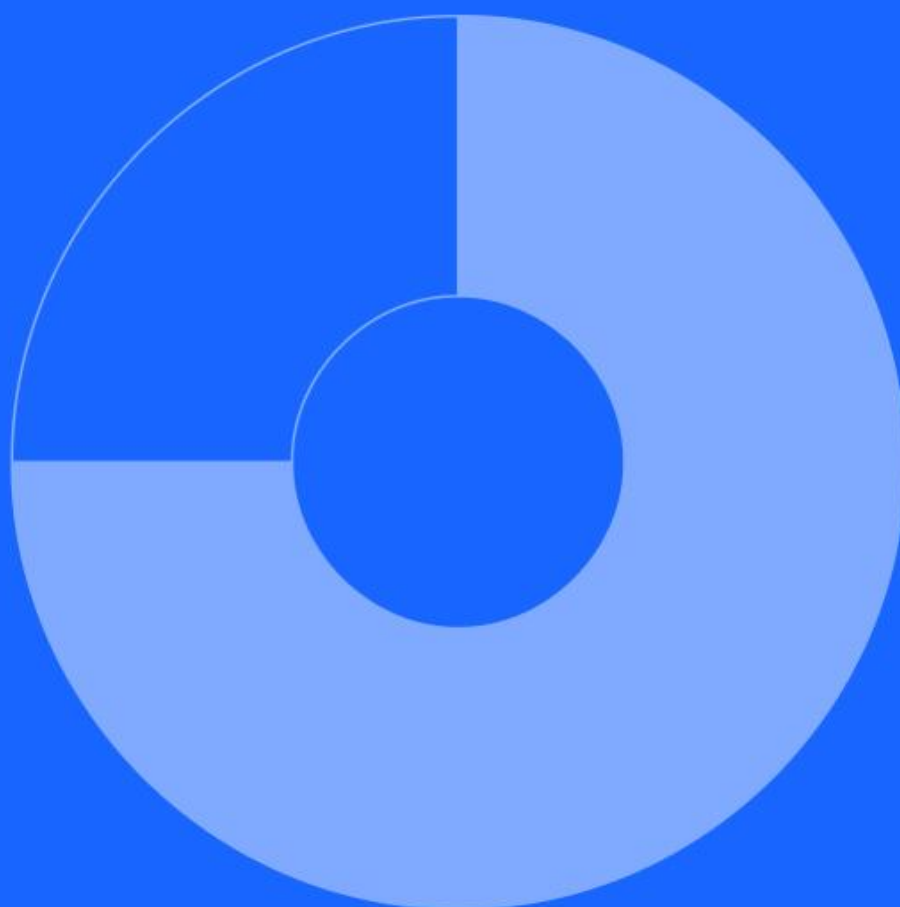


# Interim report

Q3 · 2022



# Highlights of the third quarter 2022

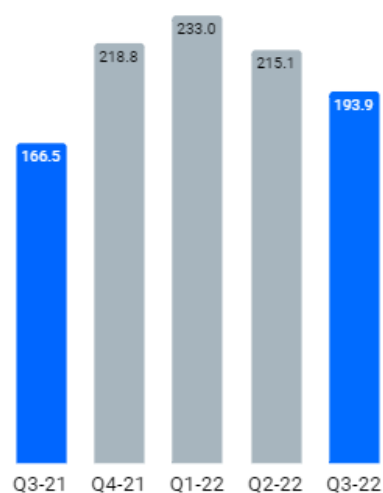
**14% growth in employees | 16% growth in revenues | EBIT below target**

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

- Consolidated revenues
  - Q3: **NOK 193.9 (166.5) million** (+16.5%)
  - YTD 2022: **NOK 642.0 (556.2) million** (+15.4%)
- Revenues Norway
  - Q3: **NOK 165.7 (145.5) million** (+13.9%)
  - YTD 2022: **NOK 551.3 (479.8) million** (+14.9%)
- Revenues Sweden
  - Q3: **NOK 28.3 (21.0) million** (+34.8%)
  - YTD 2022: **NOK 90.7 (76.5) million** (+18.6%)
- Consolidated EBIT
  - Q3: **NOK 5.5 (9.5) million** (-42.1%)
  - YTD 2022: **NOK 42.9 (47.5) million** (-9.7%)
- EBIT for Norway
  - Q3: **NOK 4.3 (9.8) million** (-56.5%)
  - YTD 2022: **NOK 37.7 (44.1) million** (-14.5%)
- EBIT for Sweden
  - Q3: **NOK 1.2 (-0.3) million** (561.8%)
  - YTD 2022: **NOK 5.1 (3.4) million** (+53.5%)
- Headcount
  - Q3 EoP: **535 employees (470)** (+14.0%)

