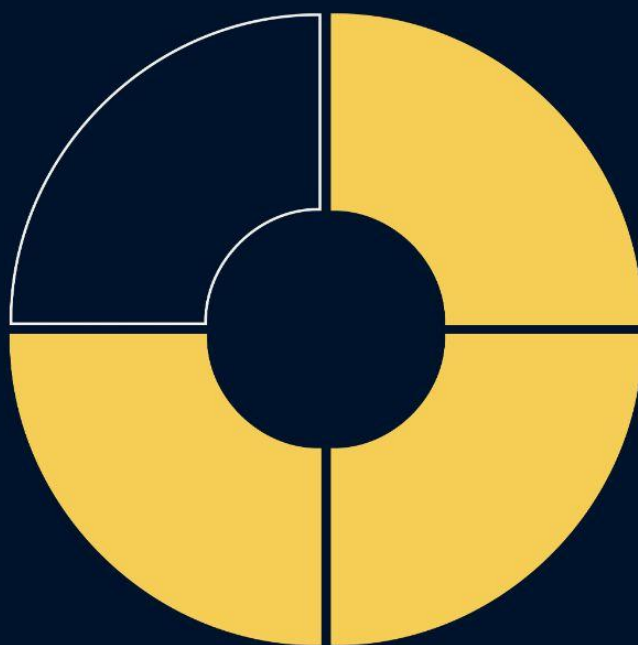


Q3 2023

Interim report



Highlights of the third quarter 2023

Continued revenue growth, planned and executed initiatives to increase margin

Revenues

○ Group Q3	MNOK 211.2 (193.9)	(+8.9%)
▪ Norway	MNOK 184.1 (165.7)	(+11.1%)
▪ Sweden	MNOK 27.1 (28.3)	(-3.9%)
○ Group YTD	MNOK 737.9 (642.0)	(+14.9%)
▪ Norway	MNOK 633.4 (551.3)	(+14.9%)
▪ Sweden	MNOK 104.6 (90.7)	(+15.3%)

EBIT

○ Group Q3	MNOK 2.3 (5.5)	(-57.5%)
▪ Norway	MNOK 5.0 (4.3)	(+17.0%)
▪ Sweden	MNOK -2.6 (1.2)	(-311.8%)
○ Group YTD	MNOK 45.2 (42.9)	(+5.4%)
▪ Norway	MNOK 43.9 (37.7)	(+16.3%)
▪ Sweden	MNOK 1.3 (5.1)	(-74.9%)

Number of employees end of Q3:

○ Group	566 (535) employees	(+5.7%)
▪ Norway	463 (445) employees	(+4.2%)
▪ Sweden	103 (91) employees	(+13.3%)

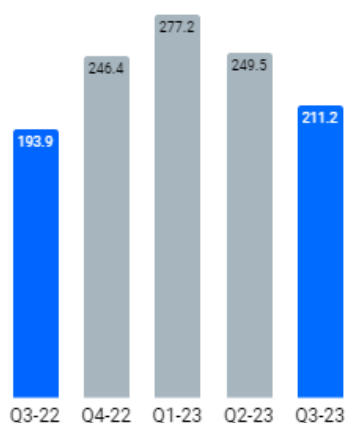
Profitability in focus: Planned and executed initiatives to increase margin, estimated cost reduction of 15-25 MNOK, starting with 15 MNOK with full year effect from 2024.

Revenue development and EBIT: Impacted by challenging market conditions, especially for Webstep Sweden. EBIT is also affected by the temporary increase in employer's contribution for Webstep Norway MNOK 3.8, as well as costs related to annual company gatherings. A provision of loss on accounts receivable from Q1 2023 has been reversed with positive effect on EBIT, MNOK 1.

Project highlights: Webstep has been given renewed trust within framework agreements for Posten Bring Group as prime supplier, and in collaboration with other partners for respectively The Norwegian Directorate of Immigration and for the Norwegian Police, IT Services.

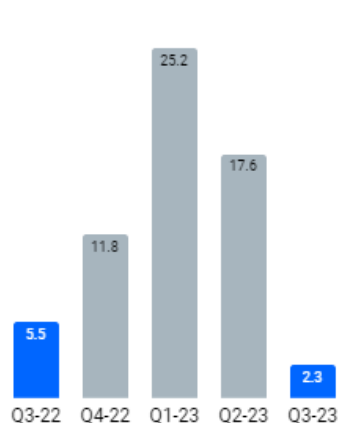
Operating revenues

NOKm



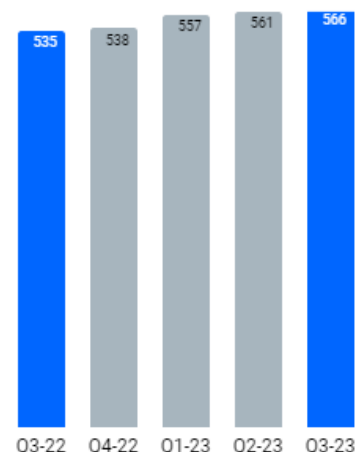
Operating profit (EBIT)

NOKm



Number of employees

End of Period



Q3 2023

Letter from
the CEO

Leading supplier during tougher times



Webstep closed the third quarter with a revenue of NOK 211.2 million (+ 8.9%), while year to date revenue ended at NOK 737.9 million (+ 14.9%). Revenue in Norway amounted to NOK 184.1 million (+ 11.1%), whilst Sweden, in a market hit substantially harder by macroeconomic conditions, ended revenues at NOK 27.1 million, (- 3.9%). Group EBIT ended at NOK 2.3 million (-57.5%) and amounted to NOK 45.2 million (+5.4%) year to date.

Seasonal variations, tougher markets

This year's third quarter result comes on a backdrop of lower utilisation due to reduced demand, longer sales cycles and delayed project commencements.

In the Norwegian market, we experienced third-quarter revenue growth driven both by increased hourly rates and a higher number of consultants. However, reduced utilisation and increased cost related to the additional employer's contribution have had a negative impact on the result. Our Swedish operation has faced declining revenues caused by reduced demand and lower utilisation in the Swedish market.

Taken together, despite revenue growth in the quarter, our EBIT margin decreased to 1.1% from 2.8% corresponding quarter last year.

Measures already taken

Several measures have already been implemented to optimise the organisation and reduce costs. A central initiative is the change in the Oslo operations with a major restructuring of the sales and administration services and

consultant support. Partnerships and framework handling are substantially strengthened as well. The aim is better scaling of the Oslo operation, and, simultaneously, to reduce overhead costs.

