 381
<b>Operating profit after non-recurring items</b>	<b>13 214</b>	<b>8 796</b>	<b>50 %</b>	<b>8 510</b>	<b>34 091</b>	<b>34 211</b>	<b>22 657</b>	<b>51 %</b>	<b>18 764</b>
<b>Financial items</b>									
Other financial income	208			1 689	869				4 509
Other financial expenses	325			472	2 167				3 619
<b>Net financial items</b>	<b>-117</b>			<b>1 216</b>	<b>-1 298</b>				<b>890</b>
<b>Ordinary profit before tax</b>	<b>13 096</b>			<b>9 726</b>	<b>32 793</b>				<b>19 654</b>
Tax expense	3 125			3 963	8 080				6 590
<b>Profit for the period</b>	<b>9 972</b>			<b>5 763</b>	<b>24 713</b>				<b>13 064</b>
Earnings per share	0.12			0.07	0.30				0.16
Fully diluted earnings per share	0.12			0.07	0.29				0.16
<b>Statement of other income and costs</b>									
Currency translation differences	63			-472	-339				-417
Unreal. net effect on investments in foreign subs	-			172	-				414
Profit for the period	9 972			5 763	24 713				13 064
<b>Total profit</b>	<b>10 035</b>			<b>5 463</b>	<b>24 373</b>				<b>13 061</b>
Attributable to:									
Shareholders in parent company	10 035			5 463	24 373				13 061

\* = Pro forma figures for continuing operations

# STATEMENT OF FINANCIAL POSITION

All figures in NOK 1000	2016 31 Dec	2015 31 Dec	change %
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	283	2 547	-89 %
Other intangible assets	15 607	15 274	2 %
Fixed assets	27 243	29 979	-9 %
<b>Total non-current assets</b>	<b>43 134</b>	<b>47 800</b>	<b>-10 %</b>
<b>Current assets</b>			
Work in progress	12 870	9 463	36 %
Accounts receivable	55 503	66 599	-17 %
Other receivables	19 584	22 905	-14 %
Bank deposits	71 092	68 351	4 %
<b>Total current assets</b>	<b>159 049</b>	<b>167 318</b>	<b>-5 %</b>
<b>TOTAL ASSETS</b>	<b>202 183</b>	<b>215 118</b>	<b>-6 %</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	24 656	24 656	0 %
Other equity	4 235	16 680	-75 %
Net profit for the period	24 734	13 064	89 %
<b>Total equity</b>	<b>53 625</b>	<b>54 401</b>	<b>-1 %</b>
<b>Non-current liabilities</b>			
Non-current interest bearing liabilities	20 310	22 528	-10 %
<b>Total non-current liabilities</b>	<b>20 310</b>	<b>22 528</b>	<b>-10 %</b>
<b>Current liabilities</b>			
Accounts payable	25 260	24 768	2 %
Tax payable	5 880	3 211	83 %
Public duties payable	29 890	29 321	2 %
Other short-term liabilities	67 218	80 890	-17 %
<b>Total current liabilities</b>	<b>128 247</b>	<b>138 190</b>	<b>-7 %</b>
<b>Total liabilities</b>	<b>148 558</b>	<b>160 717</b>	<b>-8 %</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202 183</b>	<b>215 118</b>	<b>-6 %</b>
<b>Equity ratio</b>	<b>27 %</b>	<b>25 %</b>	<b>1 %</b>



