

INTERIM REPORT
Q3 2017
WEBSTEP ASA



WEBSTEP

Q3 HIGHLIGHTS

- Stable revenue growth (+4.9%) and high demand for core services
 - Calendar effects (one working day less than last year)
 - Seasonal effects (summer vacation)
- EBITDA impacted by slightly lower utilisation
 - Investing in expertise and capacity for new services
 - High on-boarding activity
- Attracting talent and adding capacity: 27 experienced experts signed
- Strong market fundamentals for future growth



KEY FIGURES

Consolidated

(Amounts in NOK million)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Sales revenues	124.9	119.1	430.6	412.6	562.5
EBITDA	7.1	9.4	51.5	52.0	72.7
EBITDA margin	5.7 %	7.9 %	12.0 %	12.6 %	12.9 %
Net profit	2.2	2.5	29.5	26.6	40.5
Net cash flow	-39.1	-156.6	-78.5	-43.7	12.6
Earnings per share (NOK)	0.11	0.12	1.43	1.34	2.02
Earnings per share, fully dilluted (NOK)	0.11	0.12	1.43	1.34	2.02
Number of employees, average (FTE)	394	392	392	397	394
Number of employees, end of period	393	389	393	389	384
Number of work days, Norway (excl. vacation)	65	66	189	189	252
Number of work days, Sweden (excl. vacation)	65	66	188	189	253
EBITDA per average employee (tNOK)	18	24	131	131	185

Norway

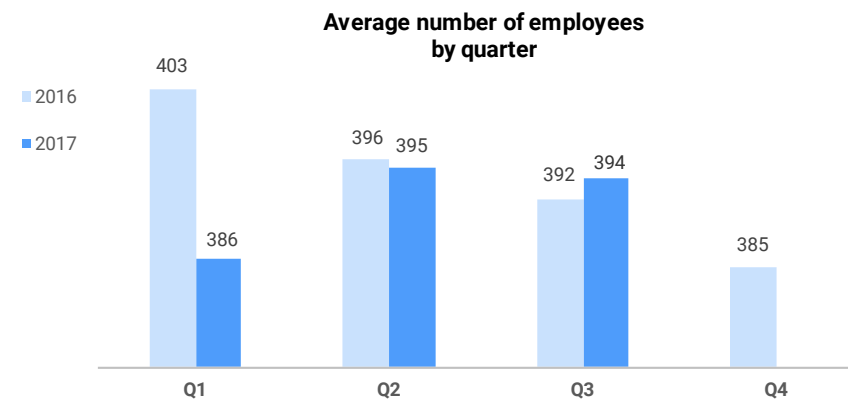
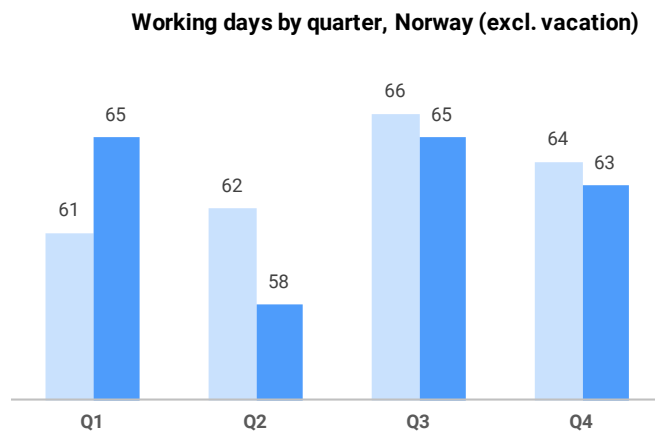
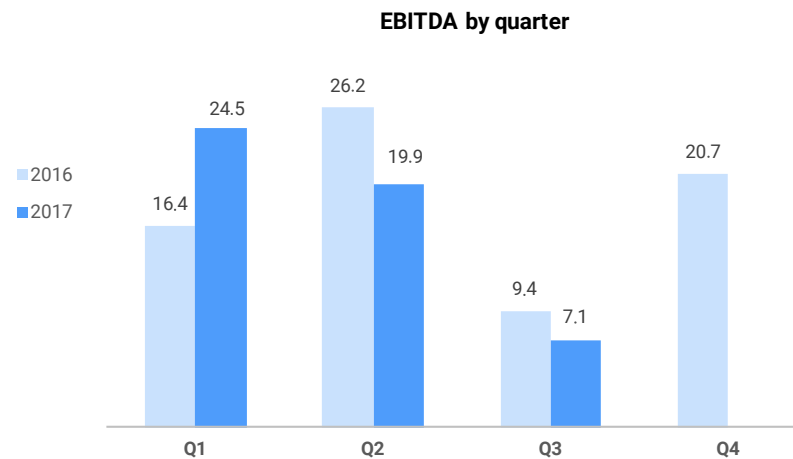
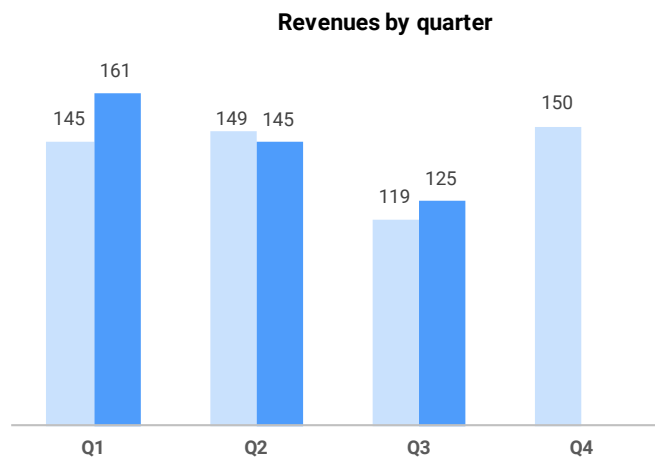
(Amounts in NOK million)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Sales revenues	102.7	102.4	359.4	350.4	478.5
EBITDA	5.9	8.8	46.3	47.1	67.5
EBITDA margin	5.8 %	8.6 %	12.9 %	13.4 %	14.1 %
Number of employees, average (FTE)	329	327	328	331	329
Number of employees, end of period	328	325	328	325	323
Number of work days, Norway (excl. vacation)	65	66	189	189	252
EBITDA per average employee (tNOK)	18.0	26.9	141.0	142.4	205.1

