INTERIM REPORT

Q1 2019

WEBSTEP ASA

WEBSTEP

Q1 HIGHLIGHTS

- All-time high revenue of NOK 184.4 million (+5.5%), lead by Norway with revenue growth of 9.4%
- EBITDA of NOK 22.3 million (-6.6%) impacted by use of subcontractors and CEO recruitment costs
- New CEO appointed
- Geographic expansion continues; new office opened in Sundsvall, Sweden
- Continued high demand for Webstep's services

KEY FIGURES

CONSOLIDATED

(Amounts in NOK million)	**Q1 2019**	Q1 2018	FY 2018
Sales revenues	**184.4**	174.9	663.2
EBITDA[1)]	**22.3**	23.9	78.8
EBITDA margin[1)]	**12.1%**	13.7%	11.9%
EBITDA with former principles for leasing	**21.1**	23.9	78.8
EBITDA margin with former principles for leasing	**11.4%**	13.7%	11.9%
Net profit	**15.4**	17.7	56.2
Net cash flow	**(7.9)**	1.0	26.9
Earnings per share (NOK)	**0.58**	0.67	2.13
Earnings per share, fully diluted (NOK)	**0.58**	0.67	2.12
Number of employees, average (FTE)	**399**	417	407
Number of employees, end of period	**401**	416	394
Number of work days, Norway (excl. vacation)	**63**	62	249
Number of work days, Sweden (excl. vacation)	**63**	63	251
EBITDA per average employee[1)] (NOK thousand)	**56.0**	57.4	193.6

1) See note 12 to the consolidated financial statements for alternative performance measures.

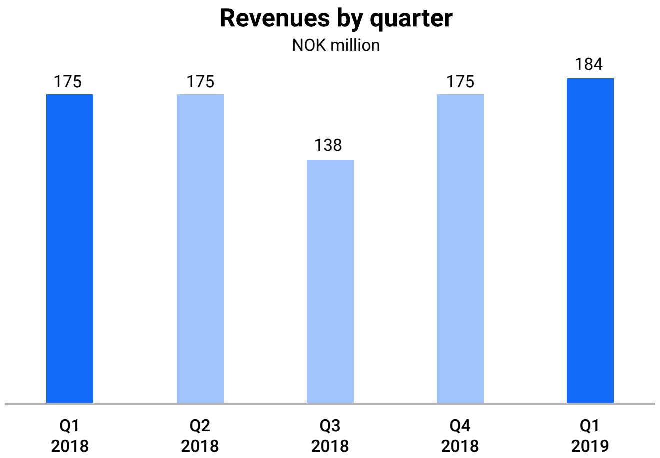
NORWAY

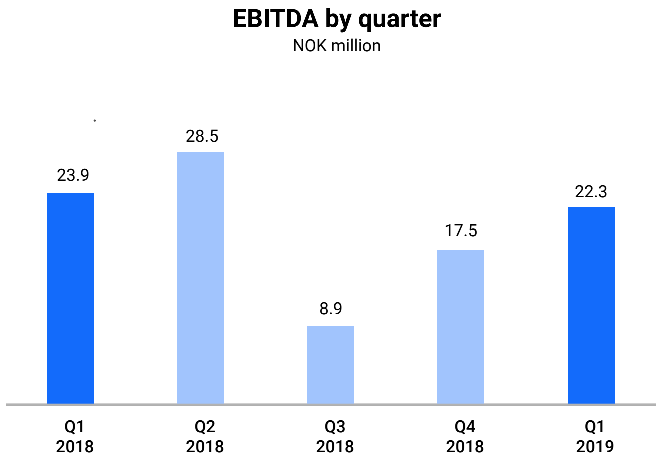
(Amounts in NOK million)	**Q1 2019**	Q1 2018	FY 2018
Sales revenues	**161.6**	147.7	570.3
EBITDA[1)]	**21.4**	21.9	75.3
EBITDA margin[1)]	**13.2%**	14.8%	13.2%
EBITDA with former principles for leasing [1)]	**20.5**	21.9	75.3
EBITDA margin with former principles for leasing [1)]	**12.7%**	14.8%	13.2%
Number of employees, average (FTE)	**339**	356	348
Number of employees, end of period	**341**	358	334
Number of work days, Norway (excl. vacation)	**63**	62	249
EBITDA per average employee[1)] (NOK thousand)	**63.0**	61.6	216.6

