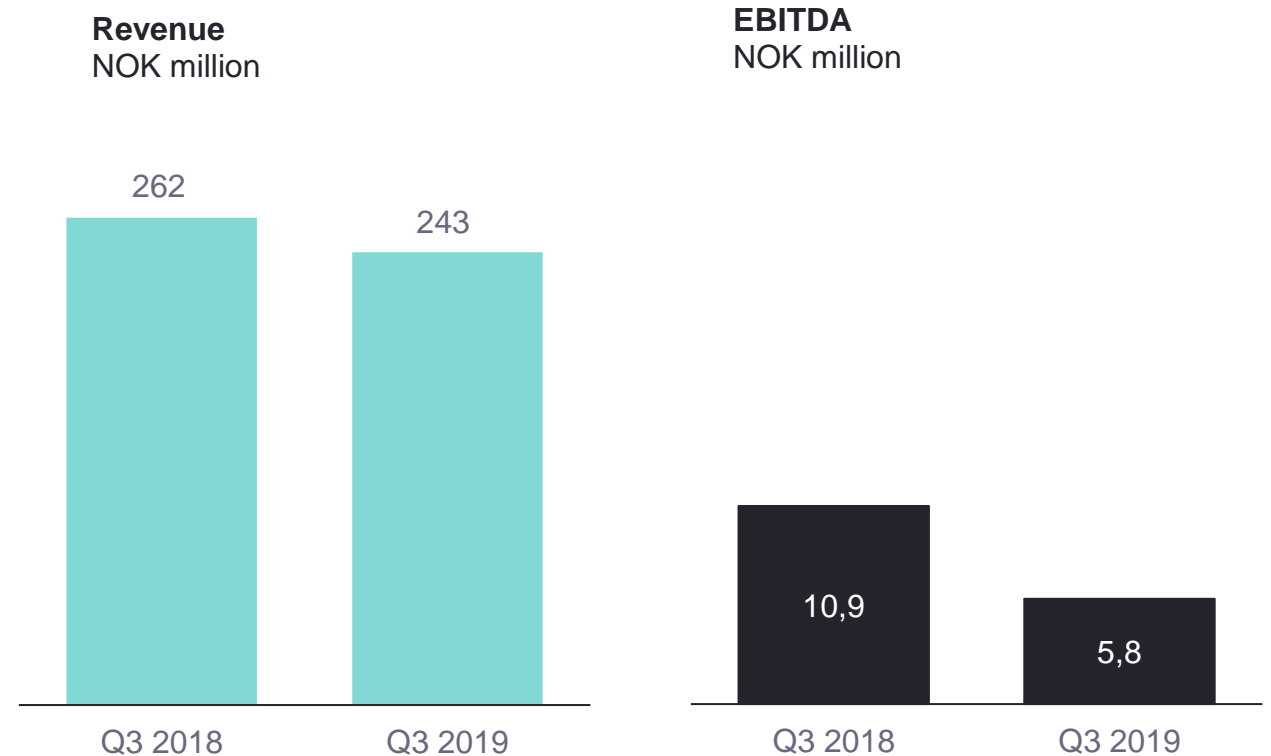


# **Q3 2019 presentation**

# Highlights Q3 2019

- Revenue and profitability down year-over-year, reflecting the ongoing transformation towards software and services
- Awarded new contracts with a potential value of NOK 300 million, YTD 2019 at NOK 817 million
- Impairment of NOK 70 million on goodwill in Techstep Norway AS for transactions mainly made in 2012 related to the hardware business. No cash effect
- Milestone: Soft launch of the Origo platform in Norway