Sweden

(Amounts in NOK million)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016
Sales revenues	22.3	16.7	71.2	62.2	84.0
EBITDA	1.2	0.6	5.3	4.9	5.3
EBITDA margin	5.3 %	3.8 %	7.4 %	7.9 %	6.2 %
Number of employees, average (FTE)	65	65	64	66	65
Number of employees, end of period	65	64	65	64	61
Number of work days, Sweden (excl. vacation)	65	66	188	189	253
EBITDA per average employee (tNOK)	18.1	9.8	82.0	74.1	80.8



INVESTING IN NEW SERVICES AND ADDING GROWTH CAPACITY

Webstep reports continued high demand and stable revenue growth in the third quarter of 2017. Revenues grew both in Sweden and in Norway. Recruitment activity was high and represents investment in expertise and capacity to secure future growth within core services as well as new services.

Consolidated revenues in the third quarter of 2017 grew by 4.9 per cent from the corresponding quarter last year and amounted to NOK 124.9 million.

“We are pleased to see that demand for IT experts remains high, particularly within core digitalisation services. We have a solid backlog of high-end expert deliveries and we are continuously recruiting to meet the demand and realise our growth ambitions. In addition, we have taken important steps to grow our expertise within new services such as Machine Learning, IoT and Analytics” – says CEO Kjetil Bakke Eriksen.

EBITDA for the quarter was NOK 7.1 million, compared to NOK 9.4 million last year. The third quarter was characterised by a high number of employees in the onboarding phase. Employees were replaced and investments were made to secure future growth capacity, especially for new services. This had a temporary negative impact on utilisation, mainly due to longer sales processes for new services.

EBITDA for the first nine months of 2017 was NOK 51.5 million, compared to NOK 52.0 million in the same period of 2016. The EBITDA decrease is a consequence of the

lower capacity utilisation and extra personnel costs for employees in the onboarding phase, as well as investment in new services.