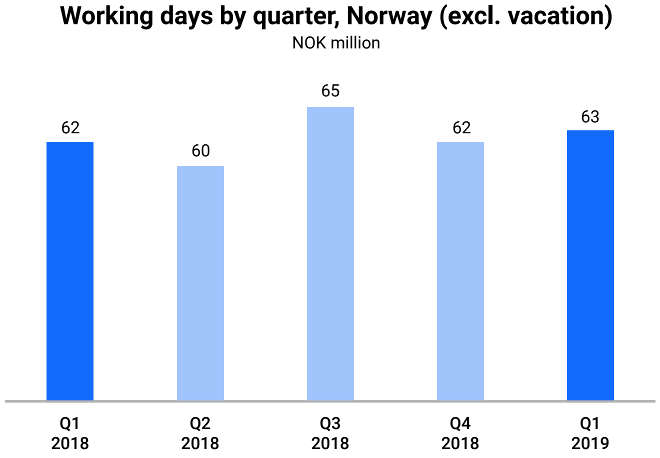
SWEDEN

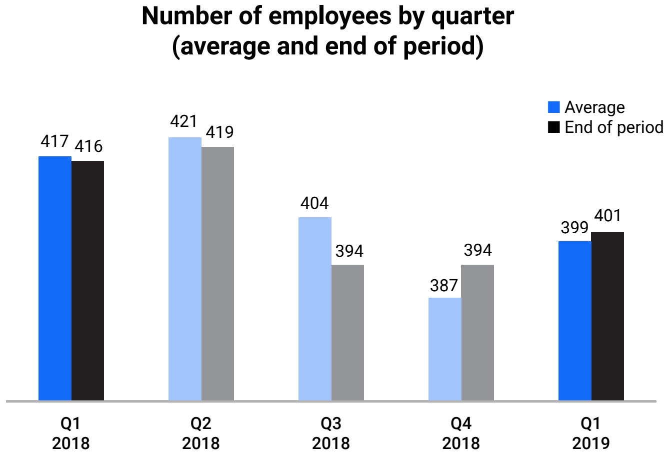
(Amounts in NOK million)	**Q1 2019**	Q1 2018	FY 2018
Sales revenues	**22.8**	27.2	92.8
EBITDA [1)]	**1.0**	2.0	3.5
EBITDA margin [1)]	**4.3%**	7.4%	3.7%
EBITDA with former principles for leasing [1)]	**0.6**	2.0	3.5
EBITDA margin with former principles for leasing [1)]	**2.5%**	7.4%	3.7%
Number of employees, average (FTE)	**60**	61	59
Number of employees, end of period	**60**	58	60
Number of work days, Sweden (excl. vacation)	**63**	63	251
EBITDA per average employee[1)] (NOK thousand)	**16.3**	32.9	58.7

1) See note 12 to the consolidated financial statements for alternative performance measures.


Revenues by quarter
NOK million
175
175
138
175
184
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019


EBITDA by quarter
NOK million
23.9
28.5
8.9
17.5
22.3
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019


Working days by quarter, Norway (excl. vacation)
NOK million
62
60
65
62
63
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019


Number of employees by quarter
(average and end of period)
Average
End of period
417
416
421
419
404
394
387
394
399
401
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019

ALL-TIME HIGH Q1 REVENUES

Webstep reports 5.5 per cent revenue growth in the first quarter of 2019, with 9.4 per cent growth in the Norwegian market alone. The order book remains strong and recruitment remains a number-one priority to meet the continued high demand for IT expertise.

Webstep ASA ("the Group" or "Webstep") recorded consolidated all-time high revenues in the first quarter of NOK 184.4 million, up 5.5 per cent from the same quarter last year. Revenues grew by 9.4 per cent in the Norwegian market.

EBITDA for the first quarter amounted to NOK 22.3 million, down 6.6 per cent from NOK 23.9 million in the corresponding quarter of 2018. The main reasons for the reduced EBITDA are increased use of subcontractors, and CEO recruitment costs. The EBITDA-margin ended at 12.1 per cent, compared to 13.7 per cent in the first quarter of 2018.

The new reporting standard IFRS 16 Leases, which was implemented by the Group on 1 January 2019, had a positive EBITDA effect of NOK 1.2 million. Such effects will be recurring effects, as lease costs have been reclassified from operating expenses to depreciation and finance costs following the new reporting standard.

Net profit for the first quarter was NOK 15.4 million, down from NOK 17.7 million in the same quarter last year.

The financial position is strong, with cash and short-term deposits of NOK 25.6 million (NOK 7.5 million), no interest bearing debt and total equity at 31 March of NOK 389.1 million (NOK 371.1 million) [1)], corresponding to an equity ratio of 66 per cent (69 per cent) before the provision for dividend of NOK 1.60 per share, which was approved by the Annual General Meeting 8 May 2019.