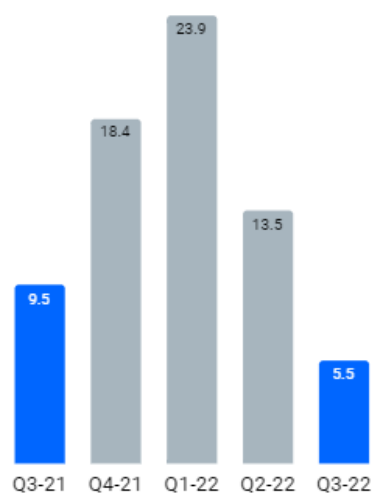
**Operating revenues**

**NOKm**



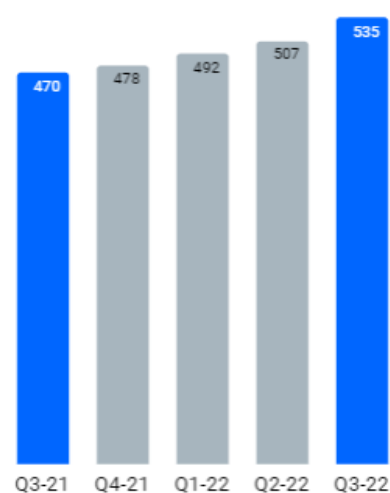
**Operating profit (EBIT)**

**NOKm**



**Number of employees**

**End of Period**



# Key figures

<b>Group</b>	<b>Q3</b>	<b>Q3</b>		<b>YTD</b>	<b>YTD</b>		<b>FY</b>
<b>NOK million</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2021</b>
Sales revenues	<b>193.9</b>	166.5	16.5%	<b>642.0</b>	556.2	15.4%	775.0
EBITDA	<b>10.7</b>	13.2	(19.0%)	<b>57.8</b>	58.3	(0.9%)	81.2
EBITDA margin	<b>5.5%</b>	7.9%	-2.4 pts	<b>9.0%</b>	10.5%	-1.5 pts	10.5%
EBIT	<b>5.5</b>	9.5	(42.1%)	<b>42.9</b>	47.5	(9.7%)	65.9
EBIT margin	<b>2.8%</b>	5.7%	-2.9 pts	<b>6.7%</b>	8.5%	-1.9 pts	8.5%
Net profit	<b>3.2</b>	6.7	(52.2%)	<b>30.8</b>	35.2	(12.4%)	48.5
Net free cash flow	<b>0.1</b>	7.5	(98.8%)	<b>27.5</b>	9.3	196.8%	46.9
Equity ratio	<b>60.3%</b>	61.9%	-1.5 pts	<b>60.3%</b>	61.9%	-1.5 pts	60.7%
Earnings per share (NOK)	<b>0.12</b>	0.25	(52.9%)	<b>1.13</b>	1.31	(13.6%)	1.80
Earnings per share, fully diluted (NOK)	<b>0.12</b>	0.24	(52.7%)	<b>1.11</b>	1.29	(13.7%)	1.77
Number of employees, average (FTE)	<b>524</b>	459	14.2%	<b>503</b>	440	14.3%	449
Number of employees, end of period	<b>535</b>	470	14.0%	<b>535</b>	470	14.0%	478
Operating revenue per employee	<b>370</b>	363	2.0%	<b>1,277</b>	1,265	1.0%	1,725
EBIT per employee	<b>10.5</b>	20.8	(49.3%)	<b>85.3</b>	108.0	(21.0%)	146.7

## Segments

<b>Norway</b>	<b>Q3</b>	<b>Q3</b>		<b>YTD</b>	<b>YTD</b>		<b>FY</b>
<b>NOK million</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2021</b>
Revenues	<b>165.7</b>	145.5	13.9%	<b>551.3</b>	479.8	14.9%	668.4
EBIT	<b>4.3</b>	9.8	-56.5%	<b>37.7</b>	44.1	(14.5%)	61.1
EBIT margin	<b>2.6%</b>	6.7%	-4.2 pts	<b>6.8%</b>	9.2%	-2.4 pts	9.1%
Number of employees, average (FTE)	<b>436</b>	385	13.1%	503	372	35.2%	379
Number of employees, end of period	<b>445</b>	394	13.0%	<b>445</b>	394	13.0%	403
Operating revenue per employee (NOKt)	<b>380</b>	378	0.7%	<b>1,097</b>	1,290	(15.0%)	1,763
<b>Sweden</b>	<b>Q3</b>	<b>Q3</b>		<b>YTD</b>	<b>YTD</b>		<b>FY</b>
<b>NOK million</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2021</b>
Revenues	<b>28.3</b>	21.0	34.8%	<b>90.7</b>	76.5	18.6%	106.7
EBIT	<b>1.2</b>	-0.3	561.8%	<b>5.1</b>	3.4	53.5%	4.8
EBIT margin	<b>4.4%</b>	-1.3%	5.7 pts	<b>5.7%</b>	4.4%	1.3 pts	4.5%
Number of employees, average (FTE)	<b>88</b>	73	20.5%	<b>84</b>	68	23.7%	70
Number of employees, end of period	<b>91</b>	76	19.2%	<b>91</b>	76	19.2%	75
Operating revenue per employee (NOKt)	<b>320</b>	286	11.9%	<b>1,081</b>	1,127	(4.1%)	1,520

