

INTERIM REPORT  
**Q4 and**  
**Full Year**  
**2020**  
WEBSTEP ASA



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## Q4 HIGHLIGHTS

- Revenue growth continued in Q4:
  - Q4: NOK 188.4 million (NOK 176.8 million)
  - FY 2020: NOK 690.0 million (NOK 660.5 million)
- EBIT:
  - Q4: NOK 10.9 million (NOK 7.8 million)
  - FY 2020: NOK 50.0 (NOK 49.1 million)
- Headcount:
  - Q4 end of period: 415 employees (409 employees)
  - Q4 change: -3 employees (-0.7 per cent)
- EBIT in Q4 impacted by one-off costs related to CEO transition (NOK 3.6 million) and provision for loss on receivables (NOK 1.9 million)
- Four-year contract of approximately NOK 100 million signed with the Norwegian Courts Administration
- Solid financial position and positive outlook support dividend proposal of NOK 1.60 per share



**Events after the reporting date:**

- New CEO, Save Asmervik, appointed internally
- Expected headcount of approximately 430 end of Q1 2021

## KEY FIGURES

### CONSOLIDATED

(Amounts in NOK million)

	Q4 2020	Q4 2019	Y/Y change	FY 2020	FY 2019	Y/Y change
Sales revenues	<b>188.4</b>	176.8	6.6%	<b>690.0</b>	660.5	4.5%
EBITDA	<b>14.3</b>	12.0	19.4%	<b>63.9</b>	60.4	5.8%
EBITDA margin	<b>7.6%</b>	6.8%	0.8 pts	<b>9.3%</b>	9.1%	0.2 pts
EBIT	<b>10.9</b>	7.8	39.9%	<b>50.0</b>	49.1	1.8%
EBIT margin	<b>5.8%</b>	4.4%	1.4 pts	<b>7.2%</b>	7.4%	(0.2 pts)
Net profit	<b>7.8</b>	5.2	50.6%	<b>36.7</b>	36.1	1.8%
Net cash flow	<b>(13.6)</b>	16.6	182.0%	<b>14.3</b>	(8.0)	277.9%
Earnings per share (NOK)	<b>0.29</b>	0.20	46.4%	<b>1.38</b>	1.36	1.2%
Earnings per share, fully diluted (NOK)	<b>0.29</b>	0.20	46.3%	<b>1.38</b>	1.36	1.2%
Number of employees, average (FTE)	<b>411</b>	405	1.4%	<b>410</b>	397	3.2%
Number of employees, end of period	<b>415</b>	409	1.5%	<b>415</b>	409	1.5%
Number of work days, Norway (excl. vacation)	<b>63</b>	62		<b>252</b>	249	
Number of work days, Sweden (excl. vacation)	<b>63</b>	62		<b>252</b>	251	
EBITDA per average employee (NOK thousand)	<b>34.9</b>	29.7	17.5%	<b>155.9</b>	152.2	2.4%
EBIT per average employee (NOK thousand)	<b>26.6</b>	19.3	37.7%	<b>122.0</b>	132.8	(8.2%)

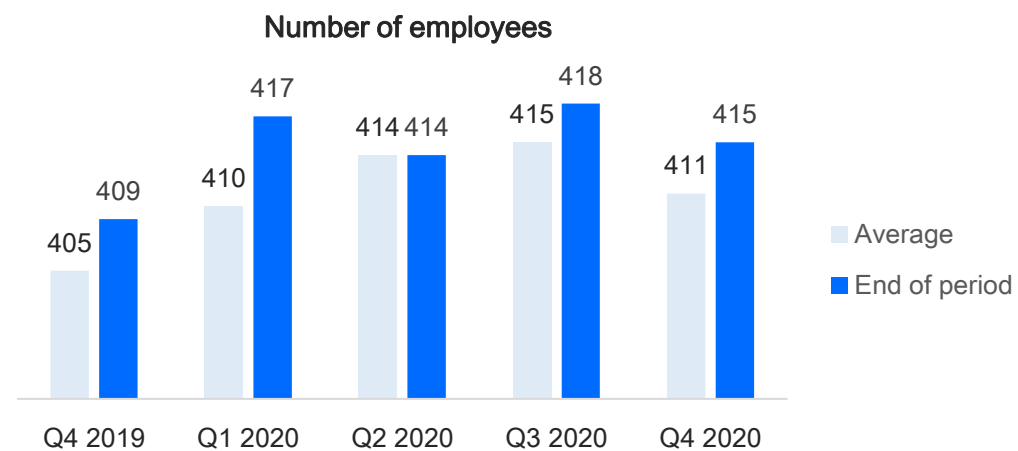
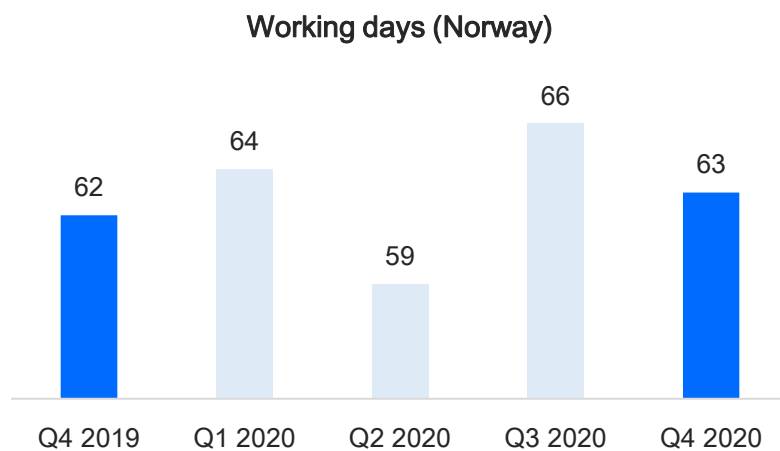
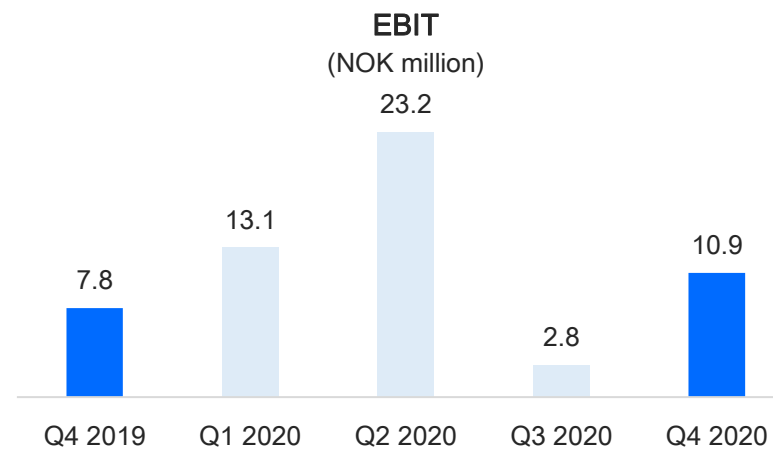
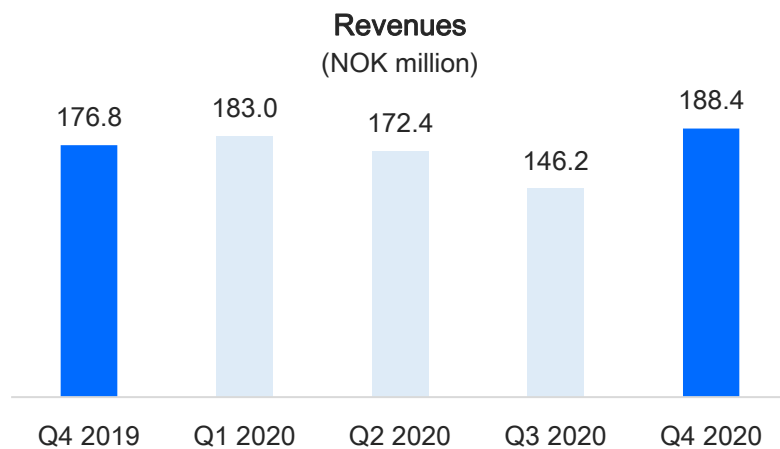
**NORWAY**

