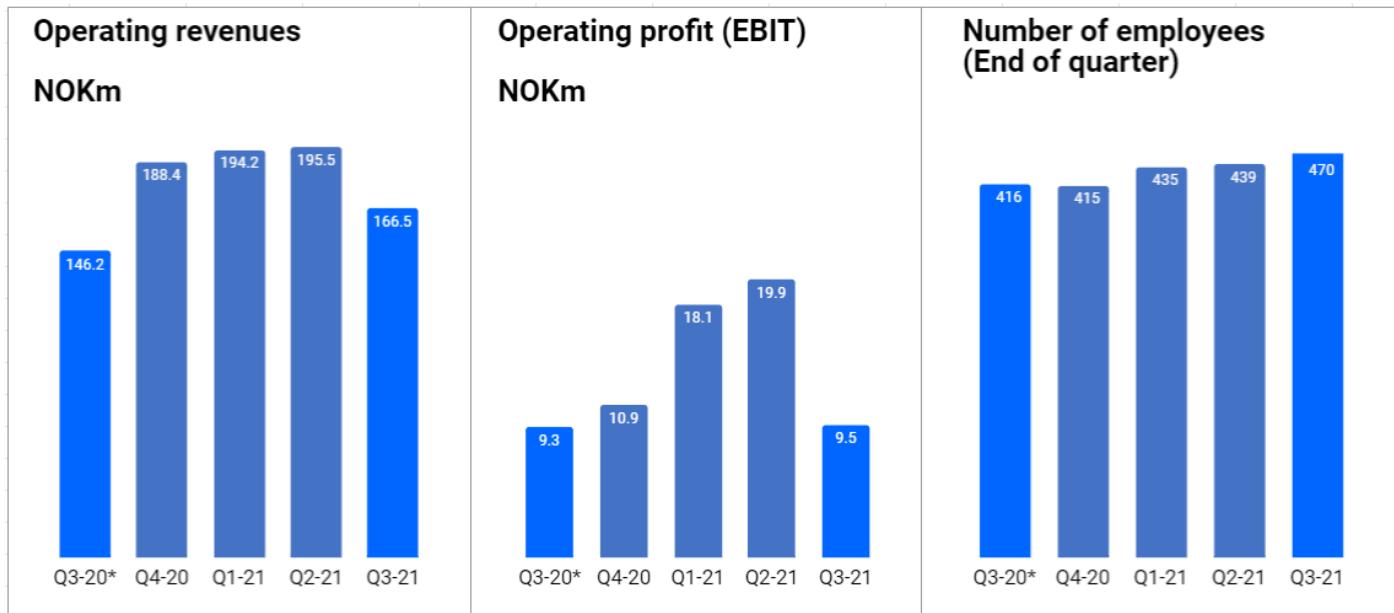




Interim report
Q3 2021

Highlights of the third quarter

- Revenues of NOK 166.5 million, up 13.9 percent compared with the same quarter previous year
 - NOK 145.5 million, increase by 17.0 percent for Norway
 - NOK 21.0 million, decrease by 3.8 percent for Sweden
- EBIT of NOK 9.5 million, up 1.9 percent compared with the same quarter previous year
 - NOK 9.8 million, increase by 18.4 percent for Norway
 - NOK (0.3) million, decrease by 126.3 percent for Sweden
- 470 employees at the end of the quarter
 - Up by 31 from the previous quarter
 - Up 54 the last twelve months
- Strong growth in recruitment requires onboarding processes
- EBIT is influenced by non-recurring cost of NOK 2 million, onboarding and costs related to culture building activities



*Figures are showing the consolidated figures as if Q2 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. Please see Note 7.