# Strategic development



# Work is going mobile



Tasks can be done  
across mobile devices  
and locations



Work gets done when  
needed more easily and  
efficiently



Mobile first solutions  
enable new levels of  
employee productivity



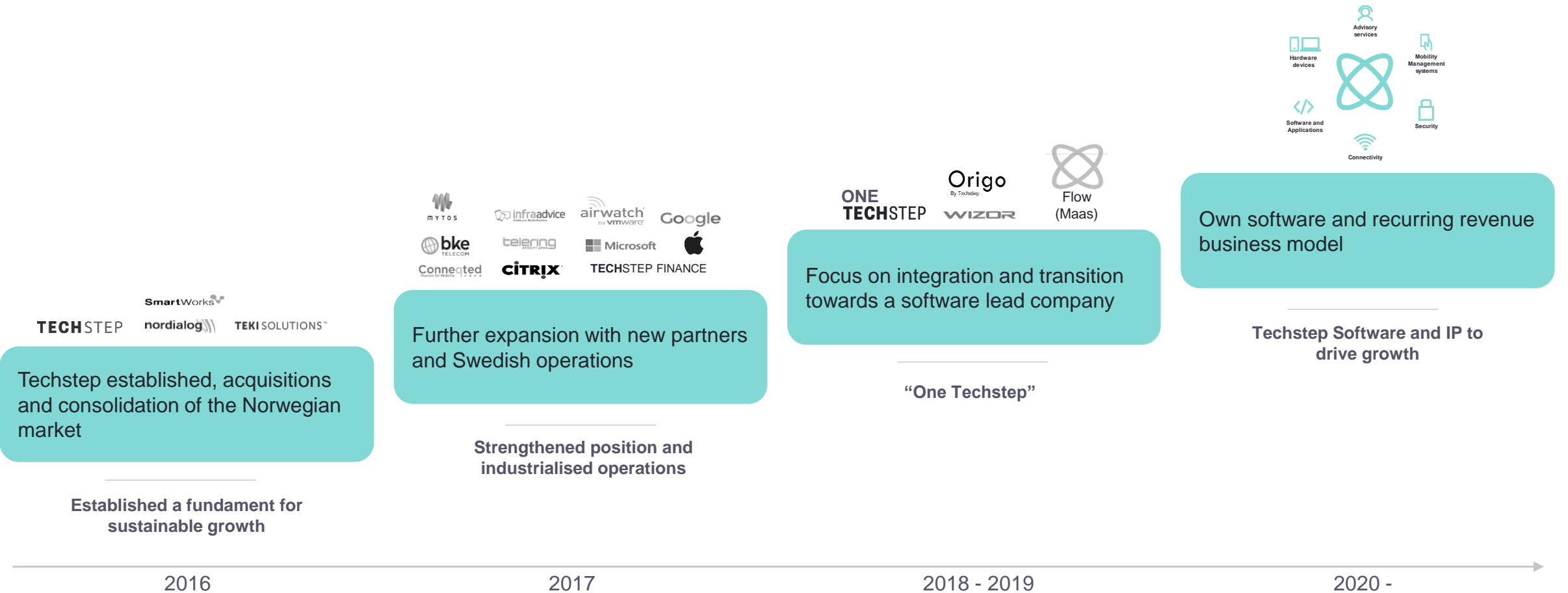
The employee-focused  
enterprise can  
personalise mobility  
solutions