The Initial Public Offering (IPO) of the company's shares was announced on 26 September and successfully completed on 11 October. The financial position has been substantially strengthened after the IPO. The gross proceeds raised in the transaction were NOK 120 million.

The market fundamentals are strong, following the high number of ongoing digitalisation projects in a broad range of sectors and companies. Webstep expects continued high demand for IT expertise going forward.

FINANCIAL REVIEW

(Numbers in brackets refer to the corresponding reporting period/reporting date in 2016, unless otherwise specified)

PROFIT AND LOSS

Third quarter consolidated revenues were NOK 124.9 million (NOK 119.1 million). Year to date consolidated revenues amounted to NOK 430.6 million, (NOK 412.6 million).

Webstep's revenue model is based on hourly fees, with revenue capacity depending on the number of consultants and number of working days available. Calendar effects therefore cause differences in revenue capacity between quarters. The third quarter has relatively low revenue capacity, due to summer holidays in Norway and Sweden in July/August.

Cost of goods sold NOK 11.0 million (NOK 6.3 million) for the quarter and NOK 32.7 million (NOK 23.9 mil-

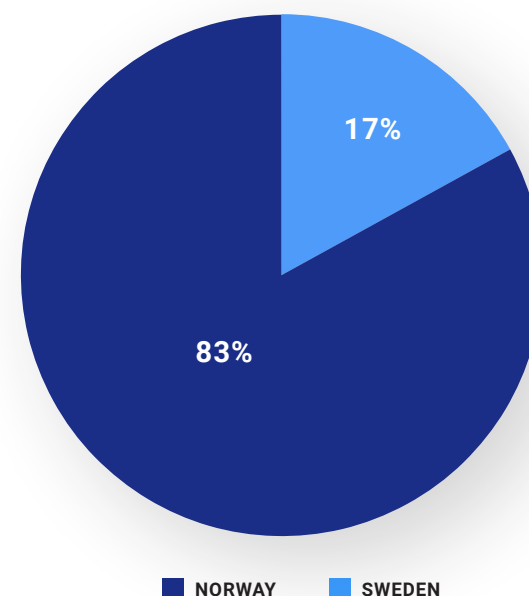
lion) year to date, reflecting normal variations in the mix of internal resources and subcontractors used in projects.

The group has a highly flexible and efficient cost base. A high proportion of salary is variable. Personnel expenses also include pension, tax, vacation pay and other items. Salaries and personnel cost for the quarter came to NOK 98.3 million (NOK 95.3 million) and reflects higher than normal recruitment and onboarding activity, combined with investments in new services.

Salaries and personnel costs on a year to date basis came to NOK 319.9 million (309.9 million).

EBITDA for the quarter was NOK 7.1 million, compared to NOK 9.4 million last year, which was an extraordinary strong quarter. EBITDA year to date was NOK 51.5 million (NOK 52.0 million) The EBITDA decrease is partly a consequence of the lower capacity utilisation and investments in new services.

Q3 YTD REVENUE
BREAKDOWN



Operating profit was NOK 4.9 million (NOK 7.3 million) for the quarter and NOK 45.1 million (43.5 million) year to date.

Net financial costs were NOK 2.0 million (NOK 2.9 million) for the quarter. The reduction is mainly related to currency fluctuations on intercompany debt. Net financial cost year to date were NOK 6.3 million (NOK 8.0 million).

Income tax expenses in the third quarter amounted to NOK 0.7 million (NOK 1.9 million) and NOK 9.3 million (NOK 8.9 million) year to date.

Net profit was NOK 2.2 million (NOK 2.5 million) for the quarter and NOK 29.5 million (NOK 26.6 million) year to date.

FINANCIAL POSITION AND CASH FLOW

Total assets at 30 September amounted to NOK 529.8 million (NOK 507.2 million). Non-current assets of NOK 392.0 million (NOK 389.5 million) mainly consisted of

intangible assets. The main part of intangible assets is acquisition-related goodwill of NOK 381 million, which is impairment tested annually.

Total current assets of NOK 137.9 million (NOK 117.7 million) mainly consisted of trade receivables. The increase from the same balance date in 2016 is primarily a consequence of 30 September 2017 being a Saturday and concurrently being the due date for a significant part of the receivables. Such payments are normally paid over the weekend. Consequently, trade receivables dropped just after quarter end. Approximately NOK 38 million were paid by 3 October, leaving trade receivables at approximately NOK 90 million after this date.

