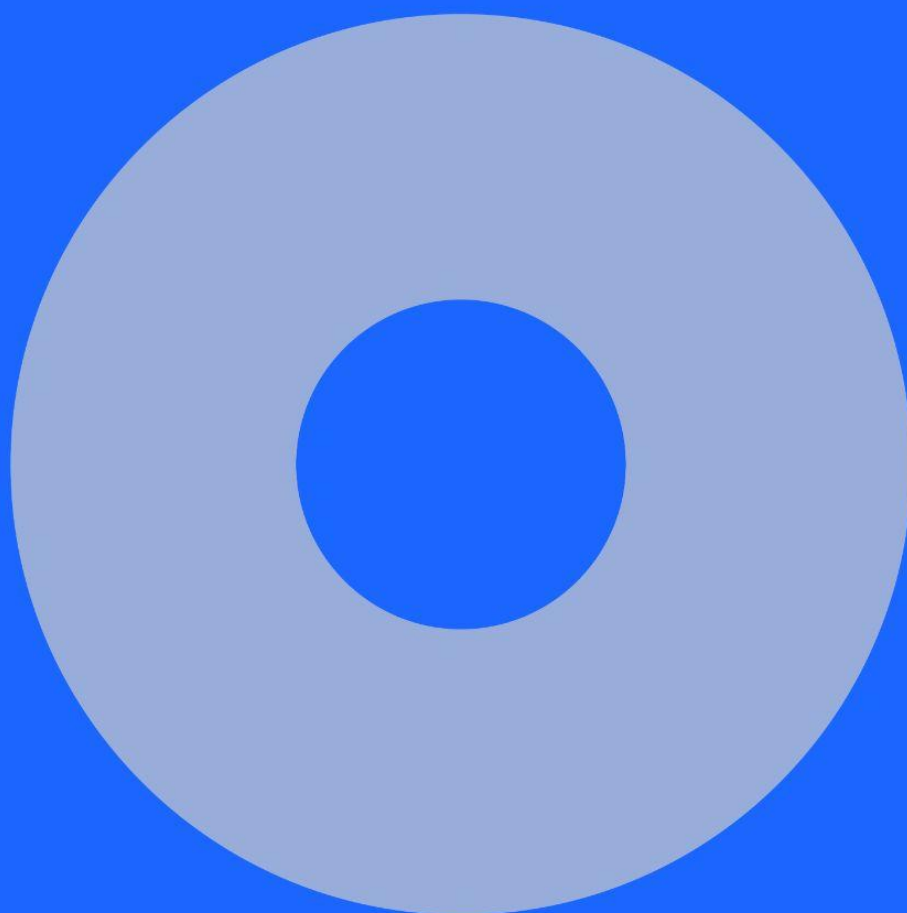


Interim report and full year 2022

Q4 · 2022



Highlights of the fourth quarter and full year 2022

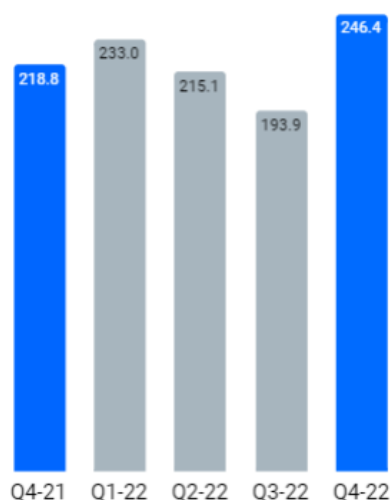
Solid growth in revenues | EBIT affected by one-off costs | 60 more employees

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

- Revenues
 - Q4: **NOK 246.4 (218.8) million** +12.6%
 - FY 2022: **NOK 888.4 (775.0) million** +14.6%
- EBIT actual
 - Q4: **NOK 11.8 (18.4) million** -36.1%
 - FY 2022: **NOK 54.6 (65.9) million** -17.1%
- EBIT adjusted
 - Q4: **NOK 17.2 (18.4) million** -6.8%
 - FY 2022: **NOK 60.0 (65.9) million** -8.9%
- One-off costs of NOK 5.4 million
 - Overhead cost reduction
 - Write-down of 2023 lease obligation
- Focus on improving profitability
- Headcount
 - Q4 EoP: **538 employees (478)** +12.6%
- Dividend proposal of **NOK 1.70** per share
- New CFO, Ida Amalie Oma, appointed internally