Key figures

Group

NOK million	Q3	Q3	Change	YTD	YTD	Change	FY
	2021	2020*		2021	2020		2020
Sales revenues	166.5	146.2	13.9%	556.2	501.6	10.9%	690.0
EBITDA	13.2	12.9	2.1%	58.3	49.6	17.5%	63.9
EBITDA margin	7.9%	8.8%	-0.9 pts	10.5%	9.9%	0.6 pts	9.3%
EBIT	9.5	9.3	1.9%	47.5	39.1	21.5%	50.0
EBIT margin	5.7%	6.4%	-0.7 pts	8.5%	7.8%	0.7 pts	7.2%
Net profit	6.7	6.8	(1.4%)	35.2	28.9	21.7%	36.7
Net free cash flow	7.5	4.7	60.9%	9.3	33.7	(72.5%)	59.4
Equity ratio	61.9%	68.3%	-6.4 pts	61.9%	68.3%	-6.4 pts	64.3%
Earnings per share (NOK)	0.25	0.25	(2.7%)	1.31	1.08	20.4%	1.38
Earnings per share. fully diluted (NOK)	0.24	0.25	(3.9%)	1.29	1.08	19.2%	1.38
Number of employees, average (FTE)	459	415	10.6%	440	412	6.7%	410
Number of employees, end of period	470	416	12.9%	470	416	12.9%	415
Operating revenue per employee	363	353	3.0%	1,265	1,217	3.9%	1,683
EBIT per employee	21	23	(8.4%)	108	94.9	13.8%	122

Segments

Norway

NOK million	Q3	Q3	Change	YTD	YTD	Change	FY
	2021	2020*		2021	2020		2020
Sales revenues	145.5	124.3	17.0%	479.8	425.4	12.8%	583.9
EBIT	9.8	8.3	18.4%	44.1	32.8	34.7%	41.6
EBIT margin	6.7%	6.7%	0.1 pts	9.2%	7.7%	1.5 pts	7.1%
Number of employees, average (FTE)	385	353	9.2%	372	350	6.3%	348
Number of employees, end of period	394	355	10.8%	394	355	10.8%	352

Sweden

NOK million	Q3	Q3	Change	YTD	YTD	Change	FY
	2021	2020*		2021	2020		2020
Sales revenues	21.0	21.8	(3.8%)	76.5	76.2	0.4%	106.1
EBIT	(0.3)	1.0	(126.4%)	3.4	6.3	(46.8%)	8.4
EBIT margin	(1.3%)	4.7%	-6 pts	4.4%	8.3%	-3.9 pts	7.9%
Number of employees, average (FTE)	73	62	18.8%	68	63	7.9%	63
Number of employees, end of period	76	61	24.6%	76	61	24.6%	63

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. Please see Note 7.

Financial review

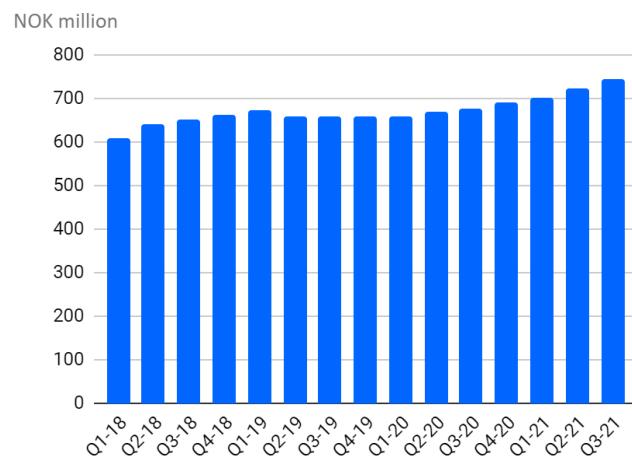
(All amounts in brackets are comparative figures for 2020 unless otherwise specifically stated).

Operating revenues

Third quarter consolidated revenues were NOK 166.5 million (NOK 146.2 million), up 13.9 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 459 (415) and the quarter had the same number of workdays compared to the same quarter previous year. The revenue growth is mainly driven by an increased number of consultants.

Year to date consolidated revenues were NOK 556.2 million (NOK 501.6 million), up 10.9 percent from the same period in 2020. The revenue growth is mainly driven by an increased number of consultants and higher utilization.

Rolling 12 month operating revenues



Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 12.8 million (NOK 16.0 million) for the quarter and NOK 51.2 million (NOK 55.6 million) year to date.

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 131.1 million (NOK 111.3 million) for the quarter. The increase is explained by onboarding, higher revenue-based salaries and culture building activities. Due to the pandemic, social activities and company events were primarily postponed in 2020, thus

costs are higher this quarter related to the society re-opening.

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 principles 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 419.3 million (NOK 373.6 million) year to date. The increase is explained by higher revenue-based salaries, onboarding and culture building activities.

Other operating expenses amounted to NOK 9.3 million (NOK 6.0 million) for the quarter.

The increase is explained by external services related to organizational development, new office locations and higher sales and marketing activities.

Depreciation and impairment for the quarter amounted to NOK 3.7 million (NOK 3.6 million).

