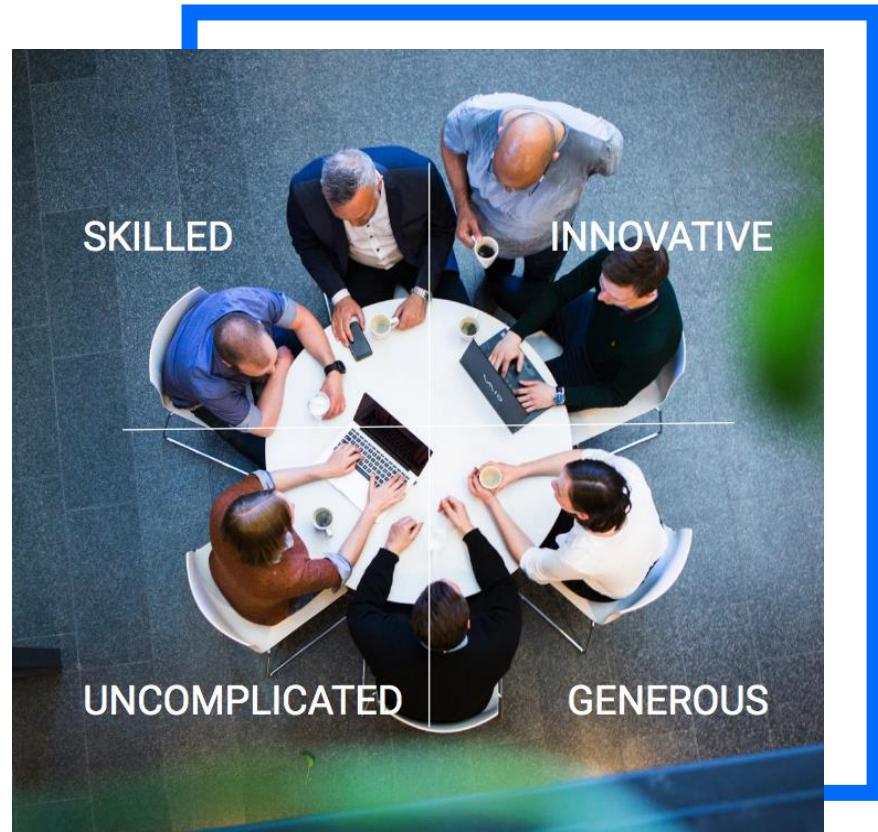


HALF YEAR REPORT  
**Q2 2020**  
WEBSTEP ASA



## Q2 and H1 HIGHLIGHTS

- Revenue growth in Q2 and H1
  - Q2: *NOK 172.4 million (NOK 162.0 million)*
  - H1: *NOK 355.4 million (NOK 346.5 million)*
- Solid EBIT
  - Q2: *NOK 23.2 million (NOK 19.6 million)*
  - H1: *NOK 36.3 (NOK 39.8 million)*
- Continued strong market for IT expert services
- Reduced recruitment activity in Q2, back to normal in Q3
- Strong growth in project deliveries (Solutions)
- Webstep Sweden with increased profitability
- The Board maintains its intention to distribute dividend in 2020



# KEY FIGURES

## CONSOLIDATED

(Amounts in NOK million)	Q2 2020	Q2 2019	Y/Y % growth	YTD 2020	YTD 2019	Y/Y % growth	FY 2019
Sales revenues	<b>172.4</b>	162.0	6.4%	<b>355.4</b>	346.5	2.6%	660.5
EBITDA	<b>26.7</b>	22.0	21.8%	<b>43.2</b>	44.3	(2.4%)	60.4
EBITDA margin	<b>15.5%</b>	13.5%	2.0pp	<b>12.2%</b>	12.8%	(0.6pp)	9.1%
EBIT	<b>23.2</b>	19.6	18.6%	<b>36.3</b>	39.8	(8.7%)	49.1
EBIT margin	<b>13.5%</b>	12.1%	1.4pp	<b>10.2%</b>	11.5%	(1.3pp)	7.4%
Net profit	<b>17.7</b>	14.8	19.3%	<b>27.3</b>	30.2	(9.8%)	36.1
Net cash flow	<b>11.6</b>	(19.9)	158.4%	<b>25.3</b>	(27.8)	191.1%	(8.0)
Earnings per share (NOK)	<b>0.66</b>	0.56	18.4%	<b>1.02</b>	1.14	(10.5%)	1.36
Earnings per share, fully diluted (NOK)	<b>0.66</b>	0.56	18.8%	<b>1.02</b>	1.14	(10.2%)	1.36
Number of employees, average (FTE)	<b>414</b>	391	5.9%	<b>412</b>	395	4.4%	397
Number of employees, end of period	<b>414</b>	386	7.1%	<b>414</b>	386	7.1%	409
Number of work days, Norway (excl. vacation)	<b>59</b>	58		<b>123</b>	121		249
Number of work days, Sweden (excl. vacation)	<b>60</b>	59		<b>123</b>	122		251
EBITDA per average employee (NOK thousand)	<b>64.6</b>	56.1	15.1%	<b>105.0</b>	112.1	(6.4%)	152.2
EBIT per average employee (NOK thousand)	<b>56.2</b>	50.2	11.9%	<b>88.2</b>	100.8	(12.5%)	132.8

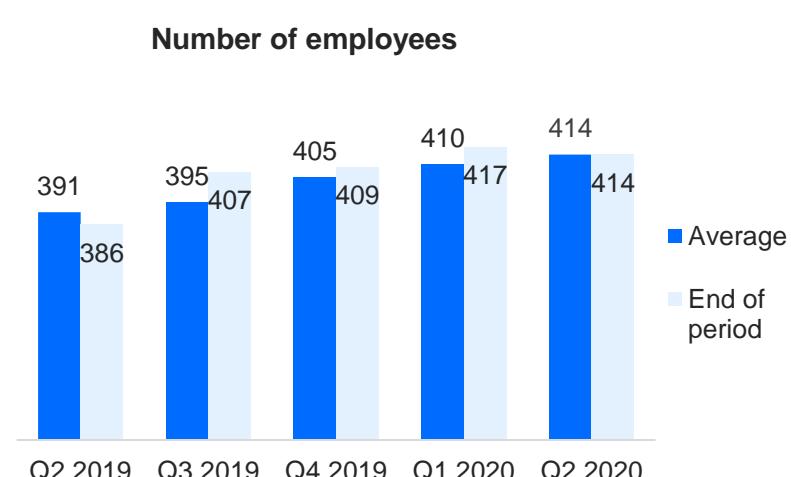
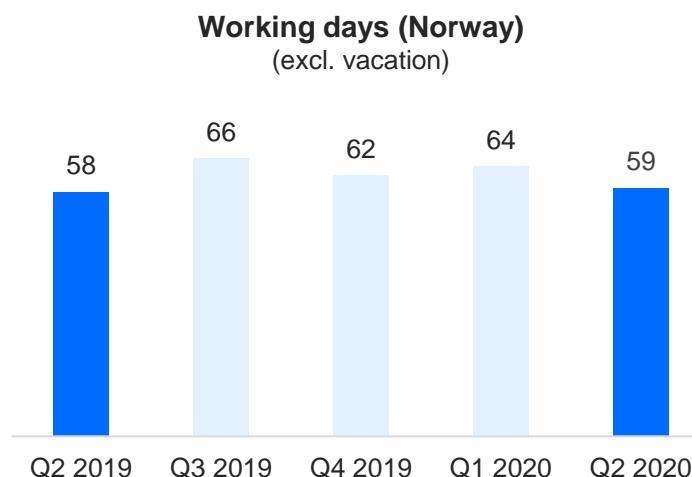
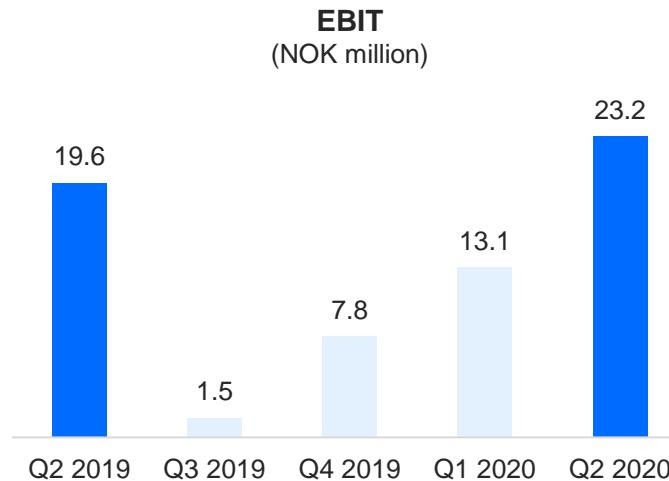
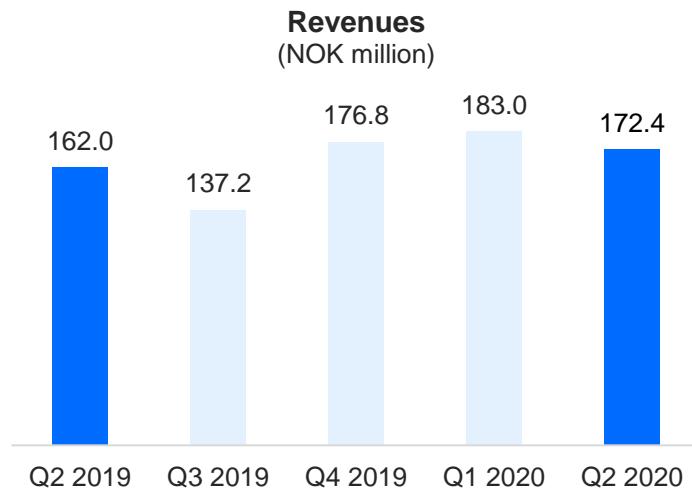
**NORWAY**