# Financial review

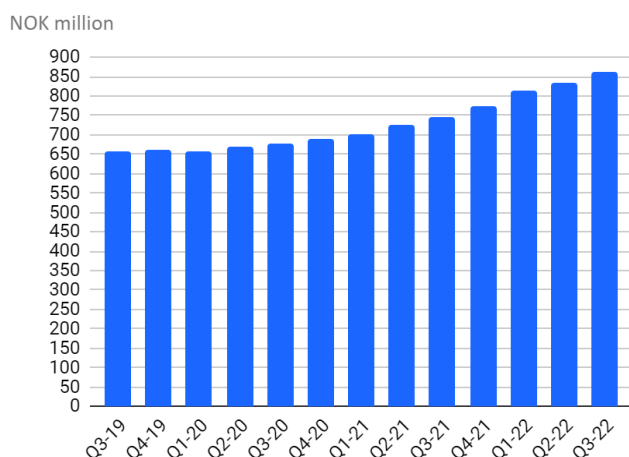
(All amounts in brackets are comparative figures for 2021 unless otherwise specifically stated.)

## Operating revenues

Third quarter consolidated revenues were NOK 193.9 million (NOK 166.5 million), up 16.5 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 524 (459) 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. Lower utilization rate affects revenue negatively for the quarter.

Total consolidated revenues year to date were NOK 642.0 million (NOK 556.5 million), up 15.4 percent compared to the same period 2021. The revenue growth is driven by an increased number of consultants and hourly rates and decreased by lower utilization and higher absence.

## Rolling 12 month operating revenues



## Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 18.0 million (NOK 12.9 million) for the quarter and NOK 52.8 million (NOK 51.2 million) year to date.

Salaries and personnel costs include salaries and benefits, pension, tax, vacation pay and other items. A high proportion

of salary is variable and correlates with revenues. Salaries and personnel costs amounted to NOK 152.9 million (NOK 131.1 million) for the quarter. The change is explained by increased revenues, number of employees and social activities. In the third quarter Webstep carried out its annual tradition of company gatherings, which is the main reason for increased cost for social activities.

Salaries and personnel costs year to date amounted to NOK 495.7 million (NOK 419.3 million). The increase is explained by a higher number of employees, revenues and culture building activities.

Other operating expenses amounted to NOK 12.3 million (NOK 9.3 million) for the quarter. The increase is explained by attendance and partnership with JavaZone and NDC Oslo. Both conferences were in 2021 held in the fourth quarter and to some degree influenced by covid 19. Attendance at IT-related conferences and educating our employees are important both for churn and attract future Webstep-talents. Also increased travel activity and increased headcount affects operating expenses.

Depreciation and impairment for the quarter amounted to NOK 5.2 million (NOK 3.7 million). The increase is explained by new office locations, inventory and equipment.

Other operating expenses amounted to NOK 35.7 million (NOK 27.4 million) year to date. Software, increased conference and course attendance as well as travel have impacted operating expenses, in addition to structural action with regard to office locations.

Depreciation and impairment year to date amounted to NOK 14.9 million (NOK 10.8 million). The increase is explained by new office locations, inventory and equipment.

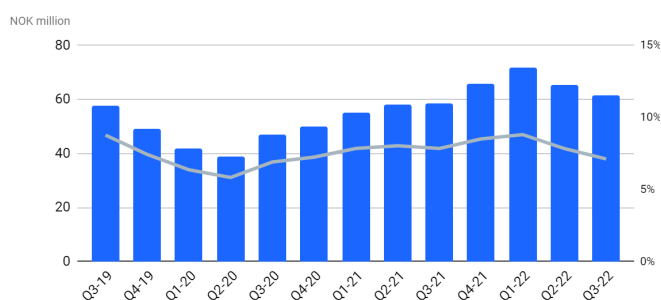
## Operating profit

Total consolidated EBITDA for the quarter amounted to NOK 10.7 million (NOK 13.2 million) and NOK 57.8 million (NOK 58.3 million) year to date.

Total consolidated EBIT for the quarter amounted to NOK 5.5 million (NOK 9.5 million). EBIT year to date amounted to NOK 42.9 million (NOK 47.5 million). EBIT margin for the quarter is 2.8 % (5.7 %) and 6.7 % (8.5 %) year to date.

EBIT for the quarter and year to date is below our target, and margin improvement is one of our main priorities going forward. Through closer cost management and optimizing sales activities we will improve profitability.

## Rolling 12 month operating profit (EBIT) and EBIT margin



Net financial costs were NOK 1.4 million (NOK 0.9 million) and income tax amounted to NOK 0.9 million (NOK 1.9 million) for the quarter. Net profit for the quarter was NOK 3.2 million (NOK 6.7 million).

## Financial position

Total assets on 30 September amounted to NOK 635.8 million (NOK 603.4 million). Non-current assets were NOK 454.0 million (NOK 438.6 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 382.2 million (NOK 385.7 million), and comprise primarily of acquisition-related goodwill of NOK 380.3 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 56.1 million (NOK 44.5 million).

Total current assets of NOK 181.9 million (NOK 164.7 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 149.3 million (NOK 139.8 million). Other current receivables were NOK 7.7 million (NOK 8.3 million). Cash and short-term deposits amounted to NOK 24.9 million (NOK 16.7 million).