<i>(Amounts in NOK million)</i>	<b>Q4 2020</b>	Q4 2019	Y/Y change	<b>FY 2020</b>	FY 2019	Y/Y change
Sales revenues	<b>158.5</b>	152.2	4.1%	<b>583.9</b>	570.3	2.4%
EBIT	<b>8.8</b>	6.9	27.0%	<b>41.6</b>	46.7	(10.9%)
EBIT margin	<b>5.5%</b>	4.6%	0.9 pts	<b>7.1%</b>	8.2%	(1.1 pts)
Number of employees, average (FTE)	<b>349</b>	343	1.7%	<b>348</b>	337	3.4%
Number of employees, end of period	<b>352</b>	346	1.6%	<b>352</b>	346	1.6%
Number of work days, Norway (excl. vacation)	<b>63</b>	62		<b>252</b>	249	
EBIT per average employee (NOK thousand)	<b>25.1</b>	20.1	25.1%	<b>119.6</b>	138.8	(13.8%)

**SWEDEN**

<i>(Amounts in NOK million)</i>	<b>Q4 2020</b>	Q4 2019	Y/Y change	<b>FY 2020</b>	FY 2019	Y/Y change
Sales revenues	<b>29.9</b>	24.7	21.2%	<b>106.1</b>	90.2	17.6%
EBIT	<b>2.1</b>	0.9	138.7%	<b>8.4</b>	2.4	250.7%
EBIT margin	<b>7.2%</b>	3.7%	3.5 pts	<b>7.9%</b>	2.7%	5.2 pts
Number of employees, average (FTE)	<b>62</b>	62	0.0%	<b>63</b>	61	3.0%
Number of employees, end of period	<b>63</b>	63	0.0%	<b>63</b>	63	0.8%
Number of work days, Sweden (excl. vacation)	<b>63</b>	62		<b>252</b>	251	
EBIT per average employee (NOK thousand)	<b>34.6</b>	14.5	139.0%	<b>134.5</b>	39.5	240.6%

## KEY VALUE DRIVERS



## FOURTH QUARTER 2020

Webstep reports revenue of NOK 188.4 million and EBIT of NOK 10.9 million for the fourth quarter, up 6.6 per cent and 39.9 per cent from the same period last year. A four-year framework agreement with the Norwegian Courts Administration with an estimated sales value of approximately NOK 100 million was signed in December. Strong financial position and positive outlook support dividend proposal of NOK 1.60 per share.

Webstep ASA ("the Group" or "Webstep") recorded consolidated revenues in the fourth quarter of NOK 188.4 million, up by 6.6 per cent from 176.8 million in the same quarter last year. For the full year revenues increased by 4.5 per cent, from NOK 660.5 million in 2019 to NOK 690.0 million in 2020. Revenue growth was driven by increased headcount and higher hourly rates.

EBIT for the fourth quarter amounted to NOK 10.9 million, up from NOK 7.8 million in the corresponding quarter 2019. One-off costs related to the CEO transition (NOK 3.6 million) and an extraordinary provision for loss on receivables related to a single customer (NOK 1.9 million) incurred in the fourth quarter. EBIT for the full year amounted to NOK 50.0 million, up from NOK 49.1 million in 2019. Both fourth quarter and full year EBIT were impacted by increased headcount which has resulted in higher revenues, but also increased personnel cost. The COVID-19 salary program introduced in March, combined with slightly lower utilization following the COVID-outbreak and the turbulence in the oil related industries, had a negative impact on the EBIT-margin for the full year. The increased personnel cost has partly been offset by cost savings as a result of COVID-19 restrictions.

The EBIT margin was 5.8 per cent (4.4 per cent) for the fourth quarter, and 7.2 per cent (7.4 per cent) for the full year. Net profit for the fourth quarter was NOK 7.8 million (NOK 5.2 million), and NOK 36.7 million (NOK 36.1 million) for the full year.

Webstep had 415 employees at the end of 2020, a decrease of 3 employees from the last quarter and an increase of 6 employees the last twelve months. Webstep has continued to recruit new employees throughout the COVID-19 period, but the recruitment activities slowed down during the second quarter which had an impact on the number of employees onboarded in the fourth quarter.

The financial position 31 December was strong, with total equity of NOK 380.2 million (NOK 371.6 million), corresponding to an equity ratio of 64.3 per cent (65.7 per cent). Cash and cash equivalents 31 December were NOK 39.7 million (NOK 25.5 million) and the Group had an unutilized revolving credit facility of NOK 110.0 million in Norway and SEK 5.0 million in Sweden. The Group had a net cash flow of NOK -13.6 million (NOK 16.6 million) in the fourth quarter and NOK 14.3 million (NOK -8.0 million) for the full year. The fourth quarter cash flow included a dividend of NOK 42.7 million.

