

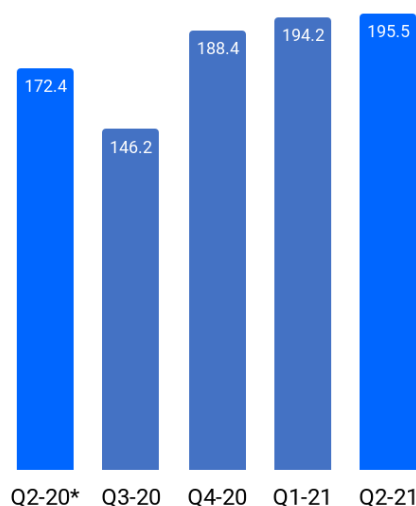
Interim report
Q2 2021

Highlights of the second quarter

- Revenues of NOK 195.5 million, up 13.4 percent compared with the same quarter previous year
 - Up 15.7 percent for Norway
 - Up 5.4 percent for Sweden (adjusted for currency)
- EBIT of NOK 19.9 million, up 19.1 percent compared with same quarter previous year*
- 439 employees at the end of the quarter, up by 4 from the previous quarter and up 25 the last twelve months
- Continued strong growth in Oslo

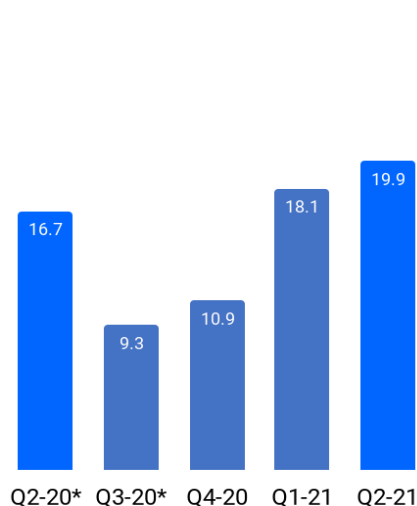
Operating revenues

NOKm

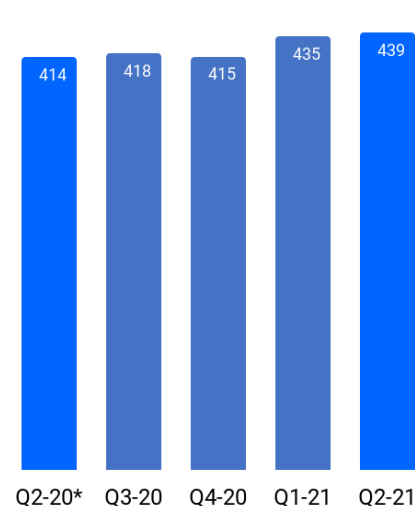


Operating profit (EBIT)

NOKm



Number of employees (End of quarter)



* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7

Key figures

Group

NOK million	Q2 2021	Q2 2020*	Change	YTD 2021	YTD 2020*	Change	FY 2020
Revenues	195.5	172.4	13.4%	389.8	355.4	9.7%	690.0
EBITDA	23.4	20.1	16.2%	45.1	36.7	23.0%	63.9
EBITDA margin	12.0%	11.7%	0.3 pts	11.6%	10.3%	1.3 pts	9.3%
EBIT	19.9	16.7	19.1%	38.0	29.7	27.7%	50.0
EBIT margin	10.2%	9.7%	0.5 pts	9.7%	8.4%	1.3 pts	7.2%
Net profit	14.9	12.5	18.6%	28.5	22.1	28.8%	36.7
Net free cash flow	(5.6)	13.5	(141.8%)	1.8	29.1	(93.9%)	59.4
Equity ratio	61.0%	67.8%	(6.8 pts)	61.0%	67.8%	(6.8 pts)	64.3%
Earnings per share (NOK)	0.55	0.47	17.4%	1.06	0.83	27.6%	1.38
Earnings per share, fully diluted (NOK)	0.55	0.47	15.9%	1.05	0.83	27.4%	1.38
Number of employees, average (FTE)	435	414	5.2%	430	412	4.5%	410
Number of employees, end of period	439	414	6.0%	439	414	6.0%	415
Revenue per employee (NOKt)	449	417	7.8%	906	863	5.0%	1,683
EBIT per employee (NOKt)	46	40	13.3	88	72	22.2%	122

