



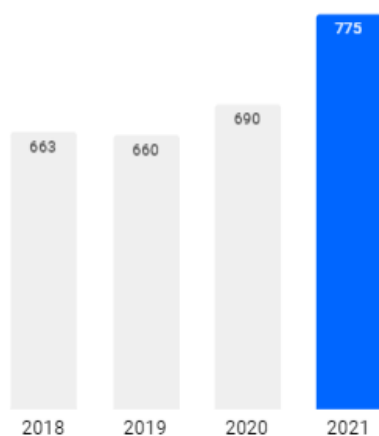
Contents

Key figures	2
Letter from the CEO	3
Board of directors' report	5
Financial statements – Group	18
Financial statements – Parent company	68
Annual statement on corporate governance	87
Statement by the Board of directors and CEO	97
Auditor's report	99
Appendix	105

Key figures

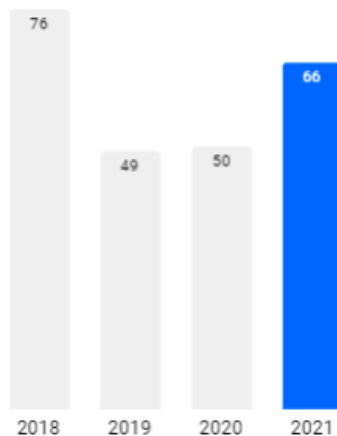
NOK million	2021	2020	2019	2018
Operating revenues	775	690	660.5	663.2
EBITDA	81.2	63.9	60.4	78.8
EBITDA margin	10.50%	9.30%	9.10%	11.90%
EBIT	65.9	50	49.1	75.9
EBIT margin	8.50%	7.20%	7.40%	11.40%
Net profit	48.5	36.7	36.1	56.2
Net cash flow	7.0	14.3	-8	26.9
Earnings per share (NOK)	1.80	1.38	1.36	2.13
Earnings per share, fully diluted (NOK)	1.77	1.38	1.36	2.12
Number of employees, average (FTE)	449	410	397	407
Number of employees, end of period	478	415	409	394
Operating revenue per employee (NOKt)	1,725	1,681	1,663	1,630
EBIT per employee (NOKt)	146.7	122	124	186

Operating revenues



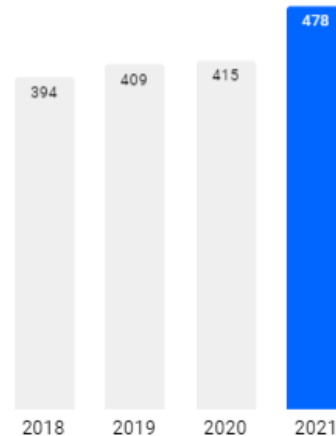
Year
2000
Founded

Operating profit EBIT)



9
Regional offices

Number of employees
(Year end)



Year
2017
Listed on Oslo Børs

Letter from the CEO

2021: Back on track



Webstep is back on track with profitable growth. Thanks to a solid finish in Q4 2020, we entered 2021 with ambitions to make a difference. And so we did.

Digital technology is a key enabler for the society to develop for tomorrow, and the demand for IT services has been strong throughout the year. This has made it even more important to succeed with our increased focus on recruiting activities, which is a key factor for continued growth for Webstep. With an impressive achievement of 63 additional employees compared to 2020, I am pleased that we're now quickly approaching 500 employees in total.

With increased capacity we also generated more revenue than ever before, achieving a solid NOK 775 million in revenues and a profit before tax of NOK 66 million. The key driver for this improved performance is a successful implementation of our growth strategy. As the market has changed, so has Webstep. We predicted demand for team-as-a-service and developed suitable offerings and services that reflected this growing market opportunity. In parallel we have been strict in maintaining focus on building competencies and attracting talent focused on software development.

New business and renewed trust

A broader go-to-market model has in 2021 been very well received by our customers. We are in the process of delivering services that are making us a valuable partner to our customers. Our approach has ensured a stronger market presence and increased awareness, and the revenue growth has come through successful deliveries to customers like

Domstoladministrasjonen and Equinor. Equally important is the renewed trust from long term customers that has ensured a strong revenue growth of 12.3 percent.

In sync with market trends

The successful execution of the business strategy has been fueled by strong demand in the market for experienced experts. This is in line with market predictions from Radar Ecosystem Specialists, a leading vendor of fact based market insight. Their *State of the nation 2022* survey shows four distinct focus areas related to the IT consultant market where customer investments are being made:



Webstep covers all four areas, and is positioned as a vendor with both skills and experience to build, assemble and deliver the right competencies at the right time. This is essential to stay relevant in the market.

Optimized go-to-market model

We entered 2021 with promising outlooks for Team-as-a-Service. Through 2021 we have grown this business segment substantially. Our base service of experts for hire is perfect for setting up cross-functional teams and adding team-specific roles to the mix. We are getting great feedback from our customers, encouraging us to continue delivering optimized teams. We are also able to deploy the full breadth of services and competencies from Webstep in these teams.

In addition to the success with teams, we have also delivered tailored IT projects to customers like Enova and Diar. Even though the large volumes in the current market is dominated by single consultant hires through large frame agreements and specialized sourcing channels, we expect a growing demand for both team-as-a-service and projects. As a key player in the segment of experienced software consultants, we are following this development closely.

In summary 2021 shows a sound balance between the three kinds of deliveries in our go-to-market model: experts for hire, team-as-a-service and tailored IT projects.

Structural actions

On the organizational side, we have focused on structural actions in four areas:

Firstly, successful recruiting is key and we have strengthened the talent acquisition group that is supporting all regional offices in identifying new candidates. Coordinated sourcing activities have proven very successful, and we have increased the inflow of talents.

Secondly we are working hard to reduce churn. Many of our consultants cherish the flexibility at Webstep. As an employer we are making it simple for our employees to focus on skill enhancement and professional development. At the same time we offer a solid package of social benefits, in addition to our well-known favorable salary model.

The third part is related to organizational structure. Through 2021 we have taken steps towards a more unified Oslo office. This will make Webstep more effective and visible in the competitive Oslo region.

The last element I want to highlight is our continued focus on teams-as-a-service. This has proven to be a very well received delivery model and brings predictability to both customers and consultants.

Shaping the future

With a mission to help shape the future, Webstep is also playing an active role influencing how society is being developed. Through our operations, projects and activities we are proud to state that we are creating profitability without compromising ethical values, and with respect for individuals, the environment and the society at large. We believe that the UN's Sustainable Development Goals are important beacons for business in our time. It's our responsibility as an organization and employer to contribute to the achievement of the Sustainable Development Goals.

What's next?

2021 was a good year for Webstep. With continued high demand for IT consultants, we are optimistic about 2022. We are experiencing renewed trust from our long term customers as well as seeing new business opportunities arise.

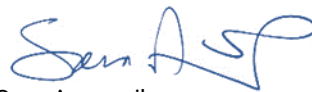
Our market focus will continue to be on organic growth in existing locations. Our broad go-to-market platform brings flexibility and value to both customers and our own consultants. We will focus on organic growth in existing locations, and further improve our operations in Oslo. A more unified Oslo office will improve both mindshare and

effectiveness in a highly competitive region. The Webstep working experience is also continuously being enhanced.

Last but not least we will work to improve our margin. We expect a scaling effect from our organic growth and effective team deliveries. Strengthened core processes like talent sourcing and improved onboarding processes will also have a positive impact on our margins.

Teamwork for growth

All our great employees deserve both honor and thanks for their adaptability and their solid efforts in 2021. And with such a solid team of great people, sound finances and high demand from customers, we are well positioned to develop for tomorrow.



Save Asmervik
CEO Webstep ASA

Board of director's report



Board of directors' report

Highlights

Webstep had a good recruitment year in 2021, and reported revenue growth of 12.3 per cent and EBIT growth of 31.8 per cent. The Company reported a net growth of 63 employees, from 415 end of 2020 to 478 end of 2021, and this establishes a solid platform for further growth. Webstep continues to demonstrate 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. Webstep enjoys a strong position in an attractive growth market and enters 2022 with a very robust order book. Strong financial position and positive outlook support a dividend proposal of NOK 1.70 per share for 2021.

Webstep ASA recorded consolidated revenues in 2021 of NOK 775.0 million, up by 12.3 per cent from NOK 690.0 million in 2020. Revenue growth was driven by increased headcount and higher hourly rates. Consolidated EBIT for 2021 amounted to NOK 65.9 million, up from NOK 50.0 million in 2020. EBIT was impacted by increased headcount which has resulted in higher revenues, but also increased personnel cost.

The market for IT services in Norway and Sweden is strong, and the competition in the recruitment market is fierce. In 2021, Webstep has continued to improve the expanded

go-to-market model which has proven to cover a larger share of the market, and expand the recruitment base.

To provide 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, advanced analytics, big data and machine learning.

Since the clients to an increasing extent request full scale developer teams ("team-as-a-service"), 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. Webstep signed a significant three-year-contract with Equinor in March 2021, which would not have been possible without these investments. 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.

Go-to-market model



The development of the delivery model further improves the edge in attracting new talented employees. The team and project deliveries give the consultants the opportunity to work closely with other Webstep colleagues on technically advanced and interesting challenges. The new delivery models also increase predictability and impact utilization and cross-leverage of expertise positively.

In February 2021, Save Asmervik was appointed the new CEO of Webstep. Mr. Asmervik previously held the position as regional director. 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 1.70 per share representing 96 per cent of the annual net profit of the Group for 2021.

Operations

The board of directors' report for the Webstep group ("Webstep" or "the Group") comprises the parent company Webstep ASA ("the Company") and its subsidiaries. Webstep ASA is a Norwegian public limited liability company headquartered in Oslo, Norway. The Group has offices in Norway and Sweden and had 478 employees as of 31 December 2021. The Company's shares are listed and traded on Oslo Børs under the ticker WSTEP. Webstep's business is conducted through the Group's two subsidiaries, Webstep AS in Norway and Webstep AB in Sweden. The Group has offices in Oslo, Bergen, Stavanger, Trondheim, Kristiansand and Haugesund (Norway), and in Stockholm, Malmö and Uppsala (Sweden). Webstep believes in the flexibility and responsiveness of a decentralized model based on strong local presence. The regional offices serve local clients with considerable autonomy, while leveraging the full expertise and capacity of Webstep.

Webstep is a provider of IT consultancy services and offers expertise to solve demanding digitalization and IT projects in the private and public sector, in a number of different industries including banking, finance and insurance, public administration, agriculture and food production, IT and telecommunication, commerce and transportation.

Webstep aims to be at the forefront of technological development and offers cutting-edge IT expertise such as digitalization, cloud migration and integration, Internet of Things (IoT), machine learning, IT security, robotics and analytics.

An important part of the Group's strategy is to employ and offer highly qualified senior IT consultants with significant experience. As of 31 December 2021, the Group employed 478 employees, of which approximately 420 were IT consultants.

The Group's consultants have on average more than 10 years of 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.

Just like 2020, 2021 has also been a year affected by the COVID-19 pandemic. Most of the employees have worked from home offices the majority of the year, which has been in accordance with the Norwegian and Swedish authorities' recommendations. The pandemic has not had a significant financial impact on the business in 2021.

Financial review

The following financial review is based on the consolidated financial statements of Webstep ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as the Norwegian accounting legislation.

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes, provide satisfactory information about the operations, financial results and position of the Group and the parent company 31 December 2021.

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

Consolidated statement of income and comprehensive income

Total operating revenues amounted to NOK 775.0 million, up 12.3 per cent from NOK 690.0 million in 2020. The revenue growth was driven by an increased number of consultants, higher utilization and higher hourly rates. Revenues from subcontractors decreased by 18.2 per cent to NOK 68.8 million in 2021.

Webstep's revenue model is based on hourly fees, with revenue capacity depending on the number of consultants and number of working days available. Calendar effects may therefore cause differences in revenue capacity between years. The average number of employees in 2021 was 449 (410) and the number of working days was 252 (252) and 253 (252) in Norway and Sweden, respectively.

Cost of services and goods sold, mostly from use of subcontractors, amounted to NOK 70.2 million (NOK 78.9 million) for the year.

The Group has a highly flexible and efficient cost base. Personnel expenses include salaries and benefits, pension, tax, vacation pay and other items. A high proportion of salary is variable. New consultants receive a guaranteed base salary in

the onboarding phase, which is the main driver for higher personnel expenses in periods with high onboarding activity. Webstep's salary model is a merit-based model where the consultant directly benefits from his or her attractiveness in the market through a fixed share of the billable rate.

Salaries and personnel costs amounted to NOK 583.7 million (NOK 513.2 million) for the full year. The increase from 2020 is explained by higher revenue-based salaries for consultants, culture building activities and increased number of sales- and management personnel.

Other operating expenses amounted to NOK 40.0 million (NOK 34.0 million) for the full year. The increase from 2020 is explained by increased expenses related to external services, software and IT-related events.

Depreciation and impairment costs were NOK 15.3 million (NOK 13.9 million). The main reason for the increase was the relocation of Webstep offices, which has contributed to increased lease costs year-on-year.

The Group uses earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) as alternative performance measures. Total consolidated EBITDA amounted to NOK 81.2 million (NOK 63.9 million), and EBIT amounted to NOK 65.9 million (NOK 50.0 million).

Net financial costs were NOK 3.5 million (NOK 2.9 million) and income tax amounted to NOK 13.9 million (NOK 10.3 million). Net profit for the year was NOK 48.5 million (NOK 36.7 million).

Consolidated financial position

Total assets on 31 December amounted to NOK 649.0 million (NOK 591.7 million). Non-current assets were NOK 458.1 million (NOK 432.1 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 383.6 million (NOK 389.8 million), and comprised primarily acquisition-related goodwill of NOK 380.5 million (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 62.5 million (NOK 34.8 million). Total current assets of NOK 190.9 million (NOK 159.5 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 132.8 million (NOK 108.0 million). Revenues are invoiced on a monthly basis, and most receivables are due 30 days after invoicing. Other current receivables were NOK 11.4 million (NOK 11.8 million). Cash and short-term deposits amounted to NOK 46.7 million (NOK 39.7 million).

Total equity on 31 December was NOK 393.7 million (NOK 380.2 million). The change is mainly related to earnings generated, offset by 2020 dividends paid in 2021.

Non-current liabilities amounted to NOK 51.0 million (NOK 25.8 million) and consisted mainly of non-current leasing liabilities of NOK 49.5 million (NOK 24.1 million). The increase is mainly related to new lease agreements for offices in Bergen and Stavanger. Current liabilities of NOK 204.3 million (NOK 185.6 million) consisted of current leasing liabilities, trade payables, tax payables, social taxes and VAT and other short-term liabilities.

Cash flow

Net cash flow from operating activities amounted to NOK 54.7 million (NOK 63.3 million) in 2021. The decreased cash flow from operations compared to 2020 can primarily be explained by change in receivables and liabilities.

Net cash flow from investing activities was negative NOK 7.8 million (negative NOK 4.0 million). The investments are mainly related to equipment for new employees and office upgrades. The nature of the Company's operations requires relatively low levels of investments, and the Company has a sufficient ability to finance any investment required as part of its regular operations through its net cash flow from operating activities and the RCF.

Net cash flow from financing activities was negative NOK 40.0 million (negative NOK 45.1 million). The financing activities in 2021 mainly consist of payment of dividends, net equity proceeds and payment of lease 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 2021. See note 17 and 21 for further details.

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 per cent of the consolidated operating revenues in 2021.

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 around 250 public and private clients across the country.

Total operating revenues for 2021 came to NOK 668.4 million (NOK 583.9 million), up 14.5 per cent compared to 2020. More employees, higher utilization and hourly rate impacted revenues. Revenues from subcontractors decreased by 15.2 per cent in 2021 to 45.8 million.

EBIT for the full year came to NOK 61.1 million (NOK 41.6 million). The increased EBIT is explained by increased revenues and therefore also increased salaries in line with the salary model. Also increased expenses related to external services, software, events and culture building activities impacted EBIT.

Webstep Norway had 403 employees on 31 December 2021 (352 employees). The average number of employees in 2021 was 379 (348).

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 full year came to NOK 106.7 million (NOK 106.1 million), an increase of 0.5 per cent. Revenues were primarily impacted by a higher number of employees, offset by less use of subcontractors, lower utilization rate and a negative currency effect.

Adjusted for fluctuation in exchange rates, revenue grew by 3.3 per cent compared to 2020. EBIT came to NOK 4.8 million (NOK 8.4 million) for the full year. The decreased EBIT is impacted by extensive onboarding, decreased utilization rate, reduced revenues from subcontractors, increased number of sales personnel and office related expenses.

Webstep Sweden had 75 employees 31 December 2021 (63 employees). The average number of employees in 2021 was 70 (63).

Research and development

The nature of the business of Webstep, is to contribute to the digital R&D processes of the Group's customers, and to explore the opportunities created by new technologies. The Group has Centers of Excellence as well as other permanent and ad-hoc in-house teams, which continuously work on different innovation initiatives that create new insight.

The Group did not have any defined R&D initiative in 2021 which met the criteria of an intangible asset. The recognition as an 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.

Specific projects related to GDPR and *Samla* have been approved by the Research Council of Norway (Forskningsrådet)

to qualify for SkatteFUNN (government R&D tax incentive scheme) in 2021. Gross R&D costs related to these two projects amounting to NOK 2.0 million have been expensed in 2021, and the expected refund from SkatteFUNN is NOK 0.4 million.

Risk and risk management

The Group is exposed to various risks and uncertainties of operational, market and financial character. Webstep identifies and manages risks on an ongoing basis. The risk factors described below have been identified as key risks by the management. The list is not exhaustive. See note 4 for further information on Financial Risk.

Business Risk

The Group is exposed to business risk especially related to:

- market development
- its ability to attract and retain talent
- project risk and potential legal liability
- regulatory risk in the markets where the Group operates

The Group's results are affected by macroeconomic development and demand for its services. The major event that affected the macro economy in 2021, is the COVID-19 pandemic which started in 2020. The business implications of COVID-19 have been limited for Webstep. The large diversity of customers combined with various projects in different sectors and geographic areas, have a somewhat mitigating effect on the market risk exposure of the Group. Long-term contracts and consistent deliveries over time have secured a low-volatility price structure. The variable salary model for the majority of the consultants also reduces market risk exposure as the salary expenses to a large extent correlate with revenues.

The employees are the most important asset of Webstep. In order to ensure stable growth, the Group is dependent on being an attractive employer to retain and attract new employees. Webstep's strategy is to continuously invest in new technological trends and services, provide interesting and challenging assignments, and to offer attractive remuneration and benefits to its employees. The compensation model is based on a high proportion of variable salary, which is closely linked to the consultants' individual performance. Personnel expenses will therefore in general correlate with the Group's earnings.

Consultancy businesses are exposed to the risk of disagreements and legal disputes related to client projects. A majority of the Group's assignments are based on standardized agreements with "Time & Material" pricing and monthly invoicing, which implies limited risk per contract.

If the consultant can be held responsible for gross negligence or willful misconduct, the Group may be liable to damages. In order to reduce these risks, according to market practice, the Group has insurance coverage for professional liability, occupational injury, general liability and employee dishonesty.

The Group has in the past been, and may in the future be, subject to legal claims, including those arising in the normal course of business. Contracts may contain penalty clauses for the Group's failure to timely deliver or failure to meet agreed service levels and the Group may face claims as a result of breach of contract.

An unfavorable outcome on any litigation or arbitration matter could require that the Group pays substantial damages, could prevent the Group from selling certain of its products or services, or in connection with any intellectual property infringement claims, it could require that the Group pays ongoing royalty payments.

A settlement or an unfavorable outcome on any litigation or arbitration matter could have an adverse effect on the Group's operating revenue and profitability.

Changes in laws and regulations in the markets where Webstep operates could hinder or delay the Group's operations, increase the Group's operating costs and reduce demand for its services. Changes in laws and regulations applicable to the Group could increase compliance costs, mandate significant and costly changes to the way the Group implements its services and solutions, and threaten the Group's ability to continue to serve certain markets.

Financial Risk

The Group is exposed to financial risk such as:

- credit risk
- currency risk
- interest rate risk
- liquidity risk

The Group's executive management team and the board of directors monitor these risk factors on an ongoing basis and take the necessary actions when required.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Webstep engages with large and regular customers and has had low historical losses on receivables. Webstep has a diversified portfolio of customers in various industries, and there is no single customer that represents a significant proportion of total revenues.

Currency risk refers to the exposure through operations across different countries, in regard to unpredictable gains or losses due to changes in the value of one currency in relation to another currency. Webstep operates in Norway and Sweden and fluctuations in exchange rates between NOK and SEK

could affect the Group's business, results of operations, cash flows, financial condition and/or prospects. Currently, the Group does not have any hedging positions in place to limit the exposure to exchange rate fluctuations. The Group has assessed the currency risk to be limited, since the Group entities endeavor to match income and expenses as well as assets and liabilities in the same currency.