Webstep Sweden has continued the positive development with increased revenues and profitability during the fourth quarter. A positive currency effect impacted revenues and EBIT contribution from Webstep Sweden to the consolidated figures in the fourth quarter and 2020.

Webstep enjoys a strong position in an attractive growth market and enters 2021 with a very robust order book. The ongoing projects and newly won contracts build a solid foundation for the coming quarters. The recruitment drive has picked up to further strengthen the organization and enhance revenue growth.

In February 2021, Save Asmervik was appointed the new CEO of the company. Mr. Asmervik previously held the position as regional director for Webstep. He has been with the company for ten years, and has created an impressive growth story within Webstep with the success of the office in Trondheim.

The dividend policy remains unchanged, and the board of directors intend to propose a dividend of NOK 1.60 representing 117 per cent of the annual net profit of the Group for 2020.

## FINANCIAL REVIEW

### PROFIT AND LOSS

#### Fourth quarter

Fourth quarter consolidated revenues were NOK 188.4 million (NOK 176.8 million), up 6.6 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 fourth quarter of 2020 was 411 (405) and the number of working days was 63 (62) in Norway and Sweden. Revenues from own consultants increased by 7.7 per cent to NOK 164.9 million, while revenues from subcontractors decreased by 1.1 per cent to NOK 23.5 million compared to the same quarter last year. The revenue growth is driven by increased number of consultants and higher hourly rates but is offset by slightly lower utilization compared to normal levels for Webstep.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 23.3 million (NOK 22.6 million) for the quarter.

Salaries and personnel costs 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. Salaries and personnel costs amounted to NOK 139.5 million (NOK

129.3 million) for the quarter. The increase from 2019 is explained by higher revenue-based salaries for consultants, increase caused by higher minimum base salary and one-off costs related to the CEO transition.

Other operating expenses amounted to NOK 11.3 million (NOK 12.8 million) for the quarter. The decrease from 2019 is explained by reduced costs for travel, courses, conferences, social events, etc. as a result of COVID-19 restrictions, partly offset by the abovementioned increased provision for loss on receivables. Depreciation and impairment for the quarter amounted to NOK 3.4 million (NOK 4.2 million).

The newly established business area, Webstep Solutions, continued strong signings and counted 17 employees at the end of the fourth 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 fourth quarter amounted to NOK 5.1 million, while total costs amounted to NOK 6.6 million. NOK 1.7 million of total costs relates to the solution *Samla*. *Samla* is a reporting system to visualize key population metrics and changes in demography for municipalities. The solution is developed by Webstep consultants in cooperation with the Norwegian municipality, Larvik, and was launched in February 2021. The subscription based solution will be introduced to other municipalities in Norway and Sweden. The investment in *Samla* has not been capitalized but recorded as operating costs in the income statement, and are net of government funding from "SkatteFUNN" of NOK 0.3 million.

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 15 to the interim report. Total consolidated EBIT in the fourth quarter amounted to NOK 10.9 million (NOK 7.8 million) and EBITDA amounted to NOK 14.3 million (NOK 12.0 million).

Net financial costs were NOK 0.8 million (NOK 0.7 million) and income tax amounted to NOK 2.2 million (NOK 1.9 million) for the quarter. Net profit for the fourth quarter was NOK 7.8 million (NOK 5.2 million).

## Full year

Full year 2020 consolidated revenues were NOK 690.0 million (NOK 660.5 million), up 4.5 per cent from 2019. The average number of employees 2020 was 410 (397) and the number of working days was 252 (249) and 252 (251) in Norway and Sweden, respectively. Revenues from own consultants increased by 6.3 per cent to NOK 608.6 million, while revenues from subcontractors decreased by 7.6 per cent to NOK 81.4 million compared to 2019. The COVID-19 outbreak affected revenues negatively by approximately NOK 13 million in the first half year, and the turbulence in the oil related industries has had a further negative effect on utilization continuing into the second half of 2020. This relates only to the business in Norway, and mainly to the offices on the west coast.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 78.9 million (NOK 84.2 million) for the full year.

Salaries and personnel costs amounted to NOK 513.2 million (NOK 474.2 million) for the full year. The increase from 2019 is explained by higher revenue-based salaries for consultants, increase caused by a COVID-19 salary security program and sales- and management personnel employed in the last half of 2019. The increase has been partly offset by government grants following the reduction in social security contribution and extended family care benefit refunds amounting to NOK 5.0 million, and reduced social activity costs following the COVID-19 restrictions.

Other operating expenses amounted to NOK 34.0 million (NOK 41.7 million) for the full year. The decrease from 2019 is explained by reduced costs for travel, courses, conferences, social events, etc. as a result of COVID-19 restrictions, partly offset by increased provision for loss on receivables.

Depreciation and impairment amounted to NOK 13.9 million (NOK 11.3 million) for the full year. The main reason for the increase was the relocation of four Webstep offices, which has contributed to increased lease costs year-on-year.

Revenues from Webstep Solutions for the full year amounted to NOK 11.6 million, while total costs amounted to NOK 19.4 million. A total of NOK 2.7

million has been spent on development of the cloud-based solution, *Samla*, as mentioned above.

Total consolidated EBIT for the full year amounted to NOK 50.0 million (NOK 49.1 million) and EBITDA amounted to NOK 63.9 million (NOK 60.4 million).

Net financial costs were NOK 2.9 million (NOK 2.5 million) and income tax amounted to NOK 10.3 million (NOK 10.6 million) for the full year. Net profit for the full year was NOK 36.7 million (NOK 36.1 million).

## FINANCIAL POSITION AND CASH FLOW

Total assets 31 December amounted to NOK 591.7 million (NOK 565.4 million). Non-current assets were NOK 432.1 million (NOK 428.1 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 389.8 million (NOK 384.5 million), and comprise primarily of acquisition-related goodwill of NOK 385.3 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 34.8 million (NOK 37.2 million).

Total current assets of NOK 159.5 million (NOK 137.4 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 108.0 million (NOK 104.8 million). Revenues are invoiced on a monthly basis, and most receivables are due 30 days after invoicing. Other current receivables were NOK 11.8 million (NOK 7.1 million). Cash and short-term deposits amounted to NOK 39.7 million (NOK 25.5 million).

Total equity 31 December was NOK 380.2 million (NOK 371.6 million). The change is mainly related to earnings generated, offset by 2019 dividends paid in 2020. Non-current liabilities amounted to NOK 25.8 million (NOK 29.9 million) and consisted mainly of non-current leasing liabilities of NOK 24.1 million (NOK 28.3 million). Current liabilities of NOK 185.6 million (NOK 163.9 million) consisted of current leasing liabilities, trade payables, tax payables, social taxes and VAT and other short-term liabilities.

