

Q3 2020

Webstep ASA

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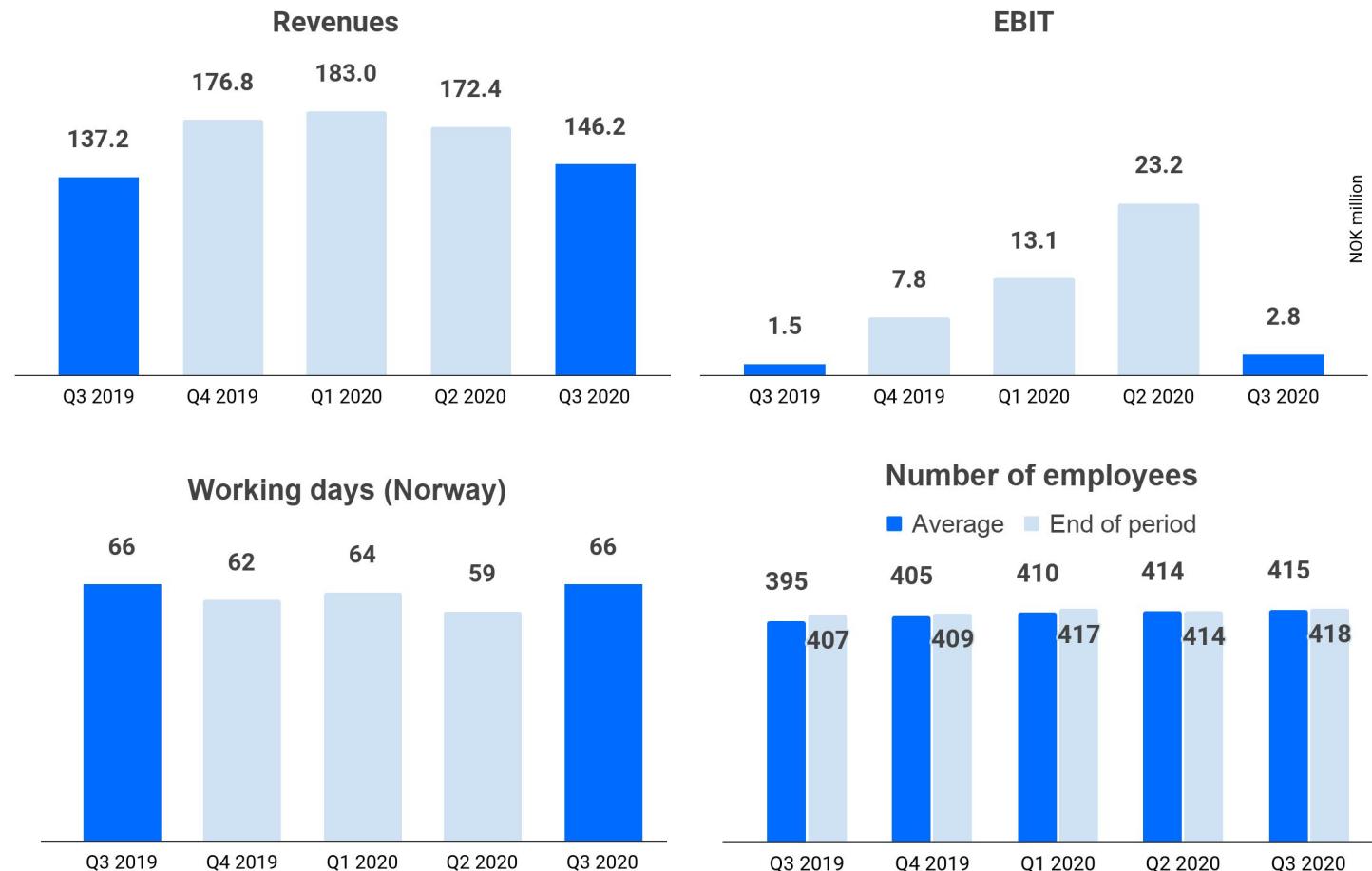
Agenda

1. Q3 highlights
2. Business review
3. Financial review
4. Outlook



Q3 highlights

- Revenue growth of 6.5% in Q3 and 3.7% YTD
- EBIT growth
- Market improving for IT expert services
- Headcount +11 last 12 months
- High focus on recruiting
- Continued growth in Sweden
- Solid financial position
- Dividend distribution for 2019 of NOK 1.60 per share (ex date 15 Oct)