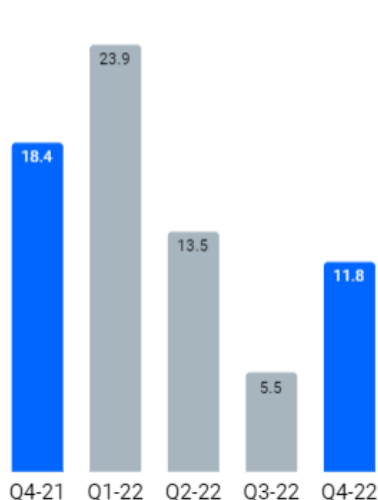
Operating revenues

NOKm



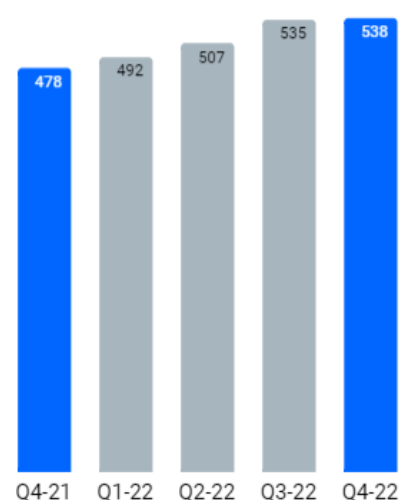
Operating profit (EBIT)

NOKm



Number of employees

End of Period



Key figures

Group	Q4	Q4		FY	FY	
NOK million	2022	2021	Change	2022	2021	Change
Sales revenues	246.4	218.8	12.6%	888.4	775.0	14.6%
EBITDA	18.5	22.9	(19.4%)	76.2	81.2	(6.1%)
EBITDA margin	7.5%	10.5%	(3 pts)	8.6%	10.5%	(1.9 pts)
EBIT	11.8	18.4	(36.1%)	54.6	65.9	(17.1%)
EBIT margin	4.8%	8.4%	(3.7 pts)	6.2%	8.5%	(2.4 pts)
Net profit	7.8	13.3	(41.7%)	38.6	48.5	(20.4%)
EBITDA adj.*	22.1	22.9	(3.7%)	79.8	81.2	(1.7%)
EBITDA margin adj.*	9.0%	10.5%	(1.5 pts)	9.0%	10.5%	(1.5 pts)
EBIT adj.**	17.2	18.4	(6.8%)	60.0	65.9	(8.9%)
EBIT margin adj.**	7.0%	8.4%	(1.5 pts)	6.8%	8.5%	(1.7 pts)
Net free cash flow	35.7	37.7	(5.1%)	63.3	46.9	34.8%
Equity ratio	58.0%	60.7%	(2.7 pts)	58.0%	60.7%	(2.7 pts)
Earnings per share (NOK)	0.28	0.49	(42.5%)	1.41	1.80	(21.5%)
Earnings per share, fully diluted (NOK)	0.28	0.48	(41.9%)	1.40	1.77	(21.4%)

*adjusted one-off costs related to overhead cost reduction

**adjusted one-offs costs related to overhead cost reduction and write-down of 2023 lease obligations

Segments

Norway	Q4	Q4		FY	FY	
NOK million	2022	2021	Change	2022	2021	Change
Revenues	210.2	188.6	11.5%	761.6	668.4	13.9%
EBIT	10.0	17.0	(41.1%)	47.7	61.1	(21.9%)
EBIT margin	4.8%	9.0%	(4.2 pts)	6.3%	9.1%	(2.9 pts)
Number of employees, average (FTE)	445	401	10.9%	512	379	34.9%
Number of employees, end of period	444	403	10.2%	444	403	10.2%
Operating revenue per employee (NOKt)	473	470	0.5%	1,488	1,763	(15.6%)

Sweden	Q4	Q4		FY	FY	
NOK million	2022	2021	Change	2022	2021	Change
Revenues	36.2	30.2	19.9%	126.9	106.7	19.0%
EBIT	1.8	1.4	22.3%	6.9	4.8	44.1%
EBIT margin	4.9%	4.8%	0.1 pts	5.5%	4.5%	1 pts
Number of employees, average (FTE)	94	77	21.9%	86	70	23.2%
Number of employees, end of period	95	75	26.1%	95	75	26.1%
Operating revenue per employee (NOKt)	385	392	(1.7%)	1,468	1,520	(3.4%)

