

Interim report

Q2 · 2022



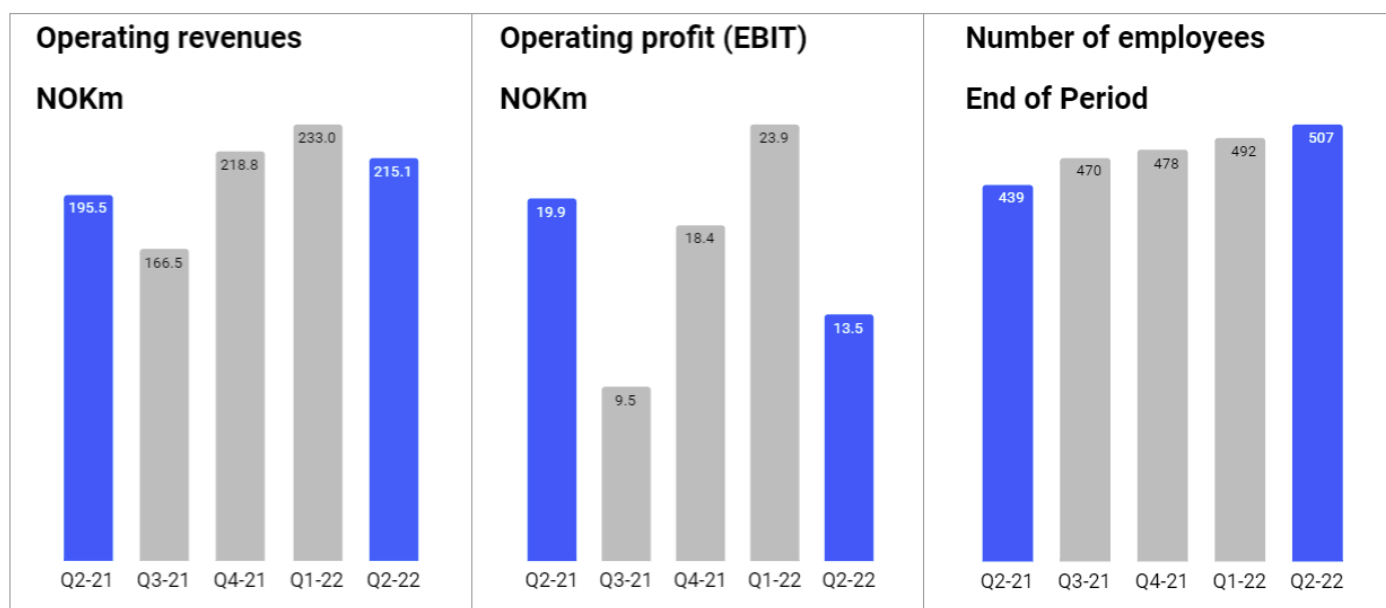
WEBSTEP

Highlights of the second quarter 2022

Exceeding 500 employees | Stable growth in revenues | Implementing Webstep Initium

(All amounts in brackets are comparative figures for 2021 unless otherwise specifically stated.)

- Consolidated revenues
 - Q2: **NOK 215.1 (195.5) million** (+10.0%)
 - YTD 2022: **NOK 448.1 (389.8) million** (+15.0%)
- Revenues Norway
 - Q2: **NOK 183.5 (168.6) million** (+8.9%)
 - YTD 2022: **NOK 385.7 (334.2) million** (+15.4%)
- Revenues Sweden
 - Q2: **NOK 31.6 (27.0) million** (+17.3%)
 - YTD 2022: **NOK 62.4 (55.5) million** (+12.5%)
- Consolidated EBIT
 - Q2: **NOK 13.5 (19.9) million** (-32.1%)
 - YTD 2022: **NOK 37.4 (38.0) million** (-1.6%)
- EBIT for Norway
 - Q2: **NOK 12.6 (18.5) million** (-32.1%)
 - YTD 2022: **NOK 33.5 (34.3) million** (-2.6%)
- EBIT for Sweden
 - Q2: **NOK 0.9 (1.3) million** (-32.8%)
 - YTD 2022: **NOK 3.9 (3.6) million** (+7.6%)
- Headcount
 - Q2 EoP: **507 employees (439)** (+15.7%)



Key figures

Group	Q2			YTD			FY
NOK million	2022	2021	Change	2022	2021	Change	2021
Sales revenues	215.1	195.5	10.0%	448.1	389.8	15.0%	775.0
EBITDA	18.4	23.4	(21.5%)	47.1	45.1	4.4%	81.2
EBITDA margin	8.5%	12.0%	-3.4 pts	10.5%	11.6%	-1.1 pts	10.5%
EBIT	13.5	19.9	(32.1%)	37.4	38.0	(1.6%)	65.9
EBIT margin	6.3%	10.2%	-3.9 pts	8.3%	9.7%	-1.4 pts	8.5%
Net profit	9.8	14.9	(34.1%)	27.6	28.5	(3.0%)	48.5
Net free cash flow	6.9	(5.6)	(223.1%)	27.5	1.8	1,457.9%	46.9
Equity ratio	58.9%	61.0%	-2.2 pts	58.9%	61.0%	-2.2 pts	60.7%
Earnings per share (NOK)	0.36	0.55	(35.1%)	1.01	1.06	(4.4%)	1.80
Earnings per share, fully diluted (NOK)	0.35	0.54	(34.9%)	1.00	1.05	(4.6%)	1.77
Number of employees, average (FTE)	503	435	15.5%	492	430	14.3%	449
Number of employees, end of period	507	439	15.7%	507	439	15.7%	478
Operating revenue per employee	428	449	(4.7%)	911	906	0.6%	1,725
EBIT per employee	26.8	46.1	(41.9%)	75.9	88.2	(13.9%)	146.7