Business review





Developing for tomorrow

- 400+ experts covering all relevant tech fields and tech roles
- Experienced consultants generously sharing their knowledge and insights
- Innovative environment mapping complicated problems with uncomplicated solutions



Community involvement

- Webstep recognized as thought leader in the industry
- Live-streamed debate with 500 participants in connection with **ARENALSUKA**
- Editorial by CEO in Dagens Perspektiv

Matchmaking in the road transportation industry

- Webstep is developing a digital app hosted on the cloud to optimize transportation of goods by truck
- The unique UX-design is attracting users and makes it easier to connect freight carriers and buyers ensuring that more trucks are being filled up with cargo
- Webstep has helped to develop a sustainable solution for an industry that is growing rapidly

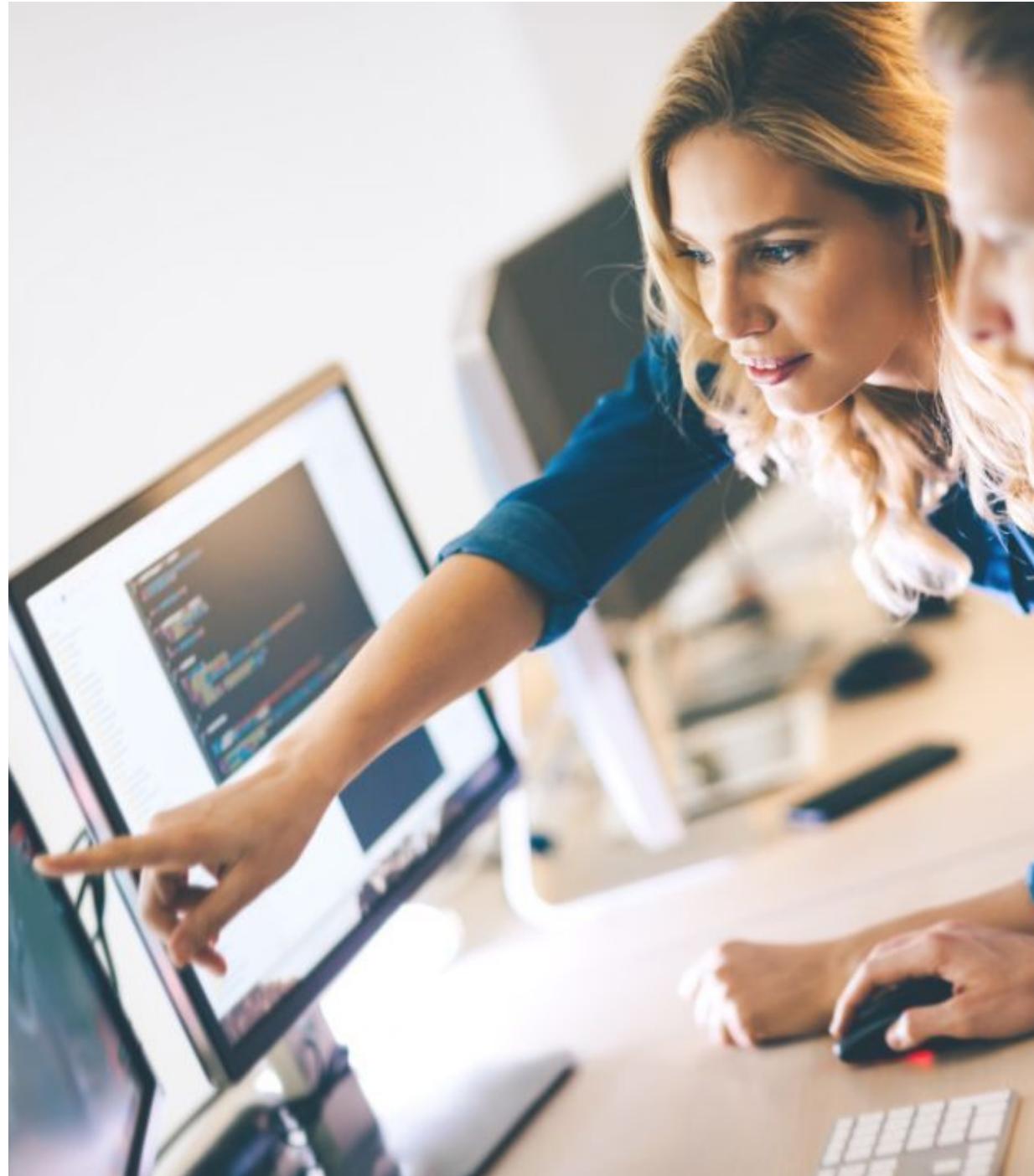
Swipload is a start-up company offering a digital platform for optimizing transportation by truck.