Financial review

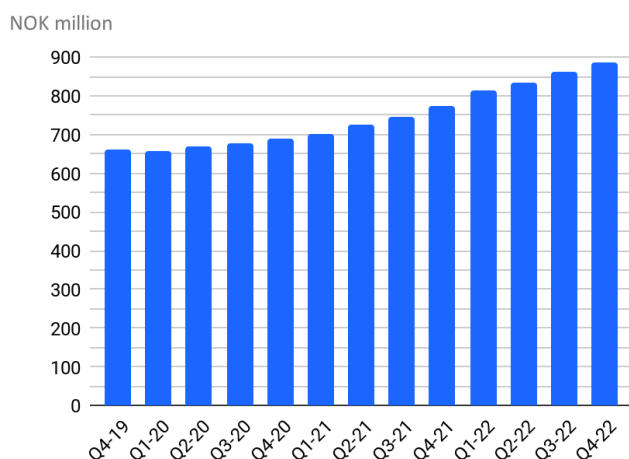
(All amounts in brackets are comparative figures for 2021 unless otherwise specifically stated.)

Operating revenues

Fourth quarter consolidated revenues were NOK 246.4 million (NOK 218.8 million), up 12.6 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 539 (478) 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 were NOK 888.4 million (NOK 775.0 million), up 14.6 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.

Rolling 12 month operating revenues



Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 21.9 million (NOK 19.0 million) for the quarter and NOK 74.7 million (NOK 70.2 million) in 2022.

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 191.0 million (NOK 164.3 million) for the quarter. The change is explained by increased revenues, number of employees and one-off costs related to downsizing.

Salaries and personnel costs for the full year amounted to NOK 686.7 million (NOK 583.7 million). The increase is explained by a higher number of employees, increased revenues, one-off costs related to downsizing and culture building activities.

Other operating expenses amounted to NOK 15.0 million (NOK 12.5 million) for the quarter. The change is due to conference attendance and office locations.

Depreciation and impairment for the quarter amounted to NOK 6.7 million (NOK 4.5 million). The increase is explained by new office locations and equipment, in addition to write-down of lease obligation.

Other operating expenses amounted to NOK 50.8 million (NOK 40.0 million) for the full year. 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 in 2022 amounted to NOK 21.6 million (NOK 15.3 million). The increase is explained by new office locations, inventory and equipment in addition to write-down of lease obligation.

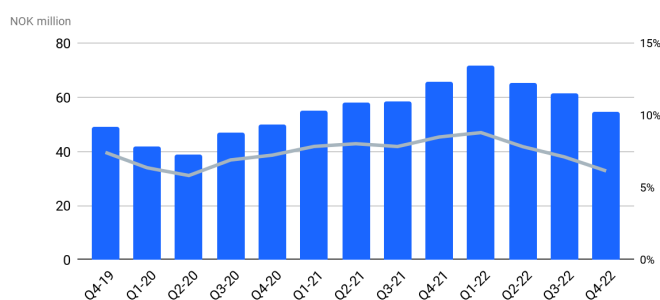
Operating profit

Total consolidated EBITDA for the quarter amounted to NOK 18.5 million (NOK 22.9 million) and NOK 76.2 million (NOK 81.2 million) in 2022. EBITDA for the quarter adjusted for one-off costs related to downsizing is 22.1 million and for the year 79.8 million.

Total consolidated EBIT for the quarter amounted to NOK 11.8 million (NOK 18.4 million). EBIT for the full year amounted to NOK 54.6 million (NOK 65.9 million). EBIT margin for the quarter is 4.8 % (8.4 %) and 6.2 % (8.5 %) year to date.

EBIT for the quarter and year to date is affected by one-off costs related to overhead cost reduction and write-down of 2023 lease obligation. EBIT for the quarter adjusted for these costs is 17.2 million and 60.0 million for the full year. EBIT margin adjusted for the quarter is 7.0% and for the full year 6.8%.

Margin improvement is one of our main priorities going forward. Through closer cost management and optimizing sales activities we will improve profitability over time.

Rolling 12 month operating profit (EBIT) and EBIT margin

Net financial costs were NOK 1.0 million (NOK 1.1 million) and income tax amounted to NOK 3.0 million (NOK 4.0 million) for the quarter. Net profit for the quarter was NOK 7.8 million (NOK 13.3 million).