Cash and cash equivalents at the end of the quarter were NOK 1.8 million (NOK 24.1 million), impacted by the same effect as described above, with a NOK 38 million increase by 3 October when payments falling due on 30 September had been booked.

Total equity at 30 September was NOK 228.0 million (NOK 186.0 million), while non-current liabilities amounted to NOK 137.6 million (172.7 million) and current liabilities were NOK 164.2 million (NOK 148.5 million).

Net cash flow year to date was negative NOK 78.6 million (negative NOK 43.7 million). The reduction is primarily because of postponed client payments as described above.

Webstep raised gross proceeds of around NOK 120 million in connection with the Initial Public Offering, which was completed on 11 October. The financial position post IPO is strong. The net proceeds from the capital issue has been used to reduce debt and further strengthen the financial position.

SEGMENTS

Webstep has two reporting segments; Norway and Sweden. Norway is the largest segment and accounts for ~85 per cent of total revenues.

NORWAY

Webstep Norway is located in Oslo, Bergen, Stavanger, Trondheim and Kristiansand and provides high-end IT consultancy services to more than 200 public and private clients. The core digitalisation offering consists of digitisation, cloud implementation, migration and integration. In addition, Webstep is steadily taking advantage of key fast-growing markets with other core focus areas, including Internet of Things (“IoT”), machine learning and analytics.

Total operating revenues for the quarter came to NOK 102.7 million (NOK 102.4 million), an increase of 0.3 per cent from the corresponding quarter last year. Although there is a high demand for Webstep’s core IT services, revenue growth in

the third quarter was lower than normal, mainly because of onboarding activity and investments in new services. Total operating revenues year to date were NOK 359.4 million (NOK 350.4 million).

EBITDA in the third quarter came to NOK 5.9 million (NOK 8.8 million), representing an EBITDA margin of 5.8 per cent (8.8 per cent). EBITDA year to date was NOK 46.3 million (NOK 47.1 million), at an EBITDA margin of 12.9 per cent (13.4 per cent).

Webstep Norway had 328 employees at the end of the third quarter (325 employees). The average number of employees in the quarter was 329 (327). Strong focus on recruitment has proven successful. A high number of new employees will be onboarded in the coming months, allowing Webstep Norway to plan for a higher revenue growth rate when entering 2018.

The order intake and backlog for Webstep Norway is generally high, with particularly high demand for the core digitalisation services.



SWEDEN

Webstep Sweden has offices in Stockholm and Malmö and serves more than 50 clients in different industries, mainly in the private sector. Webstep Sweden delivers the same high-end IT consultancy services as the Norwegian counterpart, primarily within the company's core digitalisation offering.

Total operating revenues for the third quarter were NOK 22.3 million (NOK 16.7 million), an increase of 33.6 per cent from the same quarter last year. Total operating revenues year to date were NOK 71.2 million, up 14.5 per cent from the same period last year (NOK 62.2 million). The growth in the quarter and year to date is mainly a consequence of improved utilisation and strong client development utilising sub-contractors to build new client relations.

EBITDA in the third quarter was NOK 1.2 million (NOK 0.6 million), representing an EBITDA margin of 5.3 per cent (3.8 per cent). EBITDA year to date was NOK 5.3

million (NOK 4.9 million), and the EBITDA margin was 7.4 per cent (7.9 per cent).

Webstep Sweden had 65 employees at the end of the third quarter (64 employees). The average number of employees in the quarter was 65 (65).

Webstep Sweden will continue the enhanced focus on recruitment, to realise further potential for growth as well as margin improvement.

The order intake and backlog for Webstep Sweden is high and is very much in line with the situation in Norway.





EMPLOYEES AND ORGANISATION

Webstep's offering to customers is based on high-end IT expertise. The company has an ambition to grow the offering of core digitalisation services and at the same time build an expert position within new services such as Machine Learning, Internet of Things and Analytics. This ambition requires a strong and continuous focus on recruitment of highly competent expert consultants.