Adapting to fast-changing customer demand

- Webstep helped Ambita with migration to Amazon Web Services
- 10X increase in development speed to rapidly innovate and bring new customer pilots to market
- The migration resulted in a decrease in number of servers from 600 to less than half
- Cut in operational costs by 40 percent

Ambita is a Norwegian technology company with specialized expertise in property management information systems.



Cloud and AI solution to detect insurance fraud

- Webstep is developing cloud solution to support detection of insurance fraud
- Webstep is the technical partner in an innovation project led by NCE Finance Innovation
- Cloud based solution making it simple and secure for insurance companies to train their AI based prediction models from a huge pool of shared data

Finance Innovation is a Norwegian fintech cluster aiming to deliver value to members by enabling infrastructure and facilitating collaboration.



Webstep helps relaunch esamverka.se

- Construction of new website through leveraging the SiteVision framework
- A more user-friendly CMS has resulted in a website that is easier to maintain
- Together with design agency Advant we have improved the accessibility

eSam is a member-driven program for collaboration and consists of 28 member organizations in the public sector, which together work for the digitalisation of society.



Business Segment Update

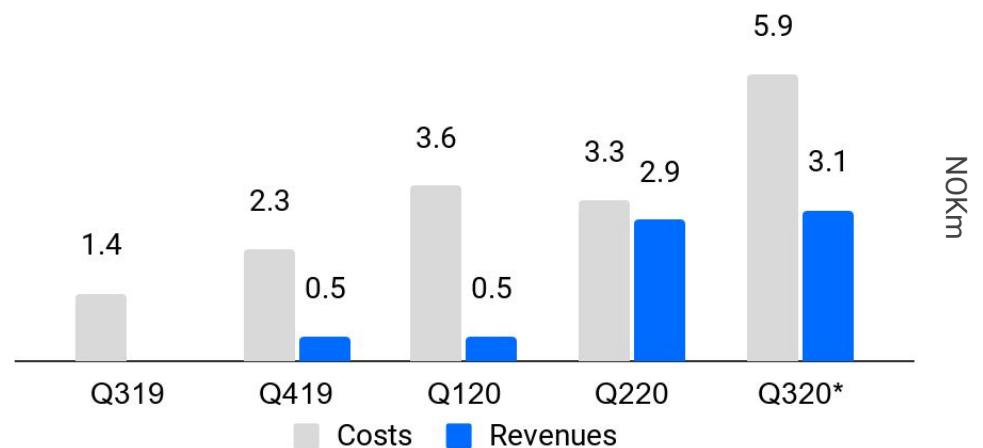
Expert Services

- Expanded expert services into security and SiteVision
- Overall growing demand for expert developers
 - *High demand for cloud experts - suggesting digitalization / migration to cloud is accelerating*
- But...Stavanger and Bergen market weaker in Q3 due to lingering effects from oil price decline and COVID-19

Note: *NOK 1.0 million of total costs relates to development of the cloud-based solution Samla.