<i>(Amounts in NOK million)</i>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>Y/Y % growth</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Y/Y % growth</b>	<b>FY 2019</b>
Sales revenues	<b>145.7</b>	138.4	5.3%	<b>301.1</b>	300.0	0.3%	570.3
EBIT	<b>20.5</b>	18.6	10.0%	<b>31.1</b>	38.2	(18.5%)	46.7
EBIT margin	<b>14.0%</b>	13.4%	0.6pp	<b>10.3%</b>	12.7%	(2.4pp)	8.2%
Number of employees, average (FTE)	<b>351</b>	329	6.7%	<b>348</b>	334	4.2%	337
Number of employees, end of period	<b>351</b>	325	8.0%	<b>351</b>	325	8.0%	346
Number of work days, Norway (excl. vacation)	<b>59</b>	58		<b>123</b>	121		249
EBIT per average employee (NOK thousand)	<b>58.3</b>	56.5	3.1%	<b>89.4</b>	114.3	(21.8%)	138.6

**SWEDEN**

<i>(Amounts in NOK million)</i>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>Y/Y % growth</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Y/Y % growth</b>	<b>FY 2019</b>
Sales revenues	<b>26.7</b>	23.6	13.1%	<b>54.3</b>	46.4	17.1%	90.2
EBIT	<b>2.8</b>	1.0	176.2%	<b>5.2</b>	1.6	223.3%	2.4
EBIT margin	<b>10.4%</b>	4.2%	6.2pp	<b>9.6%</b>	3.5%	6.1pp	2.7%
Number of employees, average (FTE)	<b>63</b>	62	1.6%	<b>63</b>	61	3.8%	61
Number of employees, end of period	<b>63</b>	61	3.3%	<b>63</b>	61	3.3%	63
Number of work days, Sweden (excl. vacation)	<b>60</b>	59		<b>123</b>	122		251
EBIT per average employee (NOK thousand)	<b>43.8</b>	16.1	171.9%	<b>82.9</b>	26.6	211.3%	39.3

## KEY VALUE DRIVERS



## SECOND QUARTER AND HALF YEAR 2020

Webstep reports revenue growth and increased EBIT-margin for the quarter. The revenue growth of 6.4 per cent was driven by increased capacity and higher hourly rates, partly offset by the negative impact from the COVID-19 outbreak on billable hours. EBIT has strengthened in the second quarter and ended at NOK 23.2 million. The demand for Webstep's services has remained strong during the second quarter.

Webstep ASA ("the Group" or "Webstep") recorded consolidated revenues in the second quarter of NOK 172.4 million, up by 6.4 per cent from 162.0 million in the same quarter last year. Revenues increased by 2.6 per cent for the first half year, from NOK 346.5 million in 2019 to an all-time high H1 revenue of NOK 355.4 million in 2020. Revenues were positively affected by increased headcount and higher hourly rates, but the growth has been partly offset by the COVID-19 impact on billable hours and decreased revenues from subcontractors.

EBIT for the second quarter amounted to NOK 23.2 million, up by 18.6 per cent from NOK 19.6 million in the corresponding quarter 2019. EBIT was directly impacted by the revenues lost due to the outbreak of COVID-19, but the lock-down has also resulted in certain cost savings. EBIT for the first half year amounted to NOK 36.3 million, down from NOK 39.8 million the first half of 2019<sup>1</sup>. The Webstep management introduced a COVID-19 salary program in March in order to provide security and predictability for the consultants in Norway. This program has to a large extent been funded by the COVID-19 related cost savings.

The EBIT margin was 13.5 per cent (12.1 per cent) for the second quarter, and 10.2 per cent (11.5 per cent) for the first half year. Net profit for the second quarter was NOK 17.7 million (NOK 14.8 million), and NOK 27.3 million (NOK 30.2 million) for the first half year.

Webstep had 414 employees at the end of the second quarter, a decrease of 3 employees from the last quarter and an increase of 28 employees the last twelve months. Webstep has continued to carefully recruit new employees, but the recruitment activities slowed down during the second quarter.

The financial position 30 June was strong, with total equity of NOK 407.2 million (NOK 361.0 million), corresponding to an equity ratio of 68.7 per cent (64.1 per cent). At the annual general meeting 7 May 2020, the Board of Directors were granted authorization to resolve a dividend based on the financial statements for the financial year 2019. The authorization is limited to NOK 1.60 per share. The current outlook and financial position for Webstep support a 2019 dividend payout in accordance with the Board's previously announced proposal. However, given the potential effect a possible severe COVID-19 lockdown may have on society and business, the

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<sup>1</sup> EBIT for the first half of 2019 included one-off costs related to CEO recruitment and transition of approximately NOK 2.8 million

Board of Directors is of the opinion that it is prudent to await further developments before deciding to resolve a dividend for the financial year 2019. The Board of Directors maintains its intention to distribute dividends to shareholders in 2020.

Cash and cash equivalents 30 June were NOK 50.8 million (NOK 5.7 million) and the Group had an unutilized revolving credit facility of NOK 110.0 million in Norway and SEK 5.0 million in Sweden. There is a temporary positive effect on cash flow from operating activities of approximately NOK 8.7 million from the changes in payment terms of taxes to the Norwegian authorities.

Webstep Sweden has continued the positive development with increased revenues and profitability during the second quarter. The fall in the Norwegian currency (NOK) gives a positive currency effect on the revenues and EBIT contribution from Webstep Sweden to the consolidated figures in the second quarter and the first half year. The positive currency effect impacted revenues by NOK 3.2 million in the second quarter and NOK 4.6 million in the first half year. EBIT was impacted by a positive currency effect of NOK 0.2 million in the second quarter and NOK 0.3 million the first half year.

There is still uncertainty regarding the short- and long-term effects that the COVID-19 outbreak will have on the markets in which Webstep operates, but based on the experiences from the past quarter, the outlook for Webstep is positive. The ongoing projects and newly won contracts build a solid foundation for the second half of 2020. The recruitment drive has picked up to further strengthen the organization and enhance revenue growth.