With consultant experience, project follow up and competence activities representing the core, sales activities, customer relationships and partnerships has been reshaped. The new organisation, fully operated by Oslo staff in new roles, will operate from the beginning of November.

Focusing further profitability

Additional measures to reduce costs and increase margins have been partly implemented and partly are in planning. The reorganisation in Oslo and the partly implemented and planned reductions in administrative and support resources at the corporate level in Norway and Sweden, will be significant contributors to cost reduction.

Initiatives have been planned and executed to increase profit margins, with an estimated cost reduction of 15 to 25 MNOK. These savings are expected to commence with an initial 15 MNOK on yearly basis with full year effect from 2024. The need for further adaptations will be continuously assessed and implemented based on the evaluation of market conditions and demand.

Third quarter and beyond - project highlights

Going forward, Webstep's increasingly comprehensive work towards key partnerships and framework agreements has a high priority and significance, and are yielding substantial results.

Please note that guidance on earnings can not be provided, as none of the suppliers initially know their respective shares of what ends up to be customer's spendings on each agreement.

In the third quarter, Webstep, leading a constellation of peers, landed a multi-year agreement with the Posten Bring Group, in our core areas of systems development and general deliveries. Posten-Bring total estimated spending being MNOK 250-500.

Further closing of deals

Together with peer partners, another two new multiyear bids were submitted in the third quarter, which resulted in two confirmed contracts in October - with the Norwegian Police IT Service and the Directorate of Immigration (UDI), respectively.

The Police IT Services contracts, contains an estimated total spending of NOK 4 billion. For UDI, the total spending is estimated at NOK 2.1 billion

Our main focal points going forward

Undoubtedly, the challenges we currently face are putting our organisation, and peer consultancies, through rigorous stress tests. Expert system developers, almost 75% of Webstep staff, are proven cornerstones of our strategic approach, and particularly important in challenging times.

Experienced system developers and team deliveries to large customers, has proved robust in tough times. Three main framework agreements with significant customers certainly

back this up.

Amidst the uncertainty, we pursue our primary strategic objective: to excel as the most valued provider of essential services in system development, encompassing both core and auxiliary services, through our expertise in skill-building and deliveries to our customers.

As the digitalisation wave surges, Webstep is well positioned to navigate it successfully.



Save Asmervik
Webstep ASA CEO

Key figures

Group	Q3	Q3		YTD	YTD		FY
NOK million	2023	2022	Change	2023	2022	Change	2022
Sales revenues	211.2	193.9	8.9%	737.9	642.0	14.9%	888.4
EBITDA	8.0	10.7	(24.8%)	61.5	57.8	6.5%	76.2
EBITDA margin	3.8%	5.5%	(1.7 pts)	8.3%	9.0%	(0.7 pts)	8.6%
EBIT	2.3	5.5	(57.5%)	45.2	42.9	5.4%	54.6
EBIT margin	1.1%	2.8%	(1.7 pts)	6.1%	6.7%	(0.6 pts)	6.2%
Net profit	0.3	3.2	(91.5%)	31.8	30.8	3.1%	38.4
Net free cash flow	(33.3)	0.1	-	(10.8)	27.5	(139.2%)	63.3
Equity ratio	54.0%	60.3%	(6.4 pts)	54.0%	60.3%	(6.4 pts)	57.9%
Earnings per share (NOK)	0.01	0.12	(91.6%)	1.15	1.13	2.1%	1.40
Earnings per share, fully diluted (NOK)	0.01	0.12	(91.6%)	1.14	1.11	2.3%	1.39
Number of employees, average (FTE)	557	524	6.4%	557	503	10.8%	512
Number of employees, end of period	566	535	5.7%	566	535	5.7%	538
Operating revenue per employee	379	370	2.4%	1,325	1,277	3.7%	1,736
EBIT per employee	4.2	10.5	(60.0%)	81.1	85.3	(4.9%)	106.8

Segments

Norway	Q3	Q3		YTD	YTD		FY
NOK million	2023	2022	Change	2023	2022	Change	2022
Revenues	184.1	165.7	11.1%	633.4	551.3	14.9%	761.6
EBIT	5.0	4.3	17.0%	43.9	37.7	16.3%	47.7
EBIT margin	2.7%	2.6%	0.1 pts	6.9%	6.8%	0.1 pts	6.3%
Number of employees, average (FTE)	457	436	4.9%	456	418	8.9%	425
Number of employees, end of period	463	445	4.2%	463	445	4.2%	444
Operating revenue per employee (NOKt)	403	380	5.9%	1,390	1,318	5.5%	1,792

Sweden	Q3	Q3		YTD	YTD		FY
NOK million	2023	2022	Change	2023	2022	Change	2022
Revenues	27.1	28.3	(3.9%)	104.6	90.7	15.3%	126.9
EBIT	(2.6)	1.2	(311.8%)	1.3	5.1	(74.9%)	6.9
EBIT margin	(9.8%)	4.4%	(14.2 pts)	1.2%	5.7%	(4.4 pts)	5.5%
Number of employees, average (FTE)	100	88	13.6%	101	84	20.8%	86
Number of employees, end of period	103	91	13.2%	103	91	13.2%	95
Operating revenue per employee (NOKt)	271	320	(15.4%)	1,031	1,081	(4.6%)	1,468

Financial review

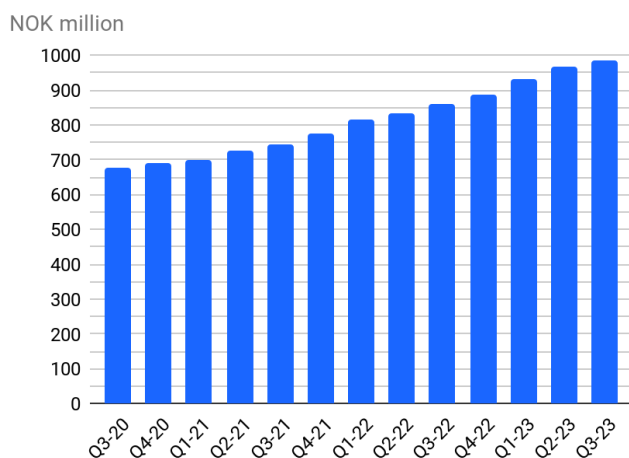
(All amounts in brackets are comparative figures for 2022 unless otherwise specifically stated.)