Cash flow from operations in the first quarter amounted to NOK -6.4 million, compared to NOK 23.9 million last year. The reduction is mainly explained by calendar effects related to which weekday receivables are falling due.

The market growth continues, with generally high demand for Webstep's core digitalisation offering. Sales of New Services, such as IoT, analytics and

1) Numbers in brackets refer to the corresponding reporting period/reporting date in 2018, unless otherwise specified.

machine learning are also growing, in part due to the Group's strong emphasis on sharing knowledge and expertise across the organisation. This is strengthening the offering to existing and new clients in all Webstep locations.

On 31 January 2019, Webstep announced that Arne Norheim was appointed new CEO of the Webstep Group, assuming the position on 2 May 2019.

The Group's great work environment and trust-based internal culture has once again been confirmed by the feedback from the employees in the Great Place to Work® survey. This resulted in high rankings in both Norway and Sweden in the 2019 awards. Webstep aims to maintain a position among the preferred employers for IT professionals in all its geographical locations. This focus is key in order for Webstep to succeed with its organic growth and recruitment strategies in 2019.

The geographical expansion continued in the first quarter, with the opening of a new Webstep office in Sundsvall, Sweden.

The general outlook for 2019 is positive. Webstep has a strong market position and a solid financial position with a very robust order book. Demand is high and hourly rates are increasing, but the growth capacity in 2019 will be challenged by an already high utilisation and the continuously challenging market conditions for recruitment of IT experts. Webstep has identified several measures to re-establish growth capacity, hereunder new measures to retain employees and strengthen recruitment capacity, leverage new geographic expansions, pursue inorganic growth opportunities and continue strengthening the partnerships with world-leading technology platforms. These initiatives are expected to contribute to building a new and robust platform for future growth, which supports the long-term ambition to exceed the average market levels for growth and profitability.

FINANCIAL REVIEW

Profit and loss

First quarter consolidated revenues were NOK 184.4 million (NOK 174.9 million), up 5.5 per cent from the same quarter last year.

Webstep's revenue model is based on hourly fees, with revenue capacity dependent on the number of consultants, number of working days and hourly rates. The number of employees was lower in the first quarter of 2019 compared to same quarter of 2018. However, the lower capacity was more than offset by higher utilisation, higher hourly rates and the impact of Easter holidays falling in April 2019, as opposed to March 2018. The first quarter of 2019 had one working day more than the corresponding quarter of 2018 (Norway).

More subcontractors were engaged to meet the increasing demand. Approximately half the revenue increase was enabled by increased use of subcontractors.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 22.4 million (NOK 17.3 million) for the quarter. The increase is attributable to the aforementioned increase in the use of subcontractors.

Personnel expenses include salaries and benefits, pension, tax, vacation pay and other items. A high proportion of salary is variable. New consultants receive a guaranteed base salary in the onboarding phase, which affects personnel expenses in periods with high onboarding activity.

Salaries and personnel costs came to NOK 128.9 million (NOK 124.6 million) for the first quarter. The increase from 2018 mainly reflects the higher revenue-based salaries for consultants, following the revenue growth. Part of the increase is attributable to costs previously capitalised as R&D investments, which are recognised as expenses in profit and loss from 1 January 2019 as the investments have started to generate revenue.

The Group uses earnings before interest, taxes and depreciations (EBITDA) as an alternative performance measure, as described in note 12 to the consolidated financial statements for the first quarter 2019. Total consolidated EBITDA in the first quarter amounted to NOK 22.3 million (NOK 23.9 million). The new reporting standard IFRS 16 Leases, which was implemented by the Group 1 January 2019, had a positive EBITDA effect of NOK 1.2 million. Such effects will be recurring, as lease costs have been reclassified from operating expenses to depreciation and finance costs following the new reporting standard.

The EBITDA-margin ended at 12.1 per cent, which is lower compared to the EBITDA-margin of 13.7 per cent for the same quarter in 2018. The main reason for this, is the increased revenue from subcontractors which has a lower margin than revenue from Webstep's own employees. There has also been a slight increase in other operating costs which, among other, relates to CEO recruitment costs and seminars and training for the employees.

Depreciation and impairment for the first quarter amounted to NOK 2.2 million (NOK 0.6

million). The main reason for the increase is the abovementioned implementation of IFRS 16 Leases which results in a reclassification of the majority of lease costs from other operating expenses to depreciation. Furthermore, R&D investments related to IoT are depreciated from 1 January 2019, as the investments have started to generate revenue.