The Group is exposed to interest rate risk primarily in relation to its revolving credit facility, issued at floating interest rates based on NIBOR (Norwegian Interbank Offer Rate). As such, movements in interest rates could affect the Group's business, results of operations, cash flows, financial condition and/or prospects. The Group does not currently have any hedging positions in place to limit the exposure to interest rate fluctuations. The Group evaluates the interest rate risk to be minimal due to the stable financial situation in Norway, combined with low net debt and strong financial position for the Group.

Liquidity risk arising from the Group not being able to meet its financial obligations as they fall due, is considered low. The Group's approach to manage liquidity risk is through proper liquidity planning to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Executive management has monitoring controls in place to ensure that the Group has sufficient liquidity.

Going concern

The annual accounts have been prepared on a going concern assumption. The board has confirmed that this assumption can be made on the basis of the Group's budgets and long-term forecasts.

Parent company results and allocation of net profit

Webstep ASA is the parent company of the Group. The Company facilitates and supports internal processes throughout the Group, especially in areas such as finance, business development, communication and marketing. The annual financial statements for Webstep ASA are prepared in accordance with the Norwegian Accounting Act and the regulations on simplified application of international accounting standards (IFRS).

The Company had an operating loss of NOK 20.9 million (NOK 23.4 million) in 2021. The Company's net financial revenue for 2021 was NOK 59.1 million (NOK 44.7 million) and mainly consists of group contribution from its subsidiary, Webstep AS. Profit before tax came to NOK 38.3 million (NOK 21.3 million), while net profit was NOK 29.8 million (NOK 16.6 million). The

overall increase in profit before taxes, relates to the increase in Group contribution NOK 61.1 million (NOK 46.5 million) and reduced operating expenses.

The board proposes the following allocation of the net profit of NOK 29.8 million for the parent company:

Transferred from other equity	NOK 76.3 million
Proposed dividends for 2021	NOK 46.5 million

The book value of the Company's investments in the subsidiary companies 31 December 2021 is NOK 432.1 million (NOK 432.1 million). The Company is the administrator and owner of the Group's bank accounts in Norway, and hence the positive cash flow generated by the Group increases the cash position of the Company. Any deposits generated by the Norwegian subsidiary are classified as liabilities to Group companies. At year end the cash and short-term deposits amounted to NOK 31.1 million (NOK 22.7 million), and the liabilities to Group companies amounted to NOK 182.2 million (NOK 164.9 million). Total receivables from Group companies amounted to NOK 66.0 million (NOK 56.8 million). Equity amounted to NOK 287.7 million (NOK 290.3 million), which corresponds to an equity ratio of 54.2 per cent (56.7 per cent). Changes in equity is mainly explained by profit for the period offset by the proposed dividend for 2021.

The board of directors considers that Webstep ASA had adequate equity and liquidity at the end of 2021. The board of directors will propose an ordinary dividend of NOK 1.70 per share for approval by the Annual General Meeting 28 April 2022. The proposed dividend represents 156 per cent of the annual net profit of the Company, and 96 per cent of the consolidated annual net profit of the Group. This is in accordance with the Company's dividend policy.

Corporate Responsibility Statement

Webstep has a strong vision to make an impact on how society is being developed.

By recognizing its responsibility Webstep seeks to influence and help support the work of individuals and groups that are relentlessly dedicated to making a positive change creating a safe and sustainable world. Webstep is subject to corporate responsibility (CR) reporting requirements under section 3-3c of the Norwegian Accounting Act.

The Group delivers digital expertise and helps develop IT services to public and private businesses in Norway and Sweden. The services will often contribute to solving critical community tasks within a broad range of sectors such as healthcare, manufacturing, transportation, IT, energy, utilities, telecom and public administration. Webstep's business model consists of building regional offices and employing local IT

experts within these regions, which in turn provide services to local customers.

The Group's ability to succeed rests on the confidence from its key stakeholders. This drives Webstep's commitment to operate the business in accordance with responsible, ethical and sound corporate values and principles.

Risks

The nature of Webstep's operations implies relatively low inherent risk within areas for corporate responsibility such as environment, social conditions, work environment, discrimination, human rights, corruption, bribery and equal opportunities.

However, considering the statistics for gender balance, Webstep recognizes the need for improvement both for the IT industry at large, and within the Company. Webstep works hard to promote IT to future generations of women in order to contribute to the closing of this gender gap. The activities include actively participating in the public debate as well as supporting events focused on women in technology. In 2021 Webstep invested time and resources to support *50 leading women in tech*, *TENK Tech Camp* for girls aged 13-18 as well as *Jenter og teknologi* organized by Abelia.

Regarding the work environment in Webstep, the level of employee churn can be a relevant index in order to reveal any areas of improvement. Employee churn is also considered one of Webstep's key risks when it comes to revenue growth, hence important indexes to monitor are the Employee Satisfaction Index and the Employee Loyalty Index which may be leading indicators to anticipate employee churn. Employee churn is monitored internally, but will not be stated externally as it is considered competitively sensitive information. See "Relevant Sustainability Metrics" on the next page for further information.

As an IT company, Webstep is dependent on the trust of its customers in order to maintain a sustainable business. If Webstep were involved in serious data breaches where for instance customers' confidential business information was compromised, this would cause serious harm to Webstep's reputation. Webstep consultants are engaged in business critical systems for customers, and cyber security is key to protect the customers' data and processes. Webstep ensures that consultants are trained on cyber security, and has recruited many experts within this area of expertise the past years. This is regarded as an important part of maintaining the Company's professional integrity. As the digital world becomes increasingly connected, the risk of cyber-attacks and information security breaches are on the rise. Data protection and digital security are key priorities at Webstep, and the Company is continuously monitoring the situation.

Security policies are also integrated in Webstep's internal corporate governance, providing a platform for effective risk

assessment and activities preventing security breaches and loss of data. There is ongoing work in the digital security area making sure Webstep avoids being affected by cyber security incidents affecting operations.

Relevant sustainability metrics

	2021	2020
Women in per cent of total employees	14%	15%
Sick leave in per cent	2.2%	2.3%
Employee Satisfaction Index (0 to 100)	92	91
Employee Loyalty Index (-100 to +100)	66	63
Data Security Breaches	0	0

Environment and society

Webstep aims to create profitability without compromising ethical values, and with respect for individuals, the environment and the society at large.

Webstep recognizes its responsibility as an organization and employer to contribute to the achievement of UN's Sustainable Development Goals (SDGs). The following SDGs are goals in the Guidelines for Corporate Responsibility where Webstep believes it can have an impact:



Although Webstep's operations have a limited negative effect on the environment, the Group makes systematic efforts to reduce the environmental impact of its business, for instance by using video and telephone conference solutions as often as possible to reduce pollution through business travel.

The Norwegian subsidiary of Webstep has received an [Eco-Lighthouse certification](#) (Miljøfyrtårn), and has reviewed its routines and processes in order to be able to contribute to the green shift in the best possible way. This includes sustainable procedures and processes in areas including business travel, procurement and waste management.

Corporate social responsibility values are deeply rooted in the organization. One aspect of this is the willingness and ability to share knowledge across platforms and communities. As a knowledge-based company Webstep has employees with market leading expertise, and it's key that sharing of this knowledge and insight is not restricted to customer projects.

Webstep is across all regional offices known for its generosity and will continue to leverage this corporate value to help build and support communities and players developing for tomorrow.

With a mission to help shape the future, Webstep is playing an active and direct role influencing how society is being developed. Through Arendalsuka, newspaper editorials and branding campaigns the Company has been vocal about the importance of technology and IT competencies to solve societal challenges. In addition, local regional offices have been involved in local charity and supporting organizations working to help less fortunate groups of individuals.

Employees

Webstep makes great efforts in taking good care of its employees in terms of health, safety and environment management. The Company has a zero-tolerance policy against harassment, bullying and discrimination, and is equally supporting the employees' personal and professional development. As of 31 December 2021, the Group had a total of 478 employees (415).

Internal guidelines

Webstep has established Guidelines for Corporate Responsibility and Ethical Guidelines which are part of the employees' work agreements. Webstep's Guidelines for Corporate Responsibility are based on the UN Global Compact's ten principles on Human Rights, Labor, Environment and Anti-Corruption. Webstep's guidelines emphasize among others ethical behavior, strong data security, and encourage excellent financial and practical business practices. All employees are required to comply with the Company's established guidelines which are essential to build strong relationships with clients, suppliers and partners.

Work environment and employees' rights, terms and benefits

Webstep gives weight to caring about the work environment and the employees' rights, terms and benefits, as well as their opportunities for personal development on and off work. This is based on the idea that employees thrive in an environment built on trust, with the opportunity to make a difference, and freedom to take responsibility and make mature decisions in the best interest of oneself, the customers and the organization.

Webstep has established whistleblowing guidelines which are designed to reassure the employees that any matters reported will be taken seriously, heard and assessed, followed up and answered.

Webstep has an established working environment committee (AMU) with selected representatives from the employees and the administration of Webstep. Further, there are three selected

employees serving as board members in Webstep AS and observers to the board of directors in Webstep ASA.

Webstep strives to offer competitive terms and benefits to their employees. The work opportunities for IT professionals in the markets where Webstep operates are good, and if Webstep did not offer competitive salaries and benefits, the company would risk losing employees to its competitors.

Sickness and injuries

Webstep works systematically with health, safety and environment management and makes concerted efforts to mitigate health risks and prevent injuries. No accidents or injuries were registered in neither 2021 nor 2020. Sick leave in the Group was 2.2 per cent in 2021, down from 2.3 per cent in 2020. The decrease is a result of reduced long-term sickness absence. The employees on long-term sick leave are closely followed up by their respective managers, and the reasons for the sick leave are not considered to be work environment related. Webstep has strived to follow the COVID-19 infection prevention and control guidelines issued by the Norwegian and Swedish governments during the pandemic.

Company culture and work environment

Webstep puts great emphasis on building a strong company culture and a healthy work environment in and across all its geographical locations. The Webstep work culture is driven by the values of being skilled, innovative, generous and uncomplicated. The board of directors considers the work environment to be good and the collaborative relationship with employee observers to the board is perceived as positive.

During the COVID-19 pandemic the employees have been 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. 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.

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. This also is an important part of ensuring the Company's professional integrity.

Webstep runs annual employee surveys. The 2022 report, with a response rate of 79%, run January/February 2022, covers the 2021 employee experiences.

The areas of measures are working environment, personal development and culture and leadership show very satisfying results.

Webstep has higher results than Netigate's benchmark for all question areas. (Netigate being a recognized survey supplier)

2021 numbers show a raise in the Employee Satisfaction index (ESI 0-100 index) from 91 to 92 from 2020 to 2021 - and a raise of the Employee Loyalty index (eNPS (-100 to +100 index) from 63 to 66 (towards a benchmark of -2. (eNPS >0 is perceived to be good >+20 to be very good.)

The total score (scale 1-5, 5 being the best), on the question «I'm proud to work at Webstep» uncovered a 4,84 score for women, respectively a 4,64 score for men. The question on overall satisfaction of how Webstep had handled the Covid-19 situation, resulted in a net score of 4,71

Retaining and attracting experienced IT consultants

As part of its business strategy, the Group primarily hires experienced IT consultants. At year end, the consultants have on average more than 10 years of experience. The employees are highly skilled, and an increasing portion of the Group's consultants have PhD degrees. The majority of the IT consultants hold a master's degree in computer engineering or similar.

The Group endeavors to assign its consultants interesting and challenging projects that ensure personal development and contentment. By constantly developing the consultants' skill sets, the Group's services as such are also improved. Further, the Group's incentive model for consultants is designed to attract and motivate highly experienced experts. Whereas the Group's management and sales personnel receive fixed salaries and may be entitled to other variable pay, the salary model for the Group's consultants is based on revenue sharing. The salary model for consultants has been a pillar in Webstep ever since inception in 2000.

The above-mentioned incentive model is designed to directly incentivize the Group's consultants to deliver high-end services to the Group's clients, while at the same time providing the consultants with a high degree of personal freedom, attractive compensation and a certain downside protection. The model is also designed to inspire the consultants to be entrepreneurial due to the close link between salary and effort. The Group's incentive model appears to be particularly attractive for highly experienced IT consultants, and the model is hence instrumental in the Group's strategy of attracting such consultants. Further, the incentive model makes the Group less vulnerable to price fluctuations and macro-economic changes due to the large degree of proportionality between costs and revenues related to the Group's consultants.

The Group's success is dependent on the performance of its employees and the Group's ability to attract the very best candidates and to train and further develop such IT professionals.

Equality and non-discrimination Statement

The purpose of Norway's Equality and Anti-Discrimination Act is to promote equal opportunities and rights, and to prohibit discrimination on the grounds of ethnicity, skin color, language, religion and beliefs. It is clearly stated in the employee guidelines that discrimination is not tolerated, and in the event that this should occur, it should be reported immediately.

To the best knowledge of the board and the executive management, the Group does not discriminate on the grounds of gender, disability, ethnicity, religion or the like. Awareness and guidelines on equal opportunities are emphasized throughout the organization in processes such as recruitment, appointment, pay and customization of working conditions, and in work on developing attitudes.

However, there is an inherent risk that discrimination can occur in different processes within the Company, such as the recruitment processes, the sales process, appointment processes, social activities etc. The responsibility lies with the management to ensure that discrimination on the basis of gender, ethnicity, disabilities or other grounds does not occur in these processes. The risk is mainly considered to be related to unconscious biases rather than conscious discrimination. But even the risk of unconscious biases is considered low, as diversity is something Webstep strives to achieve. Diversity is an asset when it comes to creating the best solutions for the customers. Webstep has a broad range of nationalities employed, and many of them are hand-picked experts with PhDs within their field. The individual departments work on different initiatives to address the local challenges and opportunities when it comes to diversity.

In order to avoid discrimination, the Company has established clearly defined ethical guidelines for all employees stating that discrimination is not accepted within the Company, and explaining how any instances should be reported.

The IT business is characterized by a high share of male employees. Webstep works actively to attract female employees and recognizes its responsibility to strive for a better gender balance within the whole tech industry. Webstep is a member of the national ODA Female Network for women in the IT industry in Norway and participates actively in the network. Both in 2020 and in 2021 female consultants in Webstep were recognized among the top 50 female talents and role models within the tech industry in Norway by Abelia. Webstep employees also participate in events for children and students such as the TENK Tech camp and "Girls and

Technology" by The Confederation of Norwegian Enterprise (NHO) to promote the tech industry for the next generation.

One important mitigating factor to the risk of gender pay gap in Webstep, is the consultants' salary model which is based on the revenue they generate. For sales- and management personnel, the bonus pay criteria are equal for men and women, and the model as such does not give room for discrimination.

68 (14 per cent) of the Group's 478 employees 31 December were female and 410 (86 per cent) were male. The executive management team comprised one (one) woman and nine (six) men. See note 7 in the notes to the consolidated financial statement for further details on the salaries for the executive management team. The parent company board of directors consisted of two female and three male directors 31 December 2021. The employees have elected three observers to the board of directors. In 2021 one (two) women were elected and two (one) men. The average number of weeks of parental leave for women and men were 16 and 7, respectively.

On 31 December 2021 there were two (none) temporary employees in the Group. Both temporary employees are men. There were three (four) part-time employees. All part-time employees are women and work part-time voluntarily.

31 December 2021, 57 (14 per cent) of the employees in Webstep Norway were women. On average for employees in Webstep Norway, the salary of women is the equivalent of 95 % compared to their male colleagues. For employee groups with less than five employees per gender, percentage share of salary will not be stated.

- Consultants: 13 % female employees. Average salary for women 92 % compared to male employees.
- Advisors: 32 % female employees. Average salary for female 94 % compared to male employees.
- Management: 11 % female employees. Average salary for female 1.04 times compared to male employees
- Administration: 43 % female employees.

31 December 2021, 17% of the employees in Webstep Sweden were female. On average, the salary of women employed in Webstep AB is the equivalent of 67 % compared to their male colleagues. For employee groups with less than five employees per gender, percentage share of salary will not be stated.

- Consultants: 9 % female employees. Average salary for women 75 % compared to male employees.
- Advisors: 20 % female employees.
- Management: 33 % female employees.
- Administration: 100% female employees.

Webstep aims to be a workplace with no disability discrimination. Efforts are made to design and arrange the Group's premises so all functions can be carried out regardless of disabilities. Workspace and job responsibilities are tailored

for employees or job applicants with disabilities as far as possible.

Webstep has a Health, Safety and Environment (HSE) handbook and a clearly communicated process for whistleblowing. No warnings have been submitted in 2021, neither in 2020.

Corporate governance

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of Webstep has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Webstep is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the continuing obligations for issuers of shares pursuant to Oslo Rule Book II – Issuer Rules. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 14 October 2021, may be found at www.nues.no.

The annual statement on corporate governance for 2021 has been approved by the board and can be found on page 89 in the Annual Report.

Share and shareholder matters

The Company's shares have been listed on Oslo Stock Exchange since 11 October 2017. Webstep has only one share class, where all shares have equal rights in the Company.

The shares are traded under the ticker WSTEP and had a closing price 30 December 2021 of NOK 33.60.

The total number of outstanding shares 31 December 2021 was 27.3 million (excl. treasury shares). The shares are registered in the Norwegian Central Securities Depository (VPS). The Company's registrar is SR-Bank ASA. The shares carry the securities number ISIN NO 0010609662.

Dividend policy

Webstep has an ambition to create long term shareholder value in the form of dividend payments and share price appreciation over time. Dividend payments will be considered in light of the Company's financial situation and investment plans. The Company's objective is to pay annual dividends representing minimum 75 per cent of the Group's net profit.

In deciding whether to propose a dividend and in determining the dividend amount, the board of directors will take into account legal restrictions, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend resolution may place on its ability to pay dividends and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividend paid may not exceed the amount recommended by the board of directors.

Employee share purchase program

In December 2021, all employees in Webstep AS and Webstep ASA were given the opportunity to purchase shares in Webstep ASA through a share investment program using the Company's own treasury shares. 66 per cent of the eligible employees participated in the program. They acquired a total of 232,103 shares with a 25 per cent discount to the market price.

Long-term incentive program

The annual general meeting in 2019 approved a three year long long-term incentive program (the "Long-term Incentive Program" or "LTIP") for the Company's executive management and other managers as decided by the board of directors. The LTIP has an initial term of three years. The number of options granted in each respective year cannot exceed 2.5 per cent of the Company's share capital. The total number of issued options under the program cannot constitute more than 8 per cent of the Company's share capital at any time. The LTIP is structured so that 25 per cent of the options may be exercised following the first anniversary of the grant date, an additional 25 per cent of the options may be exercised following the second anniversary of the grant date and the outstanding 50 per cent of the options may be exercised following the third anniversary of the grant date. The options expire following the fifth anniversary of the grant date. The exercise of options is conditional on continued employment in the group at the exercise date.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the senior executive remains employed during the vesting period. The total number of outstanding options in the Company is 1,707,666 on 31 December 2021.

The potential dilution through the LTIP accounts for 424,501 shares. 5,865 of the vested shares had been exercised 31 December 2021. The outstanding options may be settled in cash. See note 22 for further details.

Share investment program

On the basis of a resolution by the annual general meeting 28 April 2021, certain management employees and the members

of the board of directors were invited to participate in a Share Investment Programme in June 2021.

The participants in the Share Investment Programme were offered to acquire new shares in the Company for an amount of between NOK 50,000 and NOK 200,000 each, and for up to NOK 4,200,000 in aggregate. The shares were offered at a share price of NOK 22.41, which implies a discount of 21.7% to the market price. The shares acquired are subject to a lock-up period of two years, and the reduced offer price reflects the value-reducing effect of the lock-up period.

A total of 123,088 shares were acquired in the program. Shares acquired in the program were settled in the form of new shares in the Company issued pursuant to an authorisation granted to the board of directors by the annual general meeting held on 28 April 2021.

Changes to the executive management and board of directors

Save Asmervik was appointed new CEO 15 February 2021.

In January 2021 Kjetil Bakke Eriksen was elected as a new board member after Bjørn Ivar Danielsen made his directorship available.

Directors' and Officers' Liability Insurance

Webstep has signed a directors' and officers' liability insurance agreement with Ryan Speciality Group Sweden AB covering the board of directors and executive management. The insurance will cover damages amounting to NOK 50,000,000 for each incident and accumulated over the insurance period (one year).

Events after the balance date

Material events after the balance sheet date that occur before the Board of Directors has approved the financial statements may make it necessary to change the annual financial statements or to disclose the matter in the notes to the financial statements. If new information emerges regarding a

matter that existed on the balance sheet date, and the matter is material, the financial statements must be changed.

The condemnable invasion of Ukraine and the sanctions against Russia incorporated in Norwegian Law in March 2022, are not expected to have a direct impact on Webstep's business activities, but the consequences of the acts of war are uncertain. Webstep is following the developments closely to detect any direct or indirect consequences that may follow.

No other events have taken place after the balance sheet date that would have had a material effect on the financial statements or any assessments carried out. No material acquisitions or disposals of companies were carried out after the balance sheet date.