## FINANCIAL REVIEW

### PROFIT AND LOSS

#### Second quarter

Second quarter consolidated revenues were NOK 172.4 million (NOK 162.0 million), up 6.4 per cent from the same quarter last year. Webstep's revenue model is primarily based on hourly fees, with revenue capacity dependent

on the number of consultants, number of working days and hourly rates. The average number of employees in the second quarter of 2020 was 414 (391) and the number of working days was 59 (58) and 60 (59) in Norway and Sweden, respectively. Revenues from own consultants increased by NOK 11.6 million, while revenues from subcontractors decreased by NOK 1.2 million compared to the same quarter last year. The COVID-19 outbreak affected revenues negatively by approximately NOK 10 million in the second quarter. This relates only to the business in Norway.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 19.8 million (NOK 21.3 million) for the quarter.

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 may affect personnel expenses in periods with high onboarding activity. Webstep's salary model is a merit-based model where the consultant directly benefits from his or her attractiveness in the market through a fixed share of the billable rate. Webstep decided to establish a minimum base salary for consultants that are impacted by the COVID-19 outbreak ("the COVID-19 salary program"). This initiative will provide security and predictability for the employees and for the company during these unprecedented times. The program will last until October. Salaries and personnel costs amounted to NOK 119.1 million (NOK 109.7 million) for the quarter. The increase from 2019 is explained by higher revenue-based salaries for consultants and the increase caused by the abovementioned minimum base salary. In response to the COVID-19 outbreak, the governments in both Norway and Sweden announced reduced social security taxes to support businesses impacted. Government grants amounted to NOK 4.8 million in the second quarter, which helped offset some of the cost associated with the COVID-19 salary program.

The newly established business area, Webstep Solutions, grew 480 per cent quarter over quarter due to strong signings, and counted 15 employees at the end of the second quarter. The team is fully engaged in creating new

opportunities, enhancing and broadening the partner network and delivering their services to clients. Revenues from Webstep Solutions in the second quarter amounted to NOK 2.9 million, while total costs amounted to NOK 3.3 million.

Depreciation and impairment for the second quarter amounted to NOK 3.5 million (NOK 2.3 million). The main reason for the increase is relocation of four Webstep offices, which has contributed to increased lease costs year-on-year.

The Group uses earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) as alternative performance measures, as described in note 14 to the consolidated financial statements. Total consolidated EBIT in the second quarter amounted to NOK 23.2 million (NOK 19.6 million) and EBITDA amounted to NOK 26.7 million (NOK 22.0 million).

Net financial costs were NOK 0.6 million (NOK 0.6 million) and income tax amounted to NOK 5.0 million (NOK 4.2 million) for the quarter. Net profit for the second quarter was NOK 17.7 million (NOK 14.8 million).

### **First half year**

First half year consolidated revenues were NOK 355.4 million (NOK 346.5 million), up 2.6 per cent from the first half of 2019. The average number of employees in the first half year of 2020 was 412 (395) and the number of working days was 123 (121) and 123 (122) in Norway and Sweden, respectively. Revenues from own consultants increased by NOK 12.9 million, while revenues from subcontractors decreased by NOK 4.0 million compared to the first half of 2019. The COVID-19 outbreak affected revenues negatively by approximately NOK 13 million. This relates only to the business in Norway.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 39.6 million (NOK 43.7 million) for the first half year.

Salaries and personnel costs amounted to NOK 255.8 million (NOK 238.6 million) for the first half year. The increase from 2019 is explained by higher revenue-based salaries for consultants, increase caused by the abovementioned COVID-19 salary program, and sales- and management personnel employed in the last half of 2019. The increase has been offset by government grants following the reduction in social security contribution and extended family care benefit refunds amounting to NOK 5.0 million in the first half year.

Revenues from Webstep Solutions in the first half year amounted to NOK 3.4 million, while total costs amounted to NOK 6.9 million.

Depreciation and impairment for the first half year amounted to NOK 6.9 million (NOK 4.5 million). The main reason for the increase was the relocation of four Webstep offices, which has contributed to increased lease costs year-on-year.

Total consolidated EBIT in the first half year amounted to NOK 36.3 million (NOK 39.8 million) and EBITDA amounted to NOK 43.2 million (NOK 44.3 million).

Net financial costs were NOK 1.4 million (NOK 1.0 million) and income tax amounted to NOK 7.6 million (NOK 8.5 million) for the first half year. Net profit for the first half year was NOK 27.3 million (NOK 30.2 million).

### **FINANCIAL POSITION AND CASH FLOW**

Total assets 30 June amounted to NOK 593.1 million (NOK 563.0 million). Non-current assets were NOK 430.6 million (NOK 413.2 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 390.3 million (NOK 383.5 million) and comprise primarily of acquisition-

related goodwill of NOK 385.0 million. Currently, there are no indications that impairment is required for any of the reporting units. Right-of-use assets related to office rentals and car leases have been recognized in the balance sheet at the total amount of NOK 33.3 million (NOK 24.2 million).

Total current assets of NOK 162.4 million (NOK 149.8 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 105.1 million (NOK 135.9 million). Most receivables are due at month end and 30 June fell on a weekend in 2019. Other current receivables were NOK 6.6 million (NOK 8.2 million). Cash and short-term deposits amounted to NOK 50.8 million (NOK 5.7 million).

Total equity 30 June was NOK 407.2 million (NOK 361.0 million). The change is mainly related to earnings generated. Non-current liabilities amounted to NOK 25.4 million (NOK 18.7 million) and consisted mainly of non-current leasing liabilities of NOK 23.7 million (NOK 17.0 million). Current liabilities of NOK 160.4 million (NOK 183.4 million) consisted of current leasing liabilities, trade payables, tax payables, social taxes and VAT and other short-term debt.

Cash flow from operations in the first half year amounted to NOK 31.3 million (negative NOK 12.8 million). The increased cash flow from operations in the first half year compared to 2019 can primarily be explained by change in trade receivables and trade liabilities. The Webstep Group had an unutilized Revolving Credit Facility (RCF) with SpareBank1 SR-Bank of NOK 110 million and SEK 5 million with SEB. The Group has not been in breach with the covenants of the RCF during the second quarter of 2020. See note 11 and 14 for further details.

## ORGANIZATION

Webstep had 414 employees at the end of the second quarter, a decrease of 3 employees the last quarter and an increase of 28 employees the last twelve months. The employees are distributed across 9 regional offices in major cities in Norway and Sweden. Webstep believes in the power of local

business and the decentralized model is based on strong local presence. The regional offices provide expertise and capacity to local clients, while leveraging the full organizational capacity.

Webstep's consultants have on average more than 10 years of relevant experience. This creates a solid foundation for a strong professional environment and high-quality deliveries. The Webstep work culture is driven by the values of being skilled, innovative, generous and uncomplicated.

During the COVID-19 lock-down, the employees were encouraged to keep delivering services to the customers as long as this was possible and did not compromise the security or well-being of the employees, the customers or their families. In Sweden, in response to the Swedish authorities' recommendations, the employees adopted home offices when possible. The combination of strong regional management and cross-geographical cooperation has proved valuable for Webstep during the COVID-19 crises. The regional management has ensured a close follow-up of employees and customers, while the cross-geographical cooperation has created new opportunities for virtual teams from across the organization.

The IT industry is key to keep the wheels of society turning, and the employees have shown a remarkable ability to keep up the service level to the customers despite the fact that most of them have been delivering their services remotely. The Webstep organization has been leveraging collaborative tools and video conferencing for many years. The collaborative culture among employees has ensured a smooth transition to working from home as the new normal, and the customers have also adapted well to the situation.

To further strengthen the community feeling among Webstep employees, various digital social, as well as academic, initiatives emerged across regions. From virtual "Friday meetups", to joint Personal Trainer sessions with colleagues across regions, the ingenuity and creativity shown were great.



The Group has not resorted to any temporary layoffs or furloughs during the COVID-19 outbreak and none are planned at this time.