Operating profit for the first quarter was NOK 20.2 million (NOK 23.3 million). Net financial costs were NOK 0.4 million (NOK 0.4 million), and income tax amounted to NOK 4.3 million (NOK 5.2 million). Net profit for the first quarter was NOK 15.4 million (NOK 17.7 million).

FINANCIAL POSITION AND CASH FLOW

Total assets at 31 March 2019 amounted to NOK 585.8 million (NOK 536.3 million). Non-current assets were NOK 403.7 million (NOK 389.4 million) and mainly consisted of intangible assets. Intangible assets amounted to NOK 384.6 million (NOK 383.8 million), and primarily comprised acquisition-related goodwill of NOK 377.4 million, which is impairment tested annually. Fixed assets of NOK 18.7 million increased by NOK 13.7 million in the first quarter mainly as a consequence of the implementation of IFRS 16 Leases. The right to use the leased objects of operational lease agreements are now classified as fixed assets ("right-of-use assets").

Total current assets of NOK 182.1 million (NOK 147 million) mainly consisted of trade receivables and cash and short-term deposits. Trade receivables at quarter end were NOK 150.5 million (NOK 132.4 million). Most receivables are due at month end and 31 March fell on a weekend in both 2018 and 2019.

Cash and short-term deposits amounted to NOK 25.6 million (NOK 7.5 million).

Total equity 31 March was NOK 389.1 million (NOK 371.1 million). The change is mainly related to earnings generated, offset by dividends paid in 2018.

Non-current liabilities amounted to NOK 11.3 million (NOK 1.5 million). Non-current

liabilities mainly consist of the liabilities related to the abovementioned lease contracts, which are classified as non-current liabilities in accordance with IFRS 16. Current liabilities amounted to NOK 185.4 million (NOK 163.8 million). Current leasing liabilities arising from the implementation of IFRS 16, amounts to NOK 4.1 million.

Cash flow from operations in the first quarter of 2019 amounted to negative NOK 6.4 million (NOK 23.9 million). The reduction in cash flow compared from the same period in 2018 can be explained by the change in trade receivables due to timing/cut-off effects depending on whether the due date for receivables fall on a business day or not. It should be noted that the implementation of IFRS 16 also had an effect on the cash flow presentation: Lease costs related to premises that were previously classified as cash flow from operating activities, are now partly classified as operating activities (NOK 0.1 million) and partly as repayment of borrowings (NOK 1.3 million).

ORGANISATION

As announced on 31 January 2019, the board of directors appointed Arne Norheim as Chief Executive Officer of the Webstep Group to succeed Kjetil Bakke Eriksen. Mr Eriksen had decided to pursue other opportunities after serving as the company's CEO for 13 years. Mr Norheim has extensive experience from IBM and has served as the Country General Manager of IBM Norway since July 2013. Mr Norheim assumed his new position 2 May 2019.

In March, the annual results of the Great Place to Work® surveys were announced. Once again, Webstep did well in the ranking, awarded second place in Norway and climbing two places to number fourteen in Sweden. Webstep has been ranked among the top 10 best places to work in the Great Place to Work® survey in Norway for the past 12 years. More important than the ranking, however, is the valuable feedback provided by the employees, which confirms that the work environment in Webstep is

highly appreciated, and that the trust-based culture is deeply rooted in the organisation.

Webstep's persistent focus on building and recruiting competence related to the New Services within the technology space, has created results. The Group's capacity within cloud services, the strong partnerships with market leaders such as Amazon Web Services (AWS), Google and Blue Prism, and the successful establishment of highly skilled machine learning and analytics expert environments, are all measures that have strengthened Webstep significantly in terms of market offering possibilities and cross selling opportunities. This has also given Webstep credibility in its recent geographic expansion initiatives.

Following the announcement of the opening of two new offices late 2018, a third new office was opened in March 2019. The new city to be inhabited by Webstep consultants, is Sundsvall, Sweden. This office will put a special emphasis on data science and artificial intelligence. The new offices will be headed by managers who have extensive experience from Webstep and the IT consulting industry. An organic growth strategy with establishments in new geographical markets with high demand for IT expert services is a low-risk measure which has previously proved successful for the company.

SEGMENTS

Webstep has two reporting segments; Norway and Sweden. Norway accounts for around 88 per cent of total revenues.

Norway

Webstep Norway is headquartered in Oslo and also has offices in Bergen, Stavanger, Trondheim, Kristiansand and Haugesund. The company provides high-end IT consultancy services to more than 200 public and private clients across the country. The core offering consists of digitisation, cloud services and integration. In addition, Webstep is steadily taking advantage of key fast-growing markets, including Internet of Things ("IoT"), machine learning, robotics and analytics.