Operating revenues

Third quarter consolidated revenues were NOK 211.2 million (NOK 193.9 million), up 8.9 percent from the same quarter last year. Webstep's revenue model is primarily based on hourly fees, with revenue capacity dependent on the number of consultants, number of workdays and hourly rates. The average number of employees in the quarter was 557 (524), and the quarter had one less working day compared to the same quarter previous year. The growth in revenue from own consultants is for the third quarter primarily driven by increased headcount in addition to hourly rates, although limited by lower utilisation and one less working day.

Total consolidated revenues year to date were NOK 737.9 million (NOK 642.0 million), up 14.9 percent compared to 2022. Revenue growth is mainly driven by a higher number of consultants and higher hourly rates, offset by lower utilisation and one less working day compared to last year.

Rolling 12 month operating revenues



Operating costs

Cost of services and goods sold, primarily related to use of subcontractors, amounted to NOK 20.0 million (NOK 18.0 million) for the third quarter of 2023 and NOK 67.4 million (NOK 52.8 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 171.6 million (NOK 152.9 million) for the quarter. The change is explained by

increased revenues and higher number of employees. Additionally, there has been NOK 3.8 million in increased costs related to employer's contributions in the quarter, as a result of the Parliament's decision to impose additional employer's national insurance contributions for 2023.

In the third quarter, the majority of the departments in Webstep Norway carried out its annual tradition of company gatherings, which is the primary reason for the costs related to social activities in the period. Compared to the corresponding quarter last year costs are reduced, mostly due to one region organising their gathering in the fourth quarter 2023.

Salaries and personnel costs year to date amounted to NOK 568.2 million (NOK 495.7 million). The change is explained by increased revenues and higher number of employees, in addition to the extra employer's national insurance contributions for 2023.

Other operating expenses amounted to NOK 11.6 million (NOK 12.3 million) for the quarter. A provision of loss on accounts receivable from the first quarter of 2023 has been reversed with an isolated effect on the quarter.

Other operating expenses amounted to NOK 40.9 million (NOK 35.7 million) year to date. The increase is mainly explained by office locations, external services and travel expenses.

Depreciation and impairment for the quarter amounted to NOK 5.7 million (NOK 5.2 million) and NOK 16.3 million (NOK 14.9 million) year to date.

Operating profit

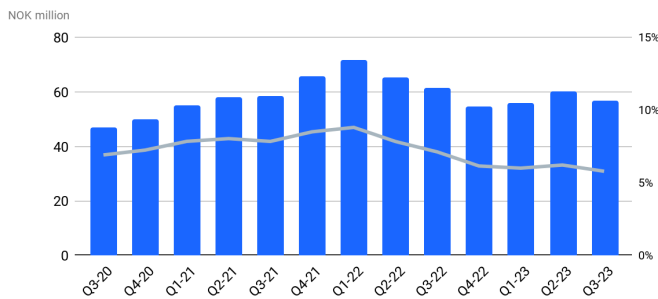
Total consolidated EBITDA for the quarter amounted to NOK 8.0 million (NOK 10.7 million) and NOK 61.5 million (NOK 57.8 million) year to date.

Total consolidated EBIT for the quarter amounted to NOK 2.3 million (NOK 5.5 million). Year to date, EBIT amounted to NOK 45.2 million (42.9 million).

EBIT margin for the quarter was 1.1% (2.8%) and 6.1% (6.7%) year to date.

During the third quarter, initiatives targeting general and administrative costs have been planned and executed to improve margins. This includes a reduction of non-billable FTEs for the Group, a reorganisation of the Oslo region and other initiatives to reduce overhead costs. The total estimated cost reduction is NOK 15 million on a yearly basis, with effect from Q1 2024.

Rolling 12 month operating profit (EBIT) and EBIT margin



Net financial costs were NOK 1.9 million (NOK 1.4 million) and income tax amounted to NOK 0.2 million (NOK 0.9 million) for the quarter. Net profit for the quarter was NOK 0.3 million (NOK 3.2 million).

Net financial costs were NOK 4.4 million (NOK 3.4 million) and income tax amounted to NOK 9.0 million (NOK 8.7 million) year to date. Net profit year to date was NOK 31.8 million (NOK 30.9 million).

Financial position

Total assets at the end of the third quarter amounted to NOK 710.2 million (NOK 635.8 million). Non-current assets were NOK 480.6 million (NOK 454.0 million) and consisted mainly of intangible assets. Intangible assets amounted to NOK 381.0 million (NOK 382.2 million), and comprise primarily of acquisition-related goodwill of NOK 380.6 million. Right-of-use assets related to office rentals and car leases have been recognized in the balance sheet at the total amount of NOK 84.0 million (NOK 56.1 million).

Total current assets of NOK 229.6 million (NOK 181.9 million) consisted of trade receivables, cash and short-term deposits and other current receivables. Trade receivables amounted to NOK 204.2 million (NOK 149.3 million). The increase in trade receivables is mainly related to calendar effects related to which weekday receivables fall due, which for third quarter 2023 was on a weekend. Other current receivables were NOK 8.5 million (NOK 7.7 million). Cash and short-term deposits amounted to NOK 16.9 million (NOK 24.9 million).

Total equity on 30 September was NOK 383.4 million (NOK 383.7 million). Non-current liabilities amounted to NOK 69.5 million (NOK 42.9 million) and consisted mainly of non-current leasing liabilities of NOK 68.1 million (NOK 41.6 million). Current liabilities of NOK 257.3 million (NOK 209.2 million) consisted of current leasing liabilities, debt to credit

institutions, trade payables, social taxes and VAT and other short-term liabilities.

Cash flow from operations is negative by NOK 31.9 million (positive NOK 2.2 million) for the quarter, and negative by NOK 6.1 million (positive NOK 36.0 million) year to date. The change is primarily explained by increased trade receivables and other liabilities. Increased trade receivables are mainly explained by calendar effects related to which weekday receivables fall due. Most receivables are due the last day of the month, which for September 2023 was on a weekend. Furthermore, the Group sees no indication of increased risk related to loss on customer receivables.

Cash flow from investing activities is for the quarter negative by NOK 1.4 million (NOK -2.1 million), and negative by NOK 4.7 million (NOK -8.5 million) year to date. The change is mainly due to reduction in costs related to office equipment and inventory.

Cash flow from financing activities amounted to NOK 16.8 million (NOK -2.0 million) for the quarter, and is negative by NOK 34.6 million (NOK -49.4 million) year to date. The quarterly change is related to the mentioned use of credit facility, while year to date is additionally affected by payment of dividend.

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

Norway is the largest segment, accounting for 87 percent of the consolidated operating revenues in the quarter.