## MARKET UPDATE

There has been an inflow of new opportunities over the past quarter covering all regions in both Norway and Sweden. In challenging times this is a positive signal indicating that Webstep's expert services are considered relevant in the market. Through solving business challenges for the customers, Webstep is increasingly being perceived as a change agent and a trusted advisor. This is in line with Webstep's go-to-market strategy.

Several significant deals have also been signed during the second quarter. Among those are projects where Webstep Solutions will be in lead. Some of the newly won contracts have been covered in external media, such as *Statsbygg*, where Webstep develops a cloud-based analytics platform for smarter buildings in partnership with *GK Inneklima*. *Digi.no* published a news article about a project where *Kolumbus*, a mobility provider in Norway, uses experts from Webstep to develop a cloud based real-time system to improve customer service in complex environments where GPS-signals can't be used for tracking. Another news article covered a major new project for *Enova*, that has chosen Webstep as their preferred vendor and advisor for restructuring and digitizing their operations.

An interesting innovation project with the Norwegian municipality, Larvik, was kicked off during the second quarter. Webstep Solutions works closely with Larvik to develop a reporting tool for the municipality where demographic data is filtered and structured. The cloud-based system will automate the reporting process for Larvik, meeting the reporting requirements of demographic information to governmental entities. The solution will be introduced to other municipalities in Norway and Sweden.

## SEGMENTS

Webstep has two reporting segments; Norway and Sweden. Norway accounts for around 85 per cent of total revenues.

## NORWAY

Webstep Norway is headquartered in Oslo and also has offices in Bergen, Stavanger, Trondheim, Kristiansand and Haugesund. The Group provides high-end IT consultancy services to more than 200 public and private clients across the country. The core offering consists of digitization, 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.

### Second quarter

Total operating revenues for the second quarter came to NOK 145.7 million (NOK 138.4 million), up 5.3 per cent from the corresponding quarter last year. More employees, fewer holidays and higher hourly rates compared to 2019 impacted revenue, partly offset by lower utilization. The COVID-19 pandemic impacted revenues negatively by approximately NOK 10 million in the second quarter. EBIT for the second quarter came to NOK 20.5 million (NOK 18.6 million). The increased EBIT is driven by higher revenues from own consultants, while cost savings and government grants have offset the abovementioned cost increases from the COVID-19 salary program. Reduced social security contributions and increased care benefit refunds amounted to NOK 4.3 million in the second quarter. The net investments in Webstep Solutions of NOK 0.4 million have also affected EBIT for the second quarter.

### First half year

Total operating revenues for the first half year came to NOK 301.1 million (NOK 300.0 million), up 0.3 per cent compared to 2019. More employees, fewer holidays and higher hourly rates compared to 2019 impacted revenue, but this was offset by decreased revenue from subcontractors and lower utilization. The COVID-19 pandemic impacted revenues negatively by approximately NOK 13 million in the first half year. EBIT for the first half year came to NOK 31.1 million (NOK 38.2 million). The reduced EBIT is explained by increased salary costs which relates to the recruitment of sales- and



management personnel during the last half of 2019. Increased lease costs and decreased profit from subcontractors have also impacted EBIT. Cost savings and government grants have offset the abovementioned impact cost increases from the COVID-19 salary program. Reduced social security contributions and increased care benefit refunds amounted to NOK 4.3 million in the first half year. The net investments in Webstep Solutions of NOK 3.6 million have also affected EBIT for the first half year.

Webstep Norway had 351 employees at the end of June (325 employees). The average number of employees in the quarter was 351 (329) and 348 (334) in the first half year.

## **SWEDEN**

Webstep Sweden has offices in Stockholm, Malmö and Uppsala. Sundsvall will be served from Stockholm going forward. Webstep Sweden serves clients in different industries, mainly in the private sector, and delivers the same high-end IT consultancy services as Webstep Norway, primarily within the Group's core digitalization offering.

## **Second quarter**

Operating revenues for the second quarter came to NOK 26.7 million (NOK 23.6 million), an increase of 13.1 per cent. Revenues were impacted by more employees, fewer holidays and a positive currency effect, partly offset by decreased revenues from subcontractors. The positive currency effect impacted revenues by NOK 3.2 million in the second quarter. Adjusted for fluctuation in exchange rates, revenue decreased by 0.5 per cent from the corresponding quarter last year. EBIT came to NOK 2.8 million for the quarter (NOK 1.0 million). The increased EBIT is driven by higher revenues from own consultants and cost savings. EBIT was also impacted by a positive currency effect of NOK 0.2 million in the second quarter. The support offered by the government has had a positive impact on EBIT, in particular through lower social security contributions amounting to NOK 0.5 million the second quarter.

## **First half year**

Operating revenues for the first half came to NOK 54.3 million (NOK 46.4 million), an increase of 17.1 per cent. Revenues were impacted by more employees, fewer holidays and a positive currency effect, partly offset by decreased revenues from subcontractors. The positive currency effect impacted revenues by NOK 4.6 million in the second quarter. Adjusted for fluctuation in exchange rates, revenue grew by 6.5 per cent compared to 2019. EBIT came to NOK 5.2 million for the first half year (NOK 1.6 million). The increased EBIT is driven by higher revenues from own consultants and cost savings. EBIT was also impacted by a positive currency effect of NOK 0.3 million in the second quarter. The support offered by the government has had a positive impact on EBIT, in particular through lower social security contributions amounting to NOK 0.7 million in the first half year.

Webstep Sweden had 63 employees at the end of June (61 employees). The average number of employees in the quarter was 63 (62) and 63 (61) in the first half year.

## **OUTLOOK**

Although there is still uncertainty regarding the short- and long-term effects that the COVID-19 outbreak will have on the markets in which Webstep operates, the outlook is more positive than in the beginning of the second quarter. The organization and the customers have proved their ability to adapt to the situation over the past quarter.

Webstep curtailed recruiting in the second quarter due to the COVID-19 uncertainty. Both quarter end and average headcount is expected to increase in the third quarter compared to the second quarter. In the fourth quarter, however, the paused recruitment activities in the period from March to mid-August may have a lagging effect on new hires. Webstep has put great emphasis on providing security, predictability and flexibility for the employees during these uncertain times. The COVID-19 salary program will

last until end October, and Webstep will continuously adapt its internal guidelines regarding home office, travels and social gatherings to the guidelines from the Norwegian and Swedish governments.

The acceleration in the digital shift following the pandemic, creates opportunities for IT expert companies such as Webstep. The ongoing projects and the newly won contracts are expected to build a solid foundation for the last half of 2020. Recruitment activities have picked up after the summer months to further strengthen the organization and enhance revenue growth. Focus will be on organic growth in existing locations through recruitment and increased utilization.

## THE BOARD OF DIRECTORS AND CEO OF WEBSTEP ASA

OSLO, 26 AUGUST 2020



**Trond Klethagen Johannessen**  
Chair of the board



**Bjørn Ivar Danielsen**  
Board member



**Toril Nag**  
Board member



**Siw Ødegaard**  
Board member



**Trygve Christian Moe**  
Board member



**Arne L. Norheim**  
Chief Executive Officer

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK 1000)	Note	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Sales revenues	4	<b>172,394</b>	162,032	<b>355,414</b>	346,464	660,513
<b>Total revenues</b>		<b>172,394</b>	162,032	<b>355,414</b>	346,464	660,513
Cost of services and goods		<b>19,822</b>	21,264	<b>39,621</b>	43,667	84,200
Salaries and personnel cost	13	<b>119,110</b>	109,708	<b>255,769</b>	238,647	474,172
Depreciation and amortization	8,9	<b>3,481</b>	2,346	<b>6,911</b>	4,503	11,291
Other operating expenses		<b>6,737</b>	9,110	<b>16,792</b>	19,857	41,738
<b>Operating profit(loss)</b>		<b>23,244</b>	19,605	<b>36,320</b>	39,790	49,113
Net financial items		<b>(604)</b>	(608)	<b>(1,417)</b>	(1,044)	(2,478)
<b>Profit before tax</b>		<b>22,640</b>	18,996	<b>34,903</b>	38,747	46,635
Income tax expenses		<b>4,961</b>	4,173	<b>7,648</b>	8,515	10,550
<b>Profit for the period</b>		<b>17,679</b>	14,823	<b>27,255</b>	30,232	36,085
Earnings per share (NOK)	6	<b>0.66</b>	0.56	<b>1.02</b>	1.14	1.36
Earnings per share, fully diluted (NOK)	6	<b>0.66</b>	0.56	<b>1.02</b>	1.14	1.36
<b>Other comprehensive income:</b>						
Currency translation differences		<b>(75)</b>	(868)	<b>7,614</b>	(4,031)	(1,962)
Other comprehensive income for the period, net of tax		<b>(75)</b>	(868)	<b>7,614</b>	(4,031)	(1,962)
<b>Total comprehensive income for the period, net of tax</b>		<b>17,604</b>	13,955	<b>34,869</b>	26,201	34,123
<b>Attributable to:</b>						
Shareholders in parent company		<b>17,604</b>	13,955	<b>34,869</b>	26,201	34,123