Total operating revenues for the quarter came to NOK 161.6 million (NOK 147.7 million), an increase of 9.4 per cent from the corresponding quarter last year. Fewer employees had a negative effect on revenue, but this was more than offset by the positive effect of increased hourly rates, higher utilisation and fewer holidays compared to 2018.

Customers' demand for Webstep's core IT services remains high, and the company has increased the use of subcontractors in order to be able to meet the demand. More than half of the revenue increase is attributable to the increased use of subcontractors.

EBITDA for the first quarter came to NOK 21.4 million (NOK 21.9 million), which represents an EBITDA margin of 13.2 per cent (14.8 per cent). The positive effect of the implementation IFRS 16 on first quarter EBITDA, was NOK 0.8 million.

The market situation in Norway remains very favourable, with generally high order intake and backlog, and particularly high demand for Webstep's core digitalisation services.

There is a high demand from Webstep´s clients for IT expert services and the order book for 2019 is strong. Recruitment has top priority in order to meet clients' needs, but the competition for the best talents is fierce. The highly competitive environment for recruitment is expected to continue throughout 2019.

Webstep Norway had 341 employees at the end of the first quarter (358 employees). The average number of employees in the quarter was 339 (356).

Sweden

Webstep Sweden has offices in Stockholm, Malmö, Uppsala and Sundsvall. The latter was recently opened as part of the expansion strategy into geographical locations where there is a market for Webstep's expert services. Webstep Sweden serves clients in different industries, mainly in the private sector and 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 first

quarter came to NOK 22.8 million, a decrease from NOK 27.2 million the same quarter last year. The decrease is mainly due to less use of subcontractors and a currency effect of NOK 0.7 million. EBITDA came to NOK 1 million for the quarter (NOK 2 million). The positive effect of the implementation IFRS 16 on first quarter EBITDA, was NOK 0.4 million.

The margin level in Sweden is lower than in Norway for several reasons. Firstly, the hourly rates are lower in the Swedish market than in the Norwegian market. Secondly, Webstep Sweden has a higher cost level relative to revenues due to investments in management capacity and marketing initiatives to support growth.

Webstep Sweden had 60 employees at the end of the quarter (58 employees). The average number of employees in the quarter was 60 (61). The strong focus on recruitment continues, but the competition for hiring the most talented IT experts is still high.

The order intake and backlog for Webstep Sweden is good. This, together with new regional establishments, forms a base for growth and increased profitability.

OUTLOOK

The overall market outlook is strong, following the continued trend with high investment activity in digitalisation of the private and public sectors. This is expected to drive sustained high demand for Webstep's offering of IT expertise. The continued strong order book confirms the good momentum.

The high demand for Webstep's Core Services – digitisation, cloud and integration – is expected to continue. Cloud is the main prerequisite for the use of data for New Services such as IoT, machine learning and analytics. These are all becoming important growth areas. Investments in expertise and capacity in New Services remain highly prioritised due to a more mature market.

Webstep wins an increasing number of Cloud and New Services projects. These areas are growing and Webstep sees great potential in further increasing its cross-border and cross-technology sales. The establishment of Webstep as an AWS reseller in the first quarter has created new opportunities in the market. Not only does this extend the Webstep service offering to the clients, the reseller status also makes Webstep eligible to bid on agreements that were previously unattainable.

Capacity utilisation is expected to remain high, following the high demand and the general shortfall of IT expertise in the market. This implies continued fierce competition for employees, which will challenge growth capacity in the coming quarters. Capacity peaked in the second quarter of 2018 and the number of employees is expected to decrease slightly in the second quarter compared to the first quarter of 2019. Increasing hourly rates and increased revenue from subcontractors is expected to somewhat offset the revenue impact of reduced capacity. Consequently, revenue expectations for the first half of 2019 are more or less in line with the same period in 2018.

Webstep has identified four key areas, in which measures have been initiated to re-establish growth capacity going forward:

- **Organisation:** The ability to retain and recruit employees remains a key enabler for organic growth. Webstep will initiate further measures to retain its attractive employees and to strengthen recruitment capacity in a highly competitive environment.
- **New locations:** Webstep has utilised its strong brand to establish new offices in both Norway and Sweden. Recent establishments in Norway and Sweden are already looking promising and further expansion to new locations will be considered as a measure to accelerate organic growth.
- **Mergers and acquisitions:** Webstep will pursue inorganic growth opportunities as a possible way of realising growth going forward. The Company intends to continue searching for M&A-targets that meet Webstep's high quality requirements and at the same time represent a cultural match.
- **Partnerships:** Further strengthening of the partnerships with world-leading technology platforms will be a focus area, being an important tool to increase Webstep's relevance as employer and service provider.