Other operating expenses amounted to NOK 27.4 million (NOK 22.7 million) year to date. External services related to organizational development, implementing a new ERP-system in Norway and higher sales and marketing activities has impacted operating expenses.

Depreciation and impairment year to date amounted to NOK 10.8 million (NOK 10.5 million).

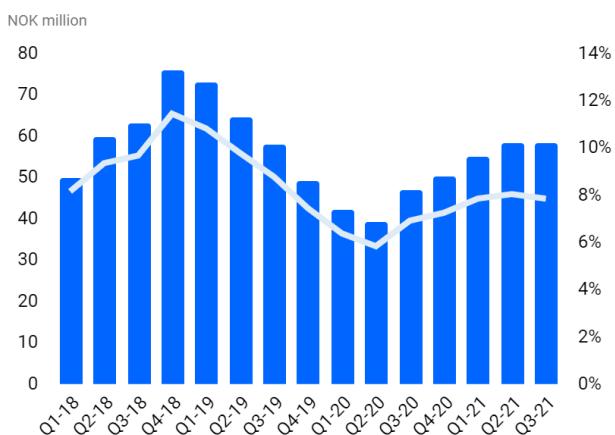
Operating profit

Non-recurring costs, NOK 2 million, related to extraordinary write off on fixed price projects and external services affects profit this quarter.

Total consolidated EBITDA for the quarter amounted to NOK 13.2 million (NOK 12.9 million) and NOK 58.3 million (NOK 49.6 million) year to date.

Total consolidated EBIT for the quarter amounted to NOK 9.5 million (NOK 9.3 million). Year to date EBIT amounted to NOK 47.5 million (NOK 39.1 million)

Rolling 12 month operating profit (EBIT) and EBIT margin



Net financial costs were NOK 0.9 million (NOK 0.6 million) and income tax amounted to NOK 1.9 million (NOK 1.9 million) for the quarter. Net profit for the quarter was NOK 6.7 million (NOK 6.8 million).

Net financial costs were NOK 2.4 million (NOK 2.1 million) and income tax amounted to NOK 9.9 million (NOK 8.1 million) year to date. Net profit year to date was NOK 35.2 million (NOK 28.9 million).

Financial position

Total assets 30 September amounted to NOK 603.4 million (NOK 600.0 million). Non-current assets were NOK 438.6 million (NOK 428.8 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 385.7 million (NOK 390.7 million), and comprise primarily of acquisition-related goodwill of NOK 382.3 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 44.5 million (NOK 31.0 million).

Total current assets of NOK 164.7 million (NOK 171.2 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 139.8 million (NOK 113.6 million). Other current receivables were NOK 8.3 million (NOK 4.3 million). Cash and short-term deposits amounted to NOK 16.7 million (NOK 53.3 million).

Total equity on 30 September was NOK 373.3 million (NOK 410.0 million). The change is mainly related to earnings generated, offset by dividends paid. Non-current liabilities amounted to NOK 34.6 million (NOK 23.3 million) and consisted mainly of non-current leasing liabilities of NOK

33.0 million (NOK 21.5 million). Current liabilities of NOK 195.4 million (NOK 166.8 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 9.3 million (NOK 5.7 million) for the quarter, and NOK 12.8 million (NOK 37.0 million) year to date. The increased cash flow from operations is primarily explained by change in trade and other liabilities.

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 87 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 around 200 public and private clients across the country.

Total operating revenues for the quarter came to NOK 145.5 million (NOK 124.3 million), up 17.0 percent from the same period in 2020. The revenue growth is mainly driven by an increased number of consultants.

EBIT for the quarter came to NOK 9.8 million (NOK 8.3 million). EBIT is impacted by non-recurring costs, NOK 2 million, related to extraordinary write off on fixed price projects and external services. Other factors influencing EBIT for the period were onboarding processes, higher revenues from consultants, less use of subcontractors and culture building activities. Due to the pandemic these social activities were primarily postponed in 2020.

Total operating revenues year to date came to NOK 479.8 million (NOK 425.4 million), up 12.8 percent from the same period in 2020. Revenue growth is mainly driven by a higher number of employees and utilization. EBIT year to date came to NOK 44.1 million (NOK 32.8 million). EBIT is impacted by non-recurring costs as mentioned for the quarter, onboarding, implementing a new ERP-system, external

consultants in addition to higher sales and marketing activities.