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1000)	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Assets</b>				
Intangible assets	8	<b>390,335</b>	383,458	384,522
Fixed assets		<b>6,483</b>	5,143	5,917
Right-of-use assets	9	<b>33,332</b>	24,155	37,156
Non-current financial assets		<b>10</b>	10	10
Deferred tax assets		<b>454</b>	436	454
<b>Total non-current assets</b>		<b>430,613</b>	413,202	428,059
Trade receivables	10	<b>105,128</b>	135,891	104,797
Other current receivables	10	<b>6,551</b>	8,193	7,112
Cash and short-term deposits		<b>50,759</b>	5,692	25,454
<b>Total current assets</b>		<b>162,438</b>	149,777	137,363
<b>Total assets</b>		<b>593,051</b>	562,978	565,422
<b>Equity</b>				
<b>Shareholders' equity</b>		<b>407,229</b>	360,965	371,645
<b>Liabilities</b>				
Non-current leasing liabilities	9	<b>23,727</b>	17,036	28,335
Deferred tax		<b>1,694</b>	1,621	1,539
<b>Total non-current liabilities</b>		<b>25,422</b>	18,657	29,874
Debt to credit institutions	7,11	-	30,942	-
Current leasing liabilities		<b>9,604</b>	7,119	8,821
Trade and other payables	9	<b>15,911</b>	19,266	18,901
Tax payable		<b>5,236</b>	17,074	8,587
Social taxes and VAT	13	<b>69,336</b>	55,559	56,399
Other short-term liabilities	12	<b>60,314</b>	53,397	71,195
<b>Total current liabilities</b>		<b>160,400</b>	183,357	163,903
<b>Total liabilities</b>		<b>185,822</b>	202,014	193,777
<b>Total liabilities and equity</b>		<b>593,051</b>	562,978	565,422

## 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 holders of the parent	Non-controlling interest	Total equity
<b>1 January 2019</b>	26,967	(486)	153,960	10,282	185,851	376,574	-	<b>376,574</b>
Profit for the period	-	-	-	-	36,085	36,085	-	<b>36,085</b>
Sales of treasury shares	-	193	4,304	-	-	4,497	-	<b>4,497</b>
Other comprehensive income/(loss)	-	-	-	(1,962)	-	(1,962)	-	<b>(1,962)</b>
Share incentive program	-	-	(1,354)	-	173	(1,181)	-	<b>(1,181)</b>
Dividends	-	-	-	-	(42,369)	(42,369)	-	<b>(42,369)</b>
<b>31 December 2019</b>	26,967	(293)	156,910	8,321	179,740	371,645	-	<b>371,645</b>
Profit for the period	-	-	-	-	27,255	27,255	-	<b>27,255</b>
Other comprehensive income/(loss)	-	-	-	7,614	-	7,614	-	<b>7,614</b>
Share incentive program	-	-	-	-	716	716	-	<b>716</b>
<b>30 June 2020</b>	26,967	(293)	156,910	15,935	207,711	407,229	-	<b>407,229</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Amounts in NOK 1000)</i>	<i>Note</i>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>FY 2019</b>
<b>Operating activities</b>						
Profit/(loss) before tax		<b>22,640</b>	18,996	<b>34,903</b>	38,747	46,635
Adjustments for:						
Depreciation of property, plant and equipment	8,9	<b>3,481</b>	2,346	<b>6,911</b>	4,503	11,291
Net change in trade and other receivables		<b>16,602</b>	12,477	<b>231</b>	(35,814)	(3,639)
Net change in trade and other liabilities	13	<b>(23,465)</b>	(36,462)	<b>(934)</b>	(11,943)	6,330
Net foreign exchange differences		<b>14</b>	163	<b>1,060</b>	(86)	(176)
Income tax expenses		<b>(5,206)</b>	(3,947)	<b>(10,872)</b>	(8,190)	(18,652)
<b>Net cash flow from operating activities</b>		<b>14,065</b>	(6,426)	<b>31,298</b>	(12,782)	41,788
<b>Investing activities</b>						
Purchase of property and equipment		<b>(557)</b>	(1,193)	<b>(2,245)</b>	(1,695)	(3,670)
<b>Net cash flow from investing activities</b>		<b>(557)</b>	(1,193)	<b>(2,245)</b>	(1,695)	(3,670)
<b>Financing activities</b>						
Repayments of lease liabilities	9	<b>(2,253)</b>	(1,094)	<b>(4,462)</b>	(2,441)	(7,088)
Change in bank overdraft	7,11	-	30,942	-	30,942	-
Payment of dividends		-	(42,369)	-	(42,369)	(42,369)
Sale of treasury shares, EIP and incentive program		<b>358</b>	280	<b>716</b>	559	3,316
<b>Net cash flows from financing activities</b>		<b>(1,895)</b>	(12,242)	<b>(3,747)</b>	(13,309)	(46,142)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,613</b>	(19,861)	<b>25,306</b>	(27,786)	(8,024)
Cash and cash equivalents at the beginning of the period		<b>39,147</b>	25,553	<b>25,454</b>	33,478	33,478
<b>Cash and cash equivalents at the end of the period</b>		<b>50,759</b>	5,692	<b>50,759</b>	5,692	25,454

# NOTES TO THE CONSOLIDATED INTERIM 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 has two fully owned subsidiaries: Webstep AS in Norway and Webstep AB in Sweden.

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 STATEMENT

### 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 second quarter and the first half year of 2020 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 2019. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2019, which are available on [www.webstep.com](http://www.webstep.com) and upon request from the Company's registered office at Edvard Storms gate 2, 0166 Oslo, Norway.

These condensed consolidated interim financial statements for the second quarter were approved by the Board of Directors and the CEO 26 August 2020.

### 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. Changes to IFRSs which have been effective from 1 January 2020 have had no material impact on the Group's financial statements.

## 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 2019 and as described in note 3 to the 2019 statements.



## NOTE 4 SEGMENT INFORMATION

The Group has currently two reportable segments: Norway and Sweden. 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 EBIT performance. Assets and liabilities are not allocated between the segments.

Elimination consists of hiring of one consultant from Sweden to Norway and management fee from Sweden to Norway.