The company operates in a market characterised by a generally high and increasing demand for IT experts. Revenue is primarily driven by the number of consultants and working hours available, capacity utilisation and the hourly rate of the consultants. Revenue growth is first of all dependent on the ability to increase the number of consultants. The company continues to prove its position as an attractive employer with 27 new experts signed the past quarter. Hourly rates obtained are in

the higher end of the IT consulting market, following the expert profile of the company and the highly experienced senior staff.

Annual employee turnover rate in the company is below market levels for IT consultancies, with normal variations during the year. Periods with higher turnover will typically be followed by a period with higher onboarding activity. The onboarding process is somewhat different for employees assigned to core services than the new employees assigned to new services. The strong order backlog within core services allow for a short onboarding period; new employees are generally assigned to client deliveries within a short time. Sales processes for new services are longer and often require a longer onboarding period. The latter is however seen as an important strategic investment in expertise and capacity to deliver new services.

Capacity utilisation is generally high; however, variations will be seen in periods with high recruitment and onboarding activity.

The use of subcontractors in Norway is rather limited; with a slightly higher share in Sweden where the associated profit margin also is higher. The use of subcontractors is not a strategic priority and thus accounts for a minor part of total revenues.

SUBSEQUENT EVENTS

Webstep completed a successful Initial Public Offering (IPO), followed by a public listing of the company's shares on Oslo Børs on 11 October 2017. Gross proceeds of NOK 120 million was raised in the IPO. Net proceeds of NOK 115 million were used to repay long term debt and hence strengthen the financial position of the company.

The IPO included an employee offering, in which Webstep's employees were offered shares. The employee offering was successful, with approximately 57 per cent of the employees subscribing for shares.

OUTLOOK

The overall market outlook is very robust, following the general trend with high investment activity in digitalisation of private and public sector. This is expected to drive continued high demand for Webstep's offering of IT expertise.

Webstep aims to grow faster than the market and will focus on adding further growth capacity by continuous recruitment of experienced IT experts.

The high demand for the core services - digitisation, cloud and integration - is expected to continue. Cloud services represent further potential, as Webstep is moving towards a high-end position as strategic advisor and designer of Cloud strategies for clients. Further growth in this area will trigger additional recruitment.

New services, defined as IoT, Machine Learning and Analytics, are expected to be important growth areas, but are still in an early phase. Investments in expertise and capacity in these services is therefore highly



prioritized. As sales processes for new services generally take longer time, lower utilisation of these experts should therefore be expected in a short-term perspective.

Significant non-recurring costs will occur in the fourth quarter of 2017, mainly transaction costs related to the Initial Public Offering. One-off costs related to recruitment incentive program will also have impact in the fourth quarter. The program has been very successful and is one of the drivers behind the high onboarding activity in the third and fourth quarter.

Webstep will have a strong focus on employer branding and recruitment going forward, in order to increase future growth capacity. The 27 new employees signed in Q3 will mainly be onboarded during Q4/Q1 and will increase the billable capacity when entering 2018.

The share based Employee Incentive Program (EIP) that was introduced in connection with the IPO will have a slight impact on personnel costs going forward, starting in the fourth quarter of 2018.

Costs related to matching shares earned through the two-year program will be allocated on a monthly basis.

The over-all ambition remains unchanged; profitable growth above market and maintaining EBITDA margin levels above the average market level, as demonstrated over the last years.

THE BOARD OF DIRECTORS AND CEO OF WEBSTEP ASA

OSLO, 15 NOVEMBER 2017

Klaus-Anders Nysteen

Chair of the board

Terje Bakken

Director

Toril Nag

Director

Siw Ødegaard

Director

Bjørn Ivar Danielsen

Director

Kjetil Bakke Eriksen

Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1000)