Cash flow from operations for the full year amounted to NOK 63.3 million (NOK 41.8 million). The increased cash flow from operations for the full year



compared to 2019 can primarily be explained by change in trade and other 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 fourth quarter of 2020. See note 11 and 15 for further details.

## ORGANIZATION

Webstep had 415 employees at the end of the fourth quarter, a decrease of 3 employees the last quarter and an increase of 6 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. During the fourth quarter, most of the employees have continued to work from home.

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.

Webstep has decided to move its headquarters in Oslo to the new IT powerhouse, *Rebel*, in central Oslo, which will open in September 2021. Rebel will host both well established tech companies, such as Wesbtep,

smaller start-ups, academia and other organizations within tech such as Digital Norway.

Building and sharing of competence and skills is vital to Webstep. The concept «Webstep Community» fuels initiatives across Webstep, labeled Webstep Discover, Webstep Learn and Webstep Create. On-site live productions all over Webstep are made digitally available for all employees, as sources of inspiration, learning and innovation.

To further strengthen the community feeling among Webstep employees during the Covid-19 out-break, various digital social initiatives emerged across regions. From virtual "Friday meetups", to joint Personal Trainer digital sessions with colleagues across regions, the ingenuity and creativity shown has been great.

In February 2021, Save Asmervik was appointed the new CEO of the company. Mr. Asmervik previously held the position as regional director for Webstep. He has been with the company for ten years, and has created an impressive growth story within Webstep with the success of the office in Trondheim.

## MARKET UPDATE

The market for IT services in Norway and Sweden is strong, and the competition in the recruitment market is fierce. In 2019, Webstep launched a new strategy aimed at expanding its go-to-market model in order to reach an even larger share of the market, as well as further expanding the recruitment universe.

To provide large and digitally mature clients with hand-picked technology experts who in an efficient and effective manner help to solve the client's challenges, is the traditional Webstep go-to-market model. The projects are normally run and managed by the clients. The experts employed by Webstep handle a broad range of technology platforms and disciplines - from the traditional programming languages such as .Net and Java, to highly sought-after services such as Cloud migration and advanced analytics of big data.

Since the clients to an increasing extent request full scale developer teams (“teams as a service”) or projects and end-to-end solutions that are managed and executed by their IT service vendors, Webstep has invested in the expertise and methodologies required in order to be a provider of these services.

These investments have started to yield results, such as the award of a significant framework agreement with the Norwegian Courts Administration in December 2020. What distinguishes this delivery from the traditional Webstep model, is the fact that Webstep will provide the client with full scale development teams as opposed to single consultants for expert roles. Autonomous development and operations teams from Webstep will be responsible for the Java based applications, and work as an integral part of the Norwegian Courts Administration’s own IT organization.

The newly won team and project delivery wins, such as the agreements with the Norwegian Courts Administration and Enova, also help Webstep attract new employees. These engagements provide the consultants with security and predictability, they give the consultants the opportunity to work closely with other colleagues and the projects are technically challenging and interesting for ambitious IT experts.

## 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, IT security, robotics and analytics.

### Fourth quarter

Total operating revenues for the fourth quarter came to NOK 158.5 million (NOK 152.2 million), up 4.1 per cent from the corresponding quarter last year. More employees and higher hourly rates compared to 2019 impacted revenue, partly offset by less use of subcontractors. EBIT for the fourth quarter came to NOK 8.8 million (NOK 6.9 million). EBIT is impacted by higher revenue from consultants, partly offset by higher personnel cost and one-off costs related to the CEO transition, increased provision for loss on receivables and cost savings from reduced travel activity and social activities. A total of NOK 1.7 million has been spent on development of the cloud-based solution, *Samla*, as mentioned above.

### Full year

Total operating revenues for the full year came to NOK 583.9 million (NOK 570.3 million), up 2.4 per cent compared to 2019. More employees, fewer holidays and higher hourly rates compared to 2019 impacted revenue, but this was partly offset by less use of subcontractors and lower utilization. The COVID-19 outbreak affected revenues negatively by approximately NOK 13 million in the first half year, and the turbulence in the oil related industries has had a further negative effect on utilization continuing into the second half of 2020. EBIT for the full year came to NOK 41.6 million (NOK 46.7 million). The reduced EBIT is mainly explained by increased salary costs due to increased revenues from consultants combined with the COVID-19 salary program and the recruitment of sales- and management personnel. Increased lease costs, increased provision for loss on receivables and decreased profit from subcontractors have also impacted EBIT. Cost savings, reduced social security contributions and increased care benefit refunds have partly offset the abovementioned impact of cost increases from the COVID-19 salary program. Reduced social security contributions and increased care benefit refunds amounted to NOK 4.3 million for the full year.

Webstep Norway had 352 employees at the end of December (346 employees). The average number of employees in the quarter was 349 (343) and 348 (337) for the full year.

## SWEDEN

Webstep Sweden has offices in Stockholm, Malmö, and Uppsala. 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.

### Fourth quarter

Operating revenues for the fourth quarter came to NOK 29.9 million (NOK 24.7 million), an increase of 21.2 per cent. Revenues were primarily impacted by higher utilization, increased revenues from subcontractors and a positive currency effect. Adjusted for fluctuation in exchange rates, revenue increased by 10.1 per cent from the corresponding quarter last year. EBIT came to NOK 2.1 million (NOK 0.9 million) for the quarter. The increased EBIT is driven by higher revenues from own consultants and cost savings.

### Full year

Operating revenues for the full year came to NOK 106.1 million (NOK 90.2 million), an increase of 17.6 per cent. Revenues were primarily impacted by more employees, higher utilization and a positive currency effect. Adjusted for fluctuation in exchange rates, revenue grew by 6.4 per cent compared to 2019. EBIT came to NOK 8.4 million (NOK 2.4 million) for the full year. The increased EBIT is driven by higher revenues from own consultants and cost

savings. 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 for 2020.

Webstep Sweden had 63 employees at the end of December (63 employees). The average number of employees in the quarter was 62 (62) and 63 (61) for the full year.

## OUTLOOK

As a result of successful recruitment activities in the fourth quarter, the first quarter headcount in 2021 is expected to increase to approximately 430 employees at the end of the quarter. The company continues to prove that it has the capacity and expertise to deliver comprehensive projects and solutions in line with the previously communicated growth strategy, which also attracts a broader range of employees.