Segments

Norway

NOK million	Q2 2021	Q2 2020*	Change	YTD 2021	YTD 2020*	Change	FY 2020
Revenues	168.6	145.7	15.7%	334.2	301.1	11.0%	583.9
EBIT	18.5	13.9	33.4%	34.3	24.5	40.3%	41.6
EBIT margin	11.0%	9.5%	1.5 pts	10.3%	8.1%	2.2 pts	7.1%
Number of employees, average (FTE)	369	351	5.2%	365	349	4.8%	348
Number of employees, end of period	372	351	5.8%	372	351	5.8%	352

Sweden

NOK million	Q2 2021	Q2 2020	Change	YTD 2021	YTD 2020	Change	FY 2020
Revenues	27.0	26.7	1.0%	55.5	54.3	2.2%	106.1
EBIT	1.3	2.8	(52.0%)	3.6	5.3	(31.4%)	8.4
EBIT margin	5.0%	10.4%	(5.4 pts)	6.5%	9.7%	(1.7 pts)	7.9%
Number of employees, average (FTE)	66	63	4.8%	65	64	2.6%	63
Number of employees, end of period	67	63	6.3%	67	63	6.3%	63

*Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Financial review

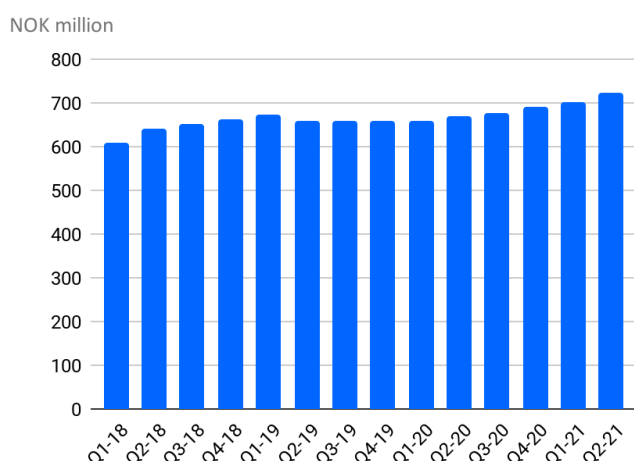
(All amounts in brackets are comparative figures for 2020 unless otherwise specifically stated).

Operating revenues

Second quarter consolidated revenues were NOK 195.5 million (NOK 172.4 million), up 13.4 percent 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 workdays and hourly rates. The average number of employees in the quarter was 435 (414) and the quarter had the same number of workdays compared to the same quarter previous year. The revenue growth is driven by increased number of consultants, higher utilization and higher hourly rates.

First half year consolidated revenues were NOK 389.8 million (NOK 355.4 million), up 9.7 percent from the first half year of 2020. The revenue growth is driven by increased number of consultants, higher utilization and higher hourly rates.

Rolling 12 month operating revenues



Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 19.5 million (NOK 19.8 million) for the quarter and NOK 38.3 million (NOK 39.6 million) for the first half year.

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 143.2 million (NOK 125.7 million) for the quarter. The increase is explained by higher revenue-based salaries and higher minimum base salary for consultants.

Webstep Norway pays holiday allowance instead of regular salary in June, and salaries and personnel costs in June have not included ordinary salary costs for employees with a base salary (fixed). As from 2021, Webstep Norway has changed its procedure for recording and reporting measurement of holiday allowance. Salaries and personnel costs in June will from 2021 include ordinary salary costs for employees with a base salary, and then "withhold" the salary costs in July when the employee actually takes their holiday. The year-over-year effect will be NOK 6.7 million for Q2 and Q3.

Salaries and personnel costs amounted to NOK 143.2 million (NOK 125.7 million) for the first half year. The increase is explained by higher revenue-based salaries and higher minimum base salary for consultants.

Other operating expenses amounted to NOK 9.4 million (NOK 6.7 million) for the quarter. The increase is explained by implementing a new ERP-system in Norway and higher sales and course activities. Depreciation and impairment for the quarter amounted to NOK 3.6 million (NOK 3.5 million).