Norway

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

Total operating revenues for the quarter came to NOK 184.1 million (NOK 165.7 million), up 11.1 percent from the same period in 2022. The revenue growth is driven by an increased number of consultants and higher hourly rates and. Utilisation is stable compared to the same quarter last year,

although affected by lower market demand. One less working day compared to last year affects revenue negatively.

Year to date, operating revenues amounted to NOK 633.4 million (NOK 551.3 million), up 14.9 percent from the same period in 2022. Increased number of consultants and hourly rates contributes to revenue growth year to date, despite lower utilisation and one less working day compared to last year.

EBIT for the quarter came to NOK 5.0 million (NOK 4.3 million). EBIT year to date came to NOK 43.9 million (NOK 37.7 million). EBIT margin for the quarter amounted to 2.7% (2.6%) and 6.9% (6.8%) year to date.

Revenues from subcontractors for the quarter came to NOK 15.1 million (9.8 million). Year to date, revenues from subcontractors came to NOK 49.5 million (NOK 32.9 million). The change is mainly related to change in internal accounting of licence resale. The isolated change in revenue from subcontractors is NOK 2.3 million for the quarter and NOK 8.7 million for the first-half year.

Revenue breakdown

NOK million	Q3 2023	Q3 2022	Y/Y change	YTD 2023	YTD 2022	Y/Y change	FY 2022
Oslo	80.6	71.3	13.0%	271.6	232.3	16.9%	324.7
Regional offices	89.2	85.0	4.9%	315.0	287.8	9.4%	393.7
Subcontractors/resale of licenses	15.1	9.8	53.9%	49.5	32.9	50.1%	45.7

Webstep Norway had 463 employees on 30 September 2023 (445 employees). The average number of employees in the third quarter was 457 (436) and 456 (418) 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 27.1 million (NOK 28.3 million), down 3.9 percent compared to the same quarter last year. Adjusted for fluctuation in exchange rates, revenue decreased by 5.3 percent. Despite an increased number of consultants and slightly improved hourly rates, there is an overall negative development in revenues due to lower demand in the Swedish market affecting utilisation, in addition to one less working day compared to corresponding quarter.

Operating revenues year to date came to NOK 104.6 million (NOK 90.7 million), an increase of 15.3 percent. Adjusted for fluctuation in exchange rates, revenue grew by 10.3 percent compared to the corresponding period in 2022. Increased number of consultants and hourly rates contributes to

revenue growth year to date, limited by lower utilisation and one less working day compared to last year.

Revenues from subcontractors for the quarter came to NOK 6.0 million (6.5 million), down 7.5 percent. Year to date, revenues from subcontractors came to NOK 21.4 million (NOK 16.6 million). The use of subcontractors is related to services outside of Webstep consultants core competencies.

Revenue breakdown

NOK million	Q3 2023	Q3 2022	Y/Y change	YTD 2023	YTD 2022	Y/Y change	FY 2022
Regional offices	21.1	21.8	(2.9%)	83.2	74.1	12.2%	103.0
Subcontractors	6.0	6.5	(7.5%)	21.4	16.6	28.9%	23.9

EBIT amounted to negative 2.6 million (NOK 1.2 million) for the quarter. EBIT came to NOK 1.3 million (NOK 5.1 million) year to date. The challenging market conditions in the Swedish market have intensified since the second quarter of 2023. Following strong organic growth, Webstep Sweden is particularly exposed to market changes as the strong growth in number of employees amplifies the negative impact of lower utilisation.

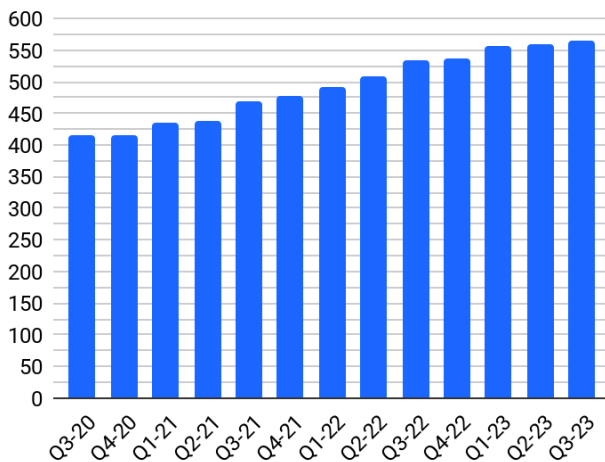
EBIT margin for the quarter amounted to -9.8% (4.4%) and 1.2% (5.7%) year to date.

Webstep Sweden had 103 employees on 30 September 2023 (91 employees). The average number of employees in the quarter was 100 (88) and 101 (84) year to date.

Employees

Webstep had 566 employees at the end of the quarter, an increase of 5 employees the last quarter and an increase of 31 employees the last twelve months. The employees are distributed across the regional offices in major cities in Norway and Sweden. Webstep believes in the power of local business and the decentralised model is based on strong local presence. The regional offices provide expertise and capacity to local clients, while leveraging the full organisational 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 endeavours 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.

The employees are Webstep’s most important asset, and the Group therefore put a lot of emphasis and effort into building a strong company culture and a healthy work environment across the Company’s segments and locations. Such investments are in the third quarter especially done through the Webstep tradition with annual company gatherings. These investments promote a sense of community, long-term careers in Webstep and consequently enhances lifetime value within Webstep.

Market update

The fundamental, long-term trend of digitalisation remains steady, despite periods of reduced demand, extended sales cycles, delayed project commencements, and consequently, lower utilisation.

In this situation we still see that Webstep have a strong position and business model, and Webstep consultants are considered key in delivering services supporting customers’ digital journeys. Webstep’s high competence levels throughout the organisation, the spread of services and the

presence and spread between public and private sectors, is also considered risk mitigating in more uncertain markets.

Periods of tougher times are in many ways a stress test for a consultancy organisation. We have seen this through past market upheavals too. The Dotcom crisis taught us early about the value of steady and innovative sales. The financial crisis showed us the value of long-term customer relationships. The pandemic brought much learning too, as a willingness to change, digital collaboration, and remote deliveries created new opportunities.

All such experiences have helped us to build and strengthen Webstep, and to position the company for future work. Our recent analysis of our own production data over the past 12 months, confirms that our strategy, as a leading provider of development services focusing on systems development, experienced consultants, and the enterprise market, remains sound.

The analysis has proven the fact that experienced system developers, compared to other consultants, are, to a lesser extent, exposed to higher levels of unemployment during tougher times. The analysis also indicates that larger clients are more stable in a challenging market compared to smaller clients.