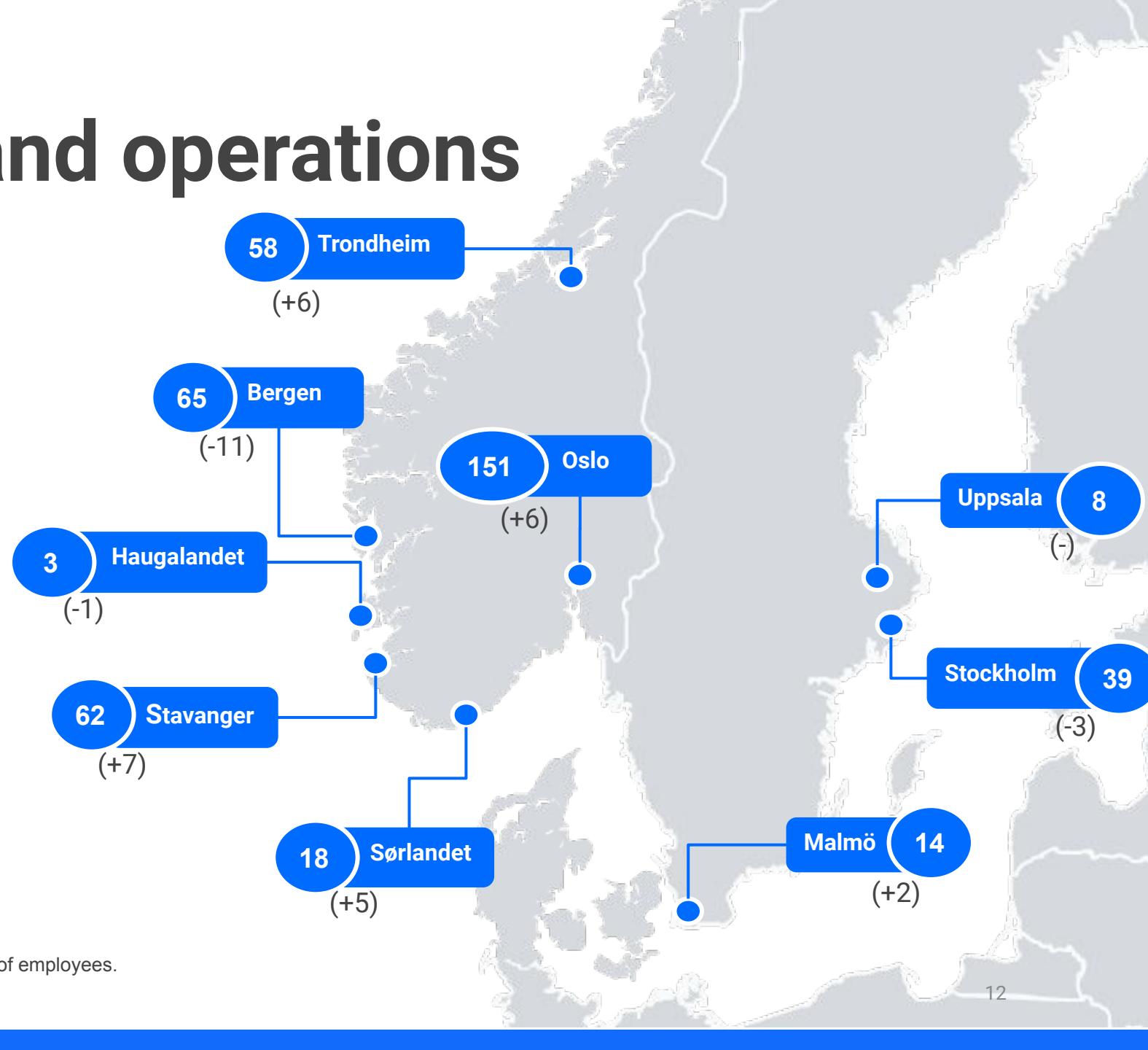
Solutions

- High demand for services with several new contract deliveries
- NOK 1 million investment in “Samla”, a new software solution for municipalities, recorded as cost



Organization and operations

- 418 employees at the end of Q3 2020
 - *Up 5% last 12 months*
 - *Bergen decline due weak market conditions and a restrictive recruiting due to Covid 19*
- West coast cities of Stavanger and Bergen impacted by the dual petroleum downturn and Covid-19 - slower market and reduced activities
- Digital training across disciplines with heavy focus on cloud certifications - driven by demand in the market



Note: Numbers in parentheses refer to year-over-year growth in number of employees.

Skill enhancement in the era of COVID-19

- There has been a major increase in certifications the past few months, and this ensures a relevant mix of competencies in a market where services related to the digital shift, cloud services and change management are in demand.
- Webstep has more than 50 Prosci Change Management certifications and 80 certified cloud professionals covering Amazon Web Services (AWS), Microsoft Azure and Google Cloud.