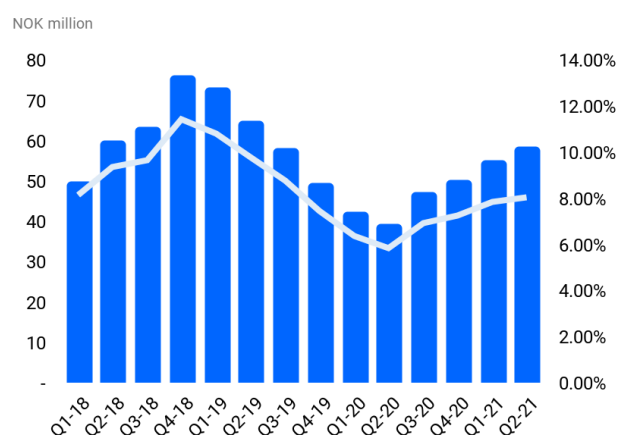
Other operating expenses amounted to NOK 18.2 million (NOK 16.8 million) for the first half year. The increase is explained by implementing a new ERP-system in Norway and higher sales and course activities. Depreciation and impairment for the first half year amounted to NOK 7.1 million (NOK 6.9 million).

Operating profit

Total consolidated EBITDA for the quarter amounted to NOK 23.4 million (NOK 20.1 million) and NOK 45.1 million (NOK 36.7 million) for the first half year.

Total consolidated EBIT for the quarter amounted to NOK 19.9 million (NOK 16.7 million) and NOK 38.0 million (NOK 29.7 million) for the first half year.

Rolling 12 month operating profit (EBIT) and EBIT margin



Net financial costs were NOK 0.8 million (NOK 0.6 million) and income tax amounted to NOK 4.2 million (NOK 3.5 million) for the quarter. Net profit for the quarter was NOK 14.9 million (NOK 12.5 million).

Net financial costs were NOK 1.5 million (NOK 1.4 million) and income tax amounted to NOK 8.0 million (NOK 6.2 million) for the first half year. Net profit for the first half year was NOK 28.5 million (NOK 22.1 million).

Financial position

Total assets 30 June amounted to NOK 600.6 million (NOK 593.1 million). Non-current assets were NOK 429.8 million (NOK 430.6 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 386.5 million (NOK 390.3 million), and comprise primarily of acquisition-related goodwill of NOK 382.7 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 35.8 million (NOK 33.3 million).

Total current assets of NOK 170.8 million (NOK 162.4 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 138.3 million (NOK 105.1 million). Other current receivables were NOK 12.0 million (NOK 6.6 million). Cash and short-term deposits amounted to NOK 20.5 million (NOK 50.8 million).

Total equity 30 June was NOK 366.5 million (NOK 402.1 million). The change is mainly related to earnings generated, offset by dividends paid. Non-current liabilities amounted to NOK 27.3 million (NOK 25.4 million) and consisted mainly of non-current leasing liabilities of NOK 25.7 million (NOK 23.7 million). Current liabilities of NOK 206.8 million (NOK 165.5 million) consisted of debt to credit institutions (change in bank overdraft), current leasing liabilities, trade payables, tax payables, social taxes and VAT and other short-term liabilities.

Cash flow from operations amounted to NOK -5.0 million (NOK 14.1 million) for the quarter, and NOK 3.5 million (NOK 31.3 million) for the first half year. The decreased cash flow from operations for the quarter compared to the same quarter last year can primarily be explained by temporary change in trade receivables and dividends paid.

The Webstep Group has a credit facility with SpareBank1 SR-Bank of NOK 110 million and SEK 5 million with SEB. The Group has not been in breach with the covenants during the quarter.

Segment information

The Group's activities are organized in two geographical segments, Norway and Sweden. Revenues and results are recorded in the 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.

Norway is the largest segment, accounting for 86 percent of the consolidated operating revenues in the quarter.

Norway

Webstep Norway is headquartered in Oslo and 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.

Total operating revenues for the quarter came to NOK 168.6 million (NOK 145.7 million), up 15.7 percent compared to the same quarter last year. More employees, higher utilization and higher hourly rates impacted revenues. EBIT for the quarter came to NOK 18.5 million (NOK 13.9 million). EBIT is impacted by higher revenues from consultants, less use of subcontractors, implementing a new ERP-system and higher sales and course activities

Total operating revenues for the first half year came to NOK 334.2 million (NOK 301.1 million), up 11.0 percent compared to the same quarter last year. More employees, higher utilization and higher hourly rates impacted revenues. EBIT for the first half year came to NOK 34.3 million (NOK 24.5 million). EBIT is impacted by higher revenues from consultants, less use of subcontractors, implementing a new ERP-system and higher sales and course activities

Webstep Norway had 372 employees 30 June 2021 (351 employees). The average number of employees in the quarter was 369 (351) and 365 (349) in the first half 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.