# STATEMENT OF CASH FLOW

All figures in NOK 1000	2016 10-12	2015 10-12	change %	2016 1-12	2015 1-12	change %
<b>Cash flow from operating activities</b>						
Profit before taxes	13 096	9 726	35 %	32 793	19 654	67 %
Profit from sale of subsidiary	0	-348	100 %	-530	-2 348	77 %
Tax paid	-2 835	-327	-767 %	-2 984	-327	-812 %
Depreciation	4 994	5 452	-8 %	19 534	20 366	-4 %
Change in work in progress	950	-300	417 %	-3 835	2 363	-262 %
Change in accounts receivable	-457	-6 630	93 %	5 900	-12 095	149 %
Change in accounts payable	8 297	6 810	22 %	3 595	-572	728 %
Change in other accruals	13 515	16 115	-16 %	-5 035	-6 379	21 %
Effect of currency changes	-699	-394	-78 %	-987	126	-884 %
<b>Net cash flow from operating activities</b>	<b>36 860</b>	<b>30 104</b>	<b>22 %</b>	<b>48 450</b>	<b>20 786</b>	<b>133 %</b>
<b>Cash flow from investment activities</b>						
Payment from sale of fixed assets	0	0		140	0	
Investment in fixed assets	-510	-467	-9 %	-4 472	-2 856	-57 %
Investment in intangible assets	-2 148	-1 963	-9 %	-6 763	-6 744	0 %
Receipt from sale of shares in other companies	0	2 065	0 %	0	10 937	0 %
Net payment from sale of subsidiary	0	0		-881	0	
<b>Net cash flow from investment activities</b>	<b>-2 659</b>	<b>-365</b>	<b>-628 %</b>	<b>-11 976</b>	<b>1 337</b>	<b>-996 %</b>
<b>Cash flow from financing activities</b>						
Purchase of own shares	0	-381	100 %	-3 604	-456	-690 %
Sales of own shares	-275	0		373	69	440 %
Borrowings repaid	-2 230	-2 475	10 %	-8 591	-8 265	-4 %
Dividend	-12 184	-12 309	1 %	-21 911	-12 309	-78 %
<b>Net cash flow from financing activities</b>	<b>-14 689</b>	<b>-15 165</b>	<b>3 %</b>	<b>-33 734</b>	<b>-20 961</b>	<b>-61 %</b>
<b>Net cash flow</b>	<b>19 512</b>	<b>14 574</b>	<b>34 %</b>	<b>2 740</b>	<b>1 162</b>	<b>136 %</b>
Bank deposits at the beginning of the period	51 580	53 777	-4 %	68 351	67 189	2 %
<b>Bank deposits at the end of the period</b>	<b>71 092</b>	<b>68 351</b>	<b>4 %</b>	<b>71 091</b>	<b>68 351</b>	<b>4 %</b>
<b>New borrowing related to leasing</b>	<b>1 180</b>	<b>12 773</b>	<b>-91 %</b>	<b>6 374</b>	<b>14 761</b>	<b>-57 %</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	-423	24 713	24 289
Option costs	0	0	78	0	0	78
Purchase of own shares	0	-300	0	0	-3 304	-3 604
Sale of own shares	0	49	0	0	324	373
Dividend	0	0	0	0	-21 911	-21 911
<b>Shareholders' equity as of 31 Dec 2016</b>	<b>24 656</b>	<b>-290</b>	<b>480</b>	<b>-1 021</b>	<b>29 800</b>	<b>53 625</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 31 December 2016.

## NOTE 2: EVENTS AFTER THE BALANCE SHEET DATE

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There have been no events after 31 December 2016 that would have a material effect on the interim accounts.

## NOTE 3: ALTERNATIVE REPORTING MEASURES

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The new guidelines issued by the European Securities and Markets Authority on alternative performance measures (APMs) came 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.