Financial review



Key figures - Group

NOK million	Q3	Q3	Y/Y %	YTD	YTD	Y/Y %
	2020	2019	change	2020	2019	change
Sales revenues	146.2	137.2	6.5%	501.6	483.7	3.7%
EBITDA	6.4	4.1	55.3%	49.6	48.4	2.4%
EBITDA margin	4.3%	3.0%	1.3 pts	9.9%	10.0%	(0.1 pts)
EBIT	2.8	1.5	85.8%	39.1	41.3	(5.3%)
EBIT margin	1.9%	1.1%	0.8 pts	7.8%	8.5%	(0.7 pts)
Net profit	1.7	0.6	173.4%	28.9	30.8	(6.2%)
Net cash flow	2.6	3.2	18.8%	27.9	(24.6)	213.3%
Earnings per share (NOK)	0.06	0.02	211.5%	1.08	1.16	(6.5%)
Earnings per share, fully diluted (NOK)	0.06	0.02	211.5%	1.08	1.16	(6.5%)
Equity ratio	68.3%	68.1%	0.2 pts	68.3%	68.1%	0.2 pts
Cash and cash equivalents	53.3	8.9		53.3	8.9	
Number of employees, average (FTE)	415	395	4.9%	412	395	4.3%
Number of employees, end of period	418	407	2.7%	418	407	2.7%
EBITDA per FTE (NOK thousand)	15.3	10.4	47.5%	120.3	122.5	(1.8%)
EBIT per FTE (NOK thousand)	6.7	3.8	77.1%	94.9	104.5	(9.2%)

Q3 highlights

- Revenue growth from own consultants driven by headcount and hourly rates partly offset by lower utilization
 - *Q3 NOK 129.7 million (+9.6%)*
 - *YTD NOK 443.7 million (+5.8%)*
- Reduced revenue from subcontractors
 - *Q3 NOK 16.5 million (-12.7%)*
 - *YTD NOK 57.9 million (-10.1%)*
- EBIT impacted by
 - Increased personnel cost from COVID-19 salary program and sales-/management personnel
 - Offset by cost savings
- YTD net cash flow positively affected by extended payment terms for taxes (NOK 8.6 million)
- Dividend of NOK 1.60 per share distributed in October (NOK 42.7 million)

Key figures - Norway

NOK million	Q3	Q3	Y/Y %	YTD	YTD	Y/Y %
	2020	2019	change	2020	2019	change
Sales revenues	124.3	118.1	5.3%	425.4	418.1	1.7%
EBIT	1.7	1.6	9.5%	32.8	39.8	(17.5%)
EBIT margin	1.4%	1.4%	-	7.7%	9.5%	(1.8 pts)
Number of employees, average (FTE)	353	335	5.3%	350	334	4.7%
Number of employees, end of period	357	345	3.5%	357	345	3.5%
Number of work days, excl. vacation	66	66		189	187	
EBIT per FTE (NOK thousand)	5.0	4.8	3.9%	93.9	119.1	(21.2%)
Revenue breakdown						
NOK million	Q3	Q3	Y/Y %	YTD	YTD	Y/Y %
	2020	2019	change	2020	2019	change
Oslo	43.2	44.3	(2.5%)	151.1	173.8	(13.1%)
Regional offices	66.6	61.7	8.0%	228.0	200.3	13.8%
Subcontractors	11.1	12.1	(8.5%)	39.5	44.0	(10.1%)
Solutions	3.4	-	-	6.8	-	-
Total	124.3	118.1	5.3%	425.4	418.1	1.7%

Q3 highlights

- Revenue growth from own consultants driven by headcount and hourly rates partly offset by lower utilization
 - Q3 NOK 113.3 million (+6.9%)
 - YTD NOK 385.9 million (+3.1%)
- Reduced revenue from use of subcontractors
 - Q3 NOK 11.1 million (-8.5%)
 - YTD NOK 39.5 million (-10.1%)
- Strong growth in regional offices, lead by the Trondheim and Sørlandet offices
- EBIT impacted by
 - COVID-19 salary program combined with lower utilization
 - Sales and management personnel
 - Offset by COVID-19 related cost savings