Segments

Norway	Q2			YTD			FY
NOK million	2022	2021	Change	2022	2021	Change	2021
Revenues	183.5	168.6	8.9%	385.7	334.2	15.4%	668.4
EBIT	12.6	18.5	-32.1%	33.5	34.3	(2.6%)	61.1
EBIT margin	6.9%	11.0%	-4.1 pts	8.7%	10.3%	-1.6 pts	9.1%
Number of employees, average (FTE)	419	369	13.4%	492	365	34.7%	379
Number of employees, end of period	422	372	13.5%	422	372	13.5%	403
Operating revenue per employee (NOKt)	438	457	-4.0%	784	915	(14.4%)	1,763

Sweden	Q2			YTD			FY
NOK million	2022	2021	Change	2022	2021	Change	2021
Revenues	31.6	27.0	17.3%	62.4	55.5	12.5%	106.7
EBIT	0.9	1.3	-32.8%	3.9	3.6	7.6%	4.8
EBIT margin	2.8%	5.0%	-2.1 pts	6.2%	6.5%	-0.3 pts	4.5%
Number of employees, average (FTE)	84	66	27.0%	82	65	25.5%	70
Number of employees, end of period	86	67	27.8%	86	67	27.8%	75
Operating revenue per employee (NOKt)	377	409	(7.6%)	764	852	(10.4%)	1,520

Financial review

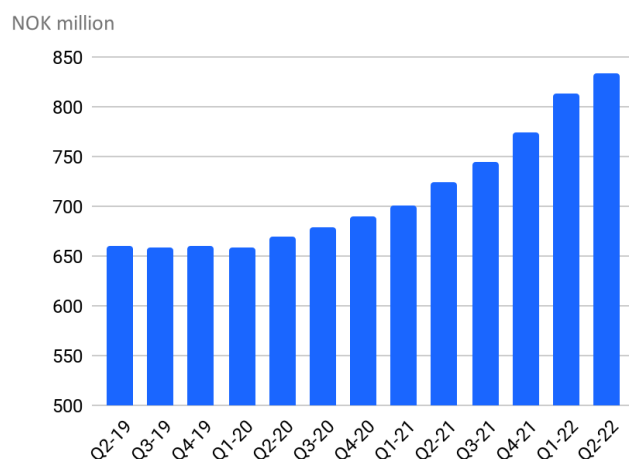
(All amounts in brackets are comparative figures for 2021 unless otherwise specifically stated.)

Operating revenues

Second quarter consolidated revenues were NOK 215.1 million (NOK 195.5 million), up 10.0 percent from the same quarter last year. Webstep's revenue model is primarily based on hourly fees, with revenue capacity dependent on the number of consultants, number of workdays and hourly rates. The average number of employees in the quarter was 503 (435) and the quarter had the same amount of workdays compared to the same quarter previous year. Increased number of consultants and hourly rate affects revenue positively. Higher absence due to vacation, illness and parental leave affects revenue negatively together with lower utilization rate..

Total consolidated revenues were NOK 448.1 million (NOK 389.8 million), up 15.0 percent compared to 2021. The revenue growth is driven by an increased number of consultants and hourly rates and decreased by lower utilization and higher absence due to vacation, illness and parental leave affects revenue negatively.

Rolling 12 month operating revenues



Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 18.3 million (NOK 19.5 million) for the quarter and NOK 34.8 million (NOK 38.3 million) for the first half year.

Salaries and personnel costs include salaries and benefits, pension, tax, vacation pay and other items. A high proportion of salary is variable and correlates with revenues. Salaries and personnel costs amounted to NOK 165.9 million (NOK 143.2 million) for the quarter. The change is explained by increased revenues, number of employees and culture building activities.

Salaries and personnel costs year to date amounted to NOK 342.8 million (NOK 288.2 million). The increase is explained by a higher number of employees and culture building activities.

Other operating expenses amounted to NOK 12.6 million (NOK 9.4 million) for the quarter. The increase is explained by academic courses and high quality competence events, costs related to traveling, increased headcount, in addition to structural actions related to Webstep as a workplace with regard to office locations suitable for Team-as-a-Service deliveries.

Depreciation and impairment for the quarter amounted to NOK 4.9 million (NOK 3.6 million). The increase is explained by new office locations and equipment.

Other operating expenses amounted to NOK 23.4 million (NOK 18.2 million) for the first half year. Software, IT-related events and traveling expenses have impacted operating expenses. In addition to structural actions related to Webstep as a workplace with regard to office locations suitable for Team-as-a-Service deliveries.