Operating revenues for the quarter came to NOK 27.0 million (NOK 26.7 million), an increase of 1.0 percent. Adjusted for fluctuation in exchange rates, revenue grew by 5.4 percent compared to the same quarter last year. EBIT came to NOK 1.3 million (NOK 2.8 million) for the quarter. EBIT is impacted by higher salary costs and temporary reduction of social security contributions last year, lower margin from subcontractors and increased number of sales personnel.

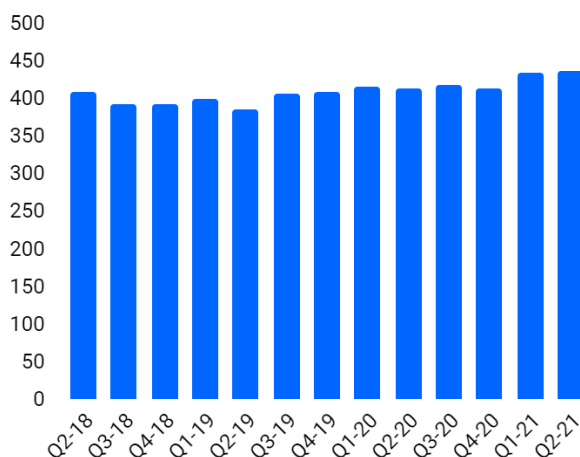
Operating revenues for the first half year came to NOK 55.5 million (NOK 54.3 million), an increase of 2.2 percent. Revenues are primarily impacted by the number of consultants. Adjusted for fluctuation in exchange rates, revenue grew by 3.3 percent compared to the same period last year. EBIT came to NOK 3.6 million (NOK 5.3 million) for the first half year. EBIT is impacted by higher salary costs and temporary reduction of social security contributions last year, lower margin from subcontractors and increased number of sales personnel.

Webstep Sweden had 67 employees 30 June 2021 (63 employees). The average number of employees in the quarter was 66 (63) and 65 (64) in the first half year.

Employees

Webstep had 439 employees at the end of the second quarter, an increase of 4 employees the last quarter and an increase of 25 employees the last twelve months. The employees are distributed across nine 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.

Number of employees (end of quarter)



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.

Webstep endeavors to assign its consultants interesting and challenging projects that ensure personal development and contentment. By constantly developing the consultants' skill sets, Webstep services as such are also improved. The incentive model for consultants is designed to attract and motivate highly experienced experts. The salary model for consultants has been a pillar in Webstep ever since inception in 2000.

Market update

The market for IT services in Norway and Sweden is strong, and the competition in the recruitment market is fierce. Therefore, since 2020 Webstep has invested in the expertise and methods required to expand 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 data analytics and machine learning.

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. 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.

The two delivery models *Team-as-a-services* and *Project and solutions* also help Webstep attract new employees. These models provide the consultants with security and predictability, they give the consultants the opportunity to work closely with other colleagues and the projects are often technically challenging and interesting for ambitious IT experts.

Outlook

Webstep 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. The recruitment activities are strong and will further strengthen the organization and enhance revenue growth. The first half year of 2021 was a very strong recruiting period. The number of employees is expected to

increase to around 465 by the end of the third quarter. Further, the general capacity utilization is expected to remain high going forward, although affected in the near-term by onboarding of new employees. Market focus will be on organic growth in existing locations, but M&A may be utilized as a strategic tool to access new customer relations or new expertise.

Statement by the Board of directors and the CEO

We confirm to the best of our knowledge that: the consolidated financial statements for the first half of 2021 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.

The Board of directors and CEO
WEBSTEP ASA

OSLO, 23 August 2021

Sign.

Trond Klethagen Johannessen
Chair of the board

Sign.

Kjetil Bakke Eriksen
Board member

Sign.

Toril Nag
Board member

Sign.

Siw Ødegaard
Board member

Sign.

Trygve Christian Moe
Board member

Sign.