Webstep Norway had 394 employees on 30 September 2021 (355 employees). The average number of employees in the quarter was 385 (353) and 372 (350) year to date.

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 21.0 million (NOK 21.8 million), an decrease of 3.8 percent. Adjusted for fluctuation in exchange rates, revenue decreased by 1.4 percent compared to the same quarter last year. EBIT came to negative NOK 0.3 million (positive NOK 1.0 million) for the quarter. EBIT is mainly impacted by onboarding of new employees.

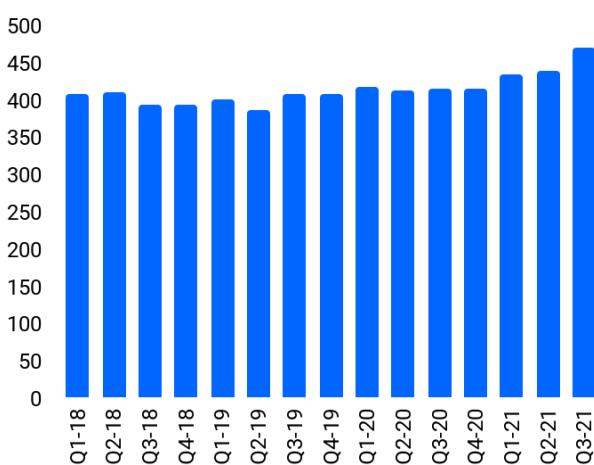
Operating revenues year to date came to NOK 76.5 million (NOK 76.2 million), an increase of 0.4 percent. Adjusted for fluctuation in exchange rates, revenue grew by 2.0 percent compared to the same period last year. EBIT came to NOK 3.4 million (NOK 6.3 million) year to date. EBIT is impacted by onboarding, 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 76 employees on 30 September 2021 (61 employees). The average number of employees in the quarter was 73 (61) and 68 (63) year to date.

Employees

Webstep had 470 employees at the end of the third quarter, an increase of 31 employees the last quarter and an increase of 54 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 renewed trust from existing clients are expected to build a solid foundation for the coming quarters. So far 2021 has been a strong recruitment period together with successfully completed onboarding processes. The number of employees is expected to increase to around 475 by the end of 2021. 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 period ended 30 September 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, 27 October 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	Q3	Q3	YTD	YTD	FY
	2021	2020*	2021	2020	2020
Sales revenues	166,478	146,173	556,238	501,587	689,987
Total revenues	166,478	146,173	556,238	501,587	689,987
Cost of services and goods	12,858	16,013	51,184	55,635	78,918
Salaries and personnel cost	131,118	111,272	419,322	373,619	513,151
Depreciation and impairment	3,682	3,586	10,792	10,497	13,916
Other operating expenses	9,291	5,952	27,444	22,744	33,998
Total operating expenses	156,950	136,824	508,743	462,495	639,983
Operating profit(loss)	9,528	9,349	47,496	39,092	50,004
Net financial items	(935)	(649)	(2,423)	(2,066)	(2,908)
Profit before tax	8,594	8,701	45,073	37,026	47,097
Income tax expenses	1,896	1,908	9,873	8,109	10,348
Profit for the period	6,698	6,793	35,200	28,917	36,749
Earnings per share (NOK)	0.25	0.25	1.31	1.08	1.38
Earnings per share, fully diluted (NOK)	0.24	0.25	1.29	1.08	1.38
Other comprehensive income:					
Currency translation differences	(556)	842	(3,722)	8,456	7,892
Other comprehensive income for the period, net of tax	(556)	842	(3,722)	8,456	7,892
Total comprehensive income for the period, net of tax	6,142	7,635	31,477	37,373	44,641
Attributable to:					
Shareholders in parent company	6,142	7,635	31,477	37,373	44,641

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. Please see Note 7.