Total equity on 30 September was NOK 383.7 million (NOK 373.3 million). The change is mainly related to earnings generated, offset by dividends paid. Non-current liabilities amounted to NOK 42.9 million (NOK 34.6 million) and consisted mainly of non-current leasing liabilities of NOK 41.6 million (NOK 33.0 million). Current liabilities of NOK 209.2 million (NOK 195.4 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 2.2 million (NOK 9.3 million) for the quarter, and NOK 36.0 (NOK 12.8 million) year to date. The change in cash flow from operations is primarily explained by change in profit, income tax expenses, trade and other receivables as well as other liabilities.

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

## Segment information

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

Norway is the largest segment, accounting for 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 165.7 million (NOK 145.5 million), up 13.9 percent from the same period in 2021. The revenue growth is mainly driven by an increased number of consultants in addition to hourly rates although affected by lower utilization rate.

Revenues from subcontractors for the quarter came to NOK 9.8 million (8.3 million), up 18.9 percent.

EBIT for the quarter came to NOK 4.3 million (NOK 9.8 million). EBIT is decreased due to higher operating costs and salaries and personnel costs. In particular, attendance at IT conferences that in 2021 were held in the fourth quarter, in addition to company gatherings.

Total operating revenues year to date came to NOK 551.3 million (NOK 479.8 million), up 14.9 percent from 2021. Revenue growth is mainly driven by a higher number of employees in addition to hourly rates. EBIT year to date came to NOK 37.7 million (NOK 44.1 million).

Revenues from subcontractors year to date came to NOK 32.9 million (34.6 million), down 4.9 percent.

Revenue breakdown							
NOK million	Q3 2022	Q3 2021	Y/Y change	YTD 2022	YTD 2021	Y/Y change	FY 2021
Oslo	71.3	62.0	15.1%	232.3	200.3	16.0%	281.0
Regional offices	85.0	75.5	12.7%	287.8	246.4	16.8%	343.5
Subcontractors	9.8	8.3	18.9%	32.9	34.6	(4.9%)	45.8
Other / eliminations	(0.5)	(0.2)	150.0%	(1.8)	(1.6)	12.5%	(1.9)
<b>Total</b>	<b>165.7</b>	<b>145.5</b>	<b>13.9%</b>	<b>551.3</b>	<b>479.8</b>	<b>14.9%</b>	<b>668.4</b>

Webstep Norway had 445 employees on 30 September 2022 (394 employees). The average number of employees in the quarter was 436 (385) and 418 (372) year to date.

## Sweden

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

Operating revenues for the quarter came to NOK 28.3 million (NOK 21.0 million), an increase of 34.8 percent. The revenue growth is mainly driven by an increased number of consultants in addition to hourly rates and utilization.

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 6.5 million (4.6 million), up 41.1 percent.

Revenue breakdown							
NOK million	Q3 2022	Q3 2021	Y/Y change	YTD 2022	YTD 2021	Y/Y change	FY 2021
Regional offices	21.8	16.4	33.0%	74.1	58.8	26.0%	83.6
Subcontractors	6.5	4.6	41.1%	16.6	17.7	(6.1%)	23.1
<b>Total</b>	<b>28.3</b>	<b>21.0</b>	<b>34.8%</b>	<b>90.7</b>	<b>76.5</b>	<b>18.6%</b>	<b>106.7</b>

Adjusted for fluctuation in exchange rates, revenue increased by 43.6 percent compared to the same quarter last year.

EBIT came to NOK 1.2 million (NOK -0.3 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 courses and seminars than the corresponding quarter.

Operating revenues year to date came to NOK 90.7 million (NOK 76.5 million), an increase of 18.6 percent. Adjusted for fluctuation in exchange rates, revenue grew by 25.5 percent compared to the corresponding period in 2021.

EBIT came to NOK 5.1 million (NOK 3.4 million) year to date. Adjusted for fluctuation in exchange rates, EBIT increased with 81.2 percent 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.

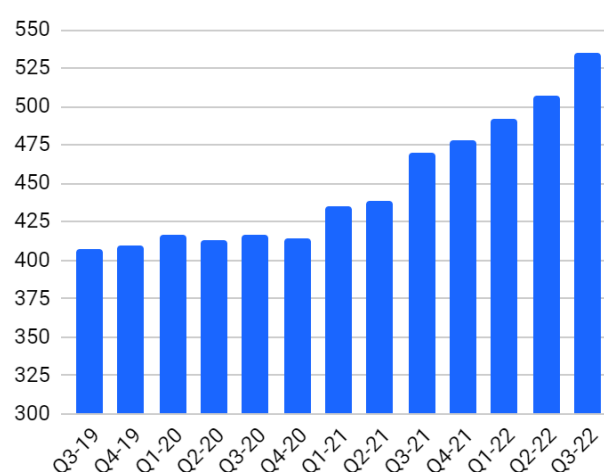
Revenues year to date from subcontractors came to NOK 16.6 million (NOK 17.7 million).

Webstep Sweden had 91 employees on 30 September 2022 (76 employees). The average number of employees in the quarter was 88 (73) and 84 (68) year to date.

## Employees

Webstep had 535 employees at the end of the third quarter, an increase of 28 employees the last quarter and an increase of 66 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

Throughout the quarter we have seen geopolitical instability, energy crisis, increasing interest rates and supply disruptions affecting societies, markets and customer behavior in various ways.