Outlook

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties.

The company continues to prove that it has the capacity and expertise to deliver comprehensive projects and solutions. This is in line with the previously communicated growth strategy, and 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 recruitments made in 2021 are also expected to further strengthen the organization and enhance revenue and profit growth.

The dividend policy remains unchanged, and the board of directors intend to propose a dividend of NOK 1.70 representing 96 per cent of the annual net profit of the Group for 2021.

Webstep ASA
Oslo, 5 April 2022



Trond Klethagen Johannessen
Chair of the board



Save Asmervik
Chief Executive Officer



Toril Nag
Board member



Siw Ødegaard
Board member



Trygve Christian Moe
Board member

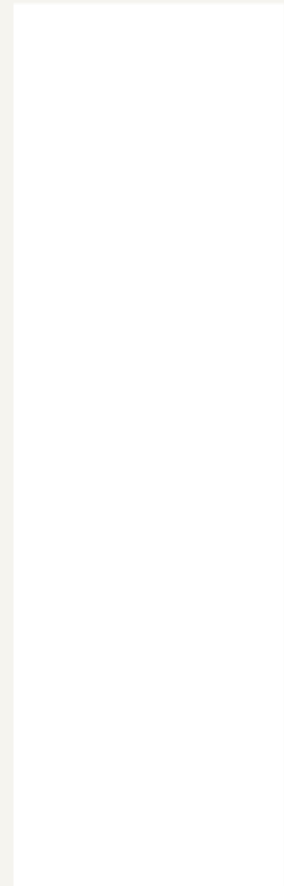


Kjetil Bakke Eriksen
Board member



Our great employees deserve honour and thanks for adaptability and solid efforts in 2021
Save Asmervik, Webstep CEO

Financial statements - Group



Financial statements – Group

Consolidated statement of comprehensive income

NOK 000's	Note	2021	2020
Sales Revenues	5	775,023	689,987
Total revenues		775,023	689,987
Cost of goods and services (COGS)		(70,200)	(78,918)
Salaries and personnel expenses	7,8,22	(583,665)	(513,151)
Depreciation and impairment	11,12	(15,273)	(13,916)
Other operating expenses	7,24	(39,961)	(33,998)
Total operating expenses		(709,100)	(639,983)
Operating profit (loss)		65,923	50,004
Finance income	9	120	256
Finance expense	44,098	(3,633)	(3,163)
Profit before tax		62,411	47,097
Income tax expense	10	(13,916)	(10,348)
Profit for the year		48,495	36,749
Attributable to:			
Equity holders of the parent		48,495	36,749
Non-controlling interest		0	0
Other comprehensive income that will be reclassified to the income statement			
Foreign currency translation:			
Exchange differences on translation of foreign operations		(5,929)	7,892
Other comprehensive income for the year, net of tax		(5,929)	7,892
Total comprehensive income for the year, net of tax		42,566	44,641
Attributable to:			
Equity holders of the parent		42,566	44,641
Non-controlling interest		0	0
Earnings per share	23	1.80	1.38
Earnings per share, fully diluted	23	1.77	1.38

Consolidated statement of financial position

NOK 000's	Note	31 Dec 2021	31 Dec 2020
Assets			
Intangible assets	11	383,575	389,832
Fixed assets	12	10,355	6,490
Right-of-use assets	12,24	62,548	34,807
Non-current financial assets	13	0	10
Deferred tax asset	10	1,619	998
Total non-current assets		458,097	432,137
Trade receivables	14	132,761	107,972
Other receivables	14	11,439	11,827
Cash and short-term deposits	15	46,690	39,724
Total current assets		190,889	159,524
Total assets		648,986	591,660
Equity			
Share capital	15	27,322	26,967
Treasury shares	15	(54)	(60)
Share premium		172,779	162,024
Retained earnings		193,645	191,253
Non-controlling interest		0	0
Shareholders equity	16, 22	393,692	380,184
Liabilities			
Deferred tax	10	1,486	1,755
Non-current leasing liabilities	24	49,507	24,082
Total non-current liabilities		50,993	25,837
Debt to credit institutions	15,17, 21	0	0
Current leasing liabilities	24	12,029	10,724
Trade and other payables	18	15,745	20,862
Tax payables	10	14,599	9,923
Social Taxes and VAT	18	72,114	60,525
Other short-term debt	18,19	89,814	83,604
Total current liabilities		204,301	185,638
Total liabilities		255,294	211,475
Total equity and liabilities		648,986	591,660

Webstep ASA
Oslo, 5 April 2022



Trond Klethagen Johannessen
Chair of the board



Siw Ødegaard
Board member



Save Asmervik
Chief Executive Officer



Trygve Christian Moe
Board member



Toril Nag
Board member



Kjetil Bakke Eriksen
Board member

Consolidated statement of change in equity

NOK 000's	Note	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total earned equity	Non-controlling interests	Total equity
1 January 2020		26,967	-293	156,911	8,320	179,741	371,644	-	371,644
Profit for the period		0	0	0	0	36,749	36,749	0	36,749
Other comprehensive income/(loss)		0	0	0	7,892	0	7,892	0	7,892
Sales of treasury shares	22	0	234	5,110	0	0	5,344	0	5,344
Share incentive program	22	0	0	0	0	1,232	1,232	0	1,232
Dividends	26	0	0	0	0	(42,677)	(42,677)	0	(42,677)
31 December 2020		26,967	-59	162,021	16,212	175,044	380,184	-	380,184
Profit for the period	0	0	0	0	0	48,495	48,495	0	48,495
Other comprehensive income/(loss)		0	0	0	(5,929)	0	(5,929)	0	(5,929)
Sales of treasury shares	22	0	6	111	0	0	117	0	117
Share incentive program	22	0	0	0	0	2,878	2,878	0	2,878
Share issue	22	355	0	10,644	0	0	10,999	0	10,999
Dividends	26	0	0	0	0	(43,052)	(43,052)	0	(43,052)
31 December 2021		27,322	-53	172,776	10,283	183,365	393,692	-	393,692

Consolidated statement of cash flows

NOK 000's	Note	2021	2020
Operating activities			
Profit/ (loss) before tax		62,411	47,097
Adjustments for:			
Depreciation of property, plant and equipment	11,12,24	15,273	13,916
Interest income	9	(120)	(256)
Interest expense	9	3,633	3,163
Net change in trade and other receivables	14	(24,390)	(7,891)
Net change in trade and other liabilities	18,19	12,682	18,497
Net foreign exchange differences		(1,323)	1,111
Income tax expense	10	(9,959)	(9,395)
Interest received	9	120	256
Interest paid	9	(3,633)	(3,163)
Net cash flow from operating activities		54,695	63,336
Investing activities			
Investments in property and equipment	12	(7,750)	(3,974)
Net cash flow from investing activities		(7,750)	(3,974)
Financing activities			
Payment of principal portion of lease liabilities	24	(10,920)	(8,989)
Change in bank overdraft	17		
Net proceeds from equity		10,999	0
Sales of treasury shares/employment incentive plan		2,995	6,575
Payment of dividends		(43,052)	(42,677)
Net cash flow from financing activities		(39,978)	(45,091)
Net increase/(decrease) in cash and cash equivalents			
		6,966	14,271
Cash and cash equivalents at 1 January	15	39,724	25,454
Cash and cash equivalents at 31 December	15	46,690	39,724

Notes to the consolidated financial statement



Notes to the consolidated financial statements

Note 1 General information

The Company and the Group

Webstep ASA, the parent company ("the Company") of the Webstep Group ("the Group") is a limited liability company incorporated and domiciled in Norway, with its head office at Rebel, Universitetsgata 2, 0164 Oslo, Norway.

The Company and its subsidiaries (together "the Webstep Group"/"the Group") are leading providers of IT expert consultant services 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.

These consolidated financial statements have been approved for issuance by the Board of Directors on 5 April 2022 and are subject to approval by the Annual General Meeting on 28 April 2022.

Note 2 Significant accounting principles

Basis for preparation

The consolidated financial statements at 31 December 2021 for Webstep ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 6 April 2022.

The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK 000's), except when otherwise indicated.

The format for presenting the income statement is based on the nature of the expenditure.

Going concern

The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing contracts and debt service obligations. Forecasts take into consideration expected future net income. Management has a reasonable expectation that

the Group has adequate resources to continue its operational existence for the foreseeable future.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

The Group's consolidated financial statements are presented in Norwegian kroner (NOK), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Receivables, debt and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Differences between the exchange rate at the balance sheet date and the date on which the receivable or debt arose, or was included in the latest balance sheet, are recognised in the income statement and presented as financial income and expenses.

Differences in exchange rates arising from the translation of foreign subsidiaries' equity at the beginning of the year at the exchange rates at the balance sheet date and from the translation of income statements from the monthly average exchange rates for the currency exchange rates at the balance sheet date are recognised directly in other comprehensive income.

Segment reporting

Operating segments are reported by country of operation, which currently is Norway and Sweden. The board of Webstep ASA has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer (CEO) and the chief financial officer (CFO).

Changes in accounting policies and disclosures

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of

the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

New and amended standards and interpretations

The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may

impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19

pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Summary of significant accounting policies

Revenues from contracts with customers

The Group is in the business of selling IT-consultancy manhours to its customers. Revenue for IT-services are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group, and satisfies each of its performance obligations (that is, it fulfills its promises to the customer) over time by transferring control of the promised service underlying that performance obligation to the customer. The fact that another entity would not need to re-perform the services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the group's performance as it performs. The input method is considered to be the best method when recognising revenue over time because there is a direct relationship between the group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The contracts are normally based on service agreements with hourly fees. Fixed price contracts are recognised as revenue according to the stage of completion, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the group. The input method used to measure progress is based on the number of hours worked, as this is considered to provide a faithful depiction of the transfer of services.

Estimated loss on contracts will be recognised in the income statement in its entirety in the period when it has been identified.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from billable hours delivered yet not invoiced to the customer. When the billable hours are invoiced, the invoiced amount is transferred to trade receivables. Contract assets are subject to impairment assessment.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due from the customer before the Group transfers the related services. Contract liabilities are recognised as

revenue when the Group performs under the contract and delivers or transfers the services to the customer.

Cost of goods and services (COGS)

Cost of goods and services is recognised at the point in time when the corresponding service or good is delivered to the customer. Cost of goods and services mainly comprises cost to subcontractors which are engaged by the Group to deliver consultancy hours to the customers.

Salaries and personnel expenses

Salaries and personnel expenses include salaries and wages, as well as social benefits, pensions, etc. for the Group's employees.

Other operating expenses

Other operating expenses include expenditure for sales, marketing, advertising, IT, administration, facilities, etc.

Finance income and expense

"Finance income" and "Finance expense" respectively, include interest, capital gains and losses concerning securities, debt and exchange differences on transactions in foreign currency.

Government grants

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of the Group is to recognize such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received. The grants are recognized as income unless directly related to specific items of expense.

Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and tax losses carried forward.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Norway and Sweden where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. Economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Research and development costs

Expenses relating to research activities are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised

development costs are recognised at their cost less accumulated depreciation and accumulated impairment losses. Depreciation of the asset begins when development is complete and the asset is available for use. Capitalised development costs are depreciated on a straight-line basis over the period of expected future benefits. During the period of development, the asset is tested for impairment annually.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and

applied to project future cash flows after the fifth year. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Current versus non-current classification

An asset is classified as current when it is expected to be realised or sold, or to be used in the Group's normal operating cycle or falls due or is expected to be realised within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group, are held for trading, are expected to be settled within 12 months of the end of the reporting period, or if the group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Provisions for obligations and other liabilities are classified as non-current.

Property, plant and equipment

Office machinery and operating equipment are measured at cost less accumulated depreciation.

Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. Depreciation on machinery and operating equipment is linear over the expected useful lives of the assets based on the following assessments of the expected useful lives of the assets:

- Office machinery 3-5 years
- Operating equipment 3-5 years

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment alike is assessed annually for indications of impairment.

Should indications of impairment occur, each asset or group of assets, respectively, will be assessed in terms of impairment. Assets are written down to the recoverable amount if this is lower than the carrying amount. The highest value of the net realisable value and the estimated value in use is used as the recoverable amount.

The value in use is calculated as the present value of the anticipated net income from the use of the asset or group of assets.

Leases

The Group, as a lessee, assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

The Group, as a lessee, applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group, as a lessee, recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on an amortization basis, so that depreciation equals instalments on the lease liabilities, over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- | | |
|----------------|-----------|
| • Offices | 1-5 years |
| • Company cars | 1-3 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group reasonably certain would be exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. If the implicit rate is determinable, the implicit rate is applied. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of

lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

Receivables

Receivables, which comprise receivables from sales, group companies and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are initially measured at fair value.

After initial measurement, they are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss.

The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and at hand and short-term highly liquid deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair

value or where fair values are disclosed, are summarised in the following note 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market or, if not available, in the most advantageous market.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend. Dividends to the Company's shareholders are classified as a liability when the dividends proposed have been approved by the Annual General Meeting.

Employee benefits

The Group has defined contribution pension plans. The pension premiums are charged to expenses as they are incurred and classified as salary.

Share-based payments

Employees, including senior executives of the Group, receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Group employees in the Norwegian entities have been granted shares at discounted prices, within the limit for such grants according to Norwegian tax legislation (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The discounts granted to employees in the Norwegian entities are recognised as a cost in salaries and personnel cost in the profit and loss statement. A total share value of 30,000 NOK(2021) per employee, measured at the market share price on the granting day, is the threshold given by the tax authorities in Norway for discounted shares which are tax-free discounts for the employee.

Cash flow statement

The cash flow statement shows the Group's cash flow for the year divided into operating, investing and financing activities during the year, as well as the year's changes in cash and cash equivalents and the Group's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

Cash flow from operating activities is presented using the indirect presentation form and is stated as the year's profit/loss before tax plus depreciation and impairment losses and with adjustments for changes in working capital and paid corporate tax.

Cash flow from investing activities

Cash flow from investing activities includes payments in connection with the purchase and sale of non-current assets.

Cash flow from financing activities

Cash flow from financing activities includes changes in volume after the pooling of the Company's share capital and related costs as well as raising of loans, repayments on interest-bearing debt, and payment of dividends to owners.

Note 3 Estimates, judgments and assumptions**Significant accounting judgment, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the strategic plans for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in the notes.

Note 4 Financial risks and financial instruments

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk, and liquidity risk. The Group's Executive Directors oversee the management of these risks. A description of the different risks is given below.

Market risk

The Group has a good order backlog and list of sales prospects, with competencies that are highly attractive in the market. The outlook is robust for the market for IT consultancy services, however there is always a risk that macroeconomic factors can cause a downturn in the economy and reduced demand for the Group's services. The business implications of the COVID-19 outbreak have been limited for Webstep so far and the prospect of further, grave business implications seem diminishing as the outbreak seems to have entered its end phase.

In addition, market risk comprises interest rate risk, foreign currency risk and market price risk which are treated separately below.

Market risk - currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities in Sweden (when revenue or expense is denominated in a foreign currency) and the Group's net investment in the Swedish subsidiary.

The Group has not assessed it as necessary to enter into hedging of these risks due to materiality of the exposure.

The following tables demonstrate the sensitivity to a reasonably possible change in SEK exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in applied rate for translation of the profit, while the change in pre-tax equity is due to change in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency sensitivity	Change in SEK rate	Effect on profit before tax	Effect on pre-tax equity
		NOK 000's	NOK 000's
2021	10 %	340	8,580
	(10 %)	(340)	(8,580)
2020	10 %	794	8,833
	(10 %)	(794)	(8,833)

Market risk - market price risk

Consistent deliveries over time in the different market segments according to established group policies have secured a low-volatility price structure that has proven stable over time. The variable salary model for the majority of the consultants also reduces market risk exposure as the salary expenses to a large extent correlate with revenues.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. The Group's exposure to credit risk is mainly related to its outstanding trade debtors (see Note 14). Other counterparty credit risk exposure to the Group is related to its cash deposits with financial institutions. The table below

provides an overview of financial assets exposed to credit risk at year-end 2021 and 2020. Liquidity and credit risk management is performed on a monthly basis and is evaluated in board meetings.

NOK 000's	2021	2020
Trade and other receivables	144,200	119,800
Cash and cash equivalents	46,690	39,724
Total	190,889	159,524

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group engages with large and regular customers and has had low historical losses on receivables. In response to the COVID-19 pandemic, the Group is monitoring the economic environment and is taking actions to limit its exposure to customers that are severely impacted. In accordance with IFRS 9, receivables are recognised and carried at their anticipated realisable value, which implies that a provision for a loss allowance on lifetime expected credit losses of the receivable is recognised. A provision for loss allowance for expected credit losses is performed at each, statutory reporting date and is based on a multifactor and holistic analysis depending on several considerations. The table below shows the aging of trade debtors and information about credit risk exposure using a provision matrix. Increase in expected credit loss during 2020 is mainly related to an extraordinary provision for loss on receivables (NOK 1.9 million) to an individual customer in the travel industry.

Aging trade debtors

	Day past due				
NOK 000's	Not due	<30 days	30-60 days	>60 days	Total
As of December 31 2021					
Trade debtors (note 14)	93,720	36,271	3,009	749	133,749
Expected credit loss rate (percent)					0.74%
Expected credit loss (NOK 000's)					988
As of December 31 2020					
Trade debtors (note 14)	82,099	23,242	4,103	1,264	110,708
Expected credit loss rate (percent)					2.40%
Expected credit loss (NOK 000's)					2,736

Cash deposits

Credit risk from balances with financial institutions is managed by the Group's treasury function. The Group limits its counterparty credit risk by maintaining its cash deposits with financial institutions with high credit ratings as displayed below.

Financial institution	Country	Rater	Report date	Rating (LT)
Sparebank 1 SR-bank ASA	Norway	Fitch	16.02.2022	A
SEB AB (publ)	Sweden	Moody's	20.12.2021	Aa2

Liquidity risk

Liquidity risk arising from the Group not being able to meet its financial obligations as they fall due, is considered low. The Group's approach to manage liquidity risk is through proper liquidity planning to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Executive management has monitoring controls in place to ensure that the Group has sufficient liquidity.

2021

Maturity profile of liabilities NOK'000	Carrying amount	Total	Contractual maturity		
			< 1 year	1 - 5 years	> 5 years
Debt to credit institutions	0	0	0	0	0
Lease liabilities (note 24)	61,536	72,422	14,464	44,593	13,365
Trade and other payables	15,745	15,745	15,745	0	0
Tax payable (note 10)	14,599	14,599	14,599	0	0
Social Taxes and VAT	72,114	72,114	72,114	0	0
Other short-term debt	89,814	89,814	89,814	0	0
Total 31 December 2021	253,808	264,694	206,736	44,593	13,365

2020

Maturity profile of liabilities NOK'000	Carrying amount	Total	Contractual maturity		
			< 1 year	1 - 5 years	> 5 years
Debt to credit institutions	0	0	0	0	0
Lease liabilities (note 24)	34,807	38,783	11,750	26,898	135
Trade and other payables	20,862	20,862	20,862	0	0
Tax payable (note 10)	9,923	9,923	9,923	0	0
Social Taxes and VAT	60,525	60,525	60,525	0	0
Other short-term debt	83,604	83,604	83,604	0	0
Total 31 December 2020	209,721	213,697	186,664	26,898	135

Categories of financial instruments

NOK'000	2021	2020
Trade receivables	132,761	107,972
Other receivables	11,439	11,827
Cash and short-term deposits	46,690	39,724
Financial assets measured at amortised cost	190,889	159,524
Debt to credit institutions	0	0
Trade payables	15,745	20,862
Other payables	72,114	60,525
Other short-term debt	89,814	83,604
Financial liabilities measured at amortised cost	177,673	164,991

The methods and assumptions used to estimate the fair value of debt instruments are described in note 2.

Carrying amount is a reasonable approximation of fair value, and has been applied accordingly.

Note 5 Revenue from contracts with customers

In the following table, the major revenue lines are disaggregated by geographical areas as disclosed in our segment note (note 6). Figures are in local currencies and do not include eliminations except Group.

2021 Segments (in 000')	Norway (NOK)	Sweden (SEK)	Group (NOK)
Type of goods or service			
IT-related consulting services	624,847	83,155	705,690
Subcontractors	45,763	23,029	68,821
Other	271	392	512
Total revenue from contracts with customers	670,881	106,576	775,023

Timing of revenue recognition			
Goods and services transferred at a point in time	670,610	106,184	774,510
Services transferred over time	150	-	
Total revenue from contracts with customers	670,760	106,184	774,510

2020 Segments (in 000')	Norway (NOK)	Sweden (SEK)	Group (NOK)
Type of goods or service			
IT-related consulting services	529,754	75,611	605,717
Subcontractors	56,742	27,403	84,145
Other	150	122	125
Total revenue from contracts with customers	586,646	103,135	689,987

Timing of revenue recognition			
Goods and services transferred at a point in time	586,496	103,014	689,862
Services transferred over time	150	-	-
Total revenue from contracts with customers	586,646	103,014	689,862

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information (Note 6):

Revenue (in 000' NOK)	2021		2020	
	Norway	Sweden	Norway	Sweden
External customer	670,610	103,900	586,496	103,366
Inter-segment	150	2,358	150	2,614
Inter-segment adjustments and eliminations	(150)	(2,358)	(150)	(2,614)
Total revenue from contracts with customers	670,610	103,900	586,496	103,366

Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

NOK 000'	12/31/2021	12/31/2020
Receivables which are included in Trade receivables	129,315	101,932
Contract assets	3,446	6,041
Contract liabilities	0	838

The contract assets primarily relates to revenues accrued, but not invoiced. The contract assets are transferred to Trade receivables when the rights to receive payment become unconditional.