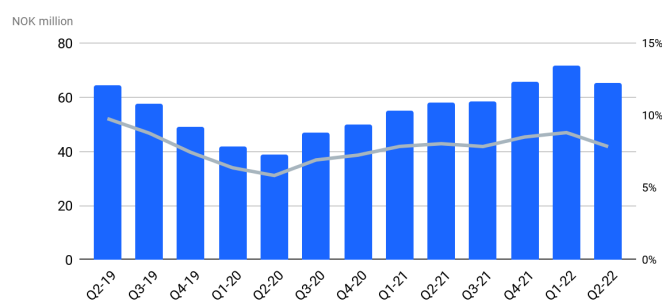
Depreciation and impairment for the first half year amounted to NOK 9.7 million (NOK 7.1 million). The increase is explained by new office locations and equipment.

Operating profit

Total consolidated EBITDA for the quarter amounted to NOK 18.4 million (NOK 23.4 million) and NOK 47.1 million (NOK 45.1million) for the first half year.

Total consolidated EBIT for the quarter amounted to NOK 13.5 million (NOK 19.9 million). EBIT for the first half year amounted to NOK 37.4 million (NOK 38.0 million). EBIT margin for the quarter is 6.3 % (10.2 %) and 8.3 % (9.7 %) for the first half year. EBIT is affected by the implementation of structural actions for strengthening the Company's deliveries within Team-as-a-Service and Webstep as a workplace.

Rolling 12 month operating profit (EBIT) and EBIT margin



Net financial costs were NOK 0.9 million (NOK 0.8 million) and income tax amounted to NOK 2.8 million (NOK 4.2 million) for the quarter. Net profit for the quarter was NOK 9.8 million (NOK 14.9 million).

Financial position

Total assets on 30 June amounted to NOK 643.6 million (NOK 600.6 million). Non-current assets were NOK 455.4 million (NOK 429.8 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 382.1 million (NOK 386.5 million), and comprise primarily of acquisition-related goodwill of NOK 379.8 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 58.1 million (NOK 35.8 million).

Total current assets of NOK 188.2 million (NOK 170.8 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 147.0 million (NOK 138.3 million). Other current receivables were NOK 14.4 million (NOK 12.0 million). Cash and short-term deposits amounted to NOK 26.8 million (NOK 20.5 million).

Total equity on 30 June was NOK 378.8 million (NOK 366.5 million). The change is mainly related to earnings generated, offset by dividends paid. Non-current liabilities amounted to NOK 45.2 million (NOK 27.3 million) and consisted mainly of non-current leasing liabilities of NOK 43.9 million (NOK 25.7 million). Current liabilities of NOK 219.7 million (NOK 206.8 million) consisted of current leasing liabilities, trade payables, tax payables, social taxes and VAT and other short-term liabilities.

Cash flow from operations amounted to NOK 10.2 million (NOK - 5.0 million) for the quarter, and NOK 33.8 (NOK 3.5 million) for the first half year. The increased cash flow from operations is primarily explained by change in other liabilities and profit.

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

Segment information

The Group's activities are organized in two geographical segments, Norway and Sweden. Revenues and results are recorded in the entity where they occur and hence reported in the segment, in which the legal entity belongs. Segment performance is evaluated on the basis of revenue and EBIT performance. Assets and liabilities are not allocated between the segments.

Norway is the largest segment, accounting for 85 percent of the consolidated operating revenues in the quarter.

Norway

Webstep Norway is headquartered in Oslo and has offices in Bergen, Stavanger, Trondheim, Kristiansand and Haugesund. The Group provides high-end IT consultancy services to around 250 public and private clients across the country.

Total operating revenues for the quarter came to NOK 183.5 million (NOK 168.6 million), up 8.9 percent from the same period in 2021. The revenue growth is mainly driven by an increased number of consultants in addition to hourly rates.

Revenues from subcontractors for the quarter came to NOK 11.3 million (13.3 million), down 15.0 percent.

EBIT for the quarter came to NOK 12.6 million (NOK 18.5 million). EBIT is increased by higher revenues and decreased by higher costs related to resumed activities for travel, conference and social activities in addition to higher office costs and increased revenues for sales and recruiting personnel.

Total operating revenues for the first half year came to NOK 385.7 million (NOK 334.2 million), up 15.4 percent from 2021. Revenue growth is mainly driven by a higher number of employees in addition to hourly rates.. EBIT for the first half year came to NOK 33.5 million (NOK 34.3 million).

Revenues from subcontractors for the first half year of 2022 came to NOK 23.1 million (26.4 million), down 12.4 percent.

Revenue breakdown

NOK million	Q2 2022	Q2 2021	Y/Y change	YTD 2022	YTD 2021	Y/Y change	FY 2021
Oslo	76.1	70.4	8.0%	161.0	138.2	16.5%	281.0
Regional offices	96.9	85.5	13.3%	202.8	171.1	18.5%	343.5
Subcontractors	11.3	13.3	(15.0%)	23.1	26.4	(12.4%)	45.8
Other / eliminations	(0.7)	(0.6)	16.7%	(1.3)	(1.4)	(7.0%)	(1.9)
Total	183.5	168.6	8.9%	385.7	334.2	15.4%	668.4

Webstep Norway had 422 employees on 30 June 2022 (372 employees). The average number of employees in the quarter was 419 (369) and 410 (365) for the first half year.