Net financial costs were NOK 4.4 million (NOK 3.5 million) and income tax amounted to NOK 11.7 million (NOK 13.9 million) for the full year. Net profit for 2022 was NOK 38.6 million (NOK 48.5 million).

Financial position

Total assets end of year amounted to NOK 679.0 million (NOK 649.0 million). Non-current assets were NOK 461.8 million (NOK 458.1 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 380.1 million (NOK 383.6 million), and comprise primarily of acquisition-related goodwill of NOK 378.5 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 65.1 million (NOK 62.5 million).

Total current assets of NOK 217.2 million (NOK 190.9 million) consisted of trade receivables, other current receivables and cash and short-term deposits. Trade receivables amounted to NOK 145.7 million (NOK 132.8 million). Other current receivables were NOK 9.1 million (NOK 11.4 million). Cash and short-term deposits amounted to NOK 62.3 million (NOK 46.7 million).

Total equity on 31 December was NOK 393.6 million (NOK 393.7 million). The change is mainly related to earnings generated, offset by dividends paid. Non-current liabilities amounted to NOK 54.3 million (NOK 51.0 million) and consisted mainly of non-current leasing liabilities of NOK 52.9 million (NOK 49.5 million). Current liabilities of NOK 231.1 million (NOK 204.3 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 38.0 million (NOK 41.9 million) for the quarter, and NOK 74.0 (NOK 54.7

million) for the year. The change in cash flow from operations in the fourth quarter is primarily explained by change in profit, other receivables as well as trade and other liabilities.

The dividend policy remains unchanged, and the Board of Directors propose a dividend of NOK 1.70 per share.

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 210.2 million (NOK 188.6 million), up 11.5 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 12.7 million (11.1 million), up 14.5 percent.

EBIT for the quarter came to NOK 10.0 million (NOK 17.0 million). EBIT adjusted for one-off costs is NOK 15.4 million for the fourth quarter.

Total operating revenues year to date came to NOK 761.6 million (NOK 668.4 million), up 13.9 percent from 2021. The change in revenue is mainly driven by a higher number of employees in addition to hourly rates although offset by lower utilization. EBIT year to date came to NOK 47.7 million (NOK 66.1 million). EBIT adjusted for one-off costs is NOK 53.1 million for the full year.

Revenues from subcontractors year to date came to NOK 45.7 million (45.8 million), slightly down 0.2 percent.

Revenue breakdown

NOK million	Q4 2022	Q4 2021	Y/Y change	FY 2022	FY 2021	Y/Y change
Oslo	92.3	80.8	14.3%	324.7	281.0	15.5%
Regional offices	105.8	97.1	8.9%	393.7	343.5	14.6%
Subcontractors	12.7	11.1	14.5%	45.7	45.8	(0.2%)
Other / eliminations	(0.6)	(0.4)	52.7%	(2.4)	(1.9)	26.7%
Total	210.2	188.6	11.5%	761.6	668.4	13.9%

Webstep Norway had 444 employees on 31 December 2022 (403 employees). The average number of employees in the quarter was 445 (401) and 425 (379) 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 36.2 million (NOK 30.2 million), an increase of 19.9 percent. 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 7.2 million (5.4 million), up 34.7 percent.

Revenue breakdown

NOK million	Q4 2022	Q4 2021	Y/Y change	FY 2022	FY 2021	Y/Y change
Regional offices	28.9	24.8	16.7%	103.0	83.6	23.2%
Subcontractors	7.2	5.4	34.7%	23.9	23.1	3.7%
Total	36.2	30.2	19.9%	126.9	106.7	19.0%

Adjusted for fluctuation in exchange rates, revenue increased by 25.5 percent compared to the same quarter last year.

EBIT came to NOK 1.8 million (NOK 1.4 million) for the quarter. With more employees in the quarter, EBIT are positively affected from higher revenues, although negatively affected through corresponding higher costs related to salaries and personnel.

Operating revenues for the full year came to NOK 126.9 million (NOK 106.7 million), an increase of 19.0 percent. Adjusted for fluctuation in exchange rates, revenue grew by 25.5 percent compared to 2021.