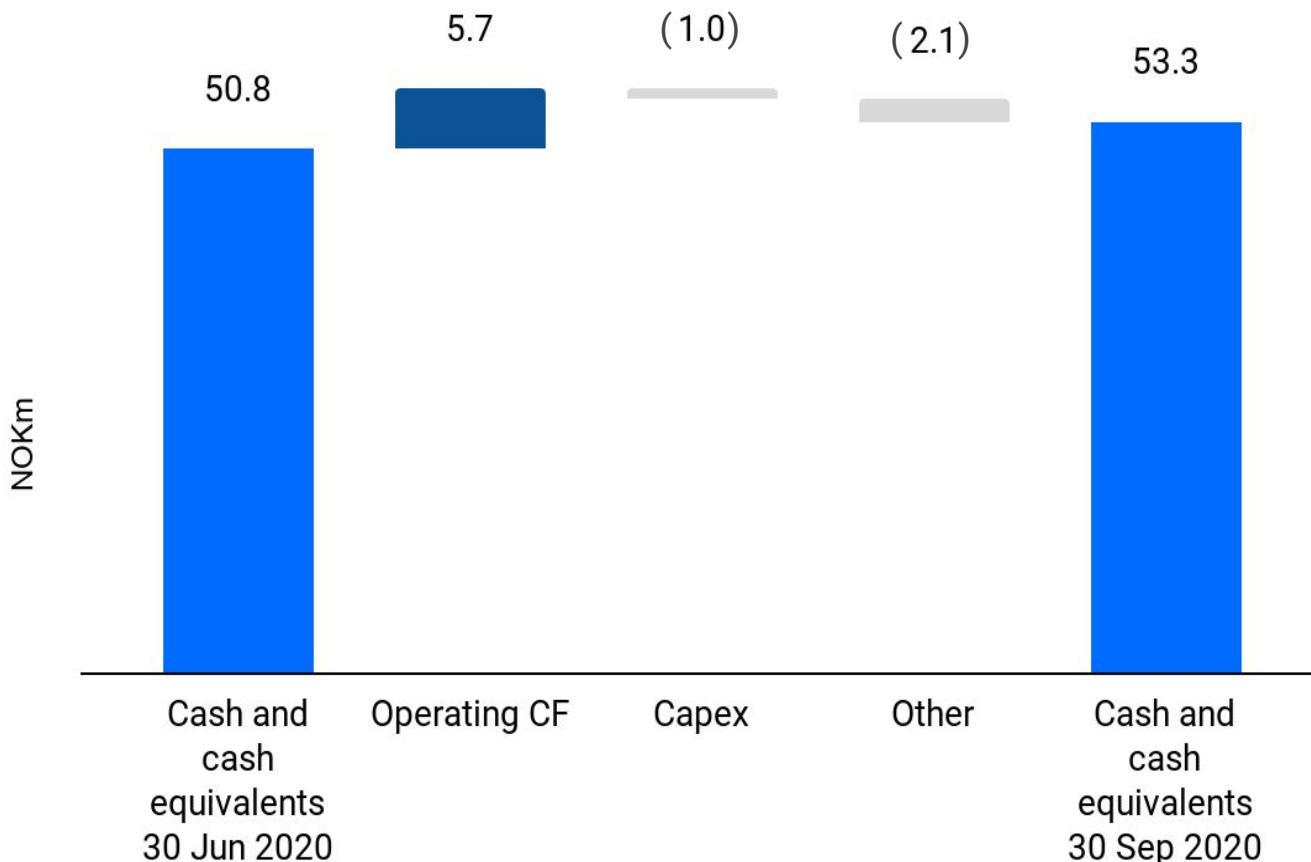
Key figures - Sweden

NOK million	Q3	Q3	Y/Y %	YTD	YTD	Y/Y %
	2020	2019	change	2020	2019	change
Sales revenues	21.8	19.1	14.0%	76.2	65.6	16.2%
EBIT	1.0	(0.1)	1085.6%	6.3	1.5	314.6%
EBIT margin	4.7%	(0.5%)	5.2 pts	8.2%	2.3%	5.9 pts
Number of employees, average (FTE)	62	60	2.8%	63	60	4.7%
Number of employees, end of period	61	62	(1.6%)	61	62	(1.6%)
Number of work days, excl. vacation	66	66		189	189	
EBIT per FTE (NOK thousand)	16.6	(1.7)	1058.4%	99.8	25.2	296.1%

Q3 highlights

- Constant currency revenue growth Y/Y:
 - Increase 1.1% in Q3
 - Increase 5.0 % YTD
- Increased revenue from own consultants:
 - Q3 SEK 15.7 million (+ 17.7%)
 - YTD SEK 56.5 million (+ 15.9%)
- Reduced revenue from subcontractors
 - Q3 SEK 5.2 million (- 29.3%)
 - YTD SEK 18.0 million (- 18.6%)
- Improved EBIT margins from increased revenues from consultants and cost savings