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 coming quarters. Recruitment activities have picked up significantly in the fourth quarter 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, 16 FEBRUARY 2021




**Trond Klethagen Johannessen**  
Chair of the board



**Kjetil Bakke Eriksen**  
Board member



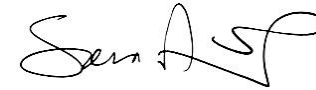
**Toril Nag**  
Board member



**Siw Ødegaard**  
Board member



**Trygve Christian Moe**  
Board member



**Save Asmervik**  
Chief Executive Officer

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(Amounts in NOK 1000)</i>	<i>Note</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
Sales revenues	4,5	188,400	176,812	689,987	660,513
<b>Total revenues</b>		<b>188,400</b>	<b>176,812</b>	<b>689,987</b>	<b>660,513</b>
Cost of services and goods		23,283	22,639	78,918	84,200
Salaries and personnel cost	13	139,532	129,349	513,151	474,172
Depreciation and amortization	8,9	3,419	4,185	13,916	11,291
Other operating expenses		11,254	12,808	33,998	41,738
<b>Operating profit(loss)</b>		<b>10,912</b>	<b>7,831</b>	<b>50,004</b>	<b>49,113</b>
Net financial items		(842)	(723)	(2,908)	(2,478)
<b>Profit before tax</b>		<b>10,070</b>	<b>7,108</b>	<b>47,097</b>	<b>46,635</b>
Income tax expenses		2,239	1,863	10,348	10,550
<b>Profit for the period</b>		<b>7,832</b>	<b>5,245</b>	<b>36,749</b>	<b>36,085</b>
Earnings per share (NOK)	6	0.29	0.20	1.38	1.36
Earnings per share, fully diluted (NOK)	6	0.29	0.20	1.38	1.36
<b>Other comprehensive income:</b>					
Currency translation differences		(563)	1,483	7,892	(1,962)
Other comprehensive income for the period, net of tax		(563)	1,483	7,892	(1,962)
<b>Total comprehensive income for the period, net of tax</b>		<b>7,268</b>	<b>6,728</b>	<b>44,641</b>	<b>34,123</b>
<b>Attributable to:</b>					
Shareholders in parent company		7,268	6,728	44,641	34,123

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(Amounts in NOK 1000)</i>	<i>Note</i>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Assets</b>			
Intangible assets	8	<b>389,832</b>	384,522
Fixed assets		<b>6,490</b>	5,917
Right-of-use assets	9	<b>34,807</b>	37,156
Non-current financial assets		<b>10</b>	10
Deferred tax assets		<b>998</b>	454
<b>Total non-current assets</b>		<b>432,137</b>	428,059
Trade receivables	10	<b>107,972</b>	104,797
Other current receivables	10	<b>11,827</b>	7,112
Cash and short-term deposits		<b>39,724</b>	25,454
<b>Total current assets</b>		<b>159,524</b>	137,363
<b>Total assets</b>		<b>591,660</b>	565,422
<b>Equity</b>			
<b>Shareholders' equity</b>		<b>380,184</b>	371,645
<b>Liabilities</b>			
Non-current leasing liabilities	9	<b>24,082</b>	28,335
Deferred tax		<b>1,755</b>	1,539
<b>Total non-current liabilities</b>		<b>25,838</b>	29,874
Current leasing liabilities		<b>10,724</b>	8,821
Trade and other payables	9	<b>20,862</b>	18,901
Tax payable		<b>9,923</b>	8,587
Social taxes and VAT		<b>60,525</b>	56,399
Other short-term liabilities	12	<b>83,604</b>	71,195
<b>Total current liabilities</b>		<b>185,639</b>	163,903
<b>Total liabilities</b>		<b>211,476</b>	193,777
<b>Total equity and liabilities</b>		<b>591,660</b>	565,422

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<i>(Amounts in NOK 1000)</i>	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interest	<b>Total equity</b>
<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	-	-	-	-	36,749	36,749	-	<b>36,749</b>
Other comprehensive income/(loss)	-	-	-	7,892	-	7,892	-	<b>7,892</b>
Share incentive program	-	234	5,110	-	1,232	6,576	-	<b>6,576</b>
Dividends	-	-	-	-	(42,677)	(42,677)	-	<b>(42,677)</b>
<b>31 December 2020</b>	26,967	(59)	162,020	16,213	175,043	380,184	-	<b>380,184</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Amounts in NOK 1000)</i>	<i>Note</i>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>FY 2020</b>	<b>FY 2019</b>
<b>Operating activities</b>					
Profit/(loss) before tax		<b>10,070</b>	7,108	<b>47,097</b>	46,635
Adjustments for:					
Depreciation of property, plant and equipment	8,9	<b>3,419</b>	4,185	<b>13,916</b>	11,291
Net change in trade and other receivables		<b>(1,927)</b>	(337)	<b>(7,891)</b>	(3,639)
Net change in trade and other liabilities		<b>13,153</b>	17,360	<b>18,497</b>	6,330
Net foreign exchange differences		<b>(84)</b>	267	<b>1,111</b>	(176)
Income tax expenses		<b>1,696</b>	(10,029)	<b>(9,395)</b>	(18,652)
<b>Net cash flow from operating activities</b>		<b>26,327</b>	18,555	<b>63,335</b>	41,788
<b>Investing activities</b>					
Purchase of property and equipment		<b>(692)</b>	(1,326)	<b>(3,974)</b>	(3,670)
<b>Net cash flow from investing activities</b>		<b>(692)</b>	(1,326)	<b>(3,974)</b>	(3,670)
<b>Financing activities</b>					
Repayments of lease liabilities	9	<b>(2,182)</b>	(3,116)	<b>(8,989)</b>	(7,088)
Payment of dividends		<b>(42,677)</b>	-	<b>(42,677)</b>	(42,369)
Sale of treasury shares, EIP and incentive program	6	<b>5,612</b>	2,477	<b>6,575</b>	3,316
<b>Net cash flows from financing activities</b>		<b>(39,248)</b>	(639)	<b>(45,092)</b>	(46,142)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(13,613)</b>	16,590	<b>14,270</b>	(8,024)
Cash and cash equivalents at the beginning of the period		<b>53,337</b>	8,864	<b>25,454</b>	33,478
<b>Cash and cash equivalents at the end of the period</b>		<b>39,724</b>	25,454	<b>39,724</b>	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 digitalization through the offering of cutting-edge IT expertise. The Group's core offerings are digitalization, cloud migration and integration, in addition to its other new focus areas Internet of Things (IoT), machine learning, IT security, 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 fourth quarter and the full 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 fourth quarter were approved by the Board of Directors and the CEO 16 February 2021.