Save Asmervik
Chief Executive Officer

Financial statements

Consolidated statement of comprehensive income

NOK'000	Q2 2021	Q2 2020*	YTD 2021	YTD 2020*	FY 2020
Sales revenues	195,516	172,394	389,761	355,414	689,987
Total revenues	195,516	172,394	389,761	355,414	689,987
Cost of services and goods	(19,518)	(19,822)	(38,326)	(39,621)	(78,918)
Salaries and personnel cost	(143,232)	(125,687)	(288,205)	(262,347)	(513,151)
Depreciation and amortization	(3,556)	(3,481)	(7,110)	(6,911)	(13,916)
Other operating expenses	(9,357)	(6,737)	(18,153)	(16,792)	(33,998)
Total operating expenses	(175,663)	(155,727)	(351,793)	325,671)	(639,983)
Operating profit(loss)	19,853	16,667	37,967	29,743	50,004
Net financial items	(796)	(604)	(1,488)	(1,417)	(2,908)
Profit before tax	19,057	16,063	36,479	28,326	47,097
Income tax expenses	(4,175)	(3,514)	(7,977)	(6,201)	(10,348)
Profit for the period	14,882	12,549	28,502	22,125	36,749
Earnings per share (NOK)	0.55	0.47	1.06	0.83	1.38
Earnings per share, fully diluted (NOK)	0.55	0.47	1.05	0.83	1.38
Other comprehensive income					
Currency translation differences	2,576	(75)	(3,167)	7,614	7,892
Other comprehensive income for the period, net of tax	2,576	(75)	(3,167)	7,614	7,892
Total comprehensive income for the period, net of tax	17,458	12,474	25,335	29,739	44,641
Attributable to:					
Shareholders in parent company	17,458	12,474	25,335	29,739	44,641

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Consolidated statement of financial position

NOK'000	30 Jun 2021	30 Jun 2020*	31 Dec 2020
Assets			
Intangible assets	386,497	390,335	389,832
Fixed assets	6,499	6,483	6,490
Right-of-use assets	35,781	33,332	34,807
Non-current financial assets	10	10	10
Deferred tax assets	998	454	998
Total non-current assets	429,786	430,613	432,137
Trade receivables	138,322	105,128	107,972
Other current receivables	11,988	6,551	11,827
Cash and short-term deposits	20,496	50,759	39,724
Total current assets	170,806	162,438	159,524
Total assets	600,593	593,051	591,660
Equity			
Shareholders' equity	366,531	402,099	380,184
Liabilities			
Non-current leasing liabilities	25,651	23,727	24,082
Deferred tax	1,635	1,694	1,755
Total non-current liabilities	27,285	25,422	25,838
Debt to credit institutions	22,623		
Current leasing liabilities	10,131	9,604	10,724
Trade and other payables	14,537	15,911	20,862
Tax payable	7,548	3,789	9,923
Social taxes and VAT	68,436	69,336	60,525
Other short-term liabilities	83,502	66,891	83,604
Total current liabilities	206,777	165,530	185,639
Total liabilities	234,062	190,952	211,476
Total equity and liabilities	600,593	593,051	591,660

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Consolidated statement of change in equity

NOK'000	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total earned equity	Non-controlling interest	Total equity
1 January 2020	26,967	(293)	156,910	8,321	179,740	371,645	-	371,645
Profit for the period	-	-	-	-	36,749	36,749	-	36,749
Sales of treasury shares	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	7,892	-	7,892	-	7,892
Share incentive program	-	234	5,110	-	1,232	6,576	-	6,576
Dividends	-	-	-	-	(42,677)	(42,677)	-	(42,677)
31 December 2020	26,967	(59)	162,020	16,213	175,043	380,184	-	380,184
Profit for the period	-	-	-	-	28,502	28,502	-	28,502
Sales of treasury shares	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	(3,167)	-	(3,167)	-	(3,167)
Share incentive program	-	-	-	-	1,305	1,305	-	1,305
Share issue	123	-	2,635	-	-	2,758	-	2,758
Dividends	-	-	-	-	(43,052)	(43,052)	-	(43,052)
30 June 2021	27,090	(59)	164,656	13,047	161,798	366,530	-	366,531