The intention behind the abovementioned initiatives is to build a robust growth platform that supports the unchanged over-all and long-term ambition of the Group; to exceed the market average both in terms of growth and profitability.

THE BOARD OF DIRECTORS AND CEO OF WEBSTEP ASA

Oslo, 21 May 2019

Klaus-Anders Nysteen
Chair of the board

Terje Bakken
Board member

Toril Nag
Board member

Siw Ødegaard
Board member

Bjørn Ivar Danielsen
Board member

Arne L. Norheim
Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1000)	*Note*	**Q1 2019**	Q1 2018	FY 2018
Sales revenues		**184 432**	174 865	663 153
Total revenues		**184 432**	174 865	663 153
Cost of services and goods		**22 403**	17 298	70 635
Salaries and personell cost		**128 939**	124 648	470 813
Depreciation and impairment	*9*	**2 158**	632	2 927
Other operating expenses		**10 746**	8 987	42 909
Operating profit(loss)		**20 186**	23 300	75 868
Net financial items		**(435)**	(400)	(2 339)
Profit before tax		**19 750**	22 900	73 530
Income tax expenses		**4 341**	5 246	17 310
Profit for the period		**15 409**	17 654	56 220
Earnings per share (NOK)	*6*	**0.58**	0.67	2.13
Earnings per share, fully diluted (NOK)	*6*	**0.58**	0.67	2.12
Other comprehensive income:				
Currency translation differences		**(3 163)**	(4 608)	(2 109)
Other comprehensive income for the period, net of tax		**(3 163)**	(4 608)	(2 109)
Total comprehensive income for the period, net of tax		**12 246**	13 046	54 111
Attributable to:				
Shareholders in parent company		**12 246**	13 046	54 111

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1000)	*Note*	**31 Mar 2019**	31 Mar 2018	31 Dec 2018
ASSETS				
Non-current assets				
Intangible assets	*8*	**384 606**	383 801	387 816
Fixed assets	*9*	**18 678**	5 337	5 011
Non-current financial assets		**10**	-	10
Deferred tax asset		**436**	232	436
Total non-current assets		**403 730**	389 370	393 274
Current assets				
Trade receivables		**150 526**	132 403	103 288
Other current receivables		**6 035**	7 025	4 983
Cash and short-term deposits		**25 553**	7 539	33 478
Total current assets		**182 114**	146 967	141 749
Total assets		**585 844**	536 337	535 023

(Amounts in NOK 1000)	*Note*	**31 Mar 2019**	31 Mar 2018	31 Dec 2018
EQUITY				
Share capital		**26 967**	26 967	26 967
Treasury shares	*6*	**(486)**	(610)	(486)
Share premium		**154 243**	149 837	153 964
Retained earnings		**208 375**	194 868	196 130
Non-controlling interest		**-**	-	-
Total equity		**389 099**	371 062	376 574
LIABILITES				
Non-current liabilities				
Borrowings	*9*	**9 662**	-	-
Deferred tax		**1 641**	1 517	1 753
Total non-current liabilities		**11 303**	1 517	1 753
Debt to credit institutions	*10*	**-**	3 027	-
Current leasing liabilities	*9*	**4 144**	-	-
Trade and other payables		**20 272**	14 150	21 558
Tax payable		**16 614**	5 668	16 530
Dividends payable		**-**		-
Social taxes and VAT		**58 455**	61 375	53 738
Other short-term debt	*11*	**85 956**	79 538	64 868
Total current liabilities		**185 442**	163 758	156 695
Total equity and liabilities		**585 844**	536 337	535 023