Cash flow and net debt



Q3 highlights

- Operating cash flow decrease from NOK 36.0 million in Q3 2019 to NOK 5.7 million in 2020
- Capex relates to office equipment
- Undrawn credit line of NOK 110 million in Norway and SEK 5 million in Sweden per end of quarter
- Dividend of NOK 1.60 per share distributed in October (NOK 42.7 million)

	30 Sep 2020
Cash and cash equivalents*	(53.3)
Restricted cash	1.6
Debt to credit institutions	0.0
Net interest bearing debt (NIBD)	(51.7)
NIBD/EBITDA (rolling 12 months)	(0.84)

*Negative indicates positive amount

Outlook



Outlook

- Positive market outlook, despite new “lock-down” in Norway and Sweden
- Continued focus on retention and recruitment:
 - *Recruitment drive ongoing in all locations*
 - *Q4 headcount expected to be higher than Q4 2019, but flat compared to Q3 due to paused recruitment activities in Q2*
 - *COVID-19 salary programme for consultants through October*
 - *Continued home office for most employees*
- Organic growth in existing locations through recruitment and utilization is the main focus in the coming quarters



Appendix

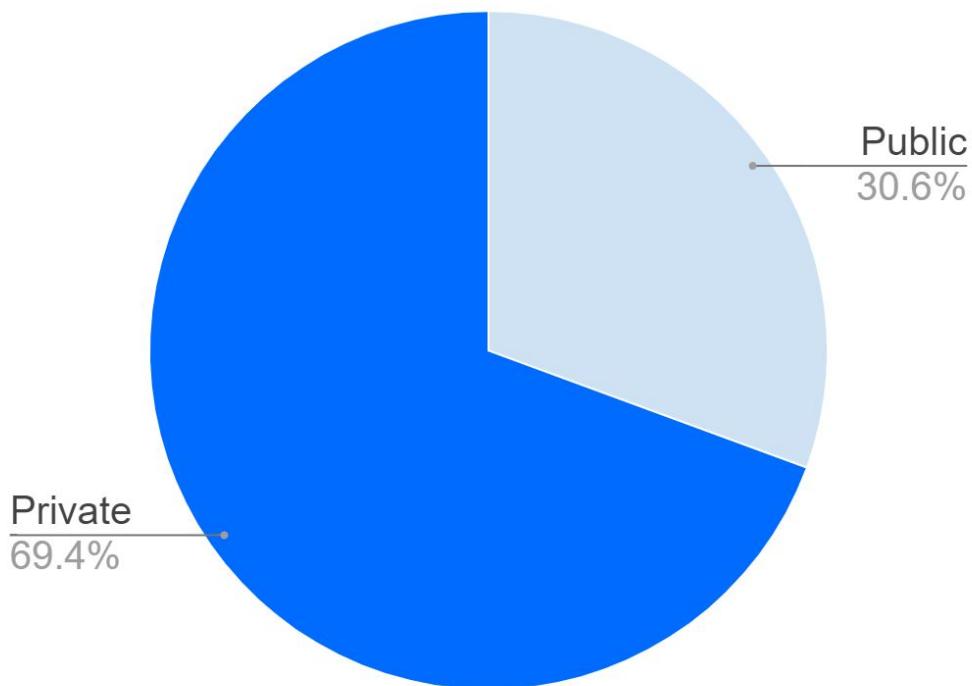


Top 20 shareholders at 9 November 2020

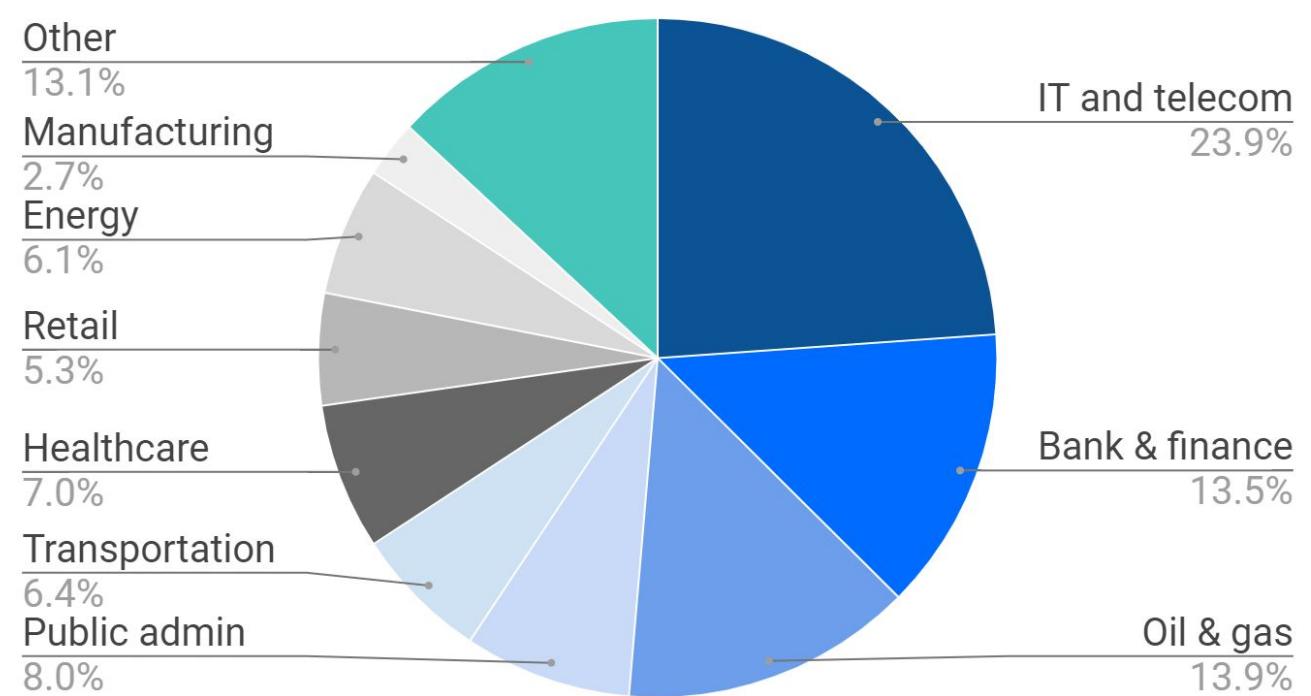
Shareholder name	Shares	%	Type	Country
EMBRO EIENDOM AS	7,608,735	28.6%	Ordinary	Norway
Virtus KAR International Small-Cap	3,119,279	11.6%	Ordinary	United States