The contract liabilities primarily consists of advance considerations received from customers, before revenue is earned. Revenue is recognised as (or when) the Group fulfils its performance obligation(s) under the contracts. and accrued expenses related to supply of goods and services, not yet recorded in Accounts Payable.

Changes in the contract assets and the contract liabilities balances during the period are as follows:

Contract assets (NOK 000')	2021	2020
At January 1	6,041	2,418
Additions	3,446	6,041
Transfers from contract assets recognised at the beginning of the period to receivables	(6,041)	(2,418)
Impairment losses and allowances recognised in the period	0	0
At December 31	3,446	6,041

Contract liabilities (NOK 000')	2021	2020
At January 1	838	57
Invoiced in advance for the period	0	838
Revenues recognised that was included in the contract liability balance at the beginning of the period	(838)	(57)
Current contract liabilities at December 31	0	838

Note 6 Segment information

The Group provides IT related high-end consulting services. Operating segments are reported by country of operation. The Chief Operating Decision-Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee consisting of the CEO and the CFO. The CODM examines the Group's performance by country of operation. Segment performance is evaluated based on the profit or loss measure "Earnings before interest and tax" (EBIT) and is measured consistently with profit or loss in the consolidated financial statements. Assets and liabilities are not allocated to segments.

The Group has currently two reportable segments: Norway and Sweden, and revenue breakdown for Oslo (Norway), Regional Offices (Norway) and Subcontractors (Norway and Sweden).

2021	Norway	Sweden	Elimination*	Total
Revenues Oslo	280,998			
Revenues Regional Offices	343,525			
Revenues Sweden		83,489		
Revenues Subcontractors	45,763	23,058		
Other	595	103		
Total revenue (IT-related consulting services)	670,881	106,651	(2,508)	775,023
Total operating expenses less depreciation and impairment	609,783	101,825	(2,508)	709,100
EBIT	61,097	4,826		65,923
EBIT margin (% of total revenue)	9.1 %	4.5 %		8.5 %
2020	Norway	Sweden	Elimination*	Total
Revenues Oslo	219,805			
Revenues Regional Offices	312,514			
Sweden		78,439		
Subcontractors	56,742	27,403		
Other	(2,415)	265		
Total revenue (IT-related consulting services)	586,646	106,105	(2,764)	689,987
Total operating expenses less depreciation and impairment	545,059	97,688	(2,764)	639,983
EBIT	41,587	8,417	0	50,004
EBIT margin (% of total revenue)	7.1 %	7.9 %		7.2 %

*Elimination consists of hiring of consultants from Sweden to Norway and management fee from Sweden to Norway.

Major customers

The Group does not disclose a breakdown per customer, as sales revenues for any customer do not exceed 10% of the total revenue in the Group.

Geographical analysis of assets

Analysis of non-current assets by geographical location

2021	Norway	Sweden	Elimination*	Total
Right-of-use assets	45.8	16.8		62.5
Research and development	3.0			3.0
Fixed assets	10.2	0.1		10.4
Total non-current assets operating assets 2020	59.0	16.9	0.0	75.9

2020	Norway	Sweden	Elimination*	Total
Right-of-use assets	24.2	10.6		34.8
Research and development	4.5			4.5
Fixed assets	6.3	0.2		6.5
Total non-current assets operating assets 2020	35.1	10.8	0.0	45.8

Asset location	2021	2020
Norway	59,021	35,087
Sweden	16,910	10,753
Non-current segment assets	75,932	45,840
Other intangible assets	380,546	385,288
Non-current financial assets	0	10
Deferred tax asset	1,619	998
Trade receivables	132,761	107,972
Other receivables	11,439	11,827
Cash and short-term deposits	46,690	39,724
Consolidated total assets	648,986	591,660

Non-current assets for this purpose consist of right-of-use assets, research and development and fixed assets.

Note 7 Salaries, remuneration and audit fees

Salaries and personnel expenses (NOK'000)	2021	2020
Salaries	465,896	418,523
Social security costs	77,726	63,629
Pensions	21,722	18,763
Share-based compensation	2,878	1,375
Other benefits and refunds	15,442	10,861
Total salaries and personnel expenses	583,665	513,151

Number of employees, average FTEs	478	410
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Remuneration to executive management NOK'000	Base salary	Variable pay	Other**	Total remuneration	Pension
Total remuneration to executive management 2021	15,000	2,840	480	18,320	626
Total remuneration to executive management 2020*	5,211	1,370	49	6,630	107

*Structural changes during the last year has led to an expansion of the Executive Management from 2021. Previous periods the executive management team was defined as consisting of the CEO and CFO.

**Other consist of e.g. health insurance plans, travel expenses, car allowance and telephone/mobile communication, etc.

	2021	2020
Remuneration to board members and nomination committee	Compensation	Compensation
Chairman of the board - Trond Klethagen Johannessen (from 7 May 2020)	410	326
Chairman of the board - Klaus-Anders Nysteen (until 6 May 2020)	0	123
Board member - Siw Ødegaard	288	246
Board member - Trygve Christian Moe	257	149
Board member - Toril Nag	233	239
Board member - Kjetil Bakke Eriksen	247	0
Nomination committee - Bjørn Ivar Danielsen (board member until 5 May 2021)	19	250
Nomination committee - Petter Tusvik	17	17
Nomination committee - Trude Sleire (until 28 April 2021)	6	17
Nomination committee - John Morten Bjerkan (until 28 April 2021)	9	27
Total remuneration to board members and nomination committee	1,487	1,394

Board remuneration

Compensation to board members is not performance-related. Compensation to the Board is determined by the Annual General Meeting, and the accrued cost for 2021 and 2020 is based on the decision made by the Annual General Meetings. The compensation is paid in arrears.

Determination of remuneration to executive management

The Company's executive management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), Regional Managers, Directors Communication and marketing and Group Advisor. Remuneration to executive management is mainly fixed salary as well as performance based bonus. CEO and CFOs bonus is decided by the remuneration committee and regional managers bonus is calculated by pre-determined KPIs, in line with the Remuneration Policy.

Bonuses for 2020 were accrued for in the consolidated statement of comprehensive income for 2020 and paid in Q1 2021. The CEO was paid a bonus of NOK 0.62 million. The CFO received a bonus of 0.75 million.

The CEO and the CFO were entitled to bonuses for 2021 which were accrued for in the consolidated statement of comprehensive income for 2021 and paid in Q1 2022. The CEO received a bonus of NOK 0.7 million. The CFO received a bonus of NOK 0.15 million. The executive management is entitled to participate in the Long-term incentive programme as described in note 22.

The accrued bonuses are included in the table above.

Arne Norheim stepped down as CEO 30 November 2020, and Liv Annike Kverneland served as Interim CEO from 1 December 2020 until 14 February 2021. Mr. Norheim was employed by the Company until 31 May 2021, and received compensation for being available during this period.

Main principles for the determination of remuneration for the executive management of Webstep ASA

The board of directors has established a remuneration committee. Chairman of the board Trond K. Johannessen serves as chair of the committee. Toril Nag and Kjetil Bakke Eriksen serves as members. The remuneration committee functions as an advisory body to the board of directors, with the purpose of ensuring a thorough and independent preparation of matters regarding remuneration to the Company's executive management.

The main principle for the Company's remuneration policy is that the executive management shall be offered competitive terms when their total remuneration package is taken into account. Such package may consist of elements such as base-salary, bonus, share and option schemes, benefits in kind and pension arrangements. The Company shall seek to offer a remuneration level that is considered competitive and on market terms, compared to the level offered by its peers, and which seeks to satisfy the Company's need to recruit and keep highly qualified personnel in the executive management.

The current guidelines have been prepared in accordance with the provisions of section 6-16a of the Norwegian Public Limited Companies Act, approved 28 April 2021 at the Annual General Meeting.

The executive management receives base salary which constitutes approximately 70-80% of the total remuneration package.

The executive management is offered contribution in kind such as coverage of phone and phone expenses, private broadband, company health services, insurances, car allowance and coverage of travel expenses.

The executive management participates in the Company's defined contribution pension scheme in accordance with mandatory law.

The company's CEO receives a fixed car allowance at NOK 15,000 per month.

The executive management may be offered performance-based bonuses in addition to their fixed remuneration. Such performance-based bonus shall be agreed on an individual basis if applicable. The criteria for any performance-based bonus shall be determined by the board of directors and shall be linked to measurable factors, such as the achievement of pre-determined KPIs. The Company's CEO and CFO performance-based profit may constitute up to 40% and 35% respectively, and shall be determined by the board of directors. Department managers the performance-based bonus is linked to the following KPIs

- Revenue compared to budget/forecast
- Number of employees compared to budget/forecast
- Operating revenue compared to budget/forecast

The executive management may be offered Company shares and options to shares as a part of the total remuneration package.

The executive management, and other managers as decided by the board of directors, are included in Websteps Long-term incentive program approved at the Annual General Meeting 2019. The program is further described in note 22.

The executive management are included in Websteps share purchase program for leading personnel and board members and Employee share purchase program as further described in note 22.

The other Group companies shall follow the main principles for remuneration of executives as described herein and guidelines for determination of salary and other remuneration to executive personnel in Webstep.

Audit fees *	2021	2020
Statutory audit fees	1,052	1,031
Audit-related assistance	0	84
Total fee	1,052	1,116

* VAT is not included

Note 8 Pension costs

All companies within the Group has defined contribution plans for all of its employees, governed by the local employment laws. The Group pays a contribution to the plan based on a fixed percentage of the salary, limited to 12 times the base amount (G). The total pension premium charge in 2021 is NOK 21,7 million (2020: NOK 18.8 million).

The Norwegian companies within the Group are bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme. The Group's pension scheme meets the requirements of this Act.

Note 9 Financial items

Finance income

NOK'000	2021	2020
Interest income	98	154
Other finance income (including foreign exchange effects)	22	102
Total finance income	120	256

Interest income primarily comprises interest received on bank deposits.

Finance expense

NOK'000	2021	2020
Interest expense	(2,987)	(3,033)
Other finance expense (including foreign exchange effects)	(646)	(131)
Total finance expense	(3,633)	(3,163)

Interest expense primarily comprises interest and expenses paid on revolving credit facility (Note 21) and estimated interest on leasing liabilities (Note 24).

Note 10 Taxes

Consolidated statement of profit or loss	2021	2020
Current income tax	14,384	10,838
Unprovided income tax charge from previous year	252	0
Deferred tax	(720)	(490)
Income tax expense reported in the statement of profit or loss	13,916	10,348

Reconciliation of tax expense and the accounting profit multiplied by the Group's tax rate for 2021 and 2020:

Reconciliation of tax base	2021	2020
Accounting profit before tax	62,411	47,097
Permanent differences	1,147	461
Change in temporary differences	3,288	1,908
Tax base for the year	66,846	49,466
Tax payable (22%)	14,706	10,882
Prepaid tax	(30)	(913)
Differences in tax rates on foreign subsidiary	(77)	(46)
Tax payable in the balance sheet	14,599	9,923

Deferred tax	2021	2020
Fixed assets	1,131	1,461
Receivables	988	2,736
Provisions, not yet tax deductible	6,036	335
Statutory tax provisions in Sweden	(8,010)	(8,515)
Total	144	(3,983)
Net deferred tax asset/(liability) (22%)	32	(876)
Effect of difference in tax rates Sweden (20,6%/22%)	101	119
Total adjusted for differences in tax rates	133	(757)

Reflected in the statement of financial position as follows:

Deferred tax assets	1,619	998
Deferred tax liabilities	(1,486)	(1,755)
Deferred tax liabilities, net	133	(757)

Effective tax rate:

Expected income tax	13,730	10,361
Permanent differences	252	101
Effect of change in tax rate and other	(67)	(115)
Income tax expense*	13,916	10,348

* Income tax expense in relation to income before tax	22.3 %	22.0 %
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The Group's R&D initiatives have been approved by the Research Council of Norway (Forskningsrådet) to qualify for a government R&D tax incentive scheme (SkatteFUNN) with an amount of NOK thousand 383 for 2021. The amount recognised as an expected public refund in 2020 was NOK 485 thousand. NOK 485 thousand were recognised as income in 2020, but an approved adjustment to one of the applications increased the final amount, paid, to 793 NOK thousand whereof 308 NOK thousand was recognised as income in 2021.

Note 11 Intangible assets and goodwill

Cost, NOK 000's	Goodwill Norway	Goodwill Sweden	R&D	Total
At 1 January 2020	313,575	64,889	7,573	386,037
Additions	0	0	0	0
Disposals	0	0	0	0
Exchange adjustment	0	6,824	0	6,824
At 31 December 2020	313,575	71,713	7,573	392,861
Additions	0	0	0	0
Disposals	0	0	0	0
Exchange adjustment	0	(4,742)	0	(4,742)
At 31 December 2021	313,575	66,971	7,573	388,119

Depreciation and impairment

At January 1 2020	0	0	(1,515)	(1,515)
Impairment			0	0
Depreciation charge for the year	0	0	(1,515)	(1,515)
At 31 December 2020	0	0	(3,029)	(3,029)
Impairment			0	0
Depreciation charge for the year	0	0	(1,515)	(1,515)
At 31 December 2021	0	0	(4,544)	(4,544)

Net book value

At 31 December 2020	313,575	71,713	4,544	389,832
At 31 December 2021	313,575	66,971	3,029	383,575

Useful life	Infinite	Infinite	5 years
Depreciation method	NA	NA	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 is not amortized, but tested yearly for impairment.

Capitalized R&D comprises investments in the strategic initiative Webstep Internet of Things (IoT), where a total of NOK 3.0 million is recognised 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.

R&D activities that have been recognised as costs in the consolidated statement of comprehensive income in 2021 amount to NOK 2.0 million (NOK 3,0 million in 2020).

Impairment testing

Goodwill acquired through business combinations has been allocated to two individual cash generating units (CGU), which are also defined as reportable segments according to note 6.

Cash generating unit NOK'000	2021	2020
Norway	313,575	313,575
Sweden	66,971	71,713
	380,546	385,288

Goodwill is tested for impairment at least annually, or when there are indications of impairment. The COVID-19 pandemic is identified as an impairment indicator for the CGUs. The impairment test is conducted for each cash generating unit, by evaluating the present value of future cash flows, based on cash flow projections five years ahead. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flow and the expected risk.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

The calculation of value in use for goodwill related to the acquisition of Webstep AS and Webstep AB is most sensitive to the following assumptions:

- Discount rates
- EBITDA
- Growth rates used to extrapolate cash flows beyond the forecast period

The discount interest is based on weighted average cost of capital (WACC). A discount rate of 7.5 per cent after tax is used for both CGU's (Norway and Sweden). This is based on a risk free interest rate of 1.4 per cent for Norway and 0 per cent for Sweden. The risk premium is calculated based on market statistics for comparable companies. The cash flow forecast takes into account both historical results, expected future growth rates, and market conditions. These budgets and forecast calculations generally cover a period of five years. For Norway and Sweden, the underlying model calculates annual cash flows per department, based on periodised employee development, utilization rate, expected trend in hourly rate, sales / management / overhead changes, wage growth and cost growth. The annualized compound growth rate over the next 4 year period is 2% for each CGUs. The EBITDA-margin in both the Norwegian CGU and the Swedish CGU is expected to be in line with historical levels.

Based on the impairment tests performed, there are no indications that impairment is required for any of the CGUs.

Note 12 Fixed assets

Cost, NOK'000	Equipment, fixtures and furniture	Right-of-use assets	Total
At 1 January 2020	22,055	44,170	66,225
Additions	3,974	5,856	9,830
Disposals	0	0	0
Exchange adjustment	0	784	784
Cost at 31 December 2020	26,029	50,811	76,840
Cost at 1 January 2021	26,029	50,811	76,840
Additions	7,750	38,801	46,551
Disposals	0	(16,172)	(16,172)
Exchange adjustment	0	(920)	(920)
Cost at 31 December 2021	33,779	72,520	106,299

Depreciation and impairment

At 1 January 2020	(16,138)	(7,014)	(23,152)
Disposals	0	0	0
Impairment	0	0	0
Depreciation charge for the year	(3,401)	(8,989)	(12,390)
Exchange adjustment	0		0
Other	0		0
At 31 December 2021	(19,539)	(16,003)	(35,542)
Disposals	0	15,913	15,913
Impairment	0	0	0
Depreciation charge for the year	(3,884)	(9,881)	(13,766)
Exchange adjustment	0		0
Other	0		0
At 31 December 2021	(23,423)	(9,972)	(33,395)

Net book value

At 31 December 2020	6,490	34,808	41,298
At 31 December 2021	10,355	62,548	72,903

Useful life	3 - 5 year	1-5 year
Depreciation method	Straight line	Amortization

Note 13 Financial assets – non-current vs current

The only non-current, financial asset is a deposit.

Financial assets, NOK'000	2021	2020
Other long term deposit	0	10
Total	0	10

Note 14 Trade and other receivables

Trade and other receivables NOK'000	2021	2020
Trade receivables - net of related parties	133,749	110,709
Provision for bad debt	(988)	(2,736)
Trade Receivables net of provision	132,761	107,972
Prepayments and other receivables	11,439	11,827
Receivables from related parties	0	0
Payables to related parties	0	0
Total trade receivables and prepayments	144,200	119,800
Of which long-term receivables from related parties	0	0
Short-term Receivables and prepayments	144,200	119,800

Specification of receivables NOK'000	2021	2020
Trade receivables	129,315	101,932
Accrued income	3,446	6,041
Other receivables	0	0
Trade and other receivables	132,761	107,972
Prepaid costs	10,585	7,693
Prepaid public duty debt	478	3,777
Prepaid rent	376	358
Prepayments	11,439	11,827
Total receivables and prepayments	144,200	119,800

Due dates and fair value of trade and other receivables NOK'000	2021	2020
Due within one year*)	144,200	119,800
After one year **)	0	0
Fair Value	144,200	119,800

*) For receivables due within one year, fair value is equal to nominal value.

**) Receivables that are due later than one year are discounted and stated as fair value.

Group has a bad debt provision of NOK 988 thousand in 2021 down from NOK 2,736 thousand in 2020. The decrease is mainly related to an extraordinary provision made in 2020 for a loss on receivables (NOK 1.9 million) to an individual customer in the travel industry. The extraordinary provision of NOK 1,9 million, made in 2020, was settled during 2021 as a loss approximately equal to the provision.

NOK'000	Total	Not due	<30 days	30-60 days	>60 days
2021	133,749	93,720	36,271	3,009	749
2020	110,709	82,100	23,242	4,103	1,264

Trade receivables at year end were NOK 133.7 million (NOK 110,7 million).

Note 15 Cash and short-term deposits

Cash and Cash Equivalents, NOK'000	2021	2020
Cash in bank	46,690	39,724
Cash equivalents	0	0
Total Cash and Cash Equivalents	46,690	39,724
Utilized bank overdraft	0	0
Net Cash and Cash Equivalents/Bank overdraft	46,690	39,724

Of which Restricted Cash:

Guarantees for leases and credits from suppliers	1,149	1,230
Taxes withheld	744	642
Other restricted cash	0	0
Total Restricted Cash	1,893	1,871

For further details on the Group's cash reporting and cash pooling system, see note 17.

Note 16 Shareholders capital and largest shareholders

Share capital

The Company has only one share class and all shares have equal voting rights.