### 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.

**Q4 2020**

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	159,319	29,943	(861)	<b>188,400</b>
EBITDA	11,601	2,730	-	<b>14,331</b>
EBIT	8,764	2,148	-	<b>10,912</b>
EBIT margin	5.5%	7.2%	-	<b>5.8%</b>

**Q4 2019**

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	152,880	24,658	(727)	<b>176,812</b>
EBITDA	9,706	2,310	-	<b>12,016</b>
EBIT	6,930	901	-	<b>7,831</b>
EBIT margin	4.5%	3.7%	-	<b>4.4%</b>

**FY 2020**

<i>(Amounts in NOK 1000)</i>	Norway	Sweden	Elimination	<b>Total</b>
Revenues	586,646	106,105	(2,764)	<b>689,987</b>
EBITDA	52,750	11,170	-	<b>63,920</b>
EBIT	41,587	8,417	-	<b>50,004</b>
EBIT margin	7.1%	7.9%	-	<b>7.2%</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.

**Q4 2020**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	159,169	28,590	<b>188,400</b>
Other	150	-	-
Total revenues from contracts with customers	159,319	28,590	<b>188,400</b>

**Q4 2019**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	152,728	25,956	<b>176,804</b>
Other	152	-	<b>8</b>
Total revenues from contracts with customers	152,880	25,956	<b>176,812</b>

**FY 2020**

<i>(Amounts in 1000)</i>	Norway	Sweden	<b>Group</b>
IT-related consulting services	586,496	103,013	<b>689,862</b>
Other	150	122	<b>125</b>
Total revenues from contracts with customers	586,646	103,135	<b>689,987</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. Q4 2020 had one more working days compared to Q4 2019. The full year 2020 had three more working days compared to last year in Norway, while Sweden had two more working days compared to last year.

## NOTE 6 EARNINGS PER SHARE

Under the Long-term incentive programme (LTIP), 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. 468,992 options were granted 18 November 2019 and 546,000 options were granted 24 November 2020. Following the grant, the total number of outstanding options in the Company is 1,014,992. The share options vest if the senior executive remains employed during the vesting period.

The options granted 18 November 2019 will vest, or have vested, in the following tranches:

- 117,248 options vested 18 November 2020
- 117,248 options vest 18 November 2021
- 234,496 options vest 18 November 2022

The options granted 24 November 2020 will vest in the following tranches:

- 136,500 options vest 24 November 2021
- 136,500 options vest 24 November 2022
- 273,000 options vest 24 November 2023

The exercise price of the options granted 18 November 2019 and 24 November 2020 is NOK 21.50 and 22.73, respectively. The potential dilution through the LTIP accounts for 15,954 shares. None of the vested shares have been exercised.

In the fourth quarter the Company sold a total of 234,074 shares to employees through a share investment program for employees in Webstep's Norwegian entities. The number of treasury shares held by Webstep following the sale of shares to employees in Q4 is 59,559.

### Earnings per share

<i>(Amounts in NOK 1000)</i>	<b>Q4 2020</b>	Q4 2019	<b>FY 2020</b>	FY 2019
Profit for the period	<b>7,832</b>	5,245	<b>36,749</b>	36,085
Average number of shares (excl. treasury shares)	<b>26,751</b>	26,561	<b>26,691</b>	26,501
Average number of shares, fully diluted (excl. treasury shares)	<b>26,767</b>	26,592	<b>26,696</b>	26,572
Earnings per share (NOK)	<b>0.29</b>	0.20	<b>1.38</b>	1.36
Earnings per share, fully diluted (NOK)	<b>0.29</b>	0.20	<b>1.38</b>	1.36

## 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 0 at 31 December 2020). The Group owns a limited amount of treasury shares at quarter end, 59,559, booked at face value.

**NOTE 8 INTANGIBLE ASSETS AND GOODWILL**

<i>(Amounts in NOK 1000)</i>	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	-	6,824	-	<b>6,824</b>
<b>31 December 2020</b>	<b>313,575</b>	<b>71,713</b>	<b>7,573</b>	<b>392,861</b>
<b>Depreciation and impairment</b>				
1 January 2020	-	-	(1,515)	<b>(1,515)</b>
Impairment	-	-	-	-
Depreciation charge for the year	-	-	(1,514)	<b>(1,514)</b>
<b>31 December 2020</b>	<b>-</b>	<b>-</b>	<b>(3,029)</b>	<b>(3,029)</b>
<b>Net book value</b>				
<b>31 December 2020</b>	<b>313,575</b>	<b>71,713</b>	<b>4,544</b>	<b>389,832</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 2020.

Capitalized R&D include investments in the strategic initiative Webstep Internet of Things (IoT), where a total of NOK 4.5 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.

**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.

**Right-of-use assets***(Amounts in NOK 1000)*

	Company cars Sweden	Offices Sweden	Offices Norway	<b>Total</b>
Acquisition cost 1 January 2020	4,441	4,675	35,053	44,169
Addition of right-of-use assets	487	5,369	-	5,856
Currency exchange differences	361.51	422.51		784
<b>Acquisition cost 31 December 2020</b>	<b>5,290</b>	<b>10,467</b>	<b>35,053</b>	<b>50,810</b>
Accumulated depreciation 1 January 2020	1,003	1,470	4,541	7,014
Depreciation for the period	1,164	1,542	6,284	8,989
Accumulated depreciation 31 December 2020	2,166	3,012	10,825	16,003
<b>Carrying amount of right-of-use assets 31 December 2020</b>	<b>3,123</b>	<b>7,455</b>	<b>24,228</b>	<b>34,807</b>
Lower of remaining lease term or economic life	1-3 years	1-3 years	1-5 years	
Depreciation method	Amortization	Amortization	Amortization	

**Lease liabilities***(Amounts in NOK 1000)*

	Company cars Sweden	Offices Sweden	Offices Norway	<b>Total</b>
<b>Undiscounted lease liabilities and maturity of cash outflows</b>				
Less than 1 year	2,395	1,930	7,425	<b>11,750</b>
1-2 years	751	1,572	7,602	<b>9,925</b>
2-3 years	-	1,588	7,566	<b>9,154</b>
3-4 years	-	1,604	4,596	<b>6,200</b>
4-5 years	-	1,620	-	<b>1,620</b>
More than 5 years	-	135	-	<b>135</b>
<b>Total undiscounted lease liabilities 31 December 2020</b>	<b>3,146</b>	<b>8,449</b>	<b>27,188</b>	<b>38,783</b>