	Note	Q3 2017	Q3 2016	Q3 YTD 2017	Q3 YTD 2016	Full year 2016
Sales revenues		124 942	119 056	430 640	412 641	562 515
Total revenues		124 942	119 056	430 640	412 641	562 515
Cost of services and goods		11 037	6 307	32 718	23 851	33 836
Salaries and personell cost		98 308	95 337	319 861	309 897	417 897
Depreciation and impairment		2 201	2 079	6 424	8 545	10 563
Other operating expenses		8 492	7 996	26 550	26 881	38 063
Operating profit(loss)		4 903	7 337	45 086	43 466	62 155
Net financial items		-1 968	-2 912	-6 269	-7 962	-7 603
Profit before tax		2 936	4 425	38 817	35 504	54 553
Income tax expenses		716	1 917	9 322	8 909	14 033
Profit for the period		2 219	2 508	29 495	26 595	40 519
Earnings per share (NOK)	6	0.11	0.12	1.43	1.34	2.02
Earnings per share, fully diluted (NOK)	6	0.11	0.12	1.43	1.34	2.02
Other comprehensive income:						
Exchange differences on translation of		-862	-1 674	1 621	-3 443	-6 438
Other comprehensive income for the period, net of tax		-862	-1 674	1 621	-3 443	-6 438
Total comprehensive income for the period, net of tax		1 358	834	31 117	23 152	34 081
Attributable to:						
Shareholders in parent company		1 358	834	31 117	23 152	34 081

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1000)

	Note	30 Sept 2017	30 Sept 2016	Full year 2016
ASSETS				
<i>Non-current assets</i>				
Intangible assets	8	381 740	385 301	384 970
Fixed assets		5 432	3 777	2 738
Non-current financial assets		4 462	-	2 693
Deferred tax asset		320	420	320
Total non-current assets		391 953	389 497	390 720
<i>Current assets</i>				
Trade receivables		128 791	90 369	82 610
Other current receivables		7 338	3 246	4 139
Cash and short-term deposits		1 761	24 093	80 311
Total current assets		137 890	117 709	167 060
Total assets		529 843	507 206	557 781
EQUITY				
Share capital		21 256	20 126	21 256
Treasury shares		-610	-610	-610
Share premium		32 109	136 031	32 109
Retained earnings		175 279	30 443	144 164
Non-controlling interest		-	-	-
Total equity		228 033	185 989	196 918
LIABILITIES				
<i>Non-current liabilities</i>				
Borrowings	9	135 000	170 000	161 250
Deferred tax		2 589	2 680	3 596
Total non-current liabilities		137 589	172 680	164 846
<i>Current liabilities</i>				
Debt to credit institutions	9	37 371	30 000	59 983
Trade and other payables		9 712	5 929	10 615
Tax payable		14 842	11 556	15 689
Dividends payable		-	-	-
Social taxes and VAT		40 127	41 990	48 895
Other short-term debt	10	62 169	59 062	60 833
Total current liabilities		164 221	148 537	196 017
Total equity and liabilities		529 843	507 206	557 781

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK 1000)

	Q3 YTD 2017	Q3 YTD 2016	Full year 2016
Operating activities			
Profit/(loss) before tax	38 817	35 504	54 553
Adjustments for:			
Depreciation of property, plant and equipment	6 424	8 545	10 563
Net change in trade and other receivables	-51 149	-6 905	-2 732
Net change in other liabilities	-8 336	-10 711	2 652
Net foreign exchange differences	-450	988	604
Income tax expenses	-10 871	-14 197	-15 167
Net cash flow from operating activities	-25 565	13 225	50 473
Investing activities			
Purchase of property and equipment	-4 122	-2 332	-1 730
Net cash flow from investing activities	-4 122	-2 332	-1 730
Financing activities			
Proceeds from borrowings	-	200 000	200 000
Repayment of borrowings	-48 863	-80 751	-62 384
Net proceeds from equity	-	-	-
Purchase of treasury shares	-	-130	-130
Payment of dividends	-	-173 679	-173 679
Payment of seller credit	-	-	-
Unrealized value of financial instruments	-	-	-
Net cash flows from financing activities	-48 863	-54 560	-36 193
Net increase/(decrease) in cash and cash equivalents	-78 550	-43 668	12 550
Cash and cash equivalents at 1 January	80 311	67 761	67 761
Cash and cash equivalents at end of period	1 761	24 093	80 311

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1000)