Even though the market conditions are changing rapidly, we still see that Webstep consultants are considered key in delivering services supporting customers' digital journey.

In fact, IT expertise combined with industry knowledge is more than ever important to change business models and provide value-producing opportunities for our customers.

There is still fierce competition in the recruitment market, but Webstep has succeeded in attracting highly skilled senior IT consultants. The growth in number of employees has ensured increased capacity fueling several of our team deliveries.

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.

Webstep continues to deliver 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. 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-service* 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

Digitalisation is an engine of innovation, competitiveness and economic growth. Uncertain times and a changing macroeconomic environment has not changed the long term trend of digitalisation.

The need for reliable, experienced support and deep IT competence is still key to deliver on the promise of digitalisation. Webstep has both the capacity and the expertise needed to serve our customers dealing with changing market conditions.

Over time Webstep has proven its capacity and expertise to deliver teams, comprehensive projects and solutions in line with Webstep's growth strategy. The enhanced go-to-market model will together with structural actions serve as a platform for growth moving forward.

A changing macroeconomic environment creates opportunities for IT expert companies such as Webstep. The ongoing projects and renewed trust from existing clients represent a solid foundation in uncertain times.

We will never compromise on the Webstep standard and our market position as an expert house. With Initium, the talent program launched in Q3, Webstep will improve the inflow of qualified experts and - most importantly - keep our position as a leading provider of highly skilled IT professionals.

The Initium program was kicked off in August 2022, with 8 aspiring professionals in Oslo and Trondheim. They are participating in a thorough educational program, aiming to provide the candidates with needed skills, mindset and competencies.

In terms of ongoing recruitment the Company is pleased with the number of candidates attracted in the third quarter. We expect minor growth in headcount by the end of 2022, due to seasonal variations in terms of start date for employees.

Margin improvement is one of our main focus areas going forward. Through the structural actions implemented, improved cost management and optimizing sales activities we expect to see a scaling effect and improved profitability. Our long term target for EBIT margin is above 10%.

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




# Statement by the Board of directors and the CEO

We confirm to the best of our knowledge that: the consolidated financial statements for the period ended 30 September 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, 9 November 2022

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



# Financial statements

## Consolidated statement of comprehensive income

NOK'000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Sales revenues	193,923	166,478	642,030	556,238	775,023
<b>Total revenues</b>	<b>193,923</b>	<b>166,478</b>	<b>642,030</b>	<b>556,238</b>	<b>775,023</b>
Cost of services and goods	(18,001)	(12,858)	(52,821)	(51,184)	70,200
Salaries and personnel cost	(152,908)	(131,118)	(495,709)	(419,322)	583,665
Depreciation and impairment	(5,186)	(3,682)	(14,885)	(10,792)	15,273
Other operating expenses	(12,313)	(9,291)	(35,739)	(27,444)	39,961
<b>Total operating expenses</b>	<b>(188,408)</b>	<b>(156,950)</b>	<b>(599,154)</b>	<b>(508,743)</b>	<b>709,100</b>
<b>Operating profit(loss)</b>	<b>5,516</b>	<b>9,528</b>	<b>42,876</b>	<b>47,496</b>	<b>65,923</b>
Net financial items	(1,377)	(935)	(3,358)	(2,423)	(3,512)
<b>Profit before tax</b>	<b>4,139</b>	<b>8,594</b>	<b>39,517</b>	<b>45,073</b>	<b>62,411</b>
Income tax expenses	(936)	(1,896)	(8,671)	(9,873)	13,916
<b>Profit for the period</b>	<b>3,202</b>	<b>6,698</b>	<b>30,847</b>	<b>35,200</b>	<b>48,495</b>
Earnings per share (NOK)	0.12	0.25	1.13	1.31	1.80
Earnings per share, fully diluted (NOK)	0.12	0.24	1.11	1.29	1.77
Other comprehensive income:					
Currency translation differences	627	(556)	(223)	(3,722)	(5,929)
Other comprehensive income for the period, net of tax	627	(556)	(223)	(3,722)	(5,929)
<b>Total comprehensive income for the period, net of tax</b>	<b>3,829</b>	<b>6,142</b>	<b>30,624</b>	<b>31,477</b>	<b>42,566</b>
Attributable to:					
Shareholders in parent company	3,829	6,142	30,624	31,477	42,566