(Amounts in NOK 1000)		Company cars Sweden	Offices Sweden	Offices Norway	Total
<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	487	5,369	-	5,856
Cash payment of the lease liabilities	Cash flows	(1,164)	(1,542)	(6,284)	<b>(8,989)</b>
Currency exchange differences	Financial position	362	423	-	<b>784</b>
<b>Total lease liabilities 31 December 2020</b>	Financial position	<b>3,123</b>	<b>7,455</b>	<b>24,228</b>	<b>34,807</b>
Current lease liabilities	Financial position	1,080	3,092	6,552	<b>10,724</b>
Non-current lease liabilities	Financial position	2,043	7,486	14,553	<b>24,082</b>
Cash outflows for lease liabilities	Cash flows	(1,164)	(1,542)	(6,284)	<b>(8,989)</b>
Interest expenses on lease liabilities	Comprehensive income	(18)	(334)	(776)	<b>(1,128)</b>
<b>Total cash outflows for leases</b>	Cash flows	<b>(1,182)</b>	<b>(1,875)</b>	<b>(7,060)</b>	<b>(10,117)</b>

## NOTE 10 TRADE AND OTHER RECEIVABLES

### Trade and other receivables

(Amounts in NOK 1000)	31 Dec 2020	31 Dec 2019
Trade receivables – net of related parties	<b>110,709</b>	105,614
Provision for bad debt	<b>(2,736)</b>	(817)
<b>Trade receivables net of provision</b>	<b>107,972</b>	104,797
Prepayments and other receivables	<b>11,827</b>	7,112
<b>Total trade and other receivables</b>	<b>119,799</b>	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.

(Amounts in NOK 1000)	Total	Not due	Less than 30 days	30 – 60 days	Above 60 days
Trade receivables – net of related parties	<b>110,709</b>	82,099	23,242	4,103	1,264

**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 utilized 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 15.

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 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 increasing 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.

An extraordinary provision (NOK 1.9 million) for loss on receivables related to a single customer hit by the Covid-19 pandemic incurred in the fourth quarter.

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 5.0 million in 2020.

**NOTE 14 EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD**

In February 2021, Save Asmervik was appointed the new CEO of the company. Mr. Asmervik previously held the position as regional director for Webstep. He has been with the company for 10 years.

98,000 options were granted 10 February 2021 to the new CEO. The exercise price of the options is NOK 23.42. Following the grant, the total outstanding share options in the Company is 1,112,992.

There have been no other events after the balance sheet date significantly affecting the Group's financial position.



## NOTE 15 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.

- **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)

	Q4 2020	Q4 2019	FY 2020	FY 2019
Operating profit (EBIT)	10,912	7,831	50,004	49,113
Depreciation	3,419	4,185	13,916	11,291
<b>EBITDA</b>	<b>14,331</b>	<b>12,016</b>	<b>63,920</b>	<b>60,404</b>

**Balance sheet and covenant measures:**

All figures "frozen GAAP " (IAS 17) according to agreement with Bank.

**Net Interest Bearing Debt (NIBD)**

	31 Dec 2020	31 Dec 2019
<i>(Amounts in NOK 1000)</i>		
Cash and cash equivalents (minus indicates positive amount)	(39,724)	(25,454)
Restricted cash	1,871	786
Debt to credit institutions	-	-
<b>Net interest bearing debt</b>	<b>(37,852)</b>	<b>(24,668)</b>

**Group equity ratio**

	31 Dec 2020	31 Dec 2019
<i>(Amounts in NOK 1000)</i>		
Total equity	380,184	371,645
Total assets (excluding right-of-use-assets)	556,854	565,422
<b>Group equity ratio</b>	<b>0.68</b>	<b>0.66</b>

*Group equity ratio covenant threshold > 0,3*

**NIBD/EBITDA**

	31 Dec 2020	31 Dec 2019
<i>(Amounts in NOK 1000)</i>		
EBITDA rolling 12 months (based on frozen GAAP)	53,803	52,732
NIBD	(37,852)	(24,668)
<b>NIBD/EBITDA</b>	<b>(0.70)</b>	<b>(0.47)</b>

*NIBD/EBITDA covenant threshold < 3*

## 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 fourth quarter and full year ended 31 December 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, 16 FEBRUARY 2021



**Trond Klethagen Johannessen**  
Chair of the board



**Kjetil Bakke Eriksen**  
Board member



**Toril Nag**  
Board member



**Siw Ødegaard**  
Board member



**Trygve Christian Moe**  
Board member



**Save Asmervik**  
Chief Executive Officer

## APPENDIX – QUARTERLY FIGURES

### KEY FIGURES

#### CONSOLIDATED

<i>(Amounts in NOK million)</i>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2019</b>	<b>Q4 2019</b>
Sales revenues	<b>188.4</b>	146.2	172.4	183.0	176.8
EBITDA	<b>14.3</b>	6.4	26.7	16.5	12.0
EBITDA margin	<b>7.6%</b>	4.3%	15.5%	9.0%	6.8%
EBIT	<b>10.9</b>	2.8	23.2	13.1	7.8
EBIT margin	<b>5.8%</b>	1.9%	13.5%	7.1%	4.4%
Net profit	<b>7.8</b>	1.7	17.7	9.6	5.2
Net cash flow	<b>(13.6)</b>	2.6	11.6	13.7	16.6
Earnings per share (NOK)	<b>0.29</b>	0.06	0.66	0.36	0.20
Earnings per share, fully diluted (NOK)	<b>0.29</b>	0.06	0.66	0.36	0.20
Number of employees, average (FTE)	<b>411</b>	415	414	410	405
Number of employees, end of period	<b>415</b>	418	414	417	409
Number of work days, Norway (excl. vacation)	<b>63</b>	66	59	64	62
Number of work days, Sweden (excl. vacation)	<b>63</b>	66	60	63	62
EBITDA per average employee (NOK thousand)	<b>34.9</b>	15.3	64.6	40.3	29.7
EBIT per average employee (NOK thousand)	<b>26.6</b>	6.7	56.2	32.0	19.3

## SEGMENTS

### NORWAY

<i>(Amounts in NOK million)</i>	<b>Q4 2020</b>	Q3 2020	Q2 2020	Q1 2019	Q4 2019
Sales revenues	<b>158.5</b>	124.3	145.7	155.4	152.2
EBIT	<b>8.8</b>	1.7	20.5	10.6	6.9
EBIT margin	<b>5.5%</b>	1.4%	14.0%	6.8%	4.6%
Number of employees, average (FTE)	<b>349</b>	353	351	346	343
Number of employees, end of period	<b>352</b>	357	351	354	346
Number of work days, Norway (excl. vacation)	<b>63</b>	66	59	64	62
EBIT per average employee (NOK thousand)	<b>25.1</b>	5.0	58.3	30.6	20.1