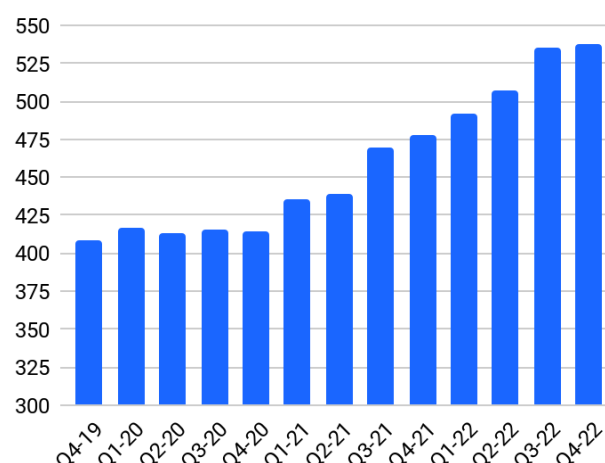
EBIT came to NOK 6.9 million (NOK 4.8 million) for the full year. Adjusted for fluctuation in exchange rates, EBIT increased 48.0 percent compared to 2021. EBIT is positively affected by higher revenues and negatively impacted by correspondingly higher salaries and personnel costs due to a higher number of employees, in addition to higher costs related to attendance on conferences and travel, as well as cost related to offices.

Revenues for the full year from subcontractors came to NOK 23.9 million (NOK 23.1 million).

Webstep Sweden had 95 employees on 31 December 2022 (75 employees). The average number of employees in the quarter was 94 (77) and 86 (70) for the full year.

Employees

Webstep had 538 employees at the end of 2022, an increase of 3 employees the last quarter and an increase of 60 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

Markets and customers are facing a changing macroeconomic environment. Geopolitical instability, energy crisis, high interest rates and supply disruptions, can affect buying behavior in certain segments. But the long term trend of digitalisation has not changed.

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

Uncertain times and changing macroeconomic environments has not changed the long term trend of digitalisation, representing an ever more important engine of innovation, competitiveness and economic growth.

The need for reliable, experienced support and deep IT competence is still key to deliver on the promise of digitalisation, and we know that digitalisation is helping our customers become more resilient businesses. Webstep is a strong player in this game.

The ongoing projects and renewed trust from existing clients is a solid foundation in uncertain times. Successful recruitment through 2022, and an expected 550 employees by the end of first quarter 2023 is promising. Further headcount growth will now be balanced against profitability.

Sales and utilization is key for the first quarter of 2023 and going forward. Strong local presence and collaboration between regions has proven significant for sales. Sales activities will now be even further optimized, boosting the ability to succeed in today's markets.

The Webstep go-to-market-model is an important part of the company's growth strategy. Over the last two years Webstep has proven its capacity and expertise to deliver teams and comprehensive projects. In the fourth quarter several team deliveries proved Webstep to be a trusted partner in the enterprise market.


We strongly believe that firm focus on optimizing sales and ensuring utilization, together with reduced overhead costs and strengthened capacity, will lead to substantial market opportunities and results going forward. We therefore expect to see a scaling effect and improved profitability. Our long term target for EBIT margin is above 10%.

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 31 December 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, 20 February 2023

		
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	Q4 2022	Q4 2021	FY 2022	FY 2021
Sales revenues	246,409	218,784	888,439	775,023
Total revenues	246,409	218,784	888,439	775,023
Cost of services and goods	(21,891)	(19,016)	(74,713)	(70,200)
Salaries and personnel cost	(191,019)	(164,342)	(686,728)	(583,665)
Depreciation and impairment	(6,695)	(4,481)	(21,580)	(15,273)
Other operating expenses	(15,030)	(12,517)	(50,769)	(39,961)
Total operating expenses	(234,635)	(200,357)	(833,790)	(709,100)
Operating profit(loss)	11,773	18,428	54,649	65,923
Net financial items	(1,016)	(1,090)	(4,374)	(3,512)
Profit before tax	10,757	17,338	50,274	62,411
Income tax expenses	(3,002)	(4,042)	(11,673)	(13,916)
Profit for the period	7,755	13,296	38,602	48,495
Earnings per share (NOK)	0.28	0.49	1.41	1.80
Earnings per share, fully diluted (NOK)	0.28	0.48	1.40	1.77
Other comprehensive income:				
Currency translation differences	(2,367)	(2,207)	(2,589)	(5,929)
Other comprehensive income for the period, net of tax	(2,367)	(2,207)	(2,589)	(5,929)
Total comprehensive income for the period, net of tax	5,388	11,089	36,013	42,566
Attributable to:				
Shareholders in parent company	5,388	11,089	36,013	42,566