### Q2 2020

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	146,388	26,688	(682)	<b>172,394</b>
EBITDA	23,232	3,493	-	<b>26,725</b>
EBIT	20,460	2,784	-	<b>23,244</b>
EBIT margin	14.0%	10.4%		<b>13.5%</b>

### Q2 2019

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	138,985	23,634	(587)	<b>162,032</b>
EBITDA	20,592	1,358	-	<b>21,950</b>
EBIT	18,608	997	-	<b>19,605</b>
EBIT margin	13.4%	4.2%	-	<b>12.1%</b>

### YTD 2020

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	302,440	54,334	(1,360)	<b>355,414</b>
EBITDA	36,590	6,641	-	<b>43,231</b>
EBIT	31,076	5,244	-	<b>36,320</b>
EBIT margin	10.3%	9.6%	-	<b>10.2%</b>

### YTD 2019

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	301,284	46,417	(1,237)	<b>346,464</b>
EBITDA	41,958	2,336	-	<b>44,294</b>
EBIT	38,175	1,615	-	<b>39,790</b>
EBIT margin	12.7%	3.5%	-	<b>11.5%</b>

### FY 2019

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	572,718	90,218	(2,424)	<b>660,513</b>
EBITDA	55,493	4,911	-	<b>60,404</b>
EBIT	46,700	2,413	-	<b>49,113</b>
EBIT margin	8.2%	2.7%	-	<b>7.4%</b>

In the following table, the major revenue lines are disaggregated by geographical areas. Figures are local currencies and does not include eliminations except Group.

**Q2 2020**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	146,388	25,550	<b>172,317</b>
Other	-	76	<b>77</b>
Total revenues from contracts with customers	146,388	25,626	<b>172,394</b>

**Q2 2019**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	138,985	25,764	<b>162,032</b>
Other	-	-	-
Total revenues from contracts with customers	138,985	25,764	<b>162,032</b>

**YTD 2020**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	302,440	53,492	<b>355,337</b>
Other	-	76	<b>77</b>
Total revenues from contracts with customers	302,440	53,568	<b>355,414</b>

**YTD 2019**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	301,284	50,193	<b>346,385</b>
Other	-	85	<b>79</b>
Total revenues from contracts with customers	301,284	50,278	<b>346,464</b>

**FY 2019**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	572,566	96,892	<b>660,434</b>
Other	152	85	<b>79</b>
Total revenues from contracts with customers	572,718	96,977	<b>660,513</b>

## NOTE 5 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 recognized 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. Q2 2020 had one more work day compared to Q2 2019 in Norway and Sweden. The first half year in 2020 had two more work days compared to last year in Norway, while Sweden had one more work day compared to last year.

## NOTE 6 EARNINGS PER SHARE

There are no dilutive effects on the number of shares due to the Long-term incentive programme (LTI) in Q2 or YTD 2020. Under the LTI, share options of the parent are granted to senior executives of the Group. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the senior executive remains employed during the vesting period. 515,876 options were granted to senior executives of the Group 18 November 2019.

### Earnings per share

(Amounts in NOK 1000)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Profit for the period	<b>17,679</b>	14,823	<b>27,255</b>	30,232	36,085
Average number of shares (excl. treasury shares)	<b>26,673</b>	26,481	<b>26,673</b>	26,481	26,501
Average number of shares, fully diluted (excl. treasury shares)	<b>26,673</b>	26,571	<b>26,673</b>	26,571	26,572
Earnings per share (NOK)	<b>0.66</b>	0.56	<b>1.02</b>	1.14	1.36
Earnings per share, fully diluted (NOK)	<b>0.66</b>	0.56	<b>1.02</b>	1.14	1.36

The options will vest in the following tranches:

- 128,969 (25%) options vest 18 November 2020
- 128,969 (25%) options vest 18 November 2021
- 257,938 (50%) options vest 18 November 2022

The exercise price of the options granted 18 November 2019 is NOK 23.1

## 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 (NOK 30.9 million 30 June 2019). The Group owns a limited amount of treasury shares at quarter end, 0.3 million, booked at face value.

**NOTE 8 INTANGIBLE ASSETS AND GOODWILL**

(Amounts in NOK 1000)	Goodwill Norway	Goodwill Sweden	R&D	Total
<b>Cost</b>				
1 January 2020	313,575	64,889	7,573	<b>386,037</b>
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange adjustments	-	6,570		<b>6,570</b>
<b>30 June 2020</b>	<b>313,575</b>	<b>71,459</b>	<b>7,573</b>	<b>392,607</b>
<b>Depreciation and impairment</b>				
1 January 2020	-	-	(1,515)	<b>(1,515)</b>
Impairment	-	-	-	-
Depreciation charge for the year	-	-	(757)	<b>(757)</b>
<b>30 June 2020</b>	-	-	<b>(2,272)</b>	<b>(2,272)</b>
<b>Net book value</b>				
<b>30 June 2020</b>	<b>313,575</b>	<b>71,459</b>	<b>5,301</b>	<b>390,335</b>
Useful life	Infinite	Infinite	5 years	
Depreciation method	N/A	N/A	Straight line	

Goodwill includes the value from acquisition of Webstep AS in 2011 and Webstep AB in 2012, where NOK 313.5 million and NOK 58.6 million was added to goodwill respectively. Goodwill acquired through business combinations has been allocated to two individual cash generating units (CGUs), which are also defined as reportable segments according to note 4. Goodwill is not amortized but tested yearly or when there are indications of impairment. The COVID-19 pandemic is identified as an impairment

indicator for the CGUs, and management has estimated the recoverable amount and compared this to the carrying amount for each CGUs. Based on the impairment tests performed, no impairment is identified in the first half of 2020. Depending on the duration of the COVID-19 pandemic, and to what extent the business is affected in the medium to longer term, it may have an impact on assumptions applied for calculating the recoverable amount for goodwill. Capitalized research and development (R&D) comprise investments in the strategic initiative Webstep Internet of Things (IoT), where a total of NOK 7.6 million is recognized at balance date. The reclassification and recognition as an intangible asset is based on the management's assessment of future economic benefits from the projects and that the criteria in IAS 38.57 is met. The Group did not have any defined R&D initiative in the first half of 2020 which met the criteria of an intangible asset.

**NOTE 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group has applied its weighted average incremental borrowing rate for all the leases, recognized as financial, due to the similar characteristics of the leases. The rate applied is 4.7 per cent and is based on the rate agreed upon in current Revolving Credit Facility and identified as the incremental borrowing rate. The Group's right-of-use assets are exclusively identified as office rentals and company cars in Sweden. The right-of-use assets are recognized at the estimated present value of the leasing liabilities as calculated at the date of initial recognition. Contracts with options for extensions that would, with reasonably certainty, be exercised, are estimated at net present value including the optional rental period. Contracts with penalties if options for extensions not are exercised and where the certainty for exercising the options is assessed as not reasonable, the estimated or actual penalty amounts are provided for and treated as a part of the rental cost of the contracts. The amount is decomposed to depreciation, instalment and interest.

<b>Right-of-use assets</b>		Company cars Sweden	Offices Sweden	Offices Norway	
<i>(Amounts in NOK 1000)</i>					<b>Total</b>
Acquisition cost 1 January 2020		4,441	4,675	35,053	44,169
Addition of right-of-use assets		-	-	-	-
Currency exchange differences		318	320		638
<b>Acquisition cost 30 June 2020</b>		<b>4,759</b>	<b>4,995</b>	<b>35,053</b>	<b>44,807</b>
Accumulated depreciation 1 January 2020		1,003	1,470	4,541	7,014
Depreciation for the period		558	818	3,086	4,462
Accumulated depreciation 30 June 2020		1,561	2,288	7,627	11,476
<b>Carrying amount of right-of-use assets 30 June 2020</b>		<b>3,198</b>	<b>2,707</b>	<b>27,426</b>	<b>33,332</b>
Lower of remaining lease term or economic life		1-3 years Amortization	1-3 years Amortization	1-5 years Amortization	
Depreciation method					
<b>Lease liabilities</b>		Company cars Sweden	Offices Sweden	Offices Norway	
<i>(Amounts in NOK 1000)</i>					<b>Total</b>
<b>Undiscounted lease liabilities and maturity of cash outflows</b>					
Less than 1 year		1,328	1,860	7,147	10,335
1-2 years		1,886	939	7,730	10,555
2-3 years			-	7,493	7,493
3-4 years			-	7,369	7,369
4-5 years			-	1,013	1,013
More than 5 years			-	-	-
<b>Total undiscounted lease liabilities 30 June 2020</b>		<b>3,214</b>	<b>2,799</b>	<b>30,752</b>	<b>36,766</b>