Consolidated statement of financial position

	30 Sept 2021	30 Sept 2020*	31 Dec 2020
NOK'000			
ASSETS			
Intangible assets	385,686	390,664	389,832
Fixed assets	7,432	6,658	6,490
Right-of-use assets	44,514	31,034	34,807
Non-current financial assets	-	10	10
Deferred tax assets	998	454	998
Total non-current assets	438,630	428,820	432,137
Trade receivables	139,763	113,567	107,972
Other current receivables	8,271	4,306	11,827
Cash and short-term deposits	16,703	53,337	39,724
Total current assets	164,737	171,210	159,524
Total assets	603,367	600,030	591,660
EQUITY			
Total equity	373,339	409,982	380,184
LIABILITIES			
Non-current leasing liabilities	32,962	21,542	24,082
Deferred tax	1,624	1,711	1,755
Total non-current liabilities	34,587	23,253	25,838
Debt to credit institutions	13,064		
Current leasing liabilities	11,552	9,493	10,724
Trade and other payables	11,212	15,568	20,862
Tax payable	9,930	5,464	9,923
Social taxes and VAT	59,799	61,526	60,525
Other short-term debt	89,885	74,744	83,604
Total current liabilities	195,442	166,795	185,639
Total liabilities	230,028	190,048	211,476
Total liabilities and equity	603,367	600,030	591,660

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. Please see Note 7.

Consolidated statement of change in equity

NOK'000	Issued capital	Treasury shares	Share premium	Foreign currency		Total earned equity	Non-controlling interest	Total equity
				translation reserve	Retained earnings			
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	6,575		6,575
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	-	-	-	-	35,200	35,200		35,200
Sales of treasury shares	-	-	-	-	-	-		-
Other comprehensive income/(loss)	-	-	-	(3,722)	-	(3,722)		(3,722)
Share incentive program	-	-	-	-	1,971	1,971		1,971
Dividends	-	-	-	-	(43,052)	(43,052)		(43,052)
Share issue	123	-	2,635	-	-	2,758		2,758
30 September 2021	27,090	(59)	164,656	12,491	169,162	373,338		373,338

Consolidated statement of cash flows

NOK'000	Q3 2021	Q3 2020*	YTD 2021	YTD 2020	FY 2020
Operating activities					
Profit/(loss) before tax	8,594	8,700	45,073	37,026	47,097
Adjustments for:					
Depreciation of property, plant and equipment	3,682	3,586	10,792	10,498	13,916
Net change in trade and other receivables	2,286	(6,195)	(28,224)	(5,964)	(7,891)
Net change in other liabilities	(5,578)	(299)	(4,095)	5,344	18,497
Net foreign exchange differences	(137)	135	(808)	1,195	1,111
Income tax expenses	491	(219)	(9,894)	(11,091)	(9,395)
Net cash flow from operating activities	9,337	5,710	12,844	37,009	63,336
Investing activities					
Purchase of property and equipment	(1,818)	(1,036)	(3,563)	(3,282)	(3,974)
Net cash flow from investing activities	(1,818)	(1,036)	(3,563)	(3,282)	(3,974)
Financing activities					
Repayments of lease liabilities	(2,420)	(2,345)	(7,043)	(6,808)	(8,989)
Sale of treasury shares	666	248	1,971	963	6,575
Change in bank overdraft	(9,559)	0	13,064	0	-
Net proceeds from equity			2,758		-
Payment of dividends	-	(43,052)	0	(42,677)	
Net cash flows from financing activities	(11,313)	(2,097)	(32,301)	(5,844)	(45,092)
Net increase/(decrease) in cash and cash equivalents	(3,793)	2,577	(23,020)	27,883	14,271
Cash and cash equivalents at the beginning of the period	20,496	50,759	39,724	25,454	25,454
Cash and cash equivalents at the end of the period	16,702	53,337	16,703	53,337	39,724

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. 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 third quarter and year to date 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 Universitetsgata 2, 0164 Oslo, Norway.

These condensed consolidated interim financial statements for the third quarter 2021 were approved by the Board of Directors and the CEO 27 October 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 cyclicalities 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 third quarter of 2021 had the same number of workdays compared to the third quarter 2020, while year to date 2021 had one less workday compared to last year. In Sweden, the third had the same number of workdays compared to the third quarter 2020, while year to date 2021 had one more work day.