Consolidated statement of financial position

NOK'000	31-Dec 2022	31-Dec 2021
ASSETS		
Intangible assets	380,054	383,575
Fixed assets	14,447	10,355
Right-of-use assets	65,060	62,548
Non-current financial assets	2	-
Deferred tax assets	2,193	1,619
Total non-current assets	461,756	458,097
Trade receivables	145,742	132,761
Other current receivables	9,129	11,439
Cash and short-term deposits	62,340	46,690
Total current assets	217,211	190,889
Total assets	678,967	648,986
EQUITY		
Share capital	27,628	27,322
Treasury shares	(30)	(54)
Share premium	179,192	172,779
Retained earnings	186,775	193,645
Total equity	393,566	393,692
LIABILITIES		
Non-current leasing liabilities	52,933	49,507
Deferred tax	1,410	1,486
Total non-current liabilities	54,343	50,993
Debt to credit institutions	-	-
Current leasing liabilities	13,153	12,029
Trade and other payables	15,215	15,745
Tax payable	11,755	14,599
Social taxes and VAT	81,524	72,114
Other short-term debt	109,411	89,814
Total current liabilities	231,059	204,301
Total liabilities	285,401	255,294
Total liabilities and equity	678,967	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					38,602	38,602		38,602
Sales of treasury shares	-	24	432			456		456
Other comprehensive income/(loss)				(2,589)		(2,589)		(2,589)
Share incentive program			-		3,606	3,606		3,606
Dividends					-46,489	(46,489)		(46,489)
Share issue	306		5,982			6,288		6,288
31 December 2022	27,629	(30)	179,188	7,695	179,085	393,565		393,565

Consolidated statement of cash flows

	Q4 2022	Q4 2021	FY 2022	FY 2021
Operating activities				
Profit/(loss) before tax	10,757	17,338	50,274	62,411
Adjustments for:				
Depreciation of property, plant and equipment	6,695	4,481	21,580	15,273
Net change in trade and other receivables	2,147	3,834	(10,673)	(24,390)
Net change in other liabilities	19,088	16,777	28,477	12,682
Net foreign exchange differences	(499)	(514)	(456)	(1,323)
Income tax expenses	(209)	(65)	(15,209)	(9,959)
Net cash flow from operating activities	37,979	41,851	73,993	54,695
Investing activities				
Payments for R&D initiative				
Purchase of property and equipment	(2,253)	(4,187)	(10,724)	(7,750)
Net cash flow from investing activities	(2,253)	(4,187)	(10,724)	(7,750)
Financing activities				
Repayments of lease liabilities	(2,693)	(3,878)	(11,480)	(10,920)
Sale of treasury shares	885	1,024	4,062	2,995
Change in bank overdraft	0	(13,064)	0	0
Net proceeds from equity	3,569	8,240	6,288	10,999
Payment of dividends			(46,489)	(43,052)
Net cash flows from financing activities	1,760	(7,677)	(47,619)	(39,978)
Net increase/(decrease) in cash and cash equivalents	37,487	29,987	15,650	6,967
Cash and cash equivalents at the beginning of the period	24,853	16,703	46,690	39,724
Cash and cash equivalents at the end of the period	62,340	46,690	62,340	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 fourth 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 fourth quarter 2022 were approved by the Board of Directors and the CEO 20 February 2023.

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 fourth quarter of 2022 had the same number of workdays as the fourth quarter of 2021. In Sweden, the fourth quarter had the same number of workdays as the fourth quarter of 2021.

Note 4 Earnings per share

NOK'000 (except number of shares in thousand)	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period	7,755	13,296	38,602	48,495
Average number of shares (excl. treasury shares)	27,487	27,112	27,391	27,000
Average number of shares, fully diluted (excl. treasury shares)	27,643	27,536	27,663	27,330
Earnings per share (NOK)	0.28	0.49	1.41	1.80
Earnings per share, fully diluted (NOK)	0.28	0.48	1.40	1.77

Based on the number of share options outstanding, the strike price of the options, the average share price during the fourth quarter, and full year 2022, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 155,548 shares and 272,231 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