<i>(Amounts in NOK 1000)</i>	<b>Statement of:</b>	Company cars Sweden	Offices Sweden	Offices Norway	<b>Total</b>
<b>Summary of the lease liabilities in the financial statements</b>					
At initial recognition 1 January 2020	Financial position	3,438	3,205	30,512	<b>37,156</b>
New lease liabilities recognized in the year	Financial position	-	-	-	-
Cash payment of the lease liabilities	Cash flows	(558)	(818)	(3,086)	<b>(4,462)</b>
Currency exchange differences	Financial position	318	320	-	<b>638</b>
<b>Total lease liabilities 30 June 2020</b>	Financial position	3,198	2,707	27,426	<b>33,332</b>
Current lease liabilities	Financial position	1,080	3,092	5,432	<b>9,604</b>
Non-current lease liabilities	Financial position	2,118	2,813	18,796	<b>23,727</b>
Cash outflows for lease liabilities	Cash flows	(558)	(818)	(3,086)	<b>(4,462)</b>
Interest expenses on lease liabilities	Comprehensive income	(4)	(80)	(410)	<b>(494)</b>
<b>Total cash outflows for leases</b>	Cash flows	(562)	(898)	(3,496)	<b>(4,956)</b>

## NOTE 10 TRADE AND OTHER RECEIVABLES

<b>Trade and other receivables</b>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
<i>(Amounts in NOK 1000)</i>			
Trade receivables – net of related parties	<b>105,945</b>	136,756	105,614
Provision for bad debt	<b>(817)</b>	(865)	(817)
<b>Trade receivables net of provision</b>	<b>105,128</b>	135,891	104,797
Prepayments and other receivables	<b>6,551</b>	8,193	7,112
<b>Total trade and other receivables</b>	<b>111,679</b>	144,084	111,909

All trade and other receivables are due within one year. For receivables due within one year, fair value is equal to nominal amount.

<i>(Amounts in NOK 1000)</i>	<b>Total</b>	Not due	Less than 30 days	30 – 60 days	Above 60 days
Trade receivables – net of related parties	105,945	102,660	885	2,088	312

## NOTE 11 INTEREST-BEARING DEBT

The Group has a NOK 110 million Revolving Credit Facility ("RCF") with SpareBank 1 SR-Bank. The RCF may be utilised by each member of the Group having acceded to the cash pooling account system related to the RCF.

The RCF was renewed during Q2 2019. 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 annum. The interest calculation is based on the net of cash and overdraft. The quarterly charge for the credit facility is 0.25% of the granted credit. Under the RCF, the Company has pledged security over the shares, inventory, insurance pay-outs 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. Alternative performance measures are described in note 14.

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 12 OTHER SHORT-TERM LIABILITIES

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

## NOTE 13 COVID-19 EFFECTS

The COVID-19 pandemic has affected the entire market in the countries and regions where Webstep operates. The COVID-19 outbreak affected

revenues negatively by approximately NOK 10 million in the second quarter and NOK 13 million in the first half year, mainly due to the increase in personal leave among the employees following the closing of schools and kindergartens in Norway, but also due to some abruptly cancelled or postponed projects. The Webstep Management introduced a temporary COVID-19 salary program in March to compensate consultants in Norway impacted by cancelled customer projects. The program has an impact on salary costs from March until October. This program has to a large extent been funded by the COVID-19 related cost savings such as savings from reduced travel, events, social activities etc. in addition to the support measures from the government.

Webstep has made use of certain relief and support measures available from governments in the countries where Webstep operates to mitigate the effects of COVID-19. Such measures primarily relate to reduced social security contributions, care benefit refunds and delays in payment terms of taxes and other levies. Reduced social security contributions and care benefit refunds in Norway and Sweden have a positive effect on operating profit of NOK 4.8 million in the second quarter and NOK 5.0 million in the first half year. For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of Webstep is to recognize such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received. The grants are recognized as income unless directly related to specific items of expense.

The total effect on EBIT from COVID-19 is estimated to negative NOK 1 million in the second quarter and negative NOK 3 million in the first half year.

It is apparent that the pandemic will impact the full year figures for 2020 negatively, but it is still too early to predict how severe the pandemic will affect the business in a short- and long-term perspective.

There is a temporary positive effect on cash flow from operating activities of approximately NOK 8.7 million from the changes in payment terms of taxes in the second quarter.



## NOTE 14 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 period.

- **EBITDA** is short for Earnings before Interest and other financial items, Taxes, Depreciation and Amortization 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 Amortization divided by the average number of employees.
- **EBIT** is short for Earnings before Interest and other financial items and Taxes and is a term commonly used by equity analysts and investors.

- **EBIT per employee** is Earnings before Interest and other financial items and Taxes divided by the average number of employees.
- **NIBD** is short for Net Interest Bearing Debt and is defined as interest bearing debt minus unrestricted cash and cash equivalents. Net Interest Bearing Debt does not include the effects of IFRS 16 Leasing.
- **Group equity ratio** is defined as the total consolidated equity of the Group divided by total assets.
- **NIBD/EBITDA** is calculated as Net Interest Bearing Debt divided by Earnings before Interest and other financial items, Taxes, Depreciation and Amortization (EBITDA). The ratio is one of the debt covenants of the Company and it is based on the rolling twelve months EBITDA. If the Company has more cash than debt, the ratio can be negative. The leverage ratio does not include the effects of IFRS 16 Leasing, as covenants are based on frozen GAAP.

### Reconciliation of alternative performance profit measures:

#### Profit measures - EBITDA

(Amounts in NOK 1000)

	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Operating profit (EBIT)	23,244	19,605	36,320	39,790	49,113
Depreciation	3,481	2,346	6,911	4,503	11,291
<b>EBITDA</b>	<b>26,725</b>	21,950	<b>43,231</b>	44,294	60,404

**Balance sheet and covenant measures:****All figures "frozen GAAP" (IAS 17) according to agreement with Bank.****Net Interest Bearing Debt (NIBD)**

<i>(Amounts in NOK 1000)</i>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
Cash and cash equivalents (minus indicates positive amount)	<b>(50,759)</b>	(5,692)	(25,454)
Restricted cash	<b>2,367</b>	1,190	786
Debt to credit institutions	-	30,942	-
<b>Net interest bearing debt</b>	<b>(48,392)</b>	26,439	(24,668)

**Group equity ratio**

<i>(Amounts in NOK 1000)</i>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
Total equity	<b>407,229</b>	360,965	371,645
Total assets (excluding right-of-use-assets)	<b>559,719</b>	538,824	528,266
<b>Group equity ratio</b>	<b>0.73</b>	0.67	0.70

*Group equity ratio covenant threshold > 0,3***NIBD/EBITDA**

<i>(Amounts in NOK 1000)</i>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
EBITDA rolling 12 months (based on frozen GAAP)	<b>59,341</b>	68,025	52,732
NIBD	<b>(48,392)</b>	26,439	(24,668)
<b>NIBD/EBITDA</b>	<b>(0.82)</b>	<b>0.39</b>	<b>(0.47)</b>

*NIBD/EBITDA covenant threshold < 3*

# APPENDIX – QUARTERLY FIGURES

## KEY FIGURES

### CONSOLIDATED

<i>(Amounts in NOK million)</i>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
Sales revenues	<b>172.4</b>	183.0	176.8	137.2	162.0
EBITDA	<b>26.7</b>	16.5	12.0	4.1	22.0
EBITDA margin	<b>15.5%</b>	9.0%	6.8%	3.0%	13.5%
EBIT	<b>23.2</b>	13.1	7.8	1.5	19.6
EBIT margin	<b>13.5%</b>	7.1%	4.4%	1.1%	12.1%
Net profit	<b>17.7</b>	9.6	5.2	0.6	14.8
Net cash flow	<b>11.6</b>	13.7	16.6	3.2	(19.9)
Earnings per share (NOK)	<b>0.66</b>	0.36	0.20	0.02	0.56
Earnings per share, fully diluted (NOK)	<b>0.66</b>	0.36	0.20	0.02	0.56
Number of employees, average (FTE)	<b>414</b>	410	405	395	391
Number of employees, end of period	<b>414</b>	417	409	407	386
Number of work days, Norway (excl. vacation)	<b>59</b>	64	62	66	58
Number of work days, Sweden (excl. vacation)	<b>60</b>	63	62	66	59
EBITDA per average employee (NOK thousand)	<b>64.6</b>	40.3	29.7	10.4	56.1
EBIT per average employee (NOK thousand)	<b>56.2</b>	32.0	19.3	3.8	50.2