The third quarter is a crucial phase for Webstep. The period following the end of summer is an important time for planning and facilitating competence activities, fueling our culture and strengthening the brand. Our recent partnership with the market network First Tuesday, which began by highlighting opportunities and challenges in AI and business, involved both our Norwegian and Swedish operations. This initiative, early in autumn, became a great success in terms of customer meetings and reviews, based on hands-on use of AI both with clients and in our own business.

Javazone, Scandinavia’s largest within our industry, is a two-day event held at Oslo Spektrum and represents a pivotal stage for showcasing who we are and what we do to prospective consultants and potential clients. This year’s event was no exception and once again became our largest and perhaps most important marketing and bonding platform.

Outlook

Today's market seems to understand that the sustainability of a digitised world relies increasingly on continuous digitalisation, serving as a key driver of innovation, competitiveness, and economic growth. Webstep occupies a robust role in this domain, maintaining a solid market presence.

The Webstep strategy remains firm. We aim to further develop our position as a leading provider of development services through our three clear strengths; the seniority of our employees in their areas of expertise and experience, our emphasis on systems development, being the core of digitalisation, and the size of our company, which enhances our attractiveness as a partner for enterprise clients and large public institutions.

In the third quarter, Webstep secured a deal with the Posten Bring conglomerate. Posten is a core institution in society, and we are proud to work towards a partner that truly seeks to embrace digitalisation to transition into a new era and new opportunities.

Good teamwork and solid competence were key in reaching the framework agreement with the Norwegian Police IT Services, and the Directorate of Immigration (UDI) as well. In both agreements, Webstep's seniority, relevant expertise, and significant experience have been crucial for the signing of these deals this fall.

Society's need for reliable, experienced support and deep IT competence is still key to deliver on the promise of digitalisation. We know that digitalisation is helping our customers to become more resilient businesses and that competitiveness often requires a broad understanding of both business and technology.

Webstep's greatest strength lies in the extension of this; the competence and capacity to transfer ideas and composed knowledge to durable and viable practical solutions through a robust business model.

Webstep's ambition to be the preferred workplace for skilled IT consultants is clear. Moving forward, we will focus on making the right investments in Webstep as a workplace to ensure access to the right candidates and secure solid retention. Together with balanced recruiting, utilisation rates are key. With the right candidates, though, the chances of success in the assignments- and project markets are significant.

Following the cost reduction initiatives that have been planned and executed in the third quarter, a focus on

profitability through tailored overhead costs, a scalable variable cost base, and efficient investments in Webstep as a workplace, is key to Webstep going forward.

Also, a strong focus on systems development, experienced consultants, and the enterprise market is a proven success formula.

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 2023 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, 8 November 2023

Sign.

Kjetil Bakke Eriksen

Chair of the board

Sign.

Siw Ødegaard

Board member

Sign.

Kari Mette Toverud

Board member

Sign.

Anna Söderblom

Board member

Sign.

David Bjerkeli

Board member

Sign.

Bendik Nicolai Blindheim

Board member

Sign.

Kjell Magne Leirgulen

Board member

Sign.

Save Asmervik

Chief Executive Officer

Financial statements

Consolidated statement of comprehensive income

NOK'000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Sales revenues	211,201	193,923	737,927	642,030	888,439
Total revenues	211,201	193,923	737,927	642,030	888,439
Cost of services and goods	(20,039)	(18,001)	(67,442)	(52,821)	(74,713)
Salaries and personnel cost	(171,546)	(152,908)	(568,183)	(495,709)	(686,728)
Depreciation and impairment	(5,701)	(5,186)	(16,335)	(14,885)	(21,580)
Other operating expenses	(11,571)	(12,313)	(40,784)	(35,739)	(50,769)
Total operating expenses	(208,857)	(188,408)	(692,744)	(599,154)	(833,790)
Operating profit(loss)	2,345	5,516	45,183	42,876	54,649
Net financial items	(1,921)	(1,377)	(4,433)	(3,358)	(4,374)
Profit before tax	424	4,139	40,751	39,517	50,274
Income tax expenses	(153)	(936)	(8,959)	(8,671)	(11,838)
Profit for the period	271	3,202	31,792	30,847	38,436
Earnings per share (NOK)	0.01	0.12	1.15	1.13	1.40
Earnings per share, fully diluted (NOK)	0.01	0.12	1.14	1.11	1.39
Other comprehensive income:					
Currency translation differences	(1,424)	627	2,809	(223)	(2,589)
Other comprehensive income for the period, net of tax	(1,424)	627	2,809	(223)	(2,589)
Total comprehensive income for the period, net of tax	(1,152)	3,829	34,601	30,624	35,848
Attributable to:					
Shareholders in parent company	(1,152)	3,829	34,601	30,624	35,848

Consolidated statement of financial position

NOK'000	30-Sep 2023	30-Sep 2022	31-Dec 2022
ASSETS			
Intangible assets	381,014	382,206	380,054
Fixed assets	13,445	14,024	14,447
Right-of-use assets	83,923	56,112	65,060
Non-current financial assets	2	2	2
Deferred tax assets	2,193	1,619	2,193
Total non-current assets	480,576	453,962	461,756
Trade receivables	204,186	149,296	145,742
Other current receivables	8,535	7,722	9,129
Cash and short-term deposits	16,899	24,853	62,340
Total current assets	229,620	181,872	217,211
Total assets	710,196	635,833	678,967
EQUITY			
Share capital	27,671	27,462	27,628
Treasury shares	(30)	(30)	(30)
Share premium	179,938	175,790	179,192
Retained earnings	175,780	180,502	186,610
Total equity	383,359	383,724	393,400
LIABILITIES			
Non-current leasing liabilities	68,079	41,607	52,933
Deferred tax	1,435	1,282	1,451
Total non-current liabilities	69,513	42,889	54,384
Debt to credit institutions	19,522	-	-
Current leasing liabilities	16,091	13,729	13,153
Trade and other payables	21,039	18,590	15,215
Tax payable	8,616	8,429	11,879
Social taxes and VAT	76,916	68,215	81,524
Other short-term debt	115,140	100,257	109,411
Total current liabilities	257,324	209,221	231,182
Total liabilities	326,837	252,110	285,566
Total liabilities and equity	710,196	635,833	678,967

Consolidated statement of change in equity

NOK'000	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total earned equity	Non-cont rolling interest	Total equity
1 January 2022	27,323	(54)	172,775	10,284	183,365	393,693	-	393,693
Profit for the period					38,436	38,436		38,436
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	27,628	(29)	179,190	7,695	178,919	393,400		393,400
Profit for the period					31,792	31,792		31,792
Sales of treasury shares	-	-	-			-		-
Other comprehensive income/(loss)				2,809		2,809		2,809
Share incentive program			-		1,537	1,537		1,537
Dividends					(46,968)	(46,968)		(46,968)
Share issue	42		746			789		789
30 September 2023	27,671	(29)	179,938	10,504	165,280	383,359		383,359