Note 4 Earnings per share

NOK'000 (except number of shares in thousand)	Q3 2021	Q3 2020*	YTD 2021	YTD 2020	FY 2020
Profit for the period	6,698	6,793	35,200	28,917	36,749
Average number of shares (excl. treasury shares)	27,031	26,673	26,962	26,673	26,691
Average number of shares, fully diluted (excl. treasury shares)	27,357	26,673	27,240	26,673	26,696
Earnings per share (NOK)	0.25	0.25	1.31	1.08	1.38
Earnings per share, fully diluted (NOK)	0.24	0.25	1.29	1.08	1.38

Based on the number of share option outstanding, the strike price of the options, the average share price during the third quarter and YTD 2021, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 326,868 shares and 277,602 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	Q3	Q3	YTD	YTD	FY
	2021	2020*	2021	2020	2020
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)					
Operating profit	9,528	9,349	47,496	39,092	50,004
Depreciation	3,682	3,586	10,792	10,497	13,916
EBITDA	13,211	12,936	58,288	49,589	63,920

Net interest bearing debt (NIBD)

NOK'000	30 Sep	30 Sep	31 Dec
	2021	2020*	2020
NIBD (Net Interest Bearing Debt)			
Cash and cash equivalents (minus indicates positive amount)	(16,703)	(53,337)	(39,724)
Restricted cash	1,694	2,010	1,871
Debt to credit institutions	13,064	-	-
Leasing liabilities (non-current and current)	44,514	31,034	34,807
NIBD	42,569	(20,293)	(3,046)

Group equity ratio

NOK'000	30 Sep	30 Sep	31 Dec
	2021	2020*	2020
Group equity ratio			
Total equity	373,339	409,982	380,184
Total assets	603,367	600,030	591,660
Group equity ratio	0.62	0.68	0.64

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. 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	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Salaries and personnel cost presented in the prior year period	117.8		373.6	
Operating profit presented in the prior year period	2.8		39.1	
Income tax expenses presented in the prior year period	0.7		8.1	
Profit for the period presented in the prior year period	1.5		28.9	
Calculated provision for fixed salary employees' holiday pay	-6.6			
Salaries and personnel cost presented for the current period	131.1	111.3	419.3	373.6
Operating profit presented for the current period	9.5	9.3	47.5	39.1
Income tax expenses presented for the current period	1.9	1.9	9.9	8.1
Profit for the period presented for the current period	6.7	6.8	35.2	28.9
Changes to operating profit for the current period compared to prior		6.6		
Changes to profit for the period for the current period compared to prior		5.3		

Appendix

Key figures by quarter

Group NOK million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020*
Sales revenues	166.5	195.5	194.2	188.4	146.2
EBITDA	13.2	23.4	21.7	14.3	12.9
EBITDA margin	7.9%	12.0%	11.2%	7.6%	8.8%
EBIT	9.5	19.9	18.1	10.9	9.3
EBIT margin	5.7%	10.2%	9.3%	5.8%	6.4%
Net profit	6.7	14.9	13.6	7.8	6.8
Net free cash flow	7.5	(5.6)	7.4	25.6	4.7
Equity ratio	61.9%	61.0%	63.0%	64.3%	68.3%
Earnings per share (NOK)	0.25	0.55	0.51	0.29	0.25
Earnings per share, fully diluted (NOK)	0.24	0.55	0.50	0.29	0.25
Number of employees, average (FTE)	458.5	435	426	411	415
Number of employees, end of period	470	439	435	415	416
Operating revenue employee (NOK thousand)	363	449	457	459	353
EBIT per employee (NOK thousand)	21	46	43	27	23

Segments

Norway NOK million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020*
Sales revenues	145.5	168.6	165.7	158.5	124.3
EBIT	9.8	18.5	15.8	8.8	8.3
EBIT margin	6.7%	11.0%	9.6%	5.5%	6.7%
Number of employees, average (FTE)	385	369	361	349	353
Number of employees, end of period	394	372	370	352	355
Number of workdays, Norway (excl. vacation)	66	59	63	63	66
Operating revenue employee (NOK thousand)	378	457	459	455	352
EBIT per employee (NOK thousand)	25	50	44	25	23
Sweden NOK million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020*
Sales revenues	21.0	27.0	28.6	29.9	21.8
EBIT	(0.3)	1.3	2.3	2.1	1.0
EBIT margin	-1.3%	5.0%	8.0%	7.2%	4.7%
Number of employees, average (FTE)	73	66	64	62	62
Number of employees, end of period	76	67	65	63	61
Number of workdays, Sweden (excl. vacation)	66	61	62	63	66