	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents	Non- controlling interest	Total equity
At 1 January 2016	20 126	-604	181 031	15 285	110 215	326 053	10 592	336 645
Profit for the period					26 595	26 595		26 595
Other comprehensive income/(loss)				-3 443		-3 443		-3 443
Net purchase of treasury shares		-6			279	273	-1 001	-728
Restructuring of sub-group	1 130		21 078		-12 617	9 591	-9 591	-
Dividends to NCI					-3 080	-3 080		-3 080
Dividends			-170 000			-170 000		-170 000
At 30 September 2016	21 256	-610	32 109	11 842	121 392	185 989	-	185 989
Profit for the period					13 924	13 924		13 924
Other comprehensive income/(loss)				-2 995		-2 995		-2 995
At 31 December 2016	21 256	-610	32 109	8 847	135 316	196 918	-	196 918
Profit for the period					29 495	29 495		29 495
Other comprehensive income/(loss)				1 621		1 621		1 621
At 30 September 2017	21 256	-610	32 109	10 468	164 811	228 034	-	228 034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

THE COMPANY AND THE GROUP

Webstep ASA (the Company) is a Norwegian public limited liability company. The General Meeting held on 14 September 2017 resolved to transform the company from a private limited liability company to a public limited liability company and a name change from Azure Holding AS to Webstep ASA. The shares of the Company were listed on Oslo Børs on 11 October 2017.

The Company and its subsidiaries (together the Webstep Group/the Group) are leading providers of IT expert consultants in Norway and Sweden. The Group aims to be at the forefront of the technological development and to assist its customers in their digitalisation through the offering of cutting-edge IT expertise. The Group's core digitalisation offerings are digitalisation, cloud migration and integration, in addition to its other core focus areas Internet of Things (IoT), machine learning and analytics.

NOTE 2 BASIS OF PREPARATION AND STATEMENTS

BASIS FOR PREPARATION

The financial statements are presented in NOK, rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

STATEMENTS

These condensed consolidated interim financial statements for the third quarter 2017 have been prepared in accordance with IAS 34 as approved by the EU (IAS 34). They have not been audited or subject to a review by the auditor. They do not include all of the information required for full annual financial statements of the Group and should consequently be read in conjunction with the consolidated financial statements for 2016. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2016, which are available upon request from the Company's registered office at Lilleakerveien 8, 0283 Oslo, Norway.

These condensed consolidated interim financial statements for the third quarter 2017 were approved by the Board of Directors and the CEO on 15 November 2017.

ACCOUNTING POLICIES

The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU (International Financial Reporting Standards - IFRS) and the Norwegian Accounting Act. References to IFRS in these accounts refer to IFRS as approved by the EU. The date of transition was 1 January 2016.

The accounting policies adopted are consistent with those of the previous financial year.

At the time of approval for issue of these condensed consolidated interim financial statements, some new standards, amendments to standards and interpretations have been published, but are not yet effective and have therefore not been applied in preparing these consolidated financial statements. Those that may be relevant for the Group are described in note 1 to the annual consolidated financial statements for 2016.

NOTE 3 ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements for 2016 and as described in note 2 to the 2016 statements.

NOTE 4 SEGMENTS

The Group has two geographical reporting segments. Revenues and expenses are reported in the legal entity where they occur and hence reported in the segment in which the legal entity belongs. Segment performance is evaluated on the basis of revenue and EBITDA performance. Assets and liabilities are not allocated between the segments. Please refer to note 3 to the annual consolidated financial statements for 2016 for more information on the segments.

Summary P&L: Norway

	Q3 2017	Q3 2016	Q3 YTD 2017	Q3 YTD 2016	Full year 2016
Revenue	102.7	102.4	359.4	350.4	478.5
Total costs	96.7	93.6	313.1	303.3	411.0
EBITDA	5.9	8.8	46.3	47.1	67.5
EBITDA margin	5.8 %	8.6 %	12.9 %	13.4 %	14.1 %

Summary P&L: Sweden

	Q3 2017	Q3 2016	Q3 YTD 2017	Q3 YTD 2016	Full year 2016
Revenue	22.3	16.7	71.2	62.2	84.0
Total costs	21.1	16.0	66.0	57.3	78.8
EBITDA	1.2	0.6	5.3	4.9	5.3
EBITDA margin	5.3 %	3.8 %	7.4 %	7.9 %	6.2 %

NOTE 5 EXPLANATORY COMMENTS ABOUT THE SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Group's net operating revenues are affected by the number of working days within each reporting period while employee expenses are recognised for full calendar days.