Consolidated statement of cash flows

NOK'000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Operating activities					
Profit/(loss) before tax	424	4,139	40,751	39,517	50,274
Adjustments for:					
Depreciation of property, plant and equipment	5,701	5,186	16,335	14,885	21,580
Net change in trade and other receivables	(29,040)	4,437	(57,850)	(12,821)	(10,673)
Net change in other liabilities	(10,566)	(7,085)	6,165	9,390	28,477
Net foreign exchange differences	(362)	154	674	43	(456)
Income tax expenses	1,963	(4,591)	(12,216)	(15,000)	(15,209)
Net cash flow from operating activities	(31,880)	2,239	(6,141)	36,014	73,993
Investing activities					
Payments for R&D initiative					
Purchase of property and equipment	(1,425)	(2,149)	(4,653)	(8,472)	(10,724)
Net cash flow from investing activities	(1,425)	(2,149)	(4,653)	(8,472)	(10,724)
Financing activities					
Repayments of lease liabilities	(3,253)	(3,119)	(9,526)	(8,787)	(11,480)
Sale of treasury shares	557	1,094	1,537	3,177	4,062
Change in bank overdraft	19,522	-	19,522	0	0
Net proceeds from equity		-	789	2,719	6,288
Payment of dividends	-	-	(46,968)	(46,489)	(46,489)
Net cash flows from financing activities	16,826	(2,025)	(34,647)	(49,379)	(47,619)
Net increase/(decrease) in cash and cash equivalents	(16,479)	(1,935)	(45,441)	(21,837)	15,650
Cash and cash equivalents at the beginning of the period	33,378	26,788	62,340	46,690	46,690
Cash and cash equivalents at the end of the period	16,899	24,853	16,899	24,853	62,340

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 first 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 2022. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2022, which are available on www.webstep.com and upon request from the Company's registered office at Universitetsgata 2, 0164 Oslo, Norway.

These condensed consolidated interim financial statements for the third quarter 2023 were approved by the Board of Directors and the CEO 8 November 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 2022 and as described in note 3 to the 2022 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 both Norway and Sweden, the third quarter of 2023 had one workday less than the third quarter of 2022, the same applies for year to date.

Note 4 Earnings per share

	Q3	Q3	YTD	YTD	FY
NOK'000 (except number of shares in thousand)	2023	2022	2023	2022	2022
Profit for the period	271	3,202	31,792	30,847	38,436
Average number of shares (excl. treasury shares)	27,641	27,416	27,627	27,359	27,391
Average number of shares, fully diluted (excl. treasury shares)	27,852	27,686	27,872	27,670	27,663
Earnings per share (NOK)	0.01	0.12	1.15	1.13	1.40
Earnings per share, fully diluted (NOK)	0.01	0.12	1.14	1.11	1.39

Based on the number of share options outstanding, the strike price of the options, the average share price during the second quarter and YTD 2023, and the remaining vesting period of the options, the dilution effect of the long-term incentive program accounts for 210,945 shares and 233,720 shares respectively.

Note 5 Events after the balance sheet date

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 Amortisation 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 Amortisation (EBITDA). The ratio is one of the debt covenants of the Company and it is based on the rolling twelve months EBITDA. If the Company has more cash than debt, the ratio can be negative. The covenant requires a Group NIBD/EBITDA ratio of maximum 3.
- **Equity ratio** is defined as the total consolidated equity of the Group divided by total assets. The covenant requires a Group equity ratio of minimum 0.3.

Profit measures - EBITDA

NOK'000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
EBITDA (Earnings Before Interest Tax Depreciation and Amortization)					
Operating profit	2,345	5,516	45,183	42,876	54,649
Depreciation	5,701	5,186	16,335	14,885	21,580
EBITDA	8,046	10,701	61,519	57,760	76,229

Net interest bearing debt (NIBD)

NOK'000	30 Sep 2023	30 Sep 2022	31 Dec 2022
NIBD (Net Interest Bearing Debt)			
Cash and cash equivalents (minus indicates positive amount)	(16,899)	(24,853)	(62,340)
Restricted cash	1,710	1,553	1,697
Debt to credit institutions	19,522	0	0
Leasing liabilities (non-current and current)	84,170	55,335	66,086
NIBD	88,503	32,035	5,444

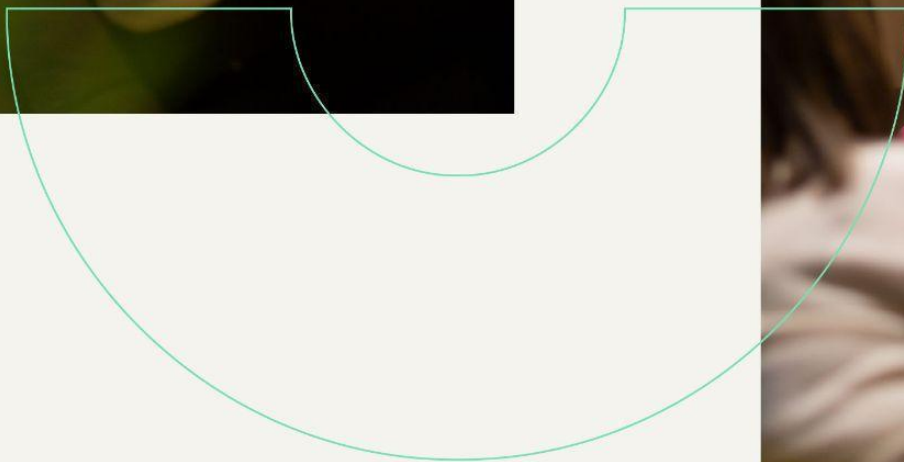
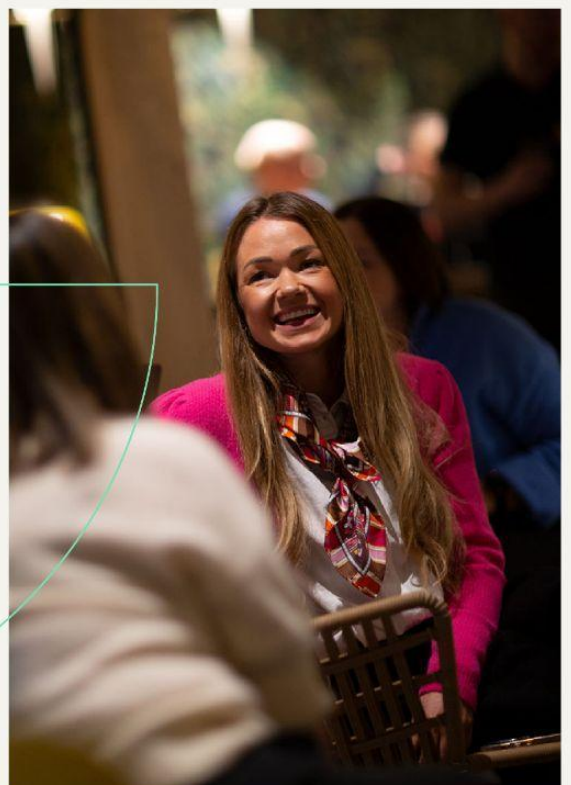
Group equity ratio