Sweden

Webstep Sweden has offices in Stockholm, Malmö, and Uppsala. Webstep Sweden serves clients in different industries, mainly in the private sector, and delivers the same high-end IT consultancy services as Webstep Norway, primarily within the Group's core digitalization offering.

Operating revenues for the quarter came to NOK 31.6 million (NOK 27.0 million), an increase of 17.3 percent. The revenue growth is mainly driven by an increased number of consultants in addition to hourly rates.

Operating revenue per employee (NOKt) has decreased due to reduction in revenue from subcontractors and fluctuation in currency.

Revenues from subcontractors for the quarter came to NOK 5.5 million (6.6 million), down 15.8 percent.

Revenue breakdown	Q2	Q2	Y/Y	YTD	YTD	Y/Y	FY
NOK million	2022	2021	change	2022	2021	change	2021
Regional offices	26.1	20.4	28.0%	52.3	42.4	23.3%	83.6
Subcontractors	5.5	6.6	(15.8%)	10.1	13.1	(22.5%)	23.1
Total	31.6	27.0	17.3%	62.4	55.5	12.5%	106.7

Adjusted for fluctuation in exchange rates, revenue increased by 22.2 percent compared to the same quarter last year.

EBIT came to NOK 0.9 million (NOK 1.3 million) for the quarter. EBIT is increased by higher revenues and decreased by higher salaries and personnel costs due to a higher number of employees, in addition to more attendance on seminars, conferences and traveling costs.

Operating revenues for the first half year came to NOK 62.4 million (NOK 55.5 million), an increase of 12.5 percent. Adjusted for fluctuation in exchange rates, revenue grew by 18.7 percent compared to the corresponding period in 2021.

EBIT came to NOK 3.9 million (NOK 3.6 million) for the first half year. Adjusted for fluctuation in exchange rates, EBIT increased with 11.1% compared to the corresponding period in 2021. EBIT is increased by higher revenues and negatively impacted by higher salaries and personnel costs due to a higher number of employees in addition to higher costs related to seminars, conferences and traveling.

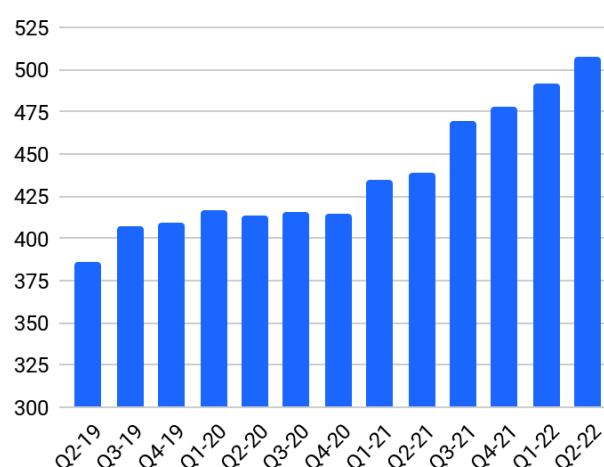
For the first half year of 2022 revenues from subcontractors came to NOK 10.1 million (NOK 13.1 million).

Webstep Sweden had 86 employees on 30 June 2022 (67 employees). The average number of employees in the quarter was 84 (66) and 82 (65) for the first half year.

Employees

Webstep had 507 employees at the end of the second quarter, an increase of 15 employees the last quarter and an increase of 68 employees the last twelve months. The employees are distributed across nine regional offices in major cities in Norway and Sweden. Webstep believes in the power of local business and the decentralized model is based on strong local presence. The regional offices provide expertise and capacity to local clients, while leveraging the full organizational capacity.

Number of employees (end of quarter)



Webstep's consultants have on average more than 10 years of relevant experience. This creates a solid foundation for a strong professional environment and high-quality deliveries. The Webstep work culture is driven by the values of being skilled, innovative, generous and uncomplicated.

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

Market update

There is a continued strong demand for IT consultancy services in both Norway and Sweden. With the limited number of experienced IT people available, there is fierce competition in the recruitment market.

Webstep however continues to attract talent, and new delivery concepts have been important in differentiating Webstep in the recruiting market. The most important growth enabler going forward, is the ability to hire more IT consultants while in parallel counteract churn.

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

Clients increasingly request full scale developer teams ("team-as-a-service") or projects and end-to-end solutions that are managed and executed by their IT service vendors. Webstep has therefore invested in expertise and methodologies required to provide these services. What distinguishes this delivery from the traditional Webstep delivery model, is that Webstep will provide the client with full scale development teams as opposed to single consultants in expert roles.

The two delivery models *Team-as-a-services* and *Project and solutions* provide the consultants with security and predictability, and are making Webstep more attractive as an employer. These two delivery concepts also give ambitious IT experts the opportunity to work closely with other colleagues on technically challenging and interesting projects.

Outlook

Webstep is well positioned to take advantage of the strong IT market. The Company has proven its capacity and expertise to deliver teams, comprehensive projects and solutions in line with the Webstep's growth strategy.