NOK'000	Q4 2022	Q4 2021	FY 2022	FY 2021
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)				
Operating profit	11,773	18,428	54,649	65,923
Depreciation	6,695	4,481	21,580	15,273
EBITDA	18,469	22,909	76,229	81,196

Net interest bearing debt (NIBD)

NOK'000	31 Dec 2022	31 Dec 2021
NIBD (Net Interest Bearing Debt)		
Cash and cash equivalents (minus indicates positive amount)	(62,340)	(46,690)
Restricted cash	1,697	1,893
Debt to credit institutions	0	
Leasing liabilities (non-current and current)	66,086	61,536
NIBD	5,444	16,739

Group equity ratio

NOK'000	31 Dec 2022	31 Dec 2021
Total equity	393,566	393,692
Total assets	678,967	648,986
Group equity ratio	0.58	0.61

NIBD/EBITDA

NOK'000	31 Dec 2022	31 Dec 2021
EBITDA rolling 12 months	76,229	81,196
NIBD	5,444	16,739
NIBD/EBITDA (rolling 12 months)	0.07	0.21
NIBD/EBITDA (rolling 12 months)*	(0.80)	(0.55)

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



Appendix

Key figures by quarter

Group	Q4	Q3	Q2	Q1	Q4
NOK million	2022	2022	2022	2022	2021
Sales revenues	246.4	193.9	215.1	233.0	218.8
EBITDA	18.5	10.7	18.4	28.7	22.9
EBITDA margin	7.5%	5.5%	8.5%	12.3%	10.5%
EBIT	11.8	5.5	13.5	23.9	18.4
EBIT margin	4.8%	2.8%	6.3%	10.3%	8.4%
Net profit	7.8	3.2	9.8	17.8	13.3
Net free cash flow	35.7	0.1	6.9	20.5	37.7
Equity ratio	58.0%	60.3%	58.9%	59.2%	60.7%
Earnings per share (NOK)	0.29	0.12	0.36	0.65	0.49
Earnings per share, fully diluted (NOK)	0.29	0.12	0.35	0.65	0.48
Number of employees, average (FTE)	539	524	503	481	478
Number of employees, end of period	538	535	507	492	478
Operating revenue employee (NOK thousand)	457	370	428	484	458
EBIT per employee (NOK thousand)	22	11	27	50	39

Segments

Norway	Q4	Q3	Q2	Q1	Q4
NOK million	2022	2022	2022	2022	2021
Sales revenues	210.2	165.7	183.5	202.2	188.6
EBIT	10.0	4.3	12.6	20.9	17.0
EBIT margin	4.8%	2.6%	6.9%	10.3%	9.0%
Number of employees, average (FTE)	445	436	419	401	401
Number of employees, end of period	444	445	422	410	403
Number of workdays, Norway	64	66	59	64	64

Sweden	Q4	Q3	Q2	Q1	Q4
NOK million	2022	2022	2022	2022	2021
Sales revenues	36.2	28.3	31.6	30.8	30.2
EBIT	1.8	1.2	0.9	3.0	1.4
EBIT margin	4.9%	4.4%	2.8%	9.7%	4.8%
Number of employees, average (FTE)	94	88	84	80	77
Number of employees, end of period	95	91	86	82	75
Number of workdays, Sweden	64	66	60	63	64

Consolidated income statement

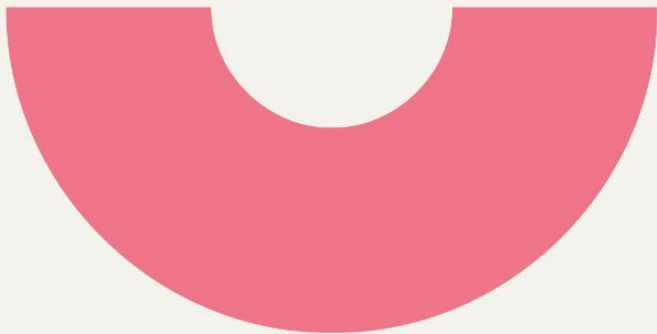
NOK'000	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Sales revenues	246,409	193,923	215,103	233,004	218,784
Total revenues	246,409	193,923	215,103	233,004	218,784
Cost of services and goods	(21,891)	(18,001)	(18,265)	(16,555)	(19,016)
Salaries and personnel cost	(191,019)	(152,908)	(165,855)	(176,946)	(164,342)
Depreciation and impairment	(6,695)	(5,186)	(4,904)	(4,795)	(4,481)
Other operating expenses	(15,030)	(12,313)	(12,609)	(10,818)	(12,517)
Total operating expenses	(234,635)	(188,408)	(201,632)	(209,114)	(200,357)
Operating profit(loss)	11,773	5,516	13,471	23,889	18,428
Net financial items	(1,016)	(1,377)	(903)	(1,078)	(1,090)
Profit before tax	10,757	4,139	12,567	22,811	17,338
Income tax expenses	(3,002)	(936)	(2,755)	(4,979)	(4,042)
Profit for the period	7,755	3,202	9,812	17,832	13,296