	2021	2020
	No. of thousands	No. of thousands
Authorised		
Ordinary shares of NOK 1 each	27,322	26,967
Ordinary shares	No. of thousands	No. of thousands
Issued and fully paid:		
At 1 January	26,967	26,967
Issued	355	0
At 31 December	27,322	26,967
Treasury shares	No. of thousands	No. of thousands
At 1 January	(60)	(294)
Sale of treasury shares	6	234
At 31 December	(54)	(60)
Foreign currency translation reserve	NOK 000's	NOK 000's
At 1 January 2020	8,320	8,320
Foreign currency translation	7,892	7,892
At 31 December 2020	16,213	16,213
Foreign currency translation	(5,929)	-5,929
At 31 December 2021	10,284	10,284
	2021	2020
Share capital	27,322	26,967
Treasury shares	(54)	(60)
Share premium	172,776	167,131
Retained earnings	183,365	169,973
Non-controlling interest	0	0
Shareholders equity inclusive currency translation	393,692	380,184

Statement of changes in equity		Foreign currency translati							
NOK 000's	Note	Issued capital	Treasury shares	Share premium	on reserve	Retained earnings	Total earned equity	Non-cont rolling interests	Total equity
At 1 January 2020		26,967	-293	156,910	8,320	179,741	371,644	-	371,644
Profit for the period		-	-	-	-	36,749	36,749	-	36,749
Other comprehensive income/(loss)		-	-	-	7,892	-	7,892	-	7,892
Sales of treasury shares		-	234	5,110	-	-	5,344	-	5,344
Share incentive program		-	-	-	-	1,232	1,232	-	1,232
Dividends	26	-	-	-	-	-42,677	-42,677	-	-42,677
At 31 December 2020		26,967	-59	162,020	16,212	175,045	380,184	-	380,184
Profit for the period		-	-	-	-	48,495	48,495	-	48,495
Other comprehensive income/(loss)		-	-	-	-5,929	-	-5,929	-	-5,929
Sales of treasury shares		-	6	111	-	-	117	-	117
Share incentive program		-	-	-	-	2,878	2,878	-	2,878
Dividends	26	-	-	-	-	-43,052	-43,052	-	-43,052
Share issue		355	-	10,644	-	-	10,999	-	10,999
At 31 December 2021		27,322	-53	172,775	10,283	183,366	393,692	-	393,692

Top 20 shareholders 31 December 2021

Shareholder name	Shares	Ownership	Voting rights
Embro Eiendom AS	8,159,382	29.86%	29.92%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,556,645	5.70%	5.71%
VERDIPAPIRFONDET DNB SMB	1,261,862	4.62%	4.63%
SALT VALUE AS	1,157,687	4.24%	4.25%
J.P. MORGAN BANK LUXEMBOURG S.A.	1,041,345	3.81%	3.82%
JAKOB HATTELAND HOLDING AS	1,000,000	3.66%	3.67%
J.P. MORGAN BANK LUXEMBOURG S.A.	900,000	3.29%	3.30%
HOLMEN SPESIALFOND	699,576	2.56%	2.57%
VERDIPAPIRFONDET NORDEA NORGE VERD	664,317	2.43%	2.44%
Danske Invest Norge Vekst	542,000	1.98%	1.99%
Goldman Sachs International	416,571	1.52%	1.53%
INTERTRADE SHIPPING AS	400,000	1.46%	1.47%
Danske Bank A/S	320,000	1.17%	1.17%
BLUEBERRY CAPITAL AS	317,007	1.16%	1.16%
HAUSTA INVESTOR AS	300,000	1.10%	1.10%
ESPEDAL & CO AS	255,560	0.94%	0.94%
IVAR LØGE AS	250,000	0.92%	0.92%
VERDIPAPIRFONDET NORDEA AVKASTNING	225,383	0.82%	0.83%
MP PENSJON PK	224,000	0.82%	0.82%
Pictet & Cie (Europe) S.A.	222,603	0.81%	0.82%
Other shareholders	7,354,576	26.92%	26.97%
Total number of shares excluding treasury shares	27,268,514	99.80%	100.00%
Treasury shares as of 31 December 2021	53,694	0.20%	
Total shares issued	27,322,208	100.00%	

Shareholding by board members, management and their related parties as of 31 December 2021

Trond K. Johannessen	56,925	0.21%	0.21%
Trygve Christian Moe (TCM Consulting AS)	23,925	0.09%	0.09%
Kjetil Bakke Eriksen (Suelo AS)	18,925	0.07%	0.07%
Siw Ødegaard (Kvinnesiden AS)	13,025	0.05%	0.05%
Toril Nag	3,570	0.01%	0.01%
Save Asmervik	12,340	0.05%	0.05%
Jacob Cardell (Nominee)	20,020	0.07%	0.07%
Liv Annike Kverneland (LAK Invest AS and privately held)	41,290	0.15%	0.15%
Terje Orvedal (Illari AS)	9,143	0.03%	0.03%
Joar Krohn (Kronoko Holding AS and privately held)	99,320	0.36%	0.36%
Geir Jåthun Hindenes (GJH Invest AS and privately held)	17,093	0.06%	0.06%
Dagfinn Haslebrekk	6,665	0.02%	0.02%
Arnt Roger Aasen (Aravi AS and privately held)	26,032	0.10%	0.10%
Otto Backer Solberg	18,627	0.07%	0.07%
Rolf Helle (Xerxes AS and privately held)	41,247	0.15%	0.15%

Trond K. Johannessen and Trygve Christian Moe are employed by Embron Group AS, which is owned by J.C. Broch AS.

Webstep ASA holds 53,694 treasury shares. These shares have no voting rights nor dividend rights.

Note 17 Interest bearing loans and borrowings

The Group has a NOK 110 million Revolving Credit Facility ("RCF") with SpareBank 1 SR-Bank ASA. The RCF may be utilised by each member of the Group having access to the cash pooling account system related to the RCF. The accounts included in the cash pooling structure are presented as a net figure for the Group: As cash and short term receivables if the net balance is positive, or debt to credit institutions if the net balance is negative.

The term of the RCF is two years, after which it is subject to renewal. The facility was renewed in 2021. The total payable interest rate is based on 3 months NIBOR in addition to an agreed margin of 2.25 per cent per annum. The interest calculation is based on the net of cash and overdraft. The annual charge for the credit facility is 0.5 per cent of the granted credit. Under the RCF, the Company has pledged security over the shares, inventory, insurance payouts and accounts receivable in Webstep AS and negative pledge over the shares in Webstep AB.

The right-of-use-assets are recognised at the estimated net present value of the leasing liabilities as calculated at the date of initial recognition or cost according to contract.

Contracts with options for extensions that would, with reasonable 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 decomposed in depreciation, installment and interest.

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office leases related to future inflation/index adjustments in Norway and Sweden which is not included in the initial recognition of lease liabilities. When the inflation/index adjustment is known, the present value of the change to the future lease payments is added to the lease liability and right-of-use asset.

Sensitivity of assumptions to the estimates

The estimates of the value of right-to-use assets and leasing liabilities relies on the applied interest rates and the duration and nature of the contracts. All contracts have a duration of maximum 5 years with options for extensions with one exception, a contract with 10 years duration. If extensions are viewed as reasonably probable, the extension period is embedded in the calculation of the estimate. Changes in interest rates are regarded as having the most significant impact on the estimates either impacting the incremental borrowing rate applied on office rentals estimates or the leasing amount of the company cars. A sensitivity analysis of possible effects of changes to interest rates are given in the tables below:

Effect on incremental borrowing rates

A test on sensitivity on interest assumptions has been performed by varying NIBOR by +/- 200 basis points (BPS) compared to applied NIBOR 3 month of 1,85% on the Group's incremental borrowing rate applied estimating value on office rentals.

Changes in interest rate

Office rentals ('000 NOK)	Applied	+200 BPS	-200 BPS
Applied NIBOR 3 month December 31st	1.85%	3.85%	(0.15%)
Estimated value December 31st 2021	55,772	53,635	60,484
Deviation from applied estimate: Amount		2,137	(4,712)
Deviation from applied estimate: Percent		3.8%	(8.4%)

A similar test on interest assumptions have been performed by varying the implicit rate on company car leasing contracts by adjusting the implicit interest rate by +/- 200 BPS.

Changes in leasing amount

Company cars ('000 NOK)	Applied	+200 BPS	- 200 BPS
Average implicit rate December 31st	3,6%	5,6%	1,6%%
Estimated value December 31st 2021	5,764	5,879	5,649
Deviation from applied estimate: Amount		115	(115)
Deviation from applied estimate: Percent		2.0%	(2.0%)

Covenant conditions: Book equity for the Group shall consist of at least 30 per cent of total capital, measured quarterly. Ratio of NIBD / EBITDA maximum 3, measured quarterly, rolling 12 months. See note 21 for further details.

Webstep AB has a local revolving credit facility of SEK 5 million which was unutilised 31 December 2021.

NOK'000	2021	2020
Non-current borrowings		
Debt to credit institutions	0	0
Lease liabilities	49,507	24,082
Current borrowings		
Debt to credit institutions	0	0
Lease liabilities	12,029	10,724
Total borrowings	61,537	34,807

NOK'000	2021	2020
Booked value of assets pledged as security		
Shares	432,119	432,119
Fixed assets	10,355	6,490
Receivables	132,761	107,972
Cash	46,690	39,724
Total	621,925	586,306

Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings

NOK'000	2021	2020
Trade payables	15,745	20,862
Other payables	72,114	60,525
Other short-term debt	89,814	83,604
Total financial liabilities	239,210	199,798
Total current	239,210	199,798
Total non-current	0	0

Other short-term debt mainly consists of; 1) accrued salaries for the past month, for payment to employees in accordance with the salary model, 2) accrued holiday pay as required by law, for payment to employees in June the following year.

Changes in liabilities arising from financing activities

Year ended 2020	1 Jan 2020	Cash flows	Changes foreign exchange rate	Other	31 Dec 2020
Debt to credit institutions non-current	0	0	0	0	0
Lease liabilities non-current and current (note 24)	37,156	(8,989)	784	5,856	34,807
Debt to credit institutions current	0	0	0	0	0
Total liabilities from financing activities	37,156	(8,989)	784	5,856	34,807

Year ended 2021	1 Jan 2021	Cash flows	Changes foreign exchange rate	Other	31 Dec 2021
Debt to credit institutions non-current	0	0	0	0	0
Lease liabilities non-current and current (note 24)	34,807	(10,920)	(920)	38,570	61,537
Debt to credit institutions current	0	0	0	0	0
Total liabilities from financing activities	34,807	(10,920)	(920)	38,570	61,537

Note 18 Trade and other payables

NOK 000's	2021	2020
Trade and other payables	15,745	20,862
Social Taxes and VAT	72,114	60,525
Accrued vacation pay	44,470	39,332
Accrued expenses including salaries payable	44,795	43,100
Other current payables (note 19)	550	1,172
Total Trade and Other Payables	177,674	164,991

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30-day terms

Social Taxes and VAT are normally settled six times per year (Norway) or monthly (Sweden)

Accrued vacation pay is paid in June (Norway)

Salaries payable are normally settled monthly

For explanations on the Group's liquidity risk management processes, refer to Note 21

Note 19 Other short-term debt

NOK 000's	2021	2020
Salaries payable, vacation pay, bonus etc.	84,967	79,792
Other accrued expenses	4,298	2,639
Received prepayments of revenues	0	838
Other	550	335
Total other short-term debt	89,814	83,604

Note 20 Related party disclosure

The consolidated financial statements of the Group include:

Name	Country of in-corporation	Business Address	% equity interest	
			2021	2020
Webstep AS	Norway	c/o Rebel, Universitetsgata 2, 0164 Oslo	100%	100%
Webstep AB	Sweden	Kungsgatan 44, 111 35 Stockholm	100%	100%

Webstep ASA is the ultimate parent of the Group, and sole owner of Webstep AS and Webstep AB. Balances and transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated in the consolidation and are not disclosed in this Note. The Group does not have any material transactions with related parties, except for remuneration to management (note 7).

Note 21 Capital management

Capital management

For the purpose of the Group's capital management, capital includes issued capital, treasury shares, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group is financed by equity with a revolving credit facility to finance fluctuations in net working capital.

The primary objective of the Group's capital management is to maximize shareholder value. The policies shall ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business objectives. The policies shall ensure sufficient, financial flexibility. The objectives for capital management are regarded achieved as of December 31 2021.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue capital securities. Capital structure is reported monthly and measured, amongst other criterias, against covenants.

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the board of directors.

The Group monitors equity ratio (equity to total assets) and the ratio of Net Interest Bearing Debt (NIBD) to Earnings Before Interest Tax Depreciation and Amortization (EBITDA) as part of the capital management as to ensure the Group is complying with current

covenants. The definitions and requirements are listed below. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

Group equity ratio

NOK'000	31 Dec 2021	31 Dec 2020
Total equity	393,692	380,184
Total assets	648,986	591,660
Group equity ratio	0.61	0.64

As of January 1 2019 the Group has applied IFRS 16 and recognised right-to-use assets in the balance sheet. The recognition affects total assets. The covenants with the financial institution are based on "frozen GAAP" as of the date of entering the agreements in 2017. To measure Group equity ratio according to the covenants, the total assets in 2020 and equity have to be reduced by the recognised amount of right-to-use assets and effect to equity, as specified in the table below.

Group equity ratio according to covenants

NOK'000	31 Dec 2021	31 Dec 2020
Total equity as stated in the financial statement	393,692	380,184
=Applicable total equity according to current covenants	393,692	380,184
Total assets as stated in the financial statement	648,986	591,660
-Right-of-use assets (see note 24)*	0	(34,807)
=Applicable total assets according to current covenants	648,986	556,854
*Previous clause on "Frozen Gap" changed		
Applicable group equity ratio according to current covenants	0.61	0.68

The covenant requires a Group NIBD/EBITDA ratio of minimum 3. The requirement was met year end 2021 and the Group has been in compliance with the requirements during all of 2021.

NIBD to EBITDA ratio

NOK'000	2021	2020
NIBD (Net Interest Bearing Debt)		
Cash and cash equivalents (minus indicates positive amount)	(46,690)	(39,724)
Restricted cash	1,893	1,871
Debt to credit institutions	0	0
Leasing liabilities (non-current and current)	61,537	34,807
NIBD	16,740	(3,046)
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)		
Operating profit/loss	65,923	50,004
+Depreciation and amortization	15,273	13,916
=EBITDA	81,197	63,920
Ratio NIBD/EBITDA	0.21	(0.05)

NIBD to EBITDA ratio according to covenant

NOK'000	2021	2020
NIBD (Net Interest Bearing Debt)		
Cash and cash equivalents (minus indicates positive amount)	(46,690)	(39,724)
Restricted cash	1,893	1,871
Debt to credit institutions	0	0
Leasing liabilities (non-current and current)	61,537	34,807
-Reversal of leasing liabilities according to "frozen GAAP"*		(34,807)
=NIBD according to covenant	16,740	(37,852)

*Previous clause on "Frozen Gap" changed

EBITDA (Earnings Before Interest Tax Depreciation and Amortization)	2021	2020
Operating profit/loss	65,923	50,004
+Depreciation and amortization	15,273	13,916
-Reversal of depreciation of right-to-use assets (note 24)*		(8,989)
-Reversal of interest expense portion of right-to-use assets (note 24)*		(1,128)
=EBITDA	81,197	53,803

*Previous clause on "Frozen Gap" changed

Ratio NIBD/EBITDA according to covenant	0.21	(0.70)
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Note 22 Share based payments

Share based payment programs

Employee share purchase program ("ESPP")

An employee share purchase programme was implemented in November 2018, and similar programmes has been carried out yearly since 2018. In December 2021 each of the employees in the Norwegian entities, including executive management, were invited to acquire shares with a market price of NOK 30,000 with a 25 per cent discount. 281 employees participated in the program, and costs of NOK 2.1 million were included in salaries and personnel expenses. The share capital was increased 21 december 2021 to issue new shares related to the ESPP.

Share investment programme for management employees and board members

A share investment programme for management employees and board members was implemented in June 2021. The participants were invited to acquire shares in the company for an amount of between NOK 50,000 and NOK 200,000 each with a discount of 21.7 %, and for up to NOK 4,200,000 in aggregate. The shares acquired were subject to a lock-up period of two years, and the reduced offer price reflected the value-reducing effect of the lock-up period. 12 employees and 5 board members participated in the program. The share capital was increased 22 June 2021 to issue new shares related to the programme.

Long-term incentive program ("LTIP")

Under the Long-term incentive programme, share options of the parent are granted to senior executives of the Group. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the senior executive remains employed during the vesting period.

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted.

515,876 options were granted 18 November 2019, whereof 46,884 were terminated during 2020 and 23,461 were terminated during 2021.

The options will vest, or have vested, in the following tranches:

- 111,381 options vested 18 November 2020
- 111,381 options vested 18 November 2021
- 222,769 options vest 18 November 2022

546,000 options were granted 24 November 2020, whereof 52,000 were terminated during 2021.

The options will vest in the following tranches:

- 123,500 options vested 24 November 2021
- 123,500 options vest 24 November 2022
- 247,000 options vest 24 November 2023

98,000 options were granted 10 February 2021, the options will vest in the following tranches:

- 24,500 options vest 10 February 2022
- 24,500 options vest 10 February 2023
- 49,000 options vest 10 February 2024

26,000 options were granted 26 May 2021, the options will vest in the following tranches:

- 6,500 options vest 26 May 2022
- 6,500 options vest 26 May 2023
- 13,000 options vest 26 May 2024

650,000 options were granted 25 November 2021, the options will vest in the following tranches:

- 162,500 options vest 25 November 2022
- 162,500 options vest 25 November 2023
- 325,000 options vest 25 November 2024

Exercise price

- Exercise price for options granted 18 November 2019 is NOK 19.90
- Exercise price for options granted 24 November 2020 is NOK 21.13
- Exercise price for options granted 10 February 2021 is NOK 21.82
- Exercise price for options granted 26 May 2021 is NOK 31.05
- Exercise price for options granted 25 November 2021 is NOK 36.64

The potential dilution through the LTIP accounts for 424,501 shares. 5,865 of the vested shares have been exercised.

The share options can be exercised up to five years after the grant date. Therefore, the contractual term of each option granted is five years. In the event the Company is not capable of delivering shares following an exercise of options, the Company shall fulfill its obligations through a cash-out.

NOK'000	2021	2020
Expense arising from equity-settled share-based payment transactions related to the Long-term incentive programme	2,878	1,232
Social security tax provisions	1,747	27
<i>Granted instruments:</i>	Option	Option
Quantity	774,000	546,000
Contractual life*	5	5
Strike price*	34.78	22.73
Share price*	35.34	23
Expected lifetime*	3.25	3.25
Expected volatility*	35.48%	34.28%
Risk-free interest rate*	1.33%	0.33%
Dividend yield	0	0
Model used	Black-Scholes	Black-Scholes
Fair value per instrument*	9.55	5.74

**Weighted average parameters at grant of instrument*

The expected life of the share options is according to IFRS-2, shorter than the time from grant until expiry. Due to the taxation of options and "non-transferability", earlier exercise is expected. These are current expectations and are not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility for the company and peers over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Expenses

The expenses recognized for equity settled share-based payment transactions under the programs during the year are presented in the table below:

NOK'000	2021	2020
Expenses related to the Employee Share Purchase Programme (ESPP)	2,060	1,069
Expenses related to the Long-term Incentive Programme (LIP)	2,878	1,232
Total share based payment expenses in the period	4,938	2,300
Social security tax expense for the period	1,747	0
Social security tax accrual for the period	1,780	27

Number of discounted shares sold through the Employee Share Purchase Programme (ESPP)	232,103	234,074
Discounted share price	26.6 NOK/share	18.3 NOK/share
Weighted average fair value of each discounted share sold through the ESPP	8.88	4.60

Movements during the year (LTIP)

The following table illustrate the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Long-term incentive programme	2021	2021	2020	2020
	Number of instruments	Weighted Average Strike Price	Number of instruments	Weighted Average Strike Price
Outstanding at 1 January	1,014,992	20.66	515,876	21.50
Granted	774,000	34.58	546,000	22.76
Exercised	5,865	19.90	0	
Released			0	
Adjusted			0	
Performance Adjusted			0	
Cancelled			0	
Terminated	(75,461)	21.85	(46,884)	21.50
Expired			0	
Outstanding at 31 December	1,707,666		1,014,992	22.18
Vested at 31 December	340,397	20.36	117,246	21.50
The weighted average remaining contractual life		4 years		5 years
The weighted average exercise prices for options outstanding	26.91		22.18	

The following key employees, as listed in note 7, were granted share options as a part of the LTIP:

Number of share options	Title	Total share options	Granted 2021	Granted 2020
Save Asmervik	CEO	296,884	198,000	52,000
Liv Annike Kverneland	CFO	148,884	50,000	52,000
Jacob Cardell	COO Sweden	148,884	50,000	52,000
Terje Orvedal	Head of Consulting Oslo	148,884	50,000	52,000
Joar Krohn	Regional Manager Bergen	148,884	50,000	52,000
Geir Jåthun Hindenes	Regional Manager Stavanger	148,884	50,000	52,000
Dagfinn Haslebrekk	Regional Manager Trondheim	76,000	76,000	
Arnt Roger Aasen	Communications Officer	74,461	25,000	26,000
Otto Backer Solberg	Communications Officer	74,461	25,000	26,000

The options were granted on the 18th of November 2019, 24 November 2020, 10 February 2021, 26 May 2021 and 25 November 2021. A total of 255,112 shares to key employees have vested per 31 December 2021. None of the vested shares have been exercised.

Note 23 Earnings per share

The Company had one share class and a total of 27,268,514 outstanding shares (excl. treasury shares) 31 December 2021.

In 2021 the Long-term Incentive Programme as described in note 22 had dilutive effects.

Basic earnings per share calculations are based on the weighted average number of shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of shares and dilutive shares equivalents outstanding during each period.