The acceleration in the digital shift creates opportunities for IT expert companies such as Webstep. The ongoing projects and renewed trust from existing clients represent a solid foundation for the coming quarters.

Even though Webstep has a proven track record of attracting highly skilled consultants with relevant work experience,

talent continues to be a scarce resource. To meet the customer demand in team-deliveries (TaaS) and increase in-house capacity, Webstep has initiated a recruitment program, Initium, to attract more talent.

Initium will consist of a small group of carefully selected young consultants with 2-3 years of work experience. The intention is to headhunt qualified individuals to the program and offer the candidates a solid platform for gaining knowledge and suitable work experience.

Webstep believes that such a program over time will benefit the whole Company. With Initium being launched the Company will improve the inflow of qualified experts and - most importantly - keep our position as a leading provider of highly skilled IT-professionals.

We will never compromise on the Webstep standard and our market position as an expert house, however the competition for experienced IT consultants continues to be challenging. By offering an inhouse program Webstep will take on the responsibility of developing talent and help shape young consultants to become true Websteppers meeting the required skill level in the Company.

The number of candidates selected for the Initium program will remain limited to make sure Webstep continues to be perceived as a consultancy firm for senior consultants.

The Initium program kicked off in August 2022, with 8 aspiring professionals in Oslo and Trondheim. They will take part in a thorough educational program, aiming at providing the candidates with needed skills, mindset and competencies.

The preparations for the Initium program and the selection process of the candidates were initiated during the first half year of 2022.

In terms of ongoing recruitment the Company is pleased with the number of candidates attracted in the second quarter and the strong recruiting effort continues across all regions. The number of employees is expected to increase to around 530 employees by the end of third quarter 2022.

Margin improvement is one of our main focus areas. Through the structural actions implemented, we expect to see a scaling effect and improved profitability by year end.

Market focus will be on organic growth in existing locations, but M&A may be utilized as a strategic tool to access new customer relations or new expertise.

Statement by the Board of directors and the CEO

We confirm to the best of our knowledge that: the consolidated financial statements for the period ended 30 June 2022 have been prepared in accordance with IAS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that the board of directors' report gives a true and fair view of the development, performance and financial position of the Group, and includes a description of the material risks that the board of directors, at the time of this report, deem might have a significant impact on the financial performance of the Group.

The Board of directors and CEO
WEBSTEP ASA

OSLO, 23 August 2022

		
Kjetil Bakke Eriksen	Trond Klethagen Johannessen	Toril Nag
Chair of the board	Board member	Board member
		
Siw Ødegaard	Trygve Christian Moe	Save Asmervik
Board member	Board member	Chief Executive Officer

Financial statements

Consolidated statement of comprehensive income

NOK'000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Sales revenues	215,103	195,516	448,107	389,761	775,023
Total revenues	215,103	195,516	448,107	389,761	775,023
Cost of services and goods	(18,265)	(19,518)	(34,820)	(38,326)	70,200
Salaries and personnel cost	(165,855)	(143,232)	(342,801)	(288,205)	583,665
Depreciation and impairment	(4,904)	(3,556)	(9,699)	(7,110)	15,273
Other operating expenses	(12,609)	(9,357)	(23,427)	(18,153)	39,961
Total operating expenses	(201,632)	(175,663)	(410,747)	(351,793)	709,100
Operating profit(loss)	13,471	19,853	37,360	37,967	65,923
Net financial items	(903)	(796)	(1,982)	(1,488)	(3,512)
Profit before tax	12,567	19,057	35,378	36,479	62,411
Income tax expenses	(2,755)	(4,175)	(7,734)	(7,977)	13,916
Profit for the period	9,812	14,882	27,644	28,502	48,495
Earnings per share (NOK)	0.36	0.55	1.01	1.06	1.80
Earnings per share, fully diluted (NOK)	0.35	0.55	1.00	1.05	1.77
Other comprehensive income:					
Currency translation differences	2,251	2,576	(850)	(3,167)	(5,929)
Other comprehensive income for the period, net of tax	2,251	2,576	(850)	(3,167)	(5,929)
Total comprehensive income for the period, net of tax	12,064	17,458	26,795	25,335	42,566
Attributable to:					
Shareholders in parent company	12,064	17,458	26,795	25,335	42,566

Consolidated statement of financial position

NOK'000	30-Jun 2022	30-Jun 2021	31-Dec 2021
ASSETS			
Intangible assets	382,124	386,497	383,575
Fixed assets	13,592	6,499	10,355
Right-of-use assets	58,059	35,781	62,548
Non-current financial assets	-	10	-
Deferred tax assets	1,619	998	1,619
Total non-current assets	455,394	429,786	458,097
Trade receivables	147,028	138,322	132,761
Other current receivables	14,429	11,988	11,439
Cash and short-term deposits	26,788	20,496	46,690
Total current assets	188,245	170,806	190,889
Total assets	643,639	600,593	648,986
EQUITY			
Total equity	378,800	366,531	393,692
LIABILITIES			
Non-current leasing liabilities	43,912	25,651	49,507
Deferred tax	1,273	1,635	1,486
Total non-current liabilities	45,185	27,285	50,993
Debt to credit institutions	-	22,623	-
Current leasing liabilities	13,402	10,131	12,029
Trade and other payables	15,756	14,537	15,745
Tax payable	12,103	7,548	14,599
Dividend payable	-	-	-
Social taxes and VAT	67,331	68,436	72,114
Other short-term debt	111,061	83,502	89,814
Total current liabilities	219,653	206,777	204,301
Total liabilities	264,838	234,062	255,294
Total liabilities and equity	643,639	600,593	648,986