Consolidated statement of financial position

NOK'000	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021
Assets					
Intangible assets	380,054	382,206	382,124	380,784	383,575
Fixed assets	14,447	14,024	13,592	11,928	10,355
Right-of-use assets	65,060	56,112	58,059	60,089	62,548
Non-current financial assets	2	1.8	0	0	0
Deferred tax assets	2,193	1,619	1619	1619	1619
Total non-current assets	461,756	453,962	455,394	454,420	458,097
Trade receivables	145,742	149,296	147,028	158,579	132,761
Other current receivables	9,129	7,722	14,429	14,045	11,439
Cash and short-term deposits	62,340	24,853	26,788	67,239	46,690
Total current assets	217,211	181,872	188,245	239,864	190,889
Total assets	678,967	635,833	643,639	694,284	648,986
Equity					
Share capital	27,628	27,462	27,462	27,400	27,322
Treasury shares	-30	-30	-54	-54	-54
Share premium	179,192	175,790	175,358	174,284	172,779
Retained earnings	186,775	180,502	176,034	209,628	193,645
Total equity	393,566	383,724	378,800	411,259	393,692
Liabilities					
Non-current leasing liabilities	52,933	41,607	43,912	46,983	49,507
Deferred tax	1,410	1,282	1,273	1,280	1,486
Total non-current liabilities	54,343	42,889	45,185	48,262	50,993
Debt to credit institutions	0	0	0	0	
Current leasing liabilities	13,153	13,729	13,402	12,311	12,029
Trade and other payables	15,215	18,590	15,756	19,768	15,745
Tax payable	11,755	8,429	12,103	9,581	14,599
Dividend payable	0			0	0
Social taxes and VAT	81,524	68,215	67,331	77,510	72,114
Other short-term debt	109,411	100,257	111,061	115,594	89,814
Total current liabilities	231,059	209,221	219,653	234,763	204,301
Total liabilities	285,401	252,110	264,838	283,026	255,294
Total equity and liabilities	678,967	635,833	643,639	694,284	648,986

Consolidated statement of cash flows

NOK'000	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Operating activities					
Profit/(loss) before tax	10,757	4,139	12,567	22,811	17,338
Adjustments for:					
Depreciation of property, plant and equipment	6,695	5,186	4,904	4,795	4,481
Net change in trade and other receivables	2,147	4,437	11,168	(28,425)	3,834
Net change in other liabilities	19,088	(7,085)	(18,723)	35,199	16,777
Net foreign exchange differences	(499)	154	583	(694)	(514)
Income tax expenses	(209)	(4,591)	(295)	(10,115)	(65)
Net cash flow from operating activities	37,979	2,239	10,204	23,571	41,851
Investing activities					
Payments for R&D initiative	-	-	-	-	-
Purchase of property and equipment	(2,253)	(2,149)	(3,258)	(3,065)	(4,187)
Net cash flow from investing activities	(2,253)	(2,149)	(3,258)	(3,065)	(4,187)
Financing activities					
Repayments of lease liabilities	(2,693)	(3,119)	(2,875)	(2,793)	(3,878)
Change in bank overdraft	0	-	-		(13,064)
Net proceeds from equity	3,569	-	1,136	1,583	8,240
Sale of treasury shares and incentive program	885	1,094	831	1,253	1,024
Payment of dividends		-	(46,489)		
Net cash flows from financing activities	1,760	(2,025)	(47,397)	43	(7,677)
Net increase/(decrease) in cash and cash equivalents	37,487	(1,935)	(40,451)	20,549	29,987
Cash and cash equivalents at the beginning of the period	24,853	26,788	67,239	46,690	16,703
Cash and cash equivalents at the end of the period	62,340	24,853	26,788	67,239	46,690



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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