NOK'000	2021	2020
Profit for the year	48,495	36,749
Average number of shares outstanding	27,000	26,691
Average number of outstanding shares, fully diluted	27,330	26,696
Basic earnings per share (NOK/Share)	1.80	1.38
Diluted earnings per share	1.77	1.38
Average number of shares outstanding	27,000	26,691
Average dilutive effects	330	5
Warrants	0	0
Average number of shares outstanding adjusted for dilutive effects	27,330	26,696
Dilutive effect of options issued 18 November 2019	189,373	15,954
Dilutive effect of options issued 24 November 2020	195,394	
Dilutive effect of options issued 10 February 2021	36,828	
Dilutive effect of options issued 26 May 2021	2,906	
Dilutive effect of options issued 25 November 2021		

Note 24 Rent and lease agreements

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office rents 1 to 10 years
- Company cars and other equipment 1 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

The Group has applied its incremental borrowing rate for all leases except where rates are implicit in the contracts for company cars.

The weighted, average incremental borrowing rate applied at December 2021 is 4,70%.

Right-of-use assets

The Group's right-of-use assets are identified as office rentals and rental of company cars in Sweden.

Right-of-use assets, NOK'000	Company cars	Offices Sweden	Offices Norway	Total
Acquisition cost 1 January 2021	5,290	10,467	35,053	50,810
Addition of right-of-use assets	5,260	4,677	28,864	38,801
Disposal of right-of-use assets	(1,894)	(2,229)	(12,050)	(16,173)
Currency exchange differences	(313)	(607)	0	(920)
Acquisition cost 31 December 2021	8,343	12,308	51,867	72,518
Accumulated depreciation 1 January 2021	2,166	3,012	10,825	16,003
Accumulated depreciation on disposals	(1,917)	(2,229)	(11,768)	(15,913)
Depreciation for the period	1,267	1,563	7,050	9,881
Accumulated depreciation 31 December 2021	1,516	2,347	6,107	9,971
Carrying amount of right-of-use assets 31 December 2021	6,827	9,961	45,759	62,548
Acquisition cost 1 January 2020	4,441	4,675	35,053	44,169
Addition of right-of-use assets	487	5,369	0	5,856
Currency exchange differences	362	423	0	784
Acquisition cost 31 December 2020	5,290	10,466	35,053	50,809
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	2,167	3,012	10,825	16,003
Carrying amount of right-of-use assets 31 December 2020	3,123	7,455	24,228	34,807

Lower of remaining lease term or economic life

Depreciation method

1-3 years

Amortization

1-3 years

Amortization

1-5 years

Amortization

Expenses in the period related to practical expedients and variable payments:

NOK'000	Total
Short-term lease expenses	225
Low-value assets lease expenses	128
Variable lease expenses in the period (not included in the lease liabilities)	1,891
Total lease expenses in the period related to practical expedients and variable payments	2,244

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the

assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows

NOK '000	Company cars	Offices Sweden	Offices Norway	Total
Less than 1 year	1,479	2,271	10,714	14,464
1-2 years	2,164	2,628	11,446	16,238
2-3 years	2,586	2,666	9,619	14,871
3-4 years		2,327	5,123	7,450
4-5 years		957	5,077	6,034
More than 5 years		353	13,012	13,365
Total undiscounted lease liabilities at 31 December 2021	6,229	11,202	54,991	72,422

The future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities, includes

Extension options	Total
Kongens gate 16, Trondheim	Yearly, callable options until 30.04.2029 6,324
Kongsgata 52-54, Stavanger	Option until 31.08.2029 5,264
Thormøhlensgate 47, Bergen	Option until 31.12.2031 13,551
Total extension options	19,880

The first two contracts have termination clauses, with penalties, which are reflected in the measurement of the lease liabilities if options are not exercised.

Summary of the lease liabilities in the financial statements	Statement of:	Company cars	Offices Sweden	Offices Norway	Total
Total lease liabilities 1 January 2021	Financial position	3,123	7,455	24,228	34,806
New leases liabilities recognised in the year	Financial position	5,260	4,677	28,633	38,570
Cash payments for lease liabilities	Cash flows	(2,306)	(1,563)	(7,050)	(10,920)
Currency exchange differences	Financial position	(313)	(607)		(920)
Total lease liabilities 31 December 2021	Financial position	5,764	9,962	45,811	61,537
Current lease liabilities	Financial position	1,345	1,906	8,779	12,029
Non-current lease liabilities	Financial position	4,419	8,056	37,032	49,508
Cash outflows for the principal portion of the lease liabilities	Cash flows	(1,267)	(1,563)	(7,050)	(9,880)
Cash outflows prepayment of lease liabilities	Cash flows	(1,039)			(1,039)
Cash outflows Interest expense portion of the lease liabilities	Cash flows/profit or loss	(107)	(288)	(848)	(1,243)
Total cash outflows for leases recognised as leases	Cash flows	(2,413)	(1,851)	(7,898)	(12,162)
Cash outflows recognised related to practical expedients and variable payments					(2,244)
Total cash outflows for leases					(14,406)

The right-of-use-assets are recognised at the estimated net present value of the leasing liabilities as calculated at the date of initial recognition or cost according to contract.

Contracts with options for extensions that would, with reasonable 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 decomposed in depreciation, installment and interest.

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office leases related to future inflation/index adjustments in Norway and Sweden which is not included in the initial recognition of lease liabilities. When the inflation/index adjustment is known, the present value of the change to the future lease payments is added to the lease liability and right-of-use asset.

Sensitivity of assumptions to the estimates

The estimates of the value of right-to-use assets and leasing liabilities relies on the applied interest rates and the duration and nature of the contracts. All contracts have a duration of maximum 5 years with options for extensions with one exception, a contract with 10 years duration. If extensions are viewed as reasonably probable, the extension period is embedded in the calculation of the estimate. Changes in interest rates are regarded having the most significant impact on the estimates either impacting the incremental borrowing rate applied on office rentals estimates or the leasing amount of the company cars. A sensitivity analysis of possible effects of changes to interest rates are given in the tables below:

Effect on incremental borrowing rates

A test on sensitivity on interest assumptions have been performed by varying NIBOR by +/- 200 basis points (BPS) compared to applied NIBOR 3 month of 1,85% on the Group's incremental borrowing rate applied estimating value on office rentals.

Office rentals ('000 NOK)	Applied	+200 BPS	-200 BPS
Applied NIBOR 3 month December 31st	1.85%	3.85%	(0.15%)
Estimated value December 31st 2021	55,772	53,635	60,484
Deviation from applied estimate: Amount		2,137	(4,712)
Deviation from applied estimate: Percent		3.8%	(8.4%)

A similar test on interest assumptions have been performed by varying the implicit rate on company car leasing contracts by adjusting the implicit interest rate by +/- 200 BPS.

Changes in leasing amount

Company cars ('000 NOK)	Applied	+200 BPS	- 200 BPS
Average implicit rate December 31st	3,6%	5,6%	1,6%%
Estimated value December 31st 2021	5,764	5,879	5,649
Deviation from applied estimate: Amount		115	(115)
Deviation from applied estimate: Percent		2.0%	(2.0%)

Note 25 Contingencies and legal claims

The Group has not been involved in any legal or financial disputes in 2021, where an adverse outcome is considered more likely than remote.

Note 26 Distribution made and proposed

NOK'000	2021	2020
Cash dividends on ordinary shares declared and paid:		
Final dividends	43,052	42,677
Dividends per share	1.60	1.60
Proposed dividends on ordinary shares:		
Proposed dividends	46,489	43,052
Dividends per share	1.70	1.60

Note 27 Events after the balance sheet date

Since 31 December 2021 and until the date of these financial statements, the board of directors is not aware of any matter or circumstance not otherwise dealt with in this report that has significantly or may significantly affect the operations of the consolidated entity.

The condemnable invasion of Ukraine and the sanctions against Russia incorporated in Norwegian Law in March 2022, are not expected to have a direct impact on Webstep's business activities, but the consequences of the acts of war are uncertain. Webstep is following the developments closely to detect any direct or indirect consequences that may follow.



Among Top 50 Women in tech, Norway:
Webstep consultant Nadine Ramsberg at Arendalsuka.



Financial statements - Parent company



Financial statements – Parent company

Statement of comprehensive income

NOK 000's	Note	2021	2020
Sales Revenues	5	150	150
Total revenues		150	150
Salaries and personnel expenses	3, 4, 13	(15,354)	(19,783)
Depreciation and impairment	6	(28)	(28)
Other operating expenses	3	(5,627)	(3,755)
Total operating expenses		(21,008)	(23,566)
Operating profit (loss)		(20,858)	(23,416)
Finance income and expense			
Finance income from group companies		61,083	46,540
Interest income from group companies	8	601	474
Other interest income		98	152
Other finance income		5	0
Interest expense from group companies	8	(932)	(1,174)
Other interest expenses		(1,743)	(1,264)
Net financial items		59,112	44,728
Profit before tax		38,254	21,312
Income tax expense	11	(8,427)	(4,689)
Profit for the year		29,827	16,623
Total comprehensive income for the year		29,827	16,623
Attributable to:			
Dividends		(46,489)	(85,729)
Change in retained earnings		76,316	69,106
Total		29,827	(16,623)

Statement of financial position

NOK 000's	Note	2021	2020
Non-current assets			
Deferred tax assets	11	392	-
Total intangible assets		392	-
Property, plant and equipment	6	87	50
Total fixed assets		87	50
Investments in subsidiaries	7, 10	432,119	432,119
Loans to group companies	8	2,935	9,073
Other non-current receivables		0	10
Total non-current assets		435,533	441,252
Trade receivables	8	150	150
Other receivables	8	63,522	48,381
Cash and short-term deposits	2, 10	31,116	22,651
Total current assets		94,788	71,181
Total assets		530,321	512,434
Share capital	12, 13	27,322	26,967
Treasury shares	13	(54)	(60)
Share premium		172,779	162,024
Total paid-in equity		200,047	188,932
Retained earnings		87,611	101,394
Total retained earnings		87,611	101,394
Total equity		287,658	290,326
Deferred tax	11	0	1
Total non-current liabilities		0	1
Trade and other payables	8	225	246
Tax payable	11	8,820	4,691
Social Taxes and VAT	2	532	1,213
Dividend		46,489	43,052
Other short-term debt	9	4,431	8,057
Current debt to group companies	8	182,166	164,848
Total current liabilities		242,664	222,107
Total liabilities		242,664	222,108
Total equity and liabilities		530,321	512,434

Webstep ASA
Oslo, 5 April 2022



Trond Klethagen Johannessen
Chair of the board



Save Asmervik
Chief Executive Officer



Toril Nag
Board member



Siw Ødegaard
Board member



Trygve Christian Moe
Board member



Kjetil Bakke Eriksen
Board member

Statement of change in equity

NOK 000's	Issued capital	Treasury shares	Share premium	Retained earnings	Total earned equity	Non-control ling interests	Total equity
At 1 January 2021	26,967	(60)	162,024	101,394	290,326	0	290,326
Profit for the period	0	0	0	29,827	29,827	0	29,827
Other comprehensive income/(loss)	0	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	29,827	29,827	0	29,827
Sale of treasury shares	0	6	111	0	117	0	117
Share incentive program	0	0	0	2,878	2,878	0	2,878
Shares issued	355	0	10,644	0	10,999	0	10,999
Dividends provided for the period	0	0	0	(46,489)	(46,489)	0	(46,489)
At 31 December 2021	27,322	(54)	172,778	87,611	287,657	0	287,658

Statement of cash flow

NOK 000's	Note	2021	2020
Operating activities			
Profit/ (loss) before tax		38,254	21,312
Adjustments for:			
Income tax expense		(4,691)	(5,485)
Depreciation of property, plant and equipment		28	28
Net change in trade receivables		0	0
Net change in other receivables		253	(295)
Net change in trade creditors		77	99
Net change in social taxes and VAT		(680)	95
Net change in other liabilities		(3,616)	1,737
Net change in intercompany balances		(99)	(872)
Net cash flow from operating activities		29,527	16,619
Investing activities			
Purchase of property and equipment		(65)	0
Investment in subsidiary		0	0
Net cash flow from investing activities		(65)	0
Financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Change in bank overdraft	8	0	0
Change in intercompany balances	8	8,062	24,697
Net proceeds from equity		10,999	0
Sales of treasury shares/employment incentive plan		2,995	6,576
Payment of dividends		(43,052)	(42,677)
Net cash flow from financing activities		(20,996)	(11,405)
Net increase/(decrease) in cash and cash equivalents		8,465	5,214
Cash and cash equivalents at 1 January		22,651	17,437
Cash and cash equivalents at 31 December		31,116	22,651

A NOK 110 million Revolving Credit Facility ("RCF") with SpareBank 1 SR-Bank ASA was entered into by the Company as a part of the IPO process in 2017. At balance date NOK 0 million of the RCF was utilised, leaving NOK 110 million unutilised.

Notes to the financial statements – Parent company

Note 1 General information

The Company and the Group

Webstep ASA, the parent company (the Company) of the Webstep Group (the Group) is a limited liability company incorporated and domiciled in Norway, with its head office Rebel, Universitetsgata 2, 0164 Oslo, Norway. The annual report for Webstep ASA (the Company) is prepared according to the Norwegian Accounting Act 1998 § 3-9 and Regulations on simplified IFRS as enacted by the Ministry of Finance on 21 January 2008. In all material aspects, Norwegian Simplified IFRS requires that the IFRS recognition and measurement criteria (as adopted by the European Union) are complied with, but disclosure and presentation requirements (the notes) follow the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Standards. Simplified IFRS The Company has adopted the following simplified IFRS recognition and measurement criteria: Dividend and group contribution is accounted for in accordance with the Norwegian Accounting Act, deviating from IAS 10, IAS 12 and IAS 13.

Management's assessment of accounting principles

The management has used estimates and assumptions that have impacted assets, liabilities, income, expenses and information about potential obligations, particularly relating to depreciation of property, plant and equipment, assessment of goodwill and acquisitions. Future events may cause changes in estimates. Estimates and the underlying assumptions are continuously assessed. Changes in accounting estimates are recognised in the accounting period these changes occur. If the changes also apply to future periods, the impact will be distributed over the current and future periods.

Subsidiaries and investments in associates

Subsidiaries and investments in associates are valued by the cost method in the parent company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present. Dividends and other distributions are recognised in the same year as appropriated in the subsidiary accounts. Dividends from other companies are recognised when the shareholders' rights to receive dividend has been determined by the General Meeting. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet. Group contribution received from subsidiaries are recognised if it exceeds

withheld profits after acquisition. Group contribution is recognised at gross value before tax at the time of recognition. Reimbursement of invested capital will reduce the value of the acquisition in the balance sheet. Group contribution will then be recognised at net value after tax. Group contribution to subsidiaries increases the value of the investment. Group contribution paid is recognised at net value net after tax.

Sales revenues from contracts

Revenues from services are recognised at the time of execution. The Company has no significant contract balances other than intercompany.

Balance sheet classification

Current assets and current debt comprise assets and debt due within one year. Other entries are classified as fixed assets and/or long-term creditors. Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognised at nominal value. Fixed assets are valued at the cost of acquisition, in the case of non-incidental reduction in value the asset will be written down to the fair value amount. Fixed assets with limited lifetime are depreciated. Long term debt is recognised at historical nominal value.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated based on individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Leasing

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. No contracts, fulfilling the requirements of contracts in IFRS 16, have been identified in the Company as a lessee.

Foreign currency translation

Foreign currency transactions are translated using the year end exchange rates.

Property, plant and equipment

Property, plant and equipment is capitalised and depreciated over the estimated useful economic life of the asset. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount.

The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation because of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Intangible assets

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Pensions

The Company has a Defined Contribution Pension plan. Annual premium is recognised on a continuous basis and classified as payroll costs.

Government grants

For contributions received accounted for as government grants related to income under IAS 20, the accounting policy of the Group is to recognize such grants when there is reasonable assurance that the conditions attaching to the grant will be complied with and that the grants will be received. The grants are recognized as income unless directly related to specific items of expense.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 per cent based on existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than

not that the tax assets will be utilised. To the extent that group contribution is not registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid placement with original maturities of three months or less.

Equity

Financial instruments are classified as debt or equity in accordance with the underlying financial reality. Interest, dividend and profit or loss related to a financial instrument classified as debt, will be presented as cost or income. Dividend payments to holders of financial instruments classified as equity will be booked against equity. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or 's cancellation of the Company's own equity instruments. Transaction costs related to an equity transaction will be booked against equity, net of taxes.

Share-based payments

Employees, including senior executives of the Company, receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees in the Norwegian companies of the Group have been granted shares at discounted prices, within the limit for such grants according to Norwegian tax legislation (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. The discounts granted to employees in the Norwegian entities are recognised as a cost in salaries and personnel cost in the profit and loss statement. A total share value of 25,000 NOK per employee, measured at the market share price on the granting day, is the threshold given by the tax authorities in Norway for discounted shares which are tax-free discounts for the employee.

Note 2 Bank deposits

Webstep ASA has restricted cash of NOK 642 thousand to cover taxes withheld.

Note 3 Salaries, remuneration and audit fees

Salaries and personell expenses (NOK'000)	2021	2020
Salaries	11,758	17,455
Social security cost	2,699	1,808
Pensions	318	324
Other benefits and refunds	578	196
Total salaries and personal expenses	15,354	19,783

Number of employees, average FTEs	6	6
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Remuneration to executive management NOK'000	Base salary	Variable pay	Other**	Total remuneration	Pension
Total remuneration to executive management 2021	8,481	952	339	9,772	266
Total remuneration to executive management 2020*	5,211	1,370	49	6,630	107

*Structural changes during the last year has led to an expansion of the Executive Management from 2021. Previous periods the executive management team was defined as consisting of the CEO and CFO.

**Other consist of e.g. health insurance plans, travel expenses, car allowance and telephone/mobile communication, etc.

	2021	2020
Remuneration to board members and nomination committee	Compensation	Compensation
Chairman of the board - Trond Klethagen Johannessen (from 7 May 2020)	410	326
Chairman of the board - Klaus-Anders Nysteen (until 6 May 2020)	0	123
Board member - Siw Ødegaard	288	246
Board member - Trygve Christian Moe	257	149
Board member - Toril Nag	233	239
Board member - Kjetil Bakke Eriksen	247	0
Nomination committee - Bjørn Ivar Danielsen (board member until 5 May 2021)	19	250
Nomination committee - Petter Tusvik	17	17
Nomination committee - Trude Sleire (until 28 April 2021)	6	17
Nomination committee - John Morten Bjerkan (until 28 April 2021)	9	27
Total remuneration to board members and nomination committee	1,487	1,394

Board remuneration

Compensation to board members is not performance-related. Compensation to the Board is determined by the Annual General Meeting, and the accrued cost for 2021 and 2020 is based on the decision made by the Annual General Meetings. The compensation is paid in arrears.

Determination of remuneration to executive management

The Company's executive management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), Directors Communication and marketing and Group Advisor. Remuneration to executive management is mainly fixed salary as well as performance based bonus. CEO and CFOs bonus is decided by the remuneration committee and regional managers bonus is calculated by pre-determined KPIs, in line with the Remuneration Policy.

Bonuses for 2020 were accrued for in the consolidated statement of comprehensive income for 2020 and paid in Q1 2021. The CEO was paid a bonus of NOK 0.62 million. The CFO received a bonus of 0.75 million.

The CEO and the CFO were entitled to bonuses for 2021 which were accrued for in the consolidated statement of comprehensive income for 2021 and paid in Q1 2022. The CEO received a bonus of NOK 0.7 million. The CFO received a bonus of NOK 0.15 million. The executive management is entitled to participate in the Long-term incentive programme as described in note 22.

The accrued bonuses are included in the table above.

Arne Norheim stepped down as CEO 30 November 2020, and Liv Annike Kverneland served as Interim CEO from 1 December 2020 until 14 February 2021. Mr. Norheim is employed by the Company until 31 May 2021, and received compensation for being available during this period.

Main principles for the determination of remuneration for the executive management of Webstep ASA

The main principle for the Company's remuneration policy is that the executive management shall be offered competitive terms when their total remuneration package is taken into account. Such package may consist of elements such as base-salary, bonus, share and option schemes, benefits in kind and pension arrangements. The Company shall seek to offer a remuneration level that is considered competitive and on market terms, compared to the level offered by its peers, and which seeks to satisfy the Company's need to recruit and keep highly qualified personnel in the executive management.

The current guidelines have been prepared in accordance with the provisions of section 6-16a of the Norwegian Public Limited Companies Act, approved 28 April 2021 at the Annual General Meeting.

The executive management receives base salary which constitutes approximately 70-80% of the total remuneration package.

The executive management is offered contribution in kind such as coverage of phone and phone expenses, private broadband, company health services, insurances, car allowance and coverage of travel expenses.

The executive management participates in the Company's defined contribution pension scheme in accordance with mandatory law.

The company's CEO receives a fixed car allowance at NOK 15,000 per month.