## Consolidated statement of financial position

NOK'000	30-Sep 2022	30-Sep 2021	31-Dec 2021
<b>ASSETS</b>			
Intangible assets	382,206	385,686	383,575
Fixed assets	14,024	7,432	10,355
Right-of-use assets	56,112	44,514	62,548
Non-current financial assets	2	-	-
Deferred tax assets	1,619	998	1,619
<b>Total non-current assets</b>	<b>453,962</b>	<b>438,630</b>	<b>458,097</b>
Trade receivables	149,296	139,763	132,761
Other current receivables	7,722	8,271	11,439
Cash and short-term deposits	24,853	16,703	46,690
<b>Total current assets</b>	<b>181,872</b>	<b>164,737</b>	<b>190,889</b>
<b>Total assets</b>	<b>635,833</b>	<b>603,367</b>	<b>648,986</b>
<b>EQUITY</b>			
<b>Total equity</b>	<b>383,724</b>	<b>373,339</b>	<b>393,692</b>
<b>LIABILITIES</b>			
Non-current leasing liabilities	41,607	32,962	49,507
Deferred tax	1,282	1,624	1,486
<b>Total non-current liabilities</b>	<b>42,889</b>	<b>34,587</b>	<b>50,993</b>
Debt to credit institutions	-	13,064	-
Current leasing liabilities	13,729	11,552	12,029
Trade and other payables	18,590	11,212	15,745
Tax payable	8,429	9,930	14,599
Dividend payable	-	-	-
Social taxes and VAT	68,215	59,799	72,114
Other short-term debt	100,257	89,885	89,814
<b>Total current liabilities</b>	<b>209,221</b>	<b>195,442</b>	<b>204,301</b>
<b>Total liabilities</b>	<b>252,110</b>	<b>230,028</b>	<b>255,294</b>
<b>Total liabilities and equity</b>	<b>635,833</b>	<b>603,367</b>	<b>648,986</b>

## 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	-	<b>380,185</b>
Profit for the period					48,495	48,495		<b>48,495</b>
Sales of treasury shares		6	111			117		<b>117</b>
Other comprehensive income/(loss)				(5,929)		(5,929)		<b>(5,929)</b>
Share incentive program					2,878	2,878		<b>2,878</b>
Dividends					(43,052)	(43,052)		<b>(43,052)</b>
Share issue	355		10,644			10,999		<b>10,999</b>
31 December 2021	27,323	(54)	172,775	10,284	183,365	393,692		<b>393,692</b>
Profit for the period					30,847	30,847		30,847
Sales of treasury shares	0	24	432			456		456
Other comprehensive income/(loss)				(223)		(223)		(223)
Share incentive program			-		2,722	2,722		2,722
Dividends					-46,489	(46,489)		(46,489)
Share issue	139		2,580			2,719		2,719
<b>30 September 2022</b>	<b>27,462</b>	<b>(30)</b>	<b>175,786</b>	<b>10,062</b>	<b>170,445</b>	<b>383,723</b>		<b>383,723</b>

## Consolidated statement of cash flows

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
<b>Operating activities</b>					
Profit/(loss) before tax	4,139	8,594	39,517	45,073	62,411
Adjustments for:					
Depreciation of property, plant and equipment	5,186	3,682	14,885	10,792	15,273
Net change in trade and other receivables	4,437	2,286	(12,821)	(28,224)	(24,390)
Net change in other liabilities	(7,085)	(5,578)	9,390	(4,095)	12,682
Net foreign exchange differences	154	(137)	43	(808)	(1,323)
Income tax expenses	(4,591)	491	(15,000)	(9,894)	(9,959)
<b>Net cash flow from operating activities</b>	<b>2,239</b>	<b>9,337</b>	<b>36,014</b>	<b>12,844</b>	<b>54,695</b>
<b>Investing activities</b>					
Purchase of property and equipment	(2,149)	(1,818)	(8,472)	(3,563)	(7,750)
<b>Net cash flow from investing activities</b>	<b>(2,149)</b>	<b>(1,818)</b>	<b>(8,472)</b>	<b>(3,563)</b>	<b>(7,750)</b>
<b>Financing activities</b>					
Repayments of lease liabilities	(3,119)	(2,420)	(8,787)	(7,043)	(10,920)
Sale of treasury shares	1,094	666	3,177	1,971	2,995
Change in bank overdraft	0	(9,559)	0	13,064	0
Net proceeds from equity	0		2,719	2,758	10,999
Payment of dividends	0		(46,489)	(43,052)	(43,052)
<b>Net cash flows from financing activities</b>	<b>(2,025)</b>	<b>(11,313)</b>	<b>(49,379)</b>	<b>(32,301)</b>	<b>(39,978)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,935)</b>	<b>(3,793)</b>	<b>(21,837)</b>	<b>(23,020)</b>	<b>6,967</b>
Cash and cash equivalents at the beginning of the period	26,788	20,496	46,690	39,724	39,724
<b>Cash and cash equivalents at the end of the period</b>	<b>24,853</b>	<b>16,702</b>	<b>24,853</b>	<b>16,702</b>	<b>46,690</b>

# Notes to the consolidated financial statements

## Note 1 Significant accounting principles

### Basis for preparation

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

### Statements

These condensed consolidated interim financial statements for the third quarter 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](http://www.webstep.com) and upon request from the Company's registered office at Universitetsgata 2, 0164 Oslo, Norway.

These condensed consolidated interim financial statements for the third quarter 2022 were approved by the Board of Directors and the CEO 9 November 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 third quarter of 2022 had the same number of workdays as the third quarter of 2021. In Sweden, the third quarter had the same number of workdays as the third quarter 2021.

## Note 4 Earnings per share

NOK'000 (except number of shares in thousand)	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Profit for the period	3,202	6,698	30,847	35,200	48,495
Average number of shares (excl. treasury shares)	27,416	27,031	27,359	26,962	27,000
Average number of shares, fully diluted (excl. treasury shares)	27,686	27,387	27,670	27,261	27,330
Earnings per share (NOK)	0.12	0.25	1.13	1.31	1.80
Earnings per share, fully diluted (NOK)	0.12	0.24	1.11	1.29	1.77

Based on the number of share options outstanding, the strike price of the options, the average share price during the third quarter, and YTD 2022, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 270,043 shares and 311,125 shares, respectively.