Consolidated statement of cash flows

NOK'000	Q2 2021	Q2 2020*	YTD 2021	YTD 2020*	FY 2020
Operating activities					
Profit/(loss) before tax	19,057	16,063	36,479	28,326	47,097
Adjustments for:					
Depreciation of property, plant and equipment	3,556	3,481	7,110	6,911	13,916
Net change in trade and other receivables	(7,023)	16,602	(30,510)	231	(7,891)
Net change in trade and other liabilities	(16,083)	(16,888)	1,484	5,643	18,497
Net foreign exchange differences	620	14	(671)	1,060	1,111
Income tax expenses	(5,173)	(5,206)	(10,384)	(10,872)	(9,395)
Net cash flow from operating activities	(5,046)	14,065	3,507	31,298	63,336
Investing activities					
Purchase of equipment	(595)	(557)	(1,745)	(2,245)	(3,974)
Net cash flow from investing activities	(595)	(557)	(1,745)	(2,245)	(3,974)
Financing activities					
Repayments of principal portion of lease liabilities	(2,325)	(2,253)	(4,623)	(4,462)	(8,989)
Change in bank overdraft	22,623		22,623		
Net proceeds from equity	2,758		2,758		
Sale of treasury shares and incentive program	681	358	1,304	715	6,575
Payment of dividends	(43,052)	-	(43,052)	-	(42,677)
Net cash flows from financing activities	(19,315)	(1,895)	(20,898)	(3,747)	(45,092)
Net increase/(decrease) in cash and cash equivalents	(24,956)	11,613	(19,227)	25,306	14,271
Cash and cash equivalents at the beginning of the period	45,453	39,147	39,724	25,454	25,454
Cash and cash equivalents at the end of the period	20,496	50,759	20,496	50,759	39,724

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Notes to the consolidated financial statements

Note 1 Significant accounting principles

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 first half year of 2021 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 2020. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2020, which are available on 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 2021 were approved by the Board of Directors and the CEO 23 August 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 2021 have had no material impact on the Group's financial statements.

Note 2 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 2020 and as described in note 3 to the 2020 statements.

Note 3 Seasonality or cyclical of interim operations

The Group's net operating revenues are affected by the number of workdays within each reporting period while employee expenses are recognized for full calendar days. The number of workdays 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. In Norway, the second quarter of 2021 had the same number of workdays compared to the second quarter 2020, while the first half year in 2021 had one less workday compared to last year. In Sweden, the second quarter had one more workday compared to the second quarter 2020, while the first half year in 2021 had the same number of workdays compared to last year.

Note 4 Earnings per share

NOK'000 (except number of shares in thousand)	Q2 2021	Q2 2020*	YTD 2021	YTD 2020*	FY 2020
Profit for the period	14,882	12,549	28,502	22,125	36,749
Average number of shares (excl. treasury shares)	26,948	26,673	26,928	26,673	26,691
Average number of shares, fully diluted (excl. treasury shares)*	27,300	26,673	27,181	26,673	26,696
Earnings per share (NOK)	0.55	0.47	1.06	0.83	1.38
Earnings per share, fully diluted (NOK)	0.55	0.47	1.05	0.83	1.38

Based on the number of share option outstanding, the strike price of the options, the average share price during the second quarter and the first half year of 2021, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 351,727 shares and 252,969 shares, respectively.

Note 5 Events after the balance sheet date

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

Note 6 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.
- **EBIT** is short for Earnings before Interest and other financial items and Taxes and is a term commonly used by equity analysts and investors.
- **Net free cash flow** is calculated as net cash flow from operating activities plus net cash flow from investing activities.
- **NIBD** is short for Net Interest Bearing Debt and is defined as interest bearing debt minus unrestricted cash and cash equivalents.
- **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 covenant requires a Group NIBD/EBITDA ratio of maximum 3.
- **Equity ratio** is defined as the total consolidated equity of the Group divided by total assets. The covenant requires a Group equity ratio of minimum 0.3.