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 2018	26 967	(610)	149 823	12 391	169 167	357 738	-	**357 738**
Profit for the period	-	-	-	-	56 220	56 220	-	**56 220**
Sales of treasury shares	-	124	3 020	-	-	3 144	-	**3 144**
Other comprehensive income/(loss)	-	-	-	(2 109)	-	(2 109)	-	**(2 109)**
Share incentive prorgram	-	-	1 117	-	-	1 117	-	**1 117**
Other comprehensive income/(loss)	-	-	-	-	-	-	-	**-**
Dividends	-	-	-	-	(39 535)	(39 535)	-	**(39 535)**
At 31 December 2018	26 967	(486)	153 960	10 282	185 851	376 575	-	**376 575**
Profit for the period	-	-	-	-	15 409	15 409	-	**15 409**
Sales treasury shares	-	-	-	-	-	-	-	**-**
Other comprehensive income/(loss)	-	-	-	(3 163)	-	(3 163)	-	**(3 163)**
Share incentive program	-	-	279	-	-	279	-	**279**
Dividends	-	-	-	-	-	-	-	**-**
At 31 March 2019	26 967	(486)	154 239	7 119	201 260	389 099	-	**389 099**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK 1000)	*Note*	**Q1 2019**	Q1 2018	1 Jan - 31 Dec 2018
Operating activities				
Profit/(loss) before tax		**19 750**	22 900	73 530
Adjustments for:				
Depreciation of property, plant and equipment	*9*	**2 158**	632	2 927
Net change in trade and other receivables		**(48 291)**	(10 297)	20 860
Net change in other liabilities		**24 519**	17 744	2 846
Net foreign exchange differences		**(249)**	(52)	(192)
Income tax expenses		**(4 243)**	(7 015)	(8 043)
Net cash flow from operating activities		**(6 356)**	23 912	91 927
Investing activities				
Payments for R&D initiative		**-**	(952)	(2 762)
Purchase of property and equipment		**(501)**	(741)	(2 707)
Net cash flow from investing activities		**(501)**	(1 693)	(5 469)
Financing activities				
Repayment of borrowings	*9*	**(1 346)**	-	-
Change in bank overdraft	*10*	**-**	(21 260)	(24 287)
Net proceeds from equity		**-**	-	-
Payment of dividends		**-**	-	(39 535)
Sale of treasury shares	*6*	**279**	-	4 261
Net cash flows from financing activities		**(1 067)**	(21 260)	(59 562)
Net increase/(decrease) in cash and cash equivalents		**(7 924)**	958	26 897
Cash and cash equivalents at the beginning of the period		**33 478**	6 580	6 580
Cash and cash equivalents at the end of the period		**25 553**	7 539	33 477

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 shares of the Company were listed on Oslo Stock Exchange 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 new focus areas Internet of Things (IoT), machine learning, robotics 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 first quarter of 2019 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 the information required for full annual financial statements of the Group and should consequently be read in conjunction with the consolidated financial statements for 2018. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2018, which are available on www.webstep.com and upon request from the Company's registered office at Lilleakerveien 8, 0283 Oslo, Norway.

These condensed consolidated interim financial statements for the first quarter 2019 were approved by the Board of Directors and the CEO 21 May 2019.

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, apart for the implementation of IFRS 16 Leases 1 January 2019.

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 2018.

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 2018 and as described in note 3 to the 2018 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 5 to the annual consolidated financial statements for 2018 for more information on the segments.

SUMMARY P&L: NORWAY

(Amounts in NOK 1000)	**Q1 2019**	Q1 2018	FY 2018
Revenue	**161.6**	147.7	570.3
Total costs	**140.3**	125.8	495.0
EBITDA[1)]	**21.4**	21.9	75.3
EBITDA margin[1)]	**13.2%**	14.8%	13.2%

SUMMARY P&L: SWEDEN

(Amounts in NOK 1000)	**Q1 2019**	Q1 2018	FY 2018
Revenue	**22.8**	27.2	92.8
Total costs	**21.8**	25.2	89.3
EBITDA[1)]	**1.0**	2.0	3.5
EBITDA margin[1)]	**4.3%**	7.4%	3.7%

1) See note 12 for alternative performance measures.

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' during quarters and whether they fall on weekdays or not impact revenues. Q1 2019 had one more work day compared to Q1 2018 in Norway, while in Sweden the number of work days was unchanged.

NOTE 6 EARNINGS PER SHARE

There are dilutive effects on the number of shares due to the share program for the Group's employees. The program allows participants who purchased shares in the employee offering ("Saving Shares") in the IPO to receive shares ("Matching Shares") free of charge after a vesting period of two years, provided that they remain employed by the Group and retain all the purchased Saving Shares throughout the said vesting period. The potential dilution through this program accounts for approximately 90 300 shares as per 31 March. 31 March 2019, the Company had 26 480 590 shares outstanding (excl. treasury shares). The number of treasury shares held by Webstep is 486 427.

(Amounts in NOK 1000)	**Q1 2019**	Q1 2018	FY 2018
Profit for the period	**15 409**	17 654	56 220
Average number of shares (excl. treasury shares)	**26 481**	26 357	26 367
Average number of shares, fully diluted (excl. treasury shares)	**26 571**	26 464	26 471
Earnings per share (NOK)	**0.58**	0.67	2.13
Earnings per share, fully diluted (NOK)	**0.58**	0.67	2.12

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are primarily trade receivables 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 debt to credit institutions, amounting to NOK 0 million (NOK 3 million 31 March 2018).