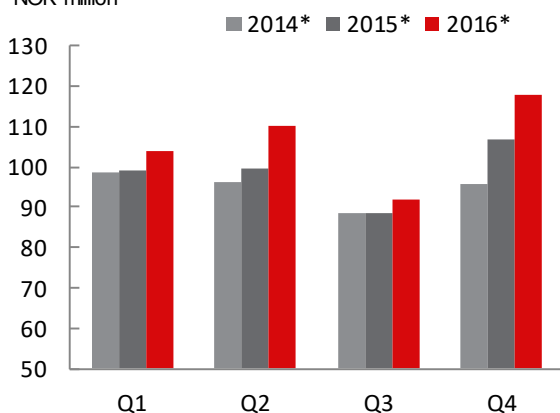
# KEY FIGURES

All figures in NOK 1000	2016 10-12	2015* 10-12	change %	2015 10-12	2016 1-12	2016* 1-12	2015* 1-12	change %	2015 1-12
<b>Profit &amp; Loss</b>									
Sales revenue	117 642	106 569	10 %	113 115	425 115	423 559	394 243	7 %	435 393
Gross profit 1	98 856	90 450	9 %	94 744	361 581	360 353	335 623	7 %	368 038
EBITDA	18 207	14 203	28 %	13 611	55 273	55 902	46 130	21 %	39 924
EBITDA margin	15.5 %	13.3 %	2.1 pts	12.0 %	13.0 %	13.2 %	11.7 %	1.5 pts	9.2 %
Operating profit (EBIT) before non-recur. items	13 214	8 796	50 %	8 159	35 739	36 381	26 389	38 %	20 145
EBIT margin before non-recurring items	11.2 %	8.3 %	3 pts	7.2 %	8.4 %	8.6 %	6.7 %	1.9 pts	4.6 %
Operating profit (EBIT)	13 214	8 796	50 %	8 510	34 091	34 211	22 657	51 %	18 764
EBIT margin	11.2 %	8.3 %	3 pts	7.5 %	8.0 %	8.1 %	5.7 %	2.3 pts	4.3 %
Profit before taxes	13 096			9 726	32 793				19 654
Profit for the period	9 972			5 763	24 713				13 064
<b>Balance sheet</b>									
Non-current assets	43 134			47 800	43 134				47 800
Bank deposits	71 092			68 351	71 092				68 351
Current assets	159 049			167 318	159 049				167 318
Total assets	202 183			215 118	202 183				215 118
Equity	53 625			54 401	53 625				54 401
Total current liabilities	128 247			138 190	128 247				138 190
Equity ratio	26.5 %			25.3 %	26.5 %				25.3 %
Current ratio	1.24			1.21	1.24				1.21
<b>Cash flow</b>									
Net cash flow from operating activities	36 860			30 104	48 450				20 786
Net cash flow	19 512			14 574	2 740				1 162
<b>Share information</b>									
Number of shares	82 186 624			82 186 624	82 186 624				82 186 624
Weighted average basic shares outstanding	81 221 179			82 122 897	81 640 174				82 122 897
Weighted average diluted shares outstanding	84 195 179			84 238 897	83 905 174				83 553 897
Profit per share	0.12			0.07	0.30				0.16
Diluted Profit per share	0.12			0.07	0.29				0.16
EBITDA per share	0.22	0.17	30 %	0.17	0.68	0.68	0.56	22 %	0.49
Equity per share	0.66			0.66	0.66				0.66
Dividend per share	0.15			0.15	0.27				0.15
<b>Employees</b>									
Number of employees at the end of the period	395	381	4 %	400	395	395	381	4 %	400
Average number of employees	391	380	3 %	401	385	381	376	1 %	425
Operating revenue per employee	301	281	7 %	282	1 105	1 112	1 049	6 %	1 024
Gross profit 1 per employee	253	238	6 %	236	940	946	893	6 %	866
Personnel expenses per employee	174	170	3 %	171	684	687	657	5 %	648
Other operating expenses per employee	32	31	4 %	31	112	112	113	-1 %	124
EBITDA per employee	47	37	25 %	34	144	147	123	20 %	94
EBIT per employee	34	23	46 %	20	93	95	70	36 %	47

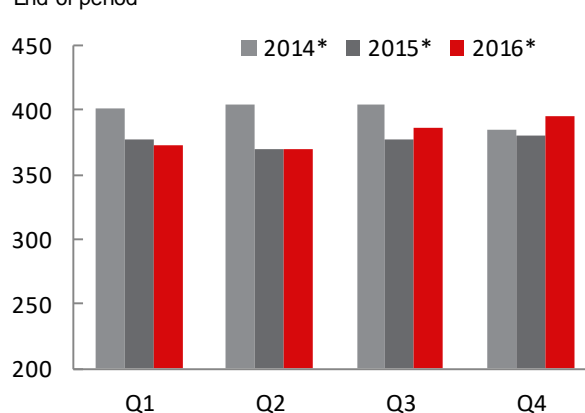
\* = Pro forma Profit & Loss and employee figures for continuing operations. Other figures as reported.