Consolidated statement of change in equity

NOK'000	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total earned equity	Non- controlling interest	Total equity
1 January 2021	26,967	(59)	162,020	16,213	175,043	380,185	-	380,185
Profit for the period					48,495	48,495		48,495
Sales of treasury shares		6	111			117		117
Other comprehensive income/(loss)				(5,929)		(5,929)		(5,929)
Share incentive program					2,878	2,878		2,878
Dividends					(43,052)	(43,052)		(43,052)
Share issue	355		10,644			10,999		10,999
31 December 2021	27,323	(54)	172,775	10,284	183,365	393,692		393,692
Profit for the period					27,644	27,644		27,644
Sales of treasury shares	0	0	0					0
Other comprehensive income/(loss)				(849)		(849)		(849)
Share incentive program			0		2,083	2,083		2,083
Dividends					(46,489)	(46,489)		(46,489)
Share issue	139		2,580			2,719		2,719
30 June 2022	27,462	(54)	175,354	9,435	166,604	378,800		378,800

Consolidated statement of cash flows

	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Operating activities					
Profit/(loss) before tax	12,567	19,057	35,379	36,479	62,411
Adjustments for:					
Depreciation of property, plant and equipment	4,904	3,556	9,699	7,110	15,273
Net change in trade and other receivables	11,168	(7,023)	(17,258)	(30,510)	(24,390)
Net change in other liabilities	(18,723)	(16,083)	16,475	1,484	12,682
Net foreign exchange differences	583	620	(111)	(671)	(1,323)
Income tax expenses	(295)	(5,173)	(10,409)	(10,384)	(9,959)
Net cash flow from operating activities	10,204	(5,046)	33,775	3,507	54,695
Investing activities					
Purchase of property and equipment	(3,258)	(595)	(6,323)	(1,745)	(7,750)
Net cash flow from investing activities	(3,258)	(595)	(6,323)	(1,745)	(7,750)
Financing activities					
Repayments of lease liabilities	(2,875)	(2,325)	(5,668)	(4,623)	(10,920)
Sale of treasury shares	831	681	2,083	1,304	2,995
Change in bank overdraft	0	22,623	0	22,623	0
Net proceeds from equity	1,136	2,758	2,719	2,758	10,999
Payment of dividends	(46,489)	(43,052)	(46,489)	(43,052)	(43,052)
Net cash flows from financing activities	(47,397)	(19,315)	(47,354)	(20,989)	(39,978)
Net increase/(decrease) in cash and cash equivalents	(40,451)	(24,956)	(19,902)	(19,227)	6,967
Cash and cash equivalents at the beginning of the period	67,239	45,453	46,690	39,724	39,724
Cash and cash equivalents at the end of the period	26,788	20,497	26,788	20,497	46,690

Notes to the consolidated financial statements

Note 1 Significant accounting principles

Basis for preparation

The financial statements are presented in NOK, rounded to the nearest thousand, unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

Statements

These condensed consolidated interim financial statements for the second quarter have been prepared in accordance with IAS 34 as approved by the EU (IAS 34). They have not been audited or subject to a review by the auditor. They do not include all the information required for full annual financial statements of the Group and should consequently be read in conjunction with the consolidated financial statements for 2021. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2021, which are available on www.webstep.com and upon request from the Company's registered office at Universitetsgata 2, 0164 Oslo, Norway.

These condensed consolidated interim financial statements for the second quarter 2022 were approved by the Board of Directors and the CEO 23 August 2022.

Accounting policies

The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU (International Financial Reporting Standards - IFRS) and the Norwegian Accounting Act. References to IFRS in these accounts refer to IFRS as approved by the EU. The date of transition was 1 January 2016. The accounting policies adopted are consistent with those of the previous financial year. Changes to IFRSs which have been effective from 1 January 2021 have had no material impact on the Group's financial statements.

Note 2 Estimates, judgments and assumptions

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements for 2021 and as described in note 3 to the 2021 statements.

Note 3 Seasonality or cyclicity of interim operations

The Group's net operating revenues are affected by the number of workdays within each reporting period while employee expenses are recognized for full calendar days. The number of workdays in a month is affected by public holidays and vacations. The timing of public holidays during quarters and whether they fall on weekdays or not impact revenues. In Norway, the second quarter of 2022 had the same number of workdays as the second quarter of 2021. In Sweden, the second quarter had one less workday compared to the second quarter 2021.