Profit measures - EBITDA

NOK'000	Q2 2021	Q2 2020*	YTD 2021	YTD 2020*	FY 2020
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)					
Operating profit/loss	19,853	16,667	37,967	29,743	50,004
+ Depreciation and amortization	3,556	3,481	7,110	6,911	13,916
= EBITDA	23,409	20,148	45,077	36,654	63,920

Net interest bearing debt (NIBD)

NOK'000	Q2 2021	Q2 2020*	FY 2020
NIBD (Net Interest Bearing Debt)			
Cash and cash equivalents (minus indicates positive amount)	(20,496)	(50,759)	(39,724)
Restricted cash	2,556	2,367	1,871
Debt to credit institutions	22,623	-	-
Leasing liabilities (non-current and current)	35,782	33,332	34,807
NIBD	40,465	(15,061)	(3,046)

Ratio NIBD/EBITDA	0.56	(0.29)	(0.05)
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Group equity ratio

NOK'000	30 Jun 2021	30 Jun 2020*	31 Dec 2020
Total equity	366,531	402,099	380,184
Total assets	600,593	593,051	591,660
Group equity ratio	0.61	0.68	0.64

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Note 7 Changes in provision method for fixed salary holiday pay

The Group routinely pays the holiday pay in June every year, while the fixed salary employees usually take their vacation leave in July. To better match the cost of absence from work with accrued salary cost, the Group has decided to present this cost in the actual vacation period of the fixed salary employees from 2021 with cost provision in June and complete reversal in July. Thus the changes have no net impact to the annual figures.

Comparative figures for 2020 have been changed based on the same method as applied in 2021. The effect of the changes, with reconciliation to previous year reported figures, are presented in the table below.

NOK'000	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Salaries and personnel cost presented in the prior year period		119.1		255.8
Operating profit presented in the prior year period		23.2		36.3
Income tax expenses presented in the prior year period		5.0		7.6
Profit for the period presented in the prior year period		17.7		27.3
Calculated provision for fixed salary employees' holiday pay	6.7	6.6	6.7	6.6
Salaries and personnel cost presented for the current period	143.2	125.7	288.2	262.3
Operating profit presented for the current period	19.9	16.7	38.0	29.7
Income tax expenses presented for the current period	4.2	3.5	8.0	6.2
Profit for the period presented for the current period	14.9	12.5	28.5	22.1
Changes to operating profit for the current period compared to prior		(6.6)		(6.6)
Changes to profit for the period for the current period compared to prior		(5.1)		(5.1)

Appendix

Key figures by quarter

Group

NOK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020*	Q2 2020*
Revenues	195.5	194.2	188.4	146.2	172.4
EBITDA	23.4	21.7	14.3	12.9	20.1
EBITDA margin	12.0%	11.2%	7.6%	8.8%	11.7%
EBIT	19.9	18.1	10.9	9.3	16.7
EBIT margin	10.2%	9.3%	5.8%	6.4%	9.7%
Net profit	14.9	13.6	7.8	6.8	12.5
Net free cash flow	(5.6)	7.4	25.6	4.7	13.5
Equity ratio	61.0%	63.0%	64.3%	69.2%	67.8%
Earnings per share (NOK)	0.55	0.51	0.29	0.25	0.47
Earnings per share, fully diluted (NOK)	0.55	0.50	0.29	0.25	0.47
Number of employees, average (FTE)	435	426	411	415	414
Number of employees, end of period	439	435	415	418	414
Operating revenue per employee (NOKt)	449	457	459	353	417
EBIT per employee (NOKt)	46	43	27	23	40

Segments

Norway

NOK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020*	Q2 2020*
Revenues	168.6	165.7	158.5	124.3	145.7
EBIT	18.5	15.8	8.8	8.3	13.9
EBIT margin	11.0%	9.6%	5.5%	6.7%	9.5%
Number of employees, average (FTE)	369	361	349	353	351
Number of employees, end of period	372	370	352	357	351
Number of work days (excl. vacation)	59	63	63	66	59

Sweden

NOK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020*	Q2 2020*
Revenues	27.0	28.6	29.9	21.8	26.7
EBIT	1.4	2.3	2.1	1.0	2.8
EBIT margin	5.0%	8.0%	7.2%	4.7%	10.4%
Number of employees, average (FTE)	66	64	62	62	63
Number of employees, end of period	67	65	63	61	63
Number of work days (excl. vacation)	61	62	63	66	60