## 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 effecting the Group's financial position.

## Note 6 Alternative performance measures

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

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

**Profit measures - EBITDA**

	Q3	Q3	YTD	YTD	FY
NOK'000	2022	2021	2022	2021	2021
<b>EBITDA (Earnings Before Interest Tax Depreciation and Amortization)</b>					
Operating profit	5,516	9,528	42,876	47,496	65,923
Depreciation	5,186	3,682	14,885	10,792	15,273
EBITDA	10,701	13,211	57,760	58,288	81,196

**Net interest bearing debt (NIBD)**

	30 Sep	30 Sep	31 Dec
NOK'000	2022	2021	2021
<b>NIBD (Net Interest Bearing Debt)</b>			
Cash and cash equivalents (minus indicates positive amount)	(24,853)	(16,703)	(46,690)
Restricted cash	1,535	2,010	1,893
Debt to credit institutions	0	13,064	
Leasing liabilities (non-current and current)	55,335	44,514	61,536
NIBD	32,017	42,885	16,739

**Group equity ratio**

	30 Sep	30 Sep	31 Dec
NOK'000	2022	2021	2021
Total equity	383,724	373,339	393,692
Total assets	635,833	603,367	648,986
Group equity ratio	0.60	0.62	0.61

**NIBD/EBITDA**

	30 Sep	30 Sep	31 Dec
NOK'000	2022	2021	2021
EBITDA rolling 12 months	80,669	72,618	81,196
NIBD	32,017	42,885	16,739
NIBD/EBITDA (rolling 12 months)	0.40	0.59	0.21
NIBD/EBITDA (rolling 12 months)*	(0.29)	(0.02)	(0.55)

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





# Appendix

## Key figures by quarter

Group	Q3	Q2	Q1	Q4	Q3
NOK million	2022	2022	2022	2021	2021
Sales revenues	193.9	215.1	233.0	218.8	166.5
EBITDA	10.7	18.4	28.7	22.9	13.2
EBITDA margin	5.5%	8.5%	12.3%	10.5%	7.9%
EBIT	5.5	13.5	23.9	18.4	9.5
EBIT margin	2.8%	6.3%	10.3%	8.4%	5.7%
Net profit	3.2	9.8	17.8	13.3	6.7
Net free cash flow	0.1	6.9	20.5	37.7	7.5
Equity ratio	60.3%	58.9%	59.2%	60.7%	61.9%
Earnings per share (NOK)	0.12	0.36	0.65	0.49	0.25
Earnings per share, fully diluted (NOK)	0.12	0.35	0.65	0.48	0.24
Number of employees, average (FTE)	524	503	481	478	459
Number of employees, end of period	535	507	492	478	470
Operating revenue employee (NOK thousand)	370	428	484	458	363
EBIT per employee (NOK thousand)	11	27	50	39	21

## Segments

Norway	Q3	Q2	Q1	Q4	Q3
NOK million	2022	2022	2022	2021	2021
Sales revenues	165.7	183.5	202.2	188.6	145.5
EBIT	4.3	12.6	20.9	17.0	9.8
EBIT margin	2.6%	6.9%	10.3%	9.0 %	6.7%
Number of employees, average (FTE)	436	419	401	401	385
Number of employees, end of period	444.5	422	410	403	394
Number of workdays, Norway	66	59	64	64	66

Sweden	Q3	Q2	Q1	Q4	Q3
NOK million	2022	2022	2022	2021	2021
Sales revenues	28.3	31.6	30.8	30.2	21.0
EBIT	1.2	0.9	3.0	1.4	(0.3)
EBIT margin	4.4%	2.8%	9.7%	4.8%	-1.3%
Number of employees, average (FTE)	88	84	80	77	73
Number of employees, end of period	91	86	82	75	76
Number of workdays, Sweden	66	60	63	64	66

## Consolidated income statement

	Q3	Q2	Q1	Q4	Q3
NOK'000	2022	2022	2022	2021	2021
Sales revenues	193,923	215,103	233,004	218,784	166,478
<b>Total revenues</b>	<b>193,923</b>	<b>215,103</b>	<b>233,004</b>	<b>218,784</b>	<b>166,478</b>
Cost of services and goods	(18,001)	(18,265)	(16,555)	(19,016)	(12,858)
Salaries and personnel cost	(152,908)	(165,855)	(176,946)	(164,342)	(131,118)
Depreciation and impairment	(5,186)	(4,904)	(4,795)	(4,481)	(3,682)
Other operating expenses	(12,313)	(12,609)	(10,818)	(12,517)	(9,291)
<b>Total operating expenses</b>	<b>(188,408)</b>	<b>(201,632)</b>	<b>(209,114)</b>	<b>(200,357)</b>	<b>(156,950)</b>
<b>Operating profit(loss)</b>	<b>5,516</b>	<b>13,471</b>	<b>23,889</b>	<b>18,428</b>	<b>9,528</b>
Net financial items	(1,377)	(903)	(1,078)	(1,090)	(935)
<b>Profit before tax</b>	<b>4,139</b>	<b>12,567</b>	<b>22,811</b>	<b>17,338</b>	<b>8,594</b>
Income tax expenses	(936)	(2,755)	(4,979)	(4,042)	(1,896)
<b>Profit for the period</b>	<b>3,202</b>	<b>9,812</b>	<b>17,832</b>	<b>13,296</b>	<b>6,698</b>