The executive management may be offered performance-based bonuses in addition to their fixed remuneration. Such performance-based bonus shall be agreed on an individual basis if applicable. The criteria for any performance-based bonus shall be determined by the board of directors and shall be linked to measurable factors, such as the achievement of pre-determined KPIs. The Company's CEO and CFO performance-based profit may constitute up to 40% and 35% respectively, and shall be determined by the board of directors.

The executive management may be offered Company shares and options to shares as a part of the total remuneration package.

The executive management, and other managers as decided by the board of directors, are included in Websteps Long-term incentive program approved at the Annual General Meeting 2019. The program is further described in note 13.

The executive management are included in Websteps share purchase program for leading personnel and board members and Employee share purchase program as further described in note 13.

The other Group companies shall follow the main principles for remuneration of executives as described herein and guidelines for determination of salary and other remuneration to executive personnel in Webstep.

Audit fees:	2021	2020
Statutory audit fees	359	343
Audit-related services	0	53
Non-audit related services	0	0
Other services recognised on equity	0	0
Total fees*	359	396

* VAT is not included

Note 4 Pension costs

The Group has an occupational pension scheme in accordance with the Act on Required Occupational Pensions. The Company has defined contribution plans for all of its employees, governed by the employment laws. The pension premium charge was TNOK 318 in 2021.

Note 5 Revenue by segment

NOK '000	2021	2020
Per business area		
Managerial services	150	150
Other		
Total	150	150
Geographical distribution / Segment distribution		
Sweden	150	150
Norway	0	0
Total	150	150

Services for NOK 150 thousand are charged Webstep AB in 2021.

Note 6 Fixed assets

NOK'000	Equipment, fixtures and furniture	Total
Cost 1. January	141	141
Additions	65	65
Cost at 31. December	206	206
Depreciation and impairment 31. December	(119)	(119)
Net book value 31. December	87	87
Depreciation charge for the year	28	28
Useful life	3 - 5 year	
Depreciation method	Straight line	

Note 7 Subsidiaries, associated companies etc.

Company	Acquired	Office	Ownership	Profit and loss 2021	Equity at 31.12	Net book value at 31.12
Webstep AS*	10-05-2011	Oslo	100 %	61,083	92,287	359,025
Webstep AB**	19-11-2012	Stockholm	100 %	3,796	13,446	73,094
Total				64,879	105,733	432,119

*According to NGAAP

****According to SGAAP**

Note 8 Intercompany receivables and payables

NOK '000	2021	2020
Intercompany receivables		
Receivable group contribution Webstep AS	61,083	46,540
Other receivables Webstep AS and AB	4,721	10,074
Receivable Webstep AB	150	150
Total intercompany receivables	65,955	56,764
Intercompany payables		
Trade payables Webstep AS	0	99
Payables cash pool Webstep AS	182,166	164,848
Other payables Webstep AS	0	0
Total intercompany payables	182,166	164,947

The Company has received a group contribution of NOK 61,1 million from Webstep AS in 2021. The group contribution is recognised as a receivable at 31 December 2021.

Interest income of NOK 601 thousand is recognised as a receivable from Webstep AS in 2021.

Webstep ASA has not purchased any goods or services from related parties in 2021 of material amount.

As the ultimate owner of the cash pool is Webstep ASA, the net position of the cash pool is reflected in the balance sheet of the Company, and any deposits generated by the Norwegian subsidiary are classified as liabilities to Group companies. Cash on the group account is recognised as cash in Webstep ASA and is offset by a group receivable/payable depending on the individual balances on the individual bank account comprising the cash pool. The impact on the Statement of Cash Flows of the change is that "Change in bank overdraft" and "Change in intercompany balances" in the chapter "Financing activities" are netted to reflect the underlying legal and economic reality of the cash pool.

Services for NOK 150 thousand are charged Webstep AB in 2021. Interest cost of NOK 0,9 million is charged on the cash pool agreement to Webstep AS in 2021.

Note 9 Other current payables

NOK '000	2021	2020
Other current payables		
Accrued interest cost	0	0
Provision salaries and holiday pay	1,985	7,324
Other accruals	2,446	733
Total	4,431	8,057

Note 10 Pledges and guarantees

NOK '000	2021	2020
Pledged liabilities		
Non-current debt to credit institutions	0	0
Revolving credit facility SR-Bank	0	0

The revolving credit facility is part of the Group's cash pooling system with a credit limit of NOK 110 million. Net drawn on the group facility at 31 December 2021 was NOK 0 million.

The Company has no loans with payments due past 5 years.

Booked value of assets pledged as security:

NOK'000	2021	2020
Shares in Webstep AS	359,025	359,025
Fixed assets	87	50
Receivables	66,457	57,454
Bank deposits	744	642
Total pledged assets	426,313	417,170

Note 11 Taxes

NOK '000	2021	2020
Current year tax base:		
Accounting profit before tax	38,254	21,312
Permanent differences	52	(0)
Share issuance cost recognised on equity	0	0
Group contribution recognised as income, taxable	(61,083)	(46,540)
Change in temporary differences	1,785	9
Tax base before group contribution	(20,992)	(25,219)
Received group contribution including tax	61,083	46,540
Tax base for the year	40,091	21,321
Tax payable (22%/23%)	8,820	4,691
 Tax payable in the balance sheet	 8,820	 4,691
Income tax expenses for the year		
Tax payable	8,757	4,691
Tax unprovided for previous periods	63	0
Changes in deferred tax	(393)	(2)
Total income tax expenses for the year	8,427	4,689
 Temporary differences		
Fixed assets including goodwill	8	5
Provisions, not yet taxable	(1,788)	0
Net temporary differences at 31.12	(1,780)	5
 Deferred tax assets/deferred tax (22%)	 (392)	 1
Effective tax rate		
Expected income tax	8,416	4,689
Permanent differences (22%)	11	(0)
Effect of change in tax rate and other	0	0
Income tax expense	8,427	4,689
 Effective tax rate *	 22%	 22%
* Income tax expense in relation to income before tax		

Note 12 Share capital and shareholders

Share capital:	Number of shares	Face value	Net book value
Ordinary shares	27,322,208	NOK 1	27,322

Shareholder name	Shares	Ownership	Voting rights
Embro Eiendom AS	8,159,382	29.86%	29.92%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,556,645	5.70%	5.71%
VERDIPAPIRFONDET DNB SMB	1,261,862	4.62%	4.63%
SALT VALUE AS	1,157,687	4.24%	4.25%
J.P. MORGAN BANK LUXEMBOURG S.A.	1,041,345	3.81%	3.82%
JAKOB HATTELAND HOLDING AS	1,000,000	3.66%	3.67%
J.P. MORGAN BANK LUXEMBOURG S.A.	900,000	3.29%	3.30%
HOLMEN SPESIALFOND	699,576	2.56%	2.57%
VERDIPAPIRFONDET NORDEA NORGE VERD	664,317	2.43%	2.44%
Danske Invest Norge Vekst	542,000	1.98%	1.99%
Goldman Sachs International	416,571	1.52%	1.53%
INTERTRADE SHIPPING AS	400,000	1.46%	1.47%
Danske Bank A/S	320,000	1.17%	1.17%
BLUEBERRY CAPITAL AS	317,007	1.16%	1.16%
HAUSTA INVESTOR AS	300,000	1.10%	1.10%
ESPEDAL & CO AS	255,560	0.94%	0.94%
IVAR LØGE AS	250,000	0.92%	0.92%
VERDIPAPIRFONDET NORDEA AVKASTNING	225,383	0.82%	0.83%
MP PENSJON PK	224,000	0.82%	0.82%
Pictet & Cie (Europe) S.A.	222,603	0.81%	0.82%
Other shareholders	7,354,576	26.92%	26.97%
Total number of shares excluding treasury shares	27,268,514	99.80%	100.00%
Treasury shares as of 31 December 2021	53,694	0.20%	
Total shares outstanding	27,322,208	100.00%	

Shareholding by board members, management and their related parties as of 31 December 2021

Trond K. Johannessen	56,925	0.21%	0.21%
Trygve Christian Moe (TCM Consulting AS)	23,925	0.09%	0.09%
Kjetil Bakke Eriksen (Suelo AS)	18,925	0.07%	0.07%
Siw Ødegaard (Kvinnesiden AS)	13,025	0.05%	0.05%
Toril Nag	3,570	0.01%	0.01%
Save Asmervik	12,340	0.05%	0.05%
Jacob Cardell (Nominee)	20,020	0.07%	0.07%
Liv Annike Kverneland (LAK Invest AS and privately held)	41,290	0.15%	0.15%
Terje Orvedal (Illari AS)	9,143	0.03%	0.03%
Joar Krohn (Kronoko Holding AS and privately held)	99,320	0.36%	0.36%
Geir Jåthun Hindenes (GJH Invest AS and privately held)	17,093	0.06%	0.06%
Dagfinn Haslebrekk	6,665	0.02%	0.02%
Arnt Roger Aasen (Aravi AS and privately held)	26,032	0.10%	0.10%
Otto Backer Solberg	18,627	0.07%	0.07%
Rolf Helle (Xerxes AS and privately held)	41,247	0.15%	0.15%

Trond K. Johannessen and Trygve Christian Moe are employed by Embron Group AS, which is owned by J.C. Broch AS.

Webstep ASA holds 53,694 treasury shares. These shares have no voting rights nor dividend rights.

Note 13 Share based payments

Employee share purchase program ("ESPP")

An employee share purchase programme was implemented in November 2018, and similar programmes has been carried out yearly since 2018.

In December 2021 each of the employees in the Norwegian entities, including executive management, were invited to acquire shares with a market price of NOK 30,000 with a 25 per cent discount. 281 employees participated in the program, and costs of NOK 2.1 million were included in salaries and personnel expenses for the Group whereof 6 employees in the Company acquired 5,070 shares with an expense charged to the Company of NOK 45 thousand. The share capital was increased 21 december 2021 to issue new shares related to the ESPP.

Share investment programme for management employees and board member

A share investment programme for management employees and board members was implemented in June 2021. The participants were invited to acquire shares in the company for an amount of between NOK 50,000 and NOK 200,000 each with a discount of 21.7 %, and for up to NOK 4,200,000 in aggregate. The shares acquired were subject to a lock-up period of two years, and the reduced offer price reflected the value-reducing effect of the lock-up period. 12 employees and 5 board members participated in the program, whereof 5 employees in the Company acquired 40,162 shares. The share capital was increased 22 June 2021 to issue new shares related to the programme.

Long-term incentive program ("LTIP")

Under the Long-term incentive programme, share options of the parent are granted to senior executives of the Group. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if the senior executive remains employed during the vesting period.

The fair value of the share options is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the share options were granted.

140,690 options were granted to senior executive of the Company 18 November 2019 and will vest, or have vested, in the following tranches:

- 35,173 options vested 18 November 2020
- 35,173 options vested 18 November 2021
- 70,345 options vest 18 November 2022

156,000 options were granted to senior executive of the Company 24 November 2020 and will vest or have vested, in the following tranches:

- 39,000 options vested 24 November 2021
- 39,000 options vest 24 November 2022
- 78,000 options vest 24 November 2023

98,000 options were granted 10 February 2021, the options will vest in the following tranches:

- 24,500 options vest 10 February 2022
- 24,500 options vest 10 February 2023
- 49,000 options vest 10 February 2024

200,000 options were granted 25 November 2021 and will vest in the following tranches:

- 50,000 options vest 25 November 2022
- 50,000 options vest 25 November 2023
- 100,000 options vest 25 November 2024

Exercise price

- Exercise price for options granted 18 November 2019 is NOK 19.90
- Exercise price for options granted 24 November 2020 is NOK 21.13
- Exercise price for options granted 10 February 2021 is NOK 21.82
- Exercise price for options granted 25 November 2021 is NOK 36.64

The potential dilution through the LTIP in total accounts for 424,501 shares. 5,865 of the vested shares for the Group have been exercised, whereof none of the vested shares in the Company has been exercised.

The share options can be exercised up to five years after the grant date. Therefore, the contractual term of each option granted is five years. In the event the Company is not capable of delivering shares following an exercise of options, the Company shall fulfil its obligations through a cash-out.

(Amounts in NOK 1000)	2021	2020
Expense arising from equity-settled share-based payment transactions related to the LTIP	1,068	249
Social security tax provisions	434	5
<i>Granted instruments:</i>	Option	Option
Quantity	298,000	156,000
Contractual life*	5	5
Strike price*	34.78	22.7
Share price*	35.34	23
Expected lifetime*	3.25	3.25
Expected volatility*	35.48%	34.28%
Risk-free interest rate*	1.33%	0.33%
Dividend yield	0	0
Model used	Black-Scholes	Black-Scholes
Fair value per instrument*	9.55	5.74

*Weighted average parameters at grant of instrument

The expected life of the share options is according to IFRS-2, shorter than the time from grant until expiry. Due to the taxation of options and "non-transferability", earlier exercise is expected. These are current expectations and are not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility for the company and peers over a period similar to the expected life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Expenses

The expenses recognized for equity settled share-based payment transactions under the programs during the year are presented in the table below:

NOK '000	2021	2020
Expenses related to the Saving Shares Plan (SPP)		0
Expenses related to the Employee Share Purchase Programme (ESPP)	45	30
Expenses related to the Long-term Incentive Programme (LIP)	1068	249
Total share based payment expenses in the period	1113	279
Social security tax expense for the period	429	0
Social security tax accrual for the period	434	5
Number of discounted shares sold through the Employee Share Purchase Programme (ESPP)	5,070	6,564
Discounted share price	26.6 NOK/share	18.3 NOK/share
Weighted average fair value of each discounted share sold through the ESPP	8.88	4.6

Movements during the year (LTIP)

The following table illustrate the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Long-term incentive programme	2021	2021	2020	2020
	Number of instruments	Weighted Average Strike Price	Number of instruments	Weighted Average Strike Price
Outstanding at 1 January	296,690		140,690	0
Granted	298,000	27.04	156,000	23.1
Exercised	0		0	
Released	0		0	
Adjusted	0		0	
Performance Adjusted	0		0	
Cancelled	0			
Terminated	0		0	
Expired	0		0	
Outstanding at 31 December	594,690		296,690	23.1
Vested at 31 December	109,344		0	0
The weighted average remaining contractual life		4.5 years		5 years
The range of exercise prices for options outstanding			22.18	

The following key employees, as listed in note 3, were granted share options as a part of the LTI programme

Number of share options	Title	Total share options	Granted 2021	Granted 2020
Save Asmervik	CEO	296,884	198,000	52,000
Liv Annike Kverneland	CFO	148,884	50,000	52,000
Jacob Cardell	COO Sweden	148,884	50,000	52,000
Terje Orvedal	Regional Manager Oslo	148,884	50,000	52,000
Joar Krohn	Regional Manager Bergen	148,884	50,000	52,000
Geir Jåthun Hindenes	Regional Manager Stavanger	148,884	50,000	52,000
Dagfinn Haslebrekk	Regional Manager Trondheim	76,000	76,000	
Arnt Roger Aasen	Director MarCom	74,461	25,000	26,000
Otto Backer Solberg	Director Communication	74,461	25,000	26,000

The options were granted on the 18th of November 2019, 24 November 2020, 10 February 2021, 26 May 2021 and 25 November 2021. A total of 255,112 shares to key employees have vested per 31 December 2021. None of the vested shares have been exercised.

Annual statement on corporate governance

Annual statement on corporate governance

Webstep considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital. The board of directors of Webstep has established a set of governance principles in order to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Webstep ASA ("Webstep" or the "Company" and together with its subsidiaries the "Group") is a publicly listed company and is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the continuing obligations for issuers of shares pursuant to Oslo Rule Book II – Issuer Rules. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 14 October 2021, may be found at www.nues.no.

The annual statement on corporate governance for 2021 follows below. The statement has been approved by the board of directors on 5 April 2022.

1. Implementation and reporting on corporate governance

The board of directors is committed to contribute to a good and trust-based relationship between Webstep and its shareholders, the capital market, and other stakeholders.

The Company's overall principles for corporate governance were approved by the board of directors in 2017 as part of the preparations for the listing of the Company's shares on the Oslo Stock Exchange. The principles were revised in 2019 to reflect the changes in the revised version of The Norwegian Code of Practice for Corporate Governance and in 2021 to reflect the implementation of the Market Abuse Regulation (MAR) in Norway. The development of, and improvements in, the Company's corporate governance principles are ongoing and important processes that the board of directors intends to focus on.

The Company reports in accordance with the Norwegian Code of Practice for Corporate Governance (the code) issued by the Norwegian Corporate Governance Board, latest edition of 14 October 2021.

The board of directors' annual statement on how Webstep has implemented the code is set out below. The presentation

covers each section of the code, and deviations from the code, if any, are specified under the relevant section.

2. Business

The Company's business objective is stated in the Company's articles of association section 3 and reads as follows: "The company's objective is to own companies that offer services and products within the area of information technology, as well as conducting business associated therewith." Webstep's articles of association are available on the Company's website.

The board of directors has defined objectives, strategies and risk profiles for the Company's business activities, such that the Company creates value for its shareholders in a sustainable manner. These objectives, strategies and risk profiles are evaluated annually.

The Company has established guidelines and principles which are used to integrate considerations to human rights, employee rights and social matters, the external environment and anti-corruption efforts in its business strategies, its day-to-day operations and in relation to its stakeholders.

3. Equity and dividends

Equity

As of 31 December 2021, the Group had a consolidated equity of NOK 393.7 million, which corresponds to an equity ratio of 60.7 per cent. Consolidated equity adjusted for proposed dividends, will be NOK 347.2 million. Webstep ASA had an equity of NOK 287.7 million, corresponding to an equity ratio of 54.2 per cent. Neither the Company, nor the Group has any long-term liabilities except leasing liabilities related to office space. The Company and the Group have sufficient levels of working capital. Further, the Company has a Revolving Credit Facility (RCF) of NOK 110 million and the Swedish subsidiary, Webstep AB, has a RCF of SEK 5 million. Both facilities were unutilized at year end. The board of directors considers that the Group has a capital structure that is appropriate to its objectives, strategy and risk profile.

Board authorizations

The annual general meeting on 28 April 2021 granted the board of directors an authorization to increase the share capital by up to NOK 5,393,400 to be used to give the board of directors financial flexibility in connection with financing further growth, to issue shares as consideration in connection with acquisition of other companies, businesses or assets or to finance such acquisitions. The authorization is valid until the annual general

meeting in 2022, but no longer than 30 June 2022, and includes share capital increases with share contribution in other assets than cash etc. and in connection with mergers. The preferential rights of the existing shareholder to subscribe for new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act (the "Companies Act") may be deviated from with respect to the mentioned authorization.

The annual general meeting also granted the board of directors authorization to increase the share capital in connection with the long-term incentive program and a new share savings program for the management and the board of directors (see section 12). However, this authorization was replaced with a new authorization at an extraordinary general meeting 23 November 2021. The new authorization may be used to increase the Company's share capital in connection with the group's at any time applicable option programmes, share purchase programmes and any other incentive programs for members of the executive management and other leaders, other employees and board members. The authorization is up to NOK 2,696,700 and it is valid until the annual general meeting in 2023, but no longer than to and including 27 April 2023. The authorization for two years is a deviation from the code which recommends a maximum duration until next year's annual general meeting. A two-year authorization corresponds better with the vesting schedule of the options which is the reason why the board decided to deviate from the code. The authorization comprises share capital increases against contribution in kind and the right to incur specific obligations on behalf of the Company, cf. section 10-2 of the Norwegian Public Limited Companies Act. The preferential rights of the existing shareholder to subscribe for new shares pursuant to Section 10-4 of the Norwegian Public Limited Companies Act (the "Companies Act") may be deviated from with respect to the mentioned authorization.

The annual general meeting on 28 April 2021 further granted the board of directors an authorization to acquire own shares with a maximum aggregate value of NOK 2,696,700. Repurchase of own shares, followed by termination of such shares, could be an important tool for optimizing the Company's capital structure. Further, such authorization will also give the Company the opportunity to use its own shares in a potential share incentive scheme and as consideration, partly or in whole, in connection with acquisition of businesses. The highest amount that may be paid per share is NOK 100 and the lowest amount is NOK 1. Acquisition and sale of shares may be carried out in the form the board of directors deems appropriate, however, not by subscription of own shares. The authorization is valid until the annual general meeting in 2022, but no longer than 30 June 2022.

Dividend

The Company's ambition is to distribute at least 75 per cent of the Group's consolidated net profit. When deciding the annual

dividend level, the board of directors will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. For the fiscal year 2021, the board of directors has proposed a dividend payment of NOK 1.70 per share, representing 156 per cent of the annual net profit for the Company, and 96 per cent of the net profit for the Group.

The board of directors has not been granted any authorization to approve the distribution of dividends.

4. Equal treatment of shareholders and transactions with close associates

Webstep ASA has one share class, and all shares have equal rights in the Company. Webstep's Corporate Governance Policy states that all shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Share issues without pre-emption rights for existing shareholders

In the event of an increase in share capital through issuance of new shares, a decision to deviate from existing shareholders' pre-emptive rights to subscribe for shares shall be justified. Where the board of directors resolves to issue shares and deviate from the pre-emptive rights of existing shareholders pursuant to an authorization granted to the board of directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance.