**SEGMENTS****NORWAY**

<i>(Amounts in NOK million)</i>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
Sales revenues	<b>145.7</b>	155.4	152.2	118.1	138.4
EBIT	<b>20.5</b>	10.6	6.9	1.6	18.6
EBIT margin	<b>14.0%</b>	6.8%	4.6%	1.4%	13.4%
Number of employees, average (FTE)	<b>351</b>	346	343	335	329
Number of employees, end of period	<b>351</b>	354	346	345	325
Number of work days, Norway (excl. vacation)	<b>59</b>	64	62	66	58
EBIT per average employee (NOK thousand)	<b>58.3</b>	30.6	20.1	4.8	56.5

**SWEDEN**

<i>(Amounts in NOK million)</i>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
Sales revenues	<b>26.7</b>	27.6	24.7	19.1	23.6
EBIT	<b>2.8</b>	2.5	0.9	(0.1)	1.0
EBIT margin	<b>10.4%</b>	8.9%	3.7%	(0.5%)	4.2%
Number of employees, average (FTE)	<b>63</b>	64	62	60	62
Number of employees, end of period	<b>63</b>	64	63	62	61
Number of work days, Sweden (excl. vacation)	<b>60</b>	63	62	66	59
EBIT per average employee (NOK thousand)	<b>43.8</b>	38.4	14.5	(1.7)	16.1

## CONSOLIDATED INCOME STATEMENT

(Amounts in NOK 1000)	Q2	Q1	Q4	Q3	Q2
	2020	2020	2019	2019	2019
Sales revenues	<b>172,394</b>	183,020	176,812	137,237	162,032
<b>Total revenues</b>	<b>172,394</b>	183,020	176,812	137,237	162,032
Cost of services and goods	<b>19,822</b>	19,799	22,639	17,894	21,264
Salaries and personnel cost	<b>119,110</b>	136,659	129,349	106,176	109,708
Depreciation and amortization	<b>3,481</b>	3,430	4,185	2,602	2,346
Other operating expenses	<b>6,737</b>	10,056	12,808	9,073	9,110
<b>Operating profit(loss)</b>	<b>23,244</b>	13,076	7,831	1,492	19,605
Net financial items	<b>(604)</b>	(813)	(723)	(712)	(608)
<b>Profit before tax</b>	<b>22,640</b>	12,263	7,108	780	18,996
Income tax expenses	<b>4,961</b>	2,687	1,863	173	4,173
<b>Profit for the period</b>	<b>17,679</b>	9,576	5,245	608	14,823

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in NOK 1000)</i>	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
Intangible assets	<b>390,335</b>	390,768	384,522	383,595	383,458
Fixed assets	<b>6,483</b>	6,784	5,917	5,354	5,143
Right-of-use assets	<b>33,332</b>	35,589	37,156	22,655	24,155
Non-current financial assets	<b>10</b>	10	10	10	10
Deferred tax assets	<b>454</b>	454	454	436	436
<b>Total non-current assets</b>	<b>430,613</b>	433,605	428,059	412,049	413,202
Trade receivables	<b>105,128</b>	120,446	104,797	105,999	135,891
Other current receivables	<b>6,551</b>	7,834	7,112	5,574	8,193
Cash and short-term deposits	<b>50,759</b>	39,147	25,454	8,864	5,692
<b>Total current assets</b>	<b>162,438</b>	167,427	137,363	120,437	149,777
<b>Total assets</b>	<b>593,051</b>	601,032	565,422	532,486	562,978
<b>Total equity</b>	<b>407,229</b>	389,267	371,645	362,438	360,965
Non-current leasing liabilities	<b>23,727</b>	25,948	28,335	15,128	17,036
Deferred tax	<b>1,694</b>	1,696	1,539	1,635	1,621
<b>Total non-current liabilities</b>	<b>25,422</b>	27,644	29,874	16,763	18,657
Debt to credit institutions	-	-	-	-	30,942
Current leasing liabilities	<b>9,604</b>	9,641	8,821	7,527	7,119
Trade and other payables	<b>15,911</b>	17,016	18,901	18,503	19,266
Tax payable	<b>5,236</b>	5,455	8,587	16,624	17,074
Social taxes and VAT	<b>69,336</b>	58,984	56,399	46,909	55,559
Other short-term debt	<b>60,314</b>	93,026	71,195	63,722	53,397
<b>Total current liabilities</b>	<b>160,400</b>	184,121	163,903	153,285	183,357
<b>Total liabilities</b>	<b>185,822</b>	211,765	193,777	170,048	202,014
<b>Total liabilities and equity</b>	<b>593,051</b>	601,032	565,422	532,486	562,978

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Amounts in NOK 1000)</i>	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
<b>Operating activities</b>					
Profit/(loss) before tax	22,640	12,263	7,108	780	18,996
Adjustments for:					
Depreciation of property, plant and equipment	3,481	3,430	4,185	2,602	2,346
Net change in trade and other receivables	16,602	(16,371)	(337)	32,512	12,477
Net change in other liabilities	(23,465)	22,531	17,360	912	(36,462)
Net foreign exchange differences	14	1,046	267	(357)	163
Income tax expenses	(5,206)	(5,666)	(10,029)	(434)	(3,947)
<b>Net cash flow from operating activities</b>	<b>14,065</b>	<b>17,233</b>	<b>18,555</b>	<b>36,015</b>	<b>(6,426)</b>
<b>Investing activities</b>					
Purchase of property and equipment	(557)	(1,688)	(1,326)	(650)	(1,193)
<b>Net cash flow from investing activities</b>	<b>(557)</b>	<b>(1,688)</b>	<b>(1,326)</b>	<b>(650)</b>	<b>(1,193)</b>
<b>Financing activities</b>					
Repayments of lease liabilities	(2,253)	(2,210)	(3,116)	(1,531)	(1,094)
Change in bank overdraft	-	-	-	(30,942)	30,942
Payment of dividends	-	-	-	-	(42,369)
Sale of treasury shares, EIP and incentive program	358	357	2,477	280	280
<b>Net cash flows from financing activities</b>	<b>(1,895)</b>	<b>(1,852)</b>	<b>(639)</b>	<b>(32,193)</b>	<b>(12,242)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,613</b>	<b>13,693</b>	<b>16,590</b>	<b>3,172</b>	<b>(19,861)</b>
Cash and cash equivalents at the beginning of the period	39,147	25,454	8,864	5,692	25,553
<b>Cash and cash equivalents at the end of the period</b>	<b>50,759</b>	<b>39,147</b>	<b>25,454</b>	<b>8,864</b>	<b>5,692</b>

STATEMENT BY THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

We confirm to the best of our knowledge that: the consolidated financial statements for the first half of 2020 have been prepared in accordance with IAS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that the board of directors' report gives a true and fair view of the development, performance and financial position of the Group, and includes a description of the material risks that the board of directors, at the time of this report, deem might have a significant impact on the financial performance of the Group.

OSLO, 26 AUGUST 2020



**Trond Klethagen Johannessen**  
Chair of the board



**Bjørn Ivar Danielsen**  
Board member



**Toril Nag**  
Board member



**Siw Ødegaard**  
Board member



**Trygve Christian Moe**  
Board member



**Arne L. Norheim**  
Chief Executive Officer

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