Consolidated income statement

NOK'000	Q2 2021	Q1 2021	Q4 2020	Q3 2020*	Q2 2020*
Sales revenues	195,516	194,245	188,400	146,173	172,394
Total revenues	195,516	194,245	188,400	146,173	172,394
Cost of services and goods	(19,518)	(18,809)	(23,283)	(16,013)	(19,822)
Salaries and personnel cost	(143,232)	(144,972)	(139,532)	(111,273)	(125,687)
Depreciation and amortization	(3,556)	(3,554)	(3,419)	(3,586)	(3,481)
Other operating expenses	(9,357)	(8,796)	(11,254)	(5,952)	(6,737)
Total operating expenses	(175,663)	(176,131)	(177,488)	(136,824)	(155,727)
Operating profit(loss)	19,853	18,114	10,912	9,349	16,667
Net financial items	(796)	(691)	(842)	(649)	(604)
Profit before tax	19,057	17,422	10,070	8,700	16,063
Income tax expenses	(4,175)	(3,803)	(2,239)	(1,908)	(3,514)
Profit for the period	14,882	13,620	7,832	6,792	12,549

Consolidated statement of financial position

NOK'000	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020*	30 Jun 2020*
Assets					
Intangible assets	386,497	384,835	389,832	390,664	390,335
Fixed assets	6,499	6,752	6,490	6,658	6,483
Right-of-use assets	35,781	35,390	34,807	31,034	33,332
Non-current financial assets	10	10	10	10	10
Deferred tax assets	998	998	998	454	454
Total non-current assets	427,984	427,984	432,137	428,820	430,613
Trade receivables	138,322	133,359	107,972	113,567	105,128
Other current receivables	11,988	9,929	11,827	4,306	6,551
Cash and short-term deposits	20,496	45,465	39,724	53,337	50,759
Total current assets	170,806	188,753	159,524	171,210	162,438
Total assets	600,593	616,737	591,660	600,030	593,051
Equity					
Shareholders' equity	366,531	388,686	380,184	415,112	402,099
Liabilities					
Non-current leasing liabilities	25,651	24,731	24,082	21,542	23,727
Deferred tax	1,635	1,586	1,755	1,711	1,694
Total non-current liabilities	27,285	26,318	25,838	23,253	25,422
Debt to credit institutions	22,623				
Current leasing liabilities	10,131	10,658	10,724	9,493	9,604
Trade and other payables	14,537	16,175	20,862	15,568	15,911
Tax payable	7,548	8,518	9,923	6,911	3,789
Social taxes and VAT	68,436	63,643	60,525	61,526	69,336
Other short-term liabilities	83,502	102,740	83,604	68,167	66,891
Total current liabilities	206,777	201,734	185,639	161,665	165,531
Total liabilities	234,062	228,051	211,476	184,918	190,952
Total equity and liabilities	600,593	616,737	591,660	600,030	593,051

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Consolidated statement of cash flows

NOK'000	Q2 2021	Q1 2021	Q4 2020	Q3 2020*	Q2 2020*
Operating activities					
Profit/(loss) before tax	19,057	17,422	10,070	8,700	16,063
Adjustments for:					
Depreciation of property, plant and equipment	3,556	3,554	3,419	3,586	3,481
Net change in trade and other receivables	(7,023)	(23,487)	(1,927)	(6,195)	16,602
Net change in trade and other liabilities	(16,083)	17,566	13,153	(299)	(16,888)
Net foreign exchange differences	(620)	(1,291)	(84)	135	14
Income tax expenses	(5,173)	(5,211)	1,696	(219)	(5,206)
Net cash flow from operating activities	(5,046)	8,553	26,327	5,710	14,065
Investing activities					
Purchase of equipment	(595)	(1,150)	(692)	(1,036)	(557)
Net cash flow from investing activities	(595)	(1,150)	(692)	(1,036)	(557)
Financing activities					
Repayments of principal portion of lease liabilities	(2,325)	(2,285)	(2,182)	(2,345)	(2,253)
Change in bank overdraft	22,623	-	-	-	-
Sale of treasury shares and incentive program	681	624	5,612	248	358
Payment of dividends	(43,052)	-	(42,677)	-	-
Net cash flows from financing activities	(19,315)	(1,662)	(39,248)	(2,097)	(1,895)
Net increase/(decrease) in cash and cash equivalents	(24,956)	5,741	(13,613)	2,577	11,613
Cash and cash equivalents at the beginning of the period	45,453	39,724	53,337	50,759	39,147
Cash and cash equivalents at the end of the period	20,496	45,465	39,724	53,337	50,759

* Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary. Please see Note 7.

Group departments

Webstep has 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.

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