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,556,645	5.8%	Ordinary	Norway
JAKOB HATTELAND HOLDING AS	1,000,000	3.7%	Ordinary	Norway
SALT VALUE AS	930,429	3.5%	Ordinary	Norway
PARK LANE FAMILY OFFICE AS	905,581	3.4%	Ordinary	Norway
VERDIPAPIRFONDET NORDEA NORGE VERD	689,991	2.6%	Ordinary	Norway
Goldman Sachs International	583,058	2.2%	Nominee	United Kingdom
Danske Invest Norge Vekst	542,000	2.0%	Ordinary	Norway
J.P. Morgan Bank Luxembourg S.A.	454,628	1.7%	Nominee	Finland
INTERTRADE SHIPPING AS	400,000	1.5%	Ordinary	Norway
HOLMEN SPESIALFOND	368,566	1.4%	Ordinary	Norway
VIOLA AS	330,000	1.2%	Ordinary	Norway
Taaleri Nordic Value Equity Fund	320,000	1.2%	Ordinary	Finland
WEBSTEP ASA	293,633	1.1%	Ordinary	Norway
VIRTUS TACTICAL ALLOCATION FUND	282,917	1.0%	Ordinary	United States
ESPEDAL & CO AS	261,111	1.0%	Ordinary	Norway
Nordnet Bank AB	243,416	0.9%	Nominee	Sweden
EMPLOYEES RETIR SYSTEM OF TEXAS	225,741	0.8%	Ordinary	United States
VERDIPAPIRFONDET NORDEA AVKASTNING	225,383	0.8%	Ordinary	Norway
Top 20 shareholders	20,341,113	75.4%		
Other	6,625,904	24.6%		
Total share outstanding	26,967,017	100.0%		

A diversified customer base

Public and Private Sectors Q3 2020



Business Sectors Q3 2020



Top 10 customers represent 32.0% of total revenues – up from 23.9% in Q3 2019

Disclaimer

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