Note 4 Earnings per share

	Q2	Q2	YTD	YTD	FY
NOK'000 (except number of shares in thousand)	2022	2021	2022	2021	2021
Profit for the period	9,812	14,882	27,644	28,502	48,495
Average number of shares (excl. treasury shares)	27,367	26,948	27,331	26,928	27,000
Average number of shares, fully diluted (excl. treasury shares)	27,689	27,333	27,662	27,197	27,330
Earnings per share (NOK)	0.36	0.55	1.01	1.06	1.80
Earnings per share, fully diluted (NOK)	0.35	0.54	1.00	1.05	1.77

Based on the number of share options outstanding, the strike price of the options, the average share price during the second quarter, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 322,130 shares.

Note 5 Events after the balance sheet date

The condemnable invasion of Ukraine and the sanctions against Russia incorporated in Norwegian Law, 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.

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

Note 6 Alternative performance measures

Webstep discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Webstep believes that the alternative performance measures provide useful supplemental information to management, investors, equity analysts and other stakeholders. These measures are commonly used and are meant to provide an enhanced insight into the financial development of Webstep's business operations and to improve comparability between periods.

- **EBITDA** is short for Earnings before Interest and other financial items, Taxes, Depreciation and Amortization and is a term commonly used by equity analysts and investors.
- **EBIT** is short for Earnings before Interest and other financial items and Taxes and is a term commonly used by equity analysts and investors.
- **Net free cash flow** is calculated as net cash flow from operating activities plus net cash flow from investing activities.
- **NIBD** is short for Net Interest Bearing Debt and is defined as interest bearing debt minus unrestricted cash and cash equivalents.
- **NIBD/EBITDA** is calculated as Net Interest Bearing Debt divided by Earnings before Interest and other financial items, Taxes, Depreciation and Amortization (EBITDA). The ratio is one of the debt covenants of the Company and it is based on the rolling twelve months EBITDA. If the Company has more cash than debt, the ratio can be negative. The covenant requires a Group NIBD/EBITDA ratio of maximum 3.
- **Equity ratio** is defined as the total consolidated equity of the Group divided by total assets. The covenant requires a Group equity ratio of minimum 0.3.

Profit measures - EBITDA

NOK'000	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)					
Operating profit	13,471	19,853	37,360	37,967	65,923
Depreciation	4,904	3,556	9,699	7,110	15,273
EBITDA	18,375	23,409	47,059	45,077	81,196

Net interest bearing debt (NIBD)

NOK'000	30 Jun 2022	30 Jun 2021	31 Dec 2021
NIBD (Net Interest Bearing Debt)			
Cash and cash equivalents (minus indicates positive amount)	(26,788)	(20,496)	(46,690)
Restricted cash	2,277	2,010	1,893
Debt to credit institutions	0	22,623	
Leasing liabilities (non-current and current)	57,314	35,782	61,536
NIBD	32,803	39,919	16,739

Group equity ratio

NOK'000	30 Jun 2022	30 Jun 2021	31 Dec 2021
Total equity	378,800	366,531	393,692
Total assets	643,639	600,593	648,986
Group equity ratio	0.59	0.61	0.61

NIBD/EBITDA

NOK'000	30 Jun 2022	30 Jun 2021	31 Dec 2021
EBITDA rolling 12 months	83,178	72,343	81,196
NIBD	32,803	39,919	16,739
NIBD/EBITDA (rolling 12 months)	0.39	0.55	0.21
NIBD/EBITDA (rolling 12 months)*	(0.29)	0.06	(0.55)

*Effects related to IFRS 16 (leasing) are excluded.



Appendix

Key figures by quarter

Group	Q2	Q1	Q4	Q3	Q2	Q1
NOK million	2022	2022	2021	2021	2021	2021
Sales revenues	215.1	233.0	218.8	166.5	195.5	194.2
EBITDA	18.4	28.7	22.9	13.2	23.4	21.7
EBITDA margin	8.5%	12.3%	10.5%	7.9%	12.0%	11.2%
EBIT	13.5	23.9	18.4	9.5	19.9	18.1
EBIT margin	6.3%	10.3%	8.4%	5.7%	10.2%	9.3%
Net profit	9.8	17.8	13.3	6.7	14.9	13.6
Net free cash flow	6.9	20.5	37.7	7.5	(5.6)	7.4
Equity ratio	58.9%	59.2%	60.7%	61.9%	61.0%	63.0%
Earnings per share (NOK)		0.65	0.49	0.25	0.55	0.51
Earnings per share, fully diluted (NOK)		0.65	0.48	0.24	0.55	0.50
Number of employees, average (FTE)	503	481	478	459	435	426
Number of employees, end of period	507	492	478	470	439	435
Operating revenue employee (NOK thousand)	428	484	458	363	449	457
EBIT per employee (NOK thousand)	27	50	39	21	46	43

Segments

Norway	Q2	Q1	Q4	Q3	Q2	Q1
NOK million	2022	2022	2021	2021	2021	2021
Sales revenues	183.5	202.2	188.6	145.5	168.6	165.7
EBIT	12.6	20.9	17.0	9.8	18.5	15.8
EBIT margin	6.9%	10.3%	9.0 %	6.7%	11.0%	9.6%
Number of employees, average (FTE)	419	401	401	385	369	361
Number of employees, end of period	421.7	410	403	394	371.5	370
Number of workdays, Norway (excl. vacation)	59	64	64	66	59	63