The Group owns a limited amount of treasury shares at quarter end, 0.5 million, booked at face value.

NOTE 8 INTANGIBLE ASSETS

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

Net book value (NOK 1000)	**31 Mar 2019**	31 Mar 2018	31 Dec 2018
Goodwill	**377 412**	378 038	380 244
Research and development	**7 194**	5 763	7 573
Total	**384 606**	383 801	387 816

For further details, please refer to note 10 to the Group's consolidated annual financial statements for 2018.

NOTE 9 FIXED ASSETS – CHANGE IN ACCOUNTING PRINCIPLE

The Group has changed accounting principle for its rented premises in accordance with IFRS 16. The rental cost was previously recognised as operational leasing according to IAS 17. As of 1 January 2019 the Group has recognised right of use premises at values equaling remaining lease liabilities of its rented premises.

The practical expedients in IFRS 16 paragraph C10(a), C10(b), C10(c) and C10(e) are applied to initial application of the Standard. Previous periods statements have not been restated in accordance with IFRS 16 paragraph C7 and C5(b).

The Group has applied its weighted average incremental borrowing rate for all the leases, recognised as financial, due to the similar characteristics of the leases. The rate applied is 4.12 per cent and is based on the rate agreed upon in current Revolving Credit Facility and identified as the incremental borrowing rate.

The initial recognition of the financial leases is presented in the table below:

(Amounts in 1 000)	31.12.2018	Initial recognition 01.01.2019	Current disclosure 31.03.2019	Additions Q1	Depreciation Q1	Exchange differences Q1
Financial statement lines						
Fixed assets (leased premises)	-	8 588	13 806	6 564	1 142	205
Borrowings (leased premises)	-	4 815	9 662	5 520	-	-
Current leasing liabilities (leased premises)	-	3 773	4 144	1 044	-	-

The right of use assets are recognised at the estimated present value of the leasing liabilities as calculated at the date of initial recognition. Recognised assets are depreciated progressively over the leasing periods. Leasing is none-cash transaction where initial recognition and addition is excluded from the Statement of Cash Flow.

NOTE 10 INTEREST-BEARING DEBT

A NOK 110 million Revolving Credit Facility (“RCF”) with SpareBank 1 SR-Bank ASA was entered into by the Company in October 2017. The RCF may be utilised by each member of the Group having acceded to the cash pooling account system related to the RCF.

The term of the RCF is two years, after which it is subject to renewal. The total payable interest rate is based on 3 months NIBOR in addition to an agreed margin of 2.85 per cent per annum. The interest calculation is based on the net of cash and overdraft. The quarterly charge for the credit facility is 0.25 per cent of the granted credit. Under the RCF, the Company has pledged security over the shares, inventory, insurance payouts and accounts receivable in Webstep AS and negative pledge over the shares in Webstep AB. The covenants for the RCF are: 1) Group equity ratio >30 per cent, measured quarterly, and 2) NIBD / EBITDA ratio maximum 3, measured quarterly, rolling 12 months.

The cash pooling account system is reported as one net figure, either asset or debt, depending on the net figure, to reflect the actual interest-bearing figure at balance date.

NOTE 11 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 12 ALTERNATIVE PERFORMANCE MEASURES

Webstep discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Webstep believes that the alternative performance measures provide useful supplemental information to management, investors, equity analysts and other stakeholders. These measures are commonly used and are meant to provide an enhanced insight into the financial development of Webstep's business operations and to improve comparability between periods.

Profit measures

EBITDA is short for Earnings before Interest and other financial items, Taxes, Depreciation and Amortisation and is a term commonly used by equity analysts and investors.

EBITDA per employee is Earnings before Interest and other financial items, Taxes, Depreciation and Amortisation divided by the average number of employees.

Reconciliation of alternative performance measures

(Amounts in NOK 1000)	**Q1 2019**	Q1 2018	FY 2018
Operating profit	**20 186**	23 300	75 868
Depreciation	**2 158**	632	2 927
EBITDA	**22 343**	23 932	78 795

WEBSTEP

WEBSTEP ASA
Visitor address:
Lilleakerveien 8
NO-0283 OSLO
NORWAY

Mailing address:
PB 272 Lilleaker
NO-0216 Oslo
NORWAY

IR-contact:
Liv Annike Kverneland
E: ir@webstep.com
T: +47 911 51 110

www.webstep.com