The number of working days in a month is affected by public holidays and vacations. The timing of public holidays' (e.g. Easter) during quarters and whether they fall on weekends or weekdays impacts revenues. Generally, the Company's employees are granted leave during Easter and Christmas. The summer holidays primarily impact the month of July and the third quarter.

NOTE 6 EARNINGS PER SHARE

For the periods presented there are no dilutive effects on the profits or number of shares.

Basic and diluted earnings per share are consequently the same.

(Amounts in NOK 1000)

	Q3 2017	Q3 2016	Q3 YTD 2017	Q3 YTD 2016	Full year 2016
Profit for the period	2 219	2 508	29 495	26 595	40 519
Average number of shares (excl. treasury shares)	20 645	20 336	20 645	19 814	20 023
Earnings per share	0.11	0.12	1.43	1.34	2.02

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are primarily accounts receivable and other receivables, cash and cash equivalents and accounts payables, for which the book value is a good approximation of fair value.

The Group's interest-bearing liabilities are mainly borrowings and debt to credit institutions, amounting to NOK 172.4 million (NOK 200.0 million at 30 September 2016).

The Group owns a limited amount of treasury shares at quarter end (0.6 million), booked at face value.

NOTE 8 INTANGIBLE ASSETS

Intangible assets mainly consist of goodwill and customer relationships arisen from Webstep ASA's acquisitions of Webstep AS (Norway) in 2011 and Webstep AB in 2012/2013 (Sweden).

Net book value (NOK 1000)	30 Sept 17	30 Sept 16	31 Dec 16
Goodwill	380 615	377 770	378 765
Customer relationships	1 125	7 531	6 025
Total	381 740	385 301	384 790

For further details, please refer to note 6 to the Company's consolidated annual financial statements for 2016.

NOTE 9 INTEREST BEARING DEBT

The Company has a loan facility with SpareBank 1 SR-Bank ASA (the Senior Facility Arrangement). The balance as of 30 September 2017 was NOK 170.0 million (NOK 200.0 million), of which NOK 35.0 million (NOK 30 million) was booked as debt to credit institutions and classified as current liabilities (falling due within the next 12 months). Under the Senior Facility Arrangement, the Company have pledged security over the shares, inventory and accounts receivable in Webstep AS and negative pledge over the shares in Webstep AB.

The Company also has a NOK 40 million overdraft facility with Sparebank 1 SR-Bank ASA. Interest bearing debt at 30 September includes the balance of the overdraft facility, amounting to NOK 2.4 million.

The Senior Facility Arrangement has a floating interest rate (NIBOR 3 months + margin 3.35%) and the repayment period is 5 years from May 2016. For details of maturities, see note 13 to the consolidated annual accounts.

The covenants for the Senior Facility Arrangement are: 1) Group equity ratio >30 per cent, measured quarterly, and 2) NIBD / EBITDA ratio maximum 3 for the remainder of the repayment period, measured quarterly, rolling 12 months.

NOTE 10 OTHER SHORT TERM DEBT

Other short-term debt mainly consists of two components; 1) accrued salaries for the past month, for payment to employees in accordance with the salary model and 2) accrued holiday pay as required by law, for payment to employees in June every year.

NOTE 11 SUBSEQUENT EVENTS

Webstep ASA completed a successful Initial Public Offering on 10 October, followed by a listing of the Company's shares on Oslo Børs on 11 October. The Company issued 4 992 659 new shares in connection with the offering. The offering price was NOK 24.50 per share, raising gross proceeds of approximately NOK 120 million. Consequently, the total number of shares in issue post IPO is 26 248 391, with a market capitalisation of around NOK 643 million at the time of listing. The net proceeds from the share capital issue have been used to partly repay the Company's senior facility arrangement with SpareBank 1 SR-Bank ASA. As a consequence, the restructuring of the Company's debt has been completed as described in the IPO Prospectus. The financial position has been significantly strengthened post quarter end.

Trading in the shares on Oslo Børs commenced on 11 October. A total of 16 528 408 shares (including over-allotted shares) were allotted in the Offering, of which 86 per cent of the shares were allotted to investors in the institutional offering and 14 per cent of the shares were allotted to investors in the retail offering and the employee offering.