## Consolidated statement of financial position

NOK'000	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021
<b>Assets</b>					
Intangible assets	382,206	382,124	380,784	383,575	385,686
Fixed assets	14,024	13,592	11,928	10,355	7,432
Right-of-use assets	56,112	58,059	60,089	62,548	44,514
Non-current financial assets	1.8	0	0	0	0
Deferred tax assets	1,619	1619	1619	1619	998
<b>Total non-current assets</b>	<b>453,962</b>	<b>455,394</b>	<b>454,420</b>	<b>458,097</b>	<b>438,630</b>
Trade receivables	149,296	147,028	158,579	132,761	139,763
Other current receivables	7,722	14,429	14,045	11,439	8,271
Cash and short-term deposits	24,853	26,788	67,239	46,690	16,703
<b>Total current assets</b>	<b>181,872</b>	<b>188,245</b>	<b>239,864</b>	<b>190,889</b>	<b>164,737</b>
<b>Total assets</b>	<b>635,833</b>	<b>643,639</b>	<b>694,284</b>	<b>648,986</b>	<b>603,367</b>
<b>Equity</b>					
<b>Total equity</b>	<b>383,724</b>	<b>378,800</b>	<b>411,259</b>	<b>393,692</b>	<b>373,339</b>
<b>Liabilities</b>					
Non-current leasing liabilities	41,607	43,912	46,983	49,507	32,962
Deferred tax	1,282	1,273	1,280	1,486	1,624
<b>Total non-current liabilities</b>	<b>42,889</b>	<b>45,185</b>	<b>48,262</b>	<b>50,993</b>	<b>34,587</b>
Debt to credit institutions	0	0	0		13,064
Current leasing liabilities	13,729	13,402	12,311	12,029	11,552
Trade and other payables	18,590	15,756	19,768	15,745	11,212
Tax payable	8,429	12,103	9,581	14,599	9,930
Dividend payable			0	0	-
Social taxes and VAT	68,215	67,331	77,510	72,114	59,799
Other short-term debt	100,257	111,061	115,594	89,814	89,885
<b>Total current liabilities</b>	<b>209,221</b>	<b>219,653</b>	<b>234,763</b>	<b>204,301</b>	<b>195,442</b>
<b>Total liabilities</b>	<b>252,110</b>	<b>264,838</b>	<b>283,026</b>	<b>255,294</b>	<b>230,028</b>
<b>Total equity and liabilities</b>	<b>635,833</b>	<b>643,639</b>	<b>694,284</b>	<b>648,986</b>	<b>603,367</b>

## Consolidated statement of cash flows

NOK'000	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
<b>Operating activities</b>					
Profit/(loss) before tax	4,139	12,567	22,811	17,338	8,594
Adjustments for:					
Depreciation of property, plant and equipment	5,186	4,904	4,795	4,481	3,682
Net change in trade and other receivables	4,437	11,168	(28,425)	3,834	2,286
Net change in other liabilities	(7,085)	(18,723)	35,199	16,777	(5,578)
Net foreign exchange differences	154	583	(694)	(514)	(137)
Income tax expenses	(4,591)	(295)	(10,115)	(65)	491
<b>Net cash flow from operating activities</b>	<b>2,239</b>	<b>10,204</b>	<b>23,571</b>	<b>41,851</b>	<b>9,337</b>
<b>Investing activities</b>					
Payments for R&D initiative			-	-	
Purchase of property and equipment	(2,149)	(3,258)	(3,065)	(4,187)	(1,818)
<b>Net cash flow from investing activities</b>	<b>(2,149)</b>	<b>(3,258)</b>	<b>(3,065)</b>	<b>(4,187)</b>	<b>(1,818)</b>
<b>Financing activities</b>					
Repayments of lease liabilities	(3,119)	(2,875)	(2,793)	(3,878)	(2,420)
Change in bank overdraft	-	-		(13,064)	(9,559)
Net proceeds from equity	-	1,136	1,583	8,240	
Sale of treasury shares and incentive program	1,094	831	1,253	1,024	666
Payment of dividends	-	(46,489)			
<b>Net cash flows from financing activities</b>	<b>(2,025)</b>	<b>(47,397)</b>	<b>43</b>	<b>(7,677)</b>	<b>(11,313)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,935)</b>	<b>(40,451)</b>	<b>20,549</b>	<b>29,987</b>	<b>(3,793)</b>
Cash and cash equivalents at the beginning of the period	26,788	67,239	46,690	16,703	20,496
<b>Cash and cash equivalents at the end of the period</b>	<b>24,853</b>	<b>26,788</b>	<b>67,239</b>	<b>46,690</b>	<b>16,703</b>





## 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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