# QUARTERLY DEVELOPMENT 2014-2016

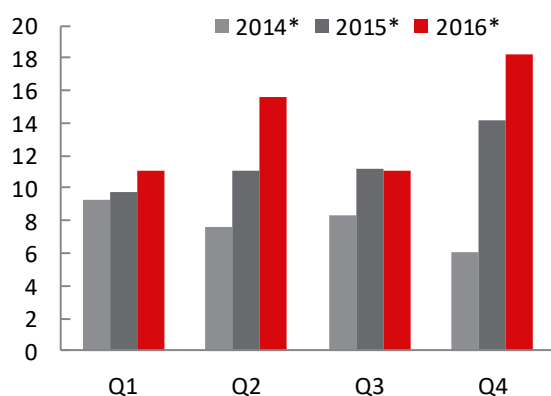
**Revenues**  
NOK million



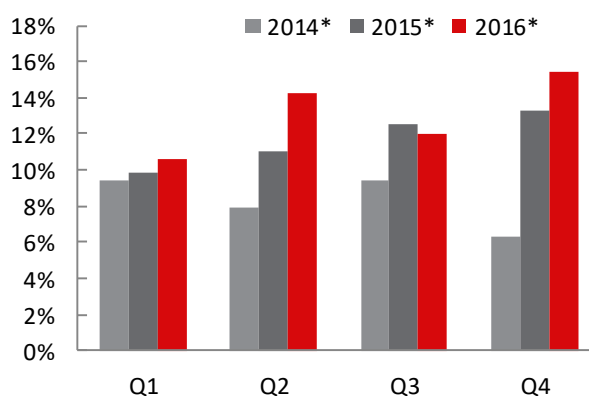
**Employees**  
End of period



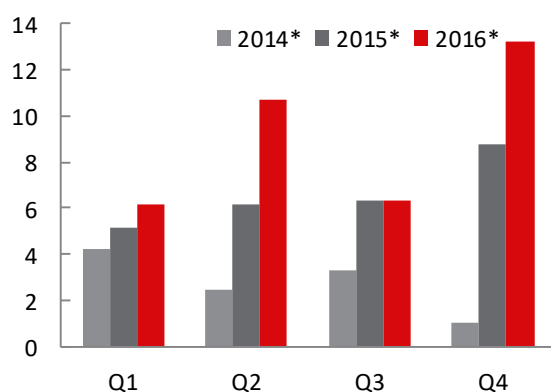
**EBITDA**  
NOK million



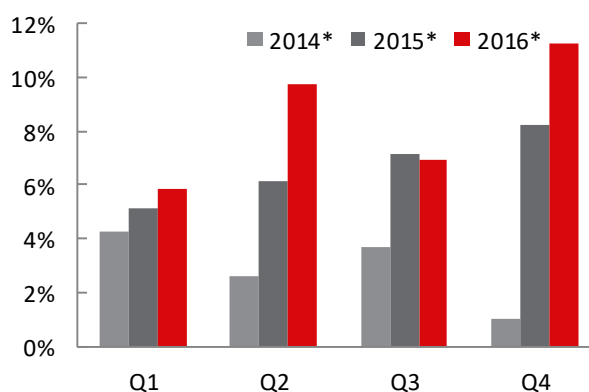
**EBITDA margin**  
%



**EBIT**  
NOK million



**EBIT margin**  
%



\* = Pro forma figures for continuing operations

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**IT'S OUR  
DIVERSITY THAT MAKES  
THE DIFFERENCE.**