NOK'000	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total equity	383,359	383,724	393,400
Total assets	710,196	635,833	678,967
Group equity ratio	0.54	0.60	0.58

NIBD/EBITDA

NOK'000	30 Sep 2023	30 Sep 2022	31 Dec 2022
EBITDA rolling 12 months	79,987	80,669	76,229
NIBD	88,503	32,035	5,444
NIBD/EBITDA (rolling 12 months)	1.11	0.40	0.07
NIBD/EBITDA (rolling 12 months)*	0.05	(0.29)	(0.80)

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



Appendix

Key figures by quarter

Group	Q3	Q2	Q1	Q4	Q3
NOK million	2023	2023	2023	2022	2022
Sales revenues	211.2	249.5	277.2	246.4	193.9
EBITDA	8.0	23.0	30.4	18.5	10.7
EBITDA margin	3.8%	9.2%	11.0%	7.5%	5.5%
EBIT	2.3	17.6	25.2	11.8	5.5
EBIT margin	1.1%	7.1%	9.1%	4.8%	2.8%
Net profit	0.3	12.8	18.8	7.8	3.2
Net free cash flow	(33.3)	6.3	16.2	35.7	0.1
Equity ratio	54.0%	54.9%	54.9%	58.0%	60.3%
Earnings per share (NOK)	0.01	0.46	0.68	0.28	0.12
Earnings per share, fully diluted (NOK)	0.01	0.46	0.67	0.28	0.12
Number of employees, average (FTE)	557	559	555	539	524
Number of employees, end of period	566	561	557	538	535
Operating revenue employee (NOK thousand)	379	447	499	457	370
EBIT per employee (NOK thousand)	4	32	45	22	11

Segments

Norway	Q3	Q2	Q1	Q4	Q3
NOK million	2023	2023	2023	2022	2022
Sales revenues	184.1	211.7	237.6	210.2	165.7
EBIT	5.0	16.5	22.4	10.0	4.3
EBIT margin	2.7%	7.8%	9.4%	4.8%	2.6%
Number of employees, average (FTE)	457	457	453	445	436
Number of employees, end of period	463	459	455	444	445
Number of workdays, Norway	65	58	65	64	66
Operating revenue employee (NOK thousand)	403	463	524	473	380
EBIT per employee (NOK thousand)	11	36	49	22	10

Sweden	Q3	Q2	Q1	Q4	Q3
NOK million	2023	2023	2023	2022	2022
Sales revenues	27.1	37.9	39.5	36.2	28.3
EBIT	(2.6)	1.1	2.8	1.8	1.2
EBIT margin	(9.8%)	3.0%	7.1%	4.9%	4.4%
Number of employees, average (FTE)	100	102	102	94	88
Number of employees, end of period	103	102	102	95	91
Number of workdays, Sweden	65	59	64	64	66
Operating revenue employee (NOK thousand)	271	372	388	385	320
EBIT per employee (NOK thousand)	-26	11	28	19	14

CONSOLIDATED INCOME STATEMENT

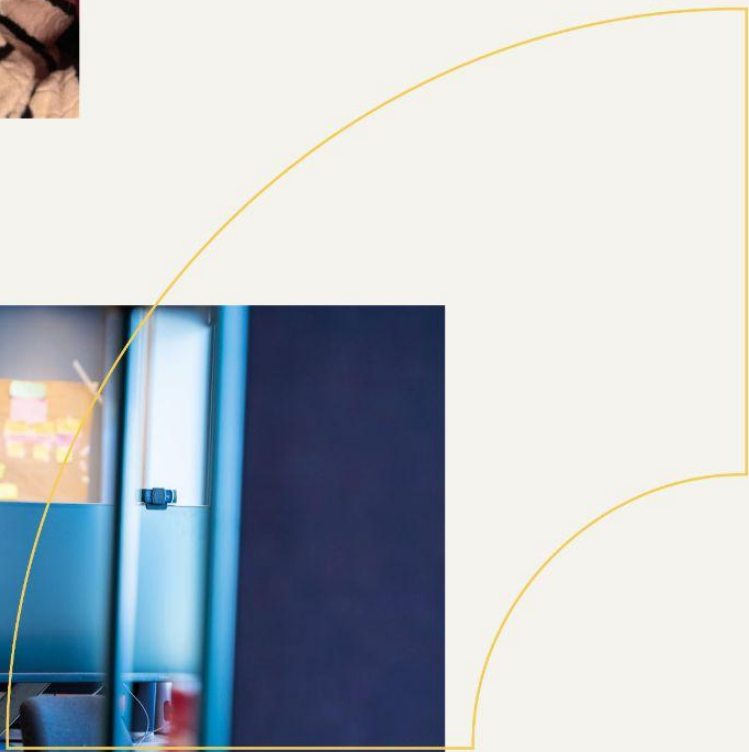
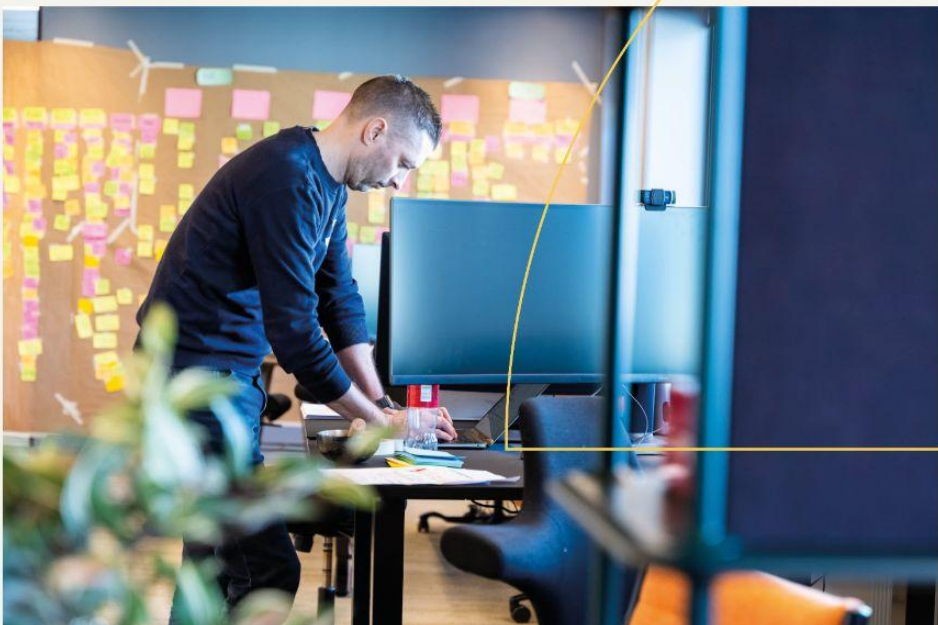
	Q3	Q2	Q1	Q4	Q3
NOK'000	2023	2023	2023	2022	2022
Sales revenues	211,201	249,548	277,178	246,409	193,923
Total revenues	211,201	249,548	277,178	246,409	193,923
Cost of services and goods	(20,039)	(22,868)	(24,535)	(21,891)	(18,001)
Salaries and personnel cost	(171,546)	(189,888)	(206,750)	(191,019)	(152,908)
Depreciation and impairment	(5,701)	(5,416)	(5,218)	(6,695)	(5,186)
Other operating expenses	(11,571)	(13,761)	(15,452)	(15,030)	(12,313)
Total operating expenses	(208,857)	(231,932)	(251,955)	(234,635)	(188,408)
Operating profit(loss)	2,345	17,616	25,223	11,773	5,516
Net financial items	(1,921)	(1,277)	(1,235)	(1,016)	(1,377)
Profit before tax	424	16,339	23,988	10,757	4,139
Income tax expenses	(153)	(3,588)	(5,218)	(3,002)	(936)
Profit for the period	271	12,751	18,769	7,755	3,202