Consolidated income statement

NOK'000	Q3	Q2	Q1	Q4	Q3
	2021	2021	2021	2020	2020*
Sales revenues	166,478	195,516	194,245	188,400	146,173
Total revenues	166,478	195,516	194,245	188,400	146,173
			0		
Cost of services and goods	(12,858)	(19,518)	(18,809)	(23,283)	(16,013)
Salaries and personnel cost	(131,118)	(143,232)	(144,972)	(139,532)	(111,273)
Depreciation and impairment	(3,682)	(3,556)	(3,554)	(3,419)	(3,586)
Other operating expenses	(9,291)	(9,357)	(8,796)	(11,254)	(5,952)
Total operating expenses	(156,950)	(175,663)	(176,131)	(177,488)	(136,824)
Operating profit/(loss)	9,528	19,853	18,114	10,912	9,349
Net financial items	(935)	(796)	(691)	(842)	(649)
Profit before tax	8,594	19,057	17,422	10,070	8,700
Income tax expenses	(1,896)	(4,175)	(3,803)	(2,239)	(1,908)
Profit for the period	6,698	14,882	13,620	7,832	6,792

Consolidated statement of financial position

NOK'000	30-Sep	30-Jun	31-Mar	31-Dec
	2021	2021	2021	2020
Assets				
Intangible assets	385,686	386,497	384,835	389,832
Fixed assets	7,432	6,499	6,752	6,490
Right-of-use assets	44,514	35,781	35,390	34,807
Non-current financial assets	-	10	10	10
Deferred tax assets	998	998	998	998
Total non-current assets	438,630	429,785	427,984	432,137
Trade receivables	139,763	138,322	133,359	107,972
Other current receivables	8,271	11,988	9,929	11,827
Cash and short-term deposits	16,703	20,496	45,465	39,724
Total current assets	164,737	170,806	188,753	159,524
Total assets	603,367	600,591	616,737	591,660
Equity				
Total equity	373,339	366,531	388,686	380,184
Liabilities				
Non-current leasing liabilities	32,962	25,651	24,731	24,082
Deferred tax	1,624	1,635	1,586	1,755
Total non-current liabilities	34,587	27,286	26,318	25,838
Debt to credit institutions	13,064	22,623		
Current leasing liabilities	11,552	10,131	10,658	10,724
Trade and other payables	11,212	14,537	16,175	20,862
Tax payable	9,930	7,548	8,518	9,923
Dividend payable	-	-	-	-
Social taxes and VAT	59,799	68,436	63,643	60,525
Other short-term debt	89,885	83,502	102,740	83,604
Total current liabilities	195,442	206,777	201,734	185,639
Total liabilities	230,028	234,063	228,051	211,476
Total equity and liabilities	603,367	600,594	616,737	591,660

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. Please see Note 7.

Consolidated statement of cash flows

NOK'000	Q3	Q2	Q1	Q4	Q3
	2021	2021	2021	2020	2020*
Operating activities					
Profit/(loss) before tax	8,594	19,057	17,422	10,070	8,700
Adjustments for:					
Depreciation of property, plant and equipment	3,682	3,556	3,554	3,419	3,586
Net change in trade and other receivables	2,286	(7,023)	(23,487)	(1,927)	(6,195)
Net change in other liabilities	(5,578)	(16,083)	17,566	13,153	(299)
Net foreign exchange differences	(137)	620	(1,291)	(84)	135
Income tax expenses	491	(5,173)	(5,211)	1,696	(219)
Net cash flow from operating activities	9,337	(5,046)	8,553	26,327	5,710
Investing activities					
Payments for R&D initiative	-	-	-	-	-
Purchase of property and equipment	(1,818)	(595)	(1,150)	(692)	(1,036)
Net cash flow from investing activities	(1,818)	(595)	(1,150)	(692)	(1,036)
Financing activities					
Repayments of lease liabilities	(2,420)	(2,325)	(2,298)	(2,182)	(2,345)
Change in bank overdraft	(9,559)	22,623	-	-	-
Net proceeds from equity	-	2,758	-	-	-
Sale of treasury shares	666	681	624	5,612	248
Payment of dividends	-	(43,052)	-	(42,677)	-
Net cash flows from financing activities	(11,313)	(19,315)	(1,662)	(39,248)	(2,097)
Net increase/(decrease) in cash and cash equivalents	(3,793)	(24,956)	5,741	(13,613)	2,577
Cash and cash equivalents at the beginning of the period	20,496	45,453	39,724	53,337	50,759
Cash and cash equivalents at the end of the period	16,703	20,496	45,465	39,725	53,337

*Figures are showing the consolidated figures as if Q3 2020 include ordinary salary costs for employees with a base salary and complete reversal in Q3 2020. 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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