Transactions in treasury shares

Any transactions carried out by the Company of treasury shares shall be carried out on the Oslo Stock Exchange, and in any case at the prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of shareholders. Any transactions by the Company of treasury shares are subject to notification requirements and shall be publicly disclosed in a stock exchange announcement.

5. Freely negotiable shares

The Company does not limit any party's ability to own, trade or vote for shares in the Company. The articles of association do not impose any restriction on the negotiability of the shares.

6. General meetings

The Company's annual general meeting will take place on 28 April 2022. The Company's financial calendar is published via Oslo Stock Exchange and in the investor relations section of the Company's website. Minutes from the general meetings are published as soon as practicable via the stock exchange's

reporting system (www.newsweb.no, ticker WSTEP) and in the investor relations section of the Company's website.

Notice, registration and participation

The board of directors shall ensure that the Company's shareholders can participate at the Company's general meetings.

The board of directors shall ensure that the notice to the general meeting and any supporting documents, including the recommendation by the nomination committee, as well as information on the resolutions to be considered at the general meeting are made available on the Company's website no later than 21 days prior to the date of the general meeting. The resolutions and any supporting documentation shall be sufficiently detailed, comprehensive and specific allowing shareholders to understand and form a view on all matters to be considered at the general meeting. Deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as possible. Pursuant to the Company's articles of association, the time limit may not expire earlier than three days before the meeting. Documents relating to matters to be dealt with by the general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents relating to matters to be dealt with at the general meeting, is sent to him/her.

The board of directors shall ensure that the shareholders are able to vote separately on each individual matter, including on each candidate nominated for election to Webstep's board of directors and other corporate bodies.

The board of directors shall ensure that the members of the board of directors, the chairman of the nomination committee and, if deemed necessary, the Company's auditor are present at the annual general meeting. At the annual general meeting 28 April 2021, four members of the board of directors were not present, which is a deviation to the Code. At the time of the General Meeting, there were still restrictions on physical attendance due to the pandemic.

Participation without attendance

The Public Companies Act allows the board of directors to choose whether to hold a general meeting as a physical meeting or as an electronic meeting. If a general meeting is held as a physical meeting, there are several methods for shareholders to attend and vote at the meeting without being present in person. Shareholders who are unable to attend the general meeting in person shall be given the opportunity to vote. The board of directors shall ensure that the Company designs the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a

person who can act as a proxy for shareholders. Furthermore, the form provided by the Company for shareholders to appoint a proxy should be drawn up so that separate voting instructions can be given for each matter to be considered by the meeting and each of the candidates nominated for election. Additionally, it should be made clear by instructions on the form how the proxy should vote in the absence of specific voting instructions on one or more matters and in the event of changes to proposed resolutions and new resolutions.

Shareholders have the right to attend by electronic means unless the board of directors finds that there is sufficient cause for it to refuse to allow this.

Chairperson of the meeting

The code stipulates that the board of directors should ensure that the general meeting is able to elect an independent chairperson. It is for the board of directors to propose how this can be achieved, however it is for the general meeting to determine who will chair the meeting. The Company deviated from the requirement to have an independent chairperson at the annual general meeting in 2021, as the general meeting elected the chairman of the board of directors to chair the meeting.

7. Nomination committee

The Company's articles of association § 8 provides for a nomination committee composed of two to three members. The current nomination committee comprises Bjørn-Ivar Danielsen (chair, elected at the annual general meeting 28 April 2021) and Petter Tusvik (elected 24 April 2018 and re-elected 7 May 2020).

The instructions for the nomination committee were adopted by the general meeting on 14 September 2017.

Responsibilities

The nomination committee shall recommend:

- (i) Candidates for the election of members, including the chairman, to (a) the board of directors and (b) the nomination committee, respectively; and
- (ii) Remuneration of the members of (a) the board of directors and (b) the nomination committee, respectively.

No directors or members of executive management are represented on the nomination committee. The current nomination committee is independent of the board of directors. None of the two members are members of the board of directors.

The chief executive officer and other members of the executive management should not be elected as members of the nomination committee. The board of directors is committed to ensure that the composition of the nomination committee should be such that the interests of shareholders in general are represented. The Company's guidelines for the nomination committee include rules for rotation of the members.

The objectives, responsibilities and functions of the nomination committee shall be in compliance with rules and standards applicable to the Group and which are described in the Company's "Instructions for the nomination committee". The general meeting shall adopt the guidelines for the nomination committee. The Company shall provide information regarding the composition of the nomination committee, the members of the nomination committee and deadlines for submitting proposals to the nomination committee.

Tasks

The nomination committee's tasks are set out in the articles of association and include: to nominate new board members to the general meeting, propose remuneration to the board members at the general meeting, propose remuneration to the members of the nomination committee, and nominate new members of the nomination committee to the general meeting.

The nomination committee shall justify why it is proposing each candidate separately.

The remuneration of the committee is determined by the general meeting. The general meeting may issue further guidelines for the nomination committee's work.

Pursuant to the Code, the composition of the nomination committee must take account of the interests of shareholders in general.

The nomination committee has published guidelines available on the Company's website for how shareholders may submit proposals to the nomination committee for candidates for election to the board of directors and other appointments. These guidelines include information regarding deadlines for proposals and other relevant information.

8. Board of directors, composition and independence

The articles of association state that the board of directors shall consist of between three and ten members and are elected to a two year-term unless otherwise decided by the general meeting. The board of directors currently consists of five shareholder-elected directors and three employee-elected observers. The term of office will expire at the annual general meeting 2022 for all five directors.

The Company's corporate governance documents state that when considering members to the board of directors, emphasis should be placed on the joint composition of the

board of directors with respect to expertise, capacity and diversity appropriate to attend to the Company's goals, main challenges and the common interests of all shareholders. Details on background, experience and independence of directors are presented on the Company's website. The Group and the majority of the employees have agreed that the employees shall have the right to appoint three observers to the board of directors of the Company instead of having a corporate assembly.

Three out of five shareholder-elected directors are independent of the Company's executive management, significant commercial partners or substantial shareholders. The board of directors does not include any members from the executive management of the Company. The chairperson of the board of directors was elected by the annual general meeting on 7 May 2020 and is employed by the Company's largest shareholder.

Thirteen board meetings were held in 2021. Each board member's attendance at board meetings is recorded by the Company.

Members of the board of directors are encouraged to own shares in the Company. However, caution should be taken not to let this encourage a short-term approach which is not in the best interests of the Company and its shareholders over the longer term.

9. The work of the board of directors

The board of directors has overall responsibility for managing the Group and for supervising the chief executive officer and the Group's activities.

The board of directors establishes annual plans for its work, with particular emphasis on objectives, strategy and implementation. The board of directors has issued instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

The principal tasks of the board include determining the Company's strategy and monitoring how it is implemented. The work of the board also includes control functions needed to ensure acceptable management of the Company's assets.

The board appoints the Company's chief executive officer. Instructions which describe the rules of procedure for the board's work and its consideration of matters have been adopted by the board together with an instruction of the duties and obligations of the chief executive officer towards the board. The division of responsibility between the board and the chief executive officer is specified in greater detail in the instructions. The chief executive officer is responsible for the Company's executive management. Responsibility for ensuring that the board conducts its work in an efficient and correct manner rests with the chair of the board.

The board establishes an annual plan for its meetings and evaluates its work and expertise once a year. The annual plan specifies topics for board meetings, including reviewing and following up the Company's goals and strategy, budgets, reporting of financial information, the notice for the general meeting with associated documentation, and the board's meeting with the auditor.

The board of directors has established an audit committee amongst its members and adopted instructions for the work of the audit committee. Throughout 2021 and currently the committee comprised Siw Ødegaard as the leader and Trygve C. Moe as member. Siw Ødegaard is independent of the Company. Trygve C. Moe is employed by the Company's largest shareholder. As long as at least 50 per cent of the committee's members are independent, the Company considers this to be compliant with the independence requirement in the code.

Pursuant to section 6-43 of the Companies Act, the audit committee shall:

- inform the board of the results of the statutory audit and explain how the audit contributed to accounting reporting with integrity and the audit committee's role in that process,
- prepare the board's follow-up of the financial reporting process and make recommendations or proposals to ensure its integrity,
- monitor the systems for internal control and risk management;
- have regular contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The Company has established a remuneration committee that consists of two members from the board of directors. The members of the remuneration committee are and shall be independent of the Company's executive management. The members of the remuneration committee are appointed by the board of directors for a period of two years, or until they resign their position as a member of the board of directors. The committee currently consists of Trond K. Johannessen as the leader and Toril Nag and Kjetil Bakke Eriksen (from February 2021) as members.

The remuneration committee is a preparatory and advisory committee for the board that shall prepare matters for the board's consideration and decisions regarding the remuneration of, and other matters pertaining to the Company's management. The recommendations of the remuneration committee shall cover all aspects of

remuneration to the management, including but not limited to salaries, allowances, bonuses, options and benefits-in-kind.

The board of directors has adopted separate instructions for the remuneration committee setting out further details on the duties, composition and procedures of the committee.

The board of directors evaluates its own work and that of the chief executive and reports its findings to the nomination committee.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters will be chaired by another member of the board.

According to the code, the instructions of the Board of Directors should state how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The instructions were updated April 5 2022 to reflect this requirement, and hence this was a deviation to the code in 2021.

Members of the board and executive personnel shall make the Company aware of any material interests that they may have in items to be considered by the board of directors.

10. Risk management and internal control

The board of directors is responsible for ensuring that the Company has sound and appropriate internal control systems and systems for risk management, and that these systems are proportionate to and reflect the extent and nature of the Company's activities. Having effective internal control systems and systems for risk management in place may prevent the Group from situations that can damage its reputation or financial standing.

Furthermore, effective and proper internal control and risk management are important factors when building and maintaining trust, to reach the Company's objectives, and ultimately create value. Having in place an effective internal control system means that the Company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the Company. As such, there is a correlation between the Company's internal control systems and effective risk management. The internal control systems shall also address the organization and execution of the Company's financial reporting, as well as cover the Company's corporate values, ethical guidelines and principles of corporate social responsibility. The internal control systems shall also encompass the Company's guidelines for how it integrates considerations related to stakeholders into its creation of value.

Webstep shall comply with all laws and regulations that apply to the Group's business activities. The Company has in place processes and routines for internal control over financial reporting and risk management.

Through its business activities, Webstep manages various risks and uncertainties of operational, market and financial character, such as risk of disagreements and legal disputes with its customers related to possible cost of delays or project errors that is always present in the consultancy business.

The Company identifies and manages risks on an ongoing basis. The main risk factors and how they are managed is described in the board of directors' report.

The organization comprises a relatively large number of employees and projects. The Group's management model is based on an appropriate delegation of authority, clearly defined market and operating parameters, in addition to effective internal control.

Overall goals and strategies are established and further developed through a periodic update of the Company's strategy. Risk management is in place with clear routines for handling operational and project risks. Furthermore, processes are established to identify, evaluate and report risk in a systematic manner for the Group's activities.

Financial risk is managed in accordance with the Company's financial strategy, which is described under the section "Financial risk and risk management" in the board of directors' report.

The board is responsible for seeing to that the Group's organization, financial reporting and asset management are subject to satisfactory controls. Overall policies, governing processes and routines have been established for day-to-day management. The board periodically reviews the Company's governing documents. The board reviews annually the most important risk areas and the internal controls established to mitigate these risks.

Reporting

Pursuant to the corporate governance policy, the board of directors shall annually review the Company's most important areas of risk exposure and the internal control arrangement in place for such areas. The review shall pay attention to any material shortcomings or weaknesses in the Company's internal control and how risks are being managed. In the annual report, the board of directors shall describe the main features of the Company's internal control and risk management systems as they are connected to the Company's financial reporting. This shall cover the control environment in the Company, risk assessment, control activities and information, communication and follow-up. The board of directors is obligated to ensure that it is updated on the Company's financial situation and shall continually evaluate

whether the Company's equity and liquidity are adequate in relation to the risk from the Company's activities and take immediate action if the Company's equity or liquidity at any time is shown to be inadequate. The Company's management shall focus on frequent and relevant reporting of both operational and financial matters to the board of directors, where the purpose is to ensure that the board of directors has sufficient information for decision-making and is able to respond quickly to changing conditions. Board meetings shall be held frequently, and management reports shall be provided to the board as a minimum on a monthly basis. Financial performance shall be reported on quarterly basis.

The administration prepares periodic reports on business and operational developments to the board, which are discussed at the board meetings. These reports are based on management's reviews of the various parts of the business and include status of key performance indicators, update of market development, operational issues, financial results and highlights of organizational issues.

Financial position and results are followed up in monthly accounting reports, compared to the previous year, budgets and forecasts. Reporting also includes non-financial key performance indicators related to each business area.

The interim reports and annual financial statements are reviewed by the audit committee ahead of the discussions in the board meeting. Financial risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant issues in the auditor's report, if any, are reviewed by the board of directors.

The Company has not established a separate internal audit function, but the board of directors is considering the need for such function on an ongoing basis.

11. Remuneration of the board of directors

The remuneration to the board of directors is described in note 7 to the financial statements. The Company considers that the remuneration reflects the board of director's responsibility, expertise, time commitment and the complexity of the Company's activities.

Directors' fees are determined by the general meeting on the basis of recommendations from the nomination committee. These fees have been based on the board's responsibility, expertise and the complexity of the business, and have not been related to results. The directors have not been awarded share options.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment

as a member of the board. There has been a deviation to the code in 2021, as Kjetil Eriksen, former CEO of the Group, took on a special assignment for a limited period of time to support the CEO-transition. The cost of this assignment was NOK 75 thousand.

An overview of shares owned by the directors and their close associates is included in note 16 to the consolidated financial statements.

12. Remuneration of executive personnel

The Company's guidelines for determining remuneration to the chief executive officer and other executive management should at all times support prevailing strategy and values in the Company.

The Company's guidelines for the remuneration of executive management are described in note 7 to the consolidated financial statements. This note also provides further details about remuneration in 2021 for the executive management. The guidelines are presented annually to the annual general meeting and include the main principles for the Company's remuneration policy. The guidelines also help to ensure convergence of the financial interests of the shareholders and the executive management.

The guidelines specify the main principles for the Company's remuneration policy for the executive management and aim to ensure that the interests of shareholders and executive management coincide.

The current guidelines have been prepared in accordance with the provisions of section 6-16a of the Norwegian Public Limited Companies Act, approved 28 April 2021 at the Annual General Meeting.

In 2019 a long-term incentive program for the Company's executive management was approved by the annual general meeting and implemented in November 2019. The program consists of share options which will be granted on an annual basis over the three years. The program continued in 2021 and is further described in note 13 to the financial statements.

A share investment programme for management employees and board members was implemented in June 2021. The participants were invited to acquire shares in the company for an amount of between NOK 50,000 and NOK 200,000. The program is further described in note 13 to the financial statements.

13. Information and communication

The Company has established an overall communications policy, which states that the communication activities shall be characterized by transparency, honesty, consistency and right timing.

Furthermore, the Company has an IR policy, which states that all communication with the financial community shall be on an equal treatment basis and in compliance with applicable laws and regulation. Webstep shall continually provide its shareholders, the Oslo Stock Exchange and the securities market and financial market in general with timely and precise information about Webstep and its operations.

The CEO and CFO are responsible for the main dialogue with the investor community, hereunder the Company's shareholders.

Information to the stock market is published in the form of annual and interim reports, stock exchange announcements and investor presentations. All information considered to be relevant and significant for valuing the Company's shares will be distributed and published in English via Oslo Stock Exchange disclosure system, www.newsweb.no, and via the Company's website <https://investor.webstep.com>.

Webstep has implemented a system ensuring that all information distributed to the Company's shareholders will be published on the Company's web site at the same time as it is sent to shareholders.

The Company publishes a financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, public presentations and payment of dividends, if applicable. The information is available in English.

Unless there are applicable exemptions, and these are invoked, Webstep shall promptly disclose all inside information (as defined by the Norwegian Securities Trading Act). In any event, Webstep will provide information about certain events, e.g. proposals and resolutions by the board of directors and the general meeting concerning dividends, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by Webstep and related parties.

In the Company's Corporate Governance Policy, separate guidelines have been drawn up for handling of inside information. The Company also has in place a policy regarding the members of the board of directors who are entitled to publicly speak on behalf of the Company on various subjects.

In addition to the board of directors' dialogue with the Company's shareholders at the general meetings, the board of directors should make suitable arrangements for shareholders to communicate with the Company at other times. This will enable the board of directors to develop an understanding of the matters regarding the Company that are of a particular concern or interest to its shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in accordance with the principle of equal treatment of the Company's shareholders. Shareholders can get in contact with

the Company through the IR contact information which is made available on the Company's website. Further, shareholders can subscribe to e-mail alerts to receive news from the Company when made public.

14. Takeovers

The board has established main principles for responding to possible takeover bids.

In the event of a take-over bid being made for the Company, the board will follow the overriding principle of equal treatment for all shareholders and will seek to ensure that the Company's business activities are not disrupted unnecessarily. The board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board will not seek to prevent any take-over bid unless it believes that the interests of the Company and the shareholders justify such actions. The board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless this is approved by the general meeting following the announcement of the bid.

If a take-over bid is made, the board will issue a statement in accordance with statutory requirements and the recommendations in the code.

In the event of a take-over bid, the board will obtain a valuation from an independent expert.

Any transaction that is in effect a disposal of the Company's activities will be submitted to the general meeting for its approval.

15. Auditor

The board of directors ensures that the Company's auditor, EY, submits the main features of the plan for the audit of the Company to the audit committee annually.

During the financial year 2021, the Company's auditor has:

- Presented the main features of the audit work.
- Attended the board meeting where the annual report for the previous accounting year was considered, reviewed possible significant changes in accounting principles, assessed significant accounting estimates, and considered all cases where possible disagreements arose between auditor and executive management.
- Conducted a review together with the board of the Company's internal control procedures and systems, including the identification of weaknesses and proposals for improvements.
- Held a meeting with the board without the presence of the executive management.
- Confirmed that the requirements for the auditor's independence were fulfilled and provided an overview of services other than auditing which have been rendered to the Company.

The board has not established guidelines for the Company's use of the auditor for substantial assignments other than ordinary auditing services.

The board reports annually to the annual general meeting on the auditor's overall fees, broken down between audit work and other services. The annual general meeting approves the auditor's fees for the parent company.



Statement by the Board of directors and CEO

We confirm to the best of our knowledge that:

The consolidated financial statements for 2021 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2021 have been prepared 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 Company's and 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 Company and 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.



Trond Klethagen Johannessen
Chair of the board

Webstep ASA
Oslo, 5 April 2022



Save Asmervik
Chief Executive Officer



Toril Nag
Board member



Siw Ødegaard
Board member



Trygve Christian Moe
Board member



Kjetil Bakke Eriksen
Board member



Auditor's report



Auditor's report



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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Webstep ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Webstep ASA which comprise the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2021 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 11 years from the election by the general meeting of the shareholders on 30.05.2011 for the accounting year 2011.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of goodwill

Basis for the key audit matter

Goodwill amounted to NOK 381 million per 31 December 2021, representing 59% of the Group's total assets. Goodwill is tested for impairment annually. Management has defined the operations in Norway and Sweden as separate cash generating units ("CGUs"). Impairment tests are performed for each CGU. The valuation of goodwill was important for our audit, because the balance is material and the cash flows used in the impairment tests were based on significant assumptions made by management. These assumptions were related to the discount rate used, growth rates, market developments and the company's future plans.

Our audit response

We obtained the Group's annual impairment test and assessed key assumptions, including revenue growth rates and EBITDA margins. Our assessment included review of forecasted sales, the current market situation and expectations about future growth in number of employees, hourly rates and salary costs. Our audit procedures also included an evaluation of the accuracy of management's historical forecasts. We evaluated the discount rate for each CGU and obtained and evaluated management's sensitivity analyses for changes in assumptions. In addition, we tested the mathematical accuracy of management's forecasts and impairment model. We further assessed the Group's disclosures of assumptions to which the outcome of the impairment test is most sensitive; revenue growth rate, EBITDA margin and the discount rate. We refer to the Group's disclosures concerning impairment and goodwill included in note 11 to the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.



We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with International Financial Reporting Standards as adopted by the EU and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Webstep ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name 213800IQHG9H6OHKI983-2021-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

Independent auditor's report - Webstep ASA 2021

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As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 05.04.2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Eirik Moe
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: J85KV-NGW5K-V2UBV-1V4HU-ONB/E-CEX54

Appendix



Appendix

Alternative performance measure

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.
- **EBIT per employee** is Earnings before Interest and other financial items and Taxes and is a term commonly used by the equity analysts and investors.
- **NIBD** is short for Net Interest Bearing Debt and is defined as interest bearing debt minus unrestricted cash and cash equivalents.
- **Group 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.
- **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.

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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