Consolidated statement of financial position

NOK'000	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
Assets					
Intangible assets	381,014	382,465	384,129	380,054	382,206
Fixed assets	13,445	13,985	14,318	14,447	14,024
Right-of-use assets	83,923	84,174	86,023	65,060	56,112
Non-current financial assets	2	2	2	2	1.8
Deferred tax assets	2,193	2,193	2,193	2,193	1,619
Total non-current assets	480,576	482,819	486,664	461,756	453,962
Trade receivables	204,186	170,810	186,367	145,742	149,296
Other current receivables	8,535	12,871	14,647	9,129	7,722
Cash and short-term deposits	16,899	33,378	76,818	62,340	24,853
Total current assets	229,620	217,059	277,832	217,211	181,872
Total assets	710,196	699,878	764,497	678,967	635,833
Equity					
Share capital	27,671	27,671	27,671	27,628	27,462
Treasury shares	-30	-30	-30	-30	-30
Share premium	179,938	179,938	179,938	179,192	175,790
Retained earnings	175,780	176,375	211,884	186,775	180,502
Total equity	383,359	383,954	419,464	393,566	383,724
Liabilities					
Non-current leasing liabilities	68,079	68,955	72,486	52,933	41,607
Deferred tax	1,435	1,480	1,529	1,410	1,282
Total non-current liabilities	69,513	70,434	74,015	54,343	42,889
Debt to credit institutions	19,522	0	0	0	0
Current leasing liabilities	16,091	15,619	14,237	13,153	13,729
Trade and other payables	21,039	16,734	25,376	15,215	18,590
Tax payable	8,616	6,475	3,147	11,755	8,429
Dividend payable	-	-	0	0	-
Social taxes and VAT	76,916	75,327	89,781	81,524	68,215
Other short-term debt	115,140	131,335	138,477	109,411	100,257
Total current liabilities	257,324	245,490	271,018	231,059	209,221
Total liabilities	326,837	315,924	345,033	285,401	252,110
Total equity and liabilities	710,196	699,878	764,497	678,967	635,833

Consolidated statement of cash flows

NOK'000	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Operating activities					
Profit/(loss) before tax	424	16,339	23,988	10,757	4,139
Adjustments for:					
Depreciation of property, plant and equipment	5,701	5,416	5,218	6,695	5,186
Net change in trade and other receivables	(29,040)	17,333	(46,143)	2,147	4,437
Net change in other liabilities	(10,566)	(30,497)	47,228	19,088	(7,085)
Net foreign exchange differences	(362)	(520)	1,556	(499)	154
Income tax expenses	1,963	(271)	(13,908)	(209)	(4,591)
Net cash flow from operating activities	(31,880)	7,800	17,939	37,979	2,239
Investing activities					
Payments for R&D initiative	-	-	-	-	-
Purchase of property and equipment	(1,425)	(1,525)	(1,703)	(2,253)	(2,149)
Net cash flow from investing activities	(1,425)	(1,525)	(1,703)	(2,253)	(2,149)
Financing activities					
Repayments of lease liabilities	(3,253)	(3,301)	(2,971)	(2,693)	(3,119)
Change in bank overdraft	19,522	-	0	0	-
Net proceeds from equity	-	-	789	3,569	-
Sale of treasury shares and incentive program	557	555	424	885	1,094
Payment of dividends	-	(46,968)			-
Net cash flows from financing activities	16,826	(49,714)	(1,758)	1,760	(2,025)
Net increase/(decrease) in cash and cash equivalents	(16,479)	(43,439)	14,477	37,487	(1,935)
Cash and cash equivalents at the beginning of the period	33,378	76,818	62,340	24,853	26,788
Cash and cash equivalents at the end of the period	16,899	33,378	76,817	62,340	24,853



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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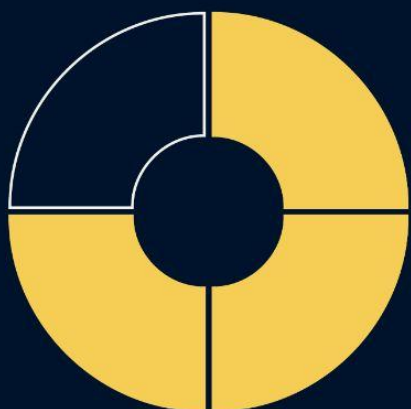
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