Sweden	Q2	Q1	Q4	Q3	Q2	Q1
NOK million	2022	2022	2021	2021	2021	2021
Sales revenues	31.6	30.8	30.2	21.0	27.0	28.6
EBIT	0.9	3.0	1.4	(0.3)	1.3	2.3
EBIT margin	2.8%	9.7%	4.8%	-1.3%	5.0%	8.0%
Number of employees, average (FTE)	84	80	77	73	66	64
Number of employees, end of period	86	82	75	76	67	65
Number of workdays, Sweden (excl. vacation)	60	63	64	66	61	62

Consolidated income statement

	Q2	Q1	Q4	Q3	Q2	Q1
NOK'000	2022	2022	2021	2021	2021	2021
Sales revenues	215,103	233,004	218,784	166,478	195,516	194,245
Total revenues	215,103	233,004	218,784	166,478	195,516	194,245
						0
Cost of services and goods	(18,265)	(16,555)	(19,016)	(12,858)	(19,518)	(18,809)
Salaries and personnel cost	(165,855)	(176,946)	(164,342)	(131,118)	(143,232)	(144,972)
Depreciation and impairment	(4,904)	(4,795)	(4,481)	(3,682)	(3,556)	(3,554)
Other operating expenses	(12,609)	(10,818)	(12,517)	(9,291)	(9,357)	(8,796)
Total operating expenses	(201,632)	(209,114)	(200,357)	(156,950)	(175,663)	(176,131)
Operating profit(loss)	13,471	23,889	18,428	9,528	19,853	18,114
Net financial items	(903)	(1,078)	(1,090)	(935)	(796)	(691)
Profit before tax	12,567	22,811	17,338	8,594	19,057	17,422
Income tax expenses	(2,755)	(4,979)	(4,042)	(1,896)	(4,175)	(3,803)
Profit for the period	9,812	17,832	13,296	6,698	14,882	13,620

Consolidated statement of financial position

NOK'000	30-Jun 2022	30-Jun 2021	31-Dec 2021
ASSETS			
Intangible assets	382,124	386,497	383,575
Fixed assets	13,592	6,499	10,355
Right-of-use assets	58,059	35,781	62,548
Non-current financial assets	-	10	-
Deferred tax assets	1,619	998	1,619
Total non-current assets	455,394	429,786	458,097
Trade receivables	147,028	138,322	132,761
Other current receivables	14,429	11,988	11,439
Cash and short-term deposits	26,788	20,496	46,690
Total current assets	188,245	170,806	190,889
Total assets	643,639	600,593	648,986
EQUITY			
Total equity	378,800	366,531	393,692
LIABILITIES			
Non-current leasing liabilities	43,912	25,651	49,507
Deferred tax	1,273	1,635	1,486
Total non-current liabilities	45,185	27,285	50,993
Debt to credit institutions	-	22,623	-
Current leasing liabilities	13,402	10,131	12,029
Trade and other payables	15,756	14,537	15,745
Tax payable	12,103	7,548	14,599
Dividend payable	-	-	-
Social taxes and VAT	67,331	68,436	72,114
Other short-term debt	111,061	83,502	89,814
Total current liabilities	219,653	206,777	204,301
Total liabilities	264,838	234,062	255,294
Total liabilities and equity	643,639	600,593	648,986

Consolidated statement of cash flows

NOK'000	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Operating activities						
Profit/(loss) before tax	12,567	22,811	17,338	8,594	19,057	17,422
Adjustments for:						
Depreciation of property, plant and equipment	4,904	4,795	4,481	3,682	3,556	3,554
Net change in trade and other receivables	11,168	(28,425)	3,834	2,286	(7,023)	(23,487)
Net change in other liabilities	(18,723)	35,199	16,777	(5,578)	(16,083)	17,566
Net foreign exchange differences	583	(694)	(514)	(137)	620	(1,291)
Income tax expenses	(295)	(10,115)	(65)	491	(5,173)	(5,211)
Net cash flow from operating activities	10,204	23,571	41,851	9,337	(5,046)	8,553
Investing activities						
Payments for R&D initiative		-	-			
Purchase of property and equipment	(3,258)	(3,065)	(4,187)	(1,818)	(595)	(1,150)
Net cash flow from investing activities	(3,258)	(3,065)	(4,187)	(1,818)	(595)	(1,150)
Financing activities						
Repayments of lease liabilities	(2,875)	(2,793)	(3,878)	(2,420)	(2,325)	(2,298)
Change in bank overdraft	0		(13,064)	(9,559)	22,623	
Net proceeds from equity	1,136	1,583	8,240		2,758	
Sale of treasury shares and incentive program	831	1,253	1,024	666	681	624
Payment of dividends	(46,489)				(43,052)	
Net cash flows from financing activities	(47,397)	43	(7,677)	(11,313)	(19,315)	(1,662)
Net increase/(decrease) in cash and cash equivalents	(40,451)	20,549	29,987	(3,793)	(24,956)	5,741
Cash and cash equivalents at the beginning of the period	67,239	46,690	16,703	20,496	45,453	39,724
Cash and cash equivalents at the end of the period	26,788	67,239	46,690	16,703	20,496	45,465



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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