### SWEDEN

<i>(Amounts in NOK million)</i>	<b>Q4 2020</b>	Q3 2020	Q2 2020	Q1 2019	Q4 2019
Sales revenues	<b>29.9</b>	21.8	26.7	27.6	24.7
EBIT	<b>2.1</b>	1.0	2.8	2.5	0.9
EBIT margin	<b>7.2%</b>	4.7%	10.4%	8.9%	3.7%
Number of employees, average (FTE)	<b>62</b>	62	63	64	62
Number of employees, end of period	<b>63</b>	61	63	64	63
Number of work days, Sweden (excl. vacation)	<b>63</b>	66	60	63	62
EBIT per average employee (NOK thousand)	<b>34.6</b>	16.6	43.8	38.4	14.5

**CONSOLIDATED INCOME STATEMENT**

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
<i>(Amounts in NOK 1000)</i>					
Sales revenues	188,400	146,173	172,394	183,020	176,812
<b>Total revenues</b>	<b>188,400</b>	<b>146,173</b>	<b>172,394</b>	<b>183,020</b>	<b>176,812</b>
Cost of services and goods	23,283	16,013	19,822	19,799	22,639
Salaries and personnel cost	139,532	117,850	119,110	136,659	129,349
Depreciation and amortization	3,419	3,586	3,481	3,430	4,185
Other operating expenses	11,254	5,952	6,737	10,056	12,808
<b>Operating profit(loss)</b>	<b>10,912</b>	<b>2,772</b>	<b>23,244</b>	<b>13,076</b>	<b>7,831</b>
Net financial items	(842)	(649)	(604)	(813)	(723)
<b>Profit before tax</b>	<b>10,070</b>	<b>2,123</b>	<b>22,640</b>	<b>12,263</b>	<b>7,108</b>
Income tax expenses	2,239	461	4,961	2,687	1,863
<b>Profit for the period</b>	<b>7,832</b>	<b>1,662</b>	<b>17,679</b>	<b>9,576</b>	<b>5,245</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019
<i>(Amounts in NOK 1000)</i>					
Intangible assets	389,832	390,664	390,335	390,768	384,522
Fixed assets	6,490	6,658	6,483	6,784	5,917
Right-of-use assets	34,807	31,034	33,332	35,589	37,156
Non-current financial assets	10	10	10	10	10
Deferred tax assets	998	454	454	454	454
<b>Total non-current assets</b>	<b>432,137</b>	<b>428,820</b>	<b>430,613</b>	<b>433,605</b>	<b>428,059</b>
Trade receivables	107,972	113,567	105,128	120,446	104,797
Other current receivables	11,827	4,306	6,551	7,834	7,112
Cash and short-term deposits	39,724	53,337	50,759	39,147	25,454
<b>Total current assets</b>	<b>159,524</b>	<b>171,210</b>	<b>162,438</b>	<b>167,427</b>	<b>137,363</b>
<b>Total assets</b>	<b>591,660</b>	<b>600,030</b>	<b>593,051</b>	<b>601,032</b>	<b>565,422</b>
<b>Total equity</b>	<b>380,184</b>	<b>409,982</b>	<b>407,229</b>	<b>389,267</b>	<b>371,645</b>
Non-current leasing liabilities	24,082	21,542	23,727	25,948	28,335
Deferred tax	1,755	1,711	1,694	1,696	1,539
<b>Total non-current liabilities</b>	<b>25,838</b>	<b>23,253</b>	<b>25,422</b>	<b>27,644</b>	<b>29,874</b>
Current leasing liabilities	10,724	9,493	9,604	9,641	8,821
Trade and other payables	20,862	15,568	15,911	17,016	18,901
Tax payable	9,923	5,464	5,236	5,455	8,587
Social taxes and VAT	60,525	61,526	69,336	58,984	56,399
Other short-term debt	83,604	74,744	60,314	93,026	71,195
<b>Total current liabilities</b>	<b>185,639</b>	<b>166,795</b>	<b>160,400</b>	<b>184,121</b>	<b>163,903</b>
<b>Total liabilities</b>	<b>211,476</b>	<b>190,048</b>	<b>185,822</b>	<b>211,765</b>	<b>193,777</b>
<b>Total liabilities and equity</b>	<b>591,660</b>	<b>600,030</b>	<b>593,051</b>	<b>601,032</b>	<b>565,422</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>(Amounts in NOK 1000)</i>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2019</b>	<b>Q4 2019</b>
<b>Operating activities</b>					
Profit/(loss) before tax	<b>10,070</b>	2,123	22,640	12,263	7,108
Adjustments for:					
Depreciation of property, plant and equipment	<b>3,419</b>	3,586	3,481	3,430	4,185
Net change in trade and other receivables	<b>(1,927)</b>	(6,195)	16,602	(16,371)	(337)
Net change in other liabilities	<b>13,153</b>	6,278	(23,465)	22,531	17,360
Net foreign exchange differences	<b>(84)</b>	135	14	1,046	267
Income tax expenses	<b>1,696</b>	(219)	(5,206)	(5,666)	(10,029)
<b>Net cash flow from operating activities</b>	<b>26,327</b>	5,710	14,065	17,233	18,555
<b>Investing activities</b>					
Purchase of property and equipment	<b>(692)</b>	(1,036)	(557)	(1,688)	(1,326)
<b>Net cash flow from investing activities</b>	<b>(692)</b>	(1,036)	(557)	(1,688)	(1,326)
<b>Financing activities</b>					
Repayments of lease liabilities	<b>(2,182)</b>	(2,345)	(2,253)	(2,210)	(3,116)
Change in bank overdraft	-	-	-	-	-
Payment of dividends	<b>(42,677)</b>	-	-	-	-
Sale of treasury shares, EIP and incentive program	<b>5,612</b>	248	358	357	2,477
<b>Net cash flows from financing activities</b>	<b>(39,248)</b>	(2,097)	(1,895)	(1,852)	(639)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(13,613)</b>	2,577	11,613	13,693	16,590
Cash and cash equivalents at the beginning of the period	<b>53,337</b>	50,759	39,147	25,454	8,864
<b>Cash and cash equivalents at the end of the period</b>	<b>39,724</b>	53,337	50,759	39,147	25,454





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