Enterprises  
can buy the benefits  
mobile technology offers  
via the cloud

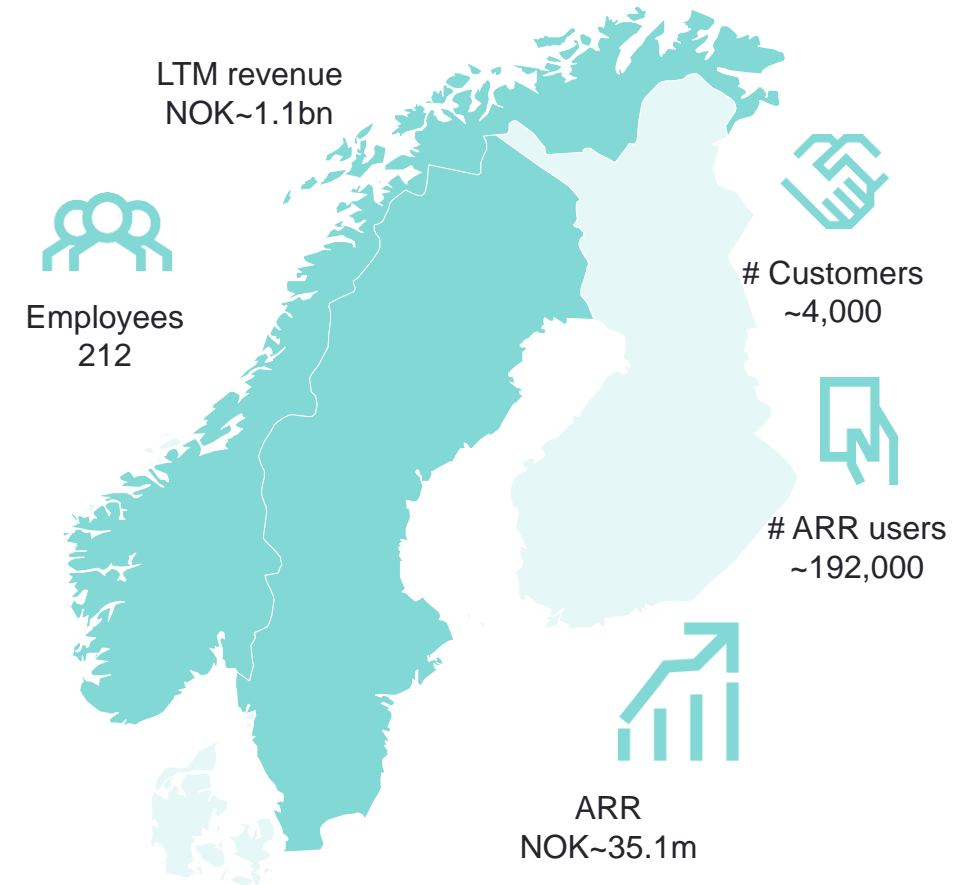
**TECHSTEP**

# A journey to become a leading Nordic enabler of the mobile workplace



# Purpose-built to service mobility needs

- Established a leading positions in the Norwegian and Swedish marketplace
- Techstep offers mobility solutions that help enterprises and their employees to do a better job
- Main office in Oslo, Norway
- Listed on the Oslo Stock Exchange



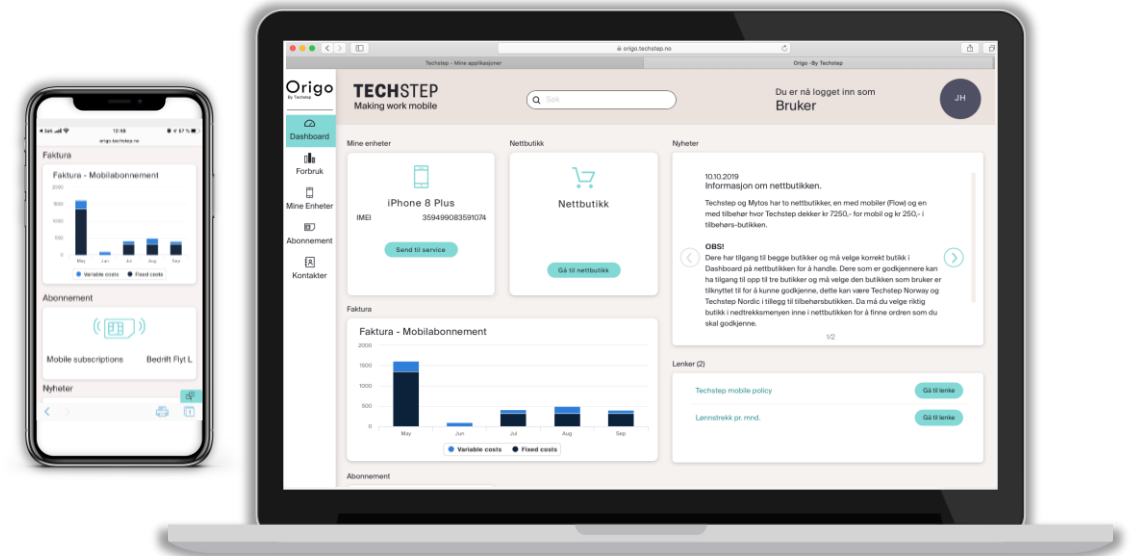
# Harvest the market opportunity by enabling digitalisation through mobility solutions

- There are ~14 million employees in the Nordics, and 80% are in jobs which are mobile in its nature
- The need to digitalize any business in any industry drives the demand for mobility solutions, digitalizing new workloads and user groups
- Larger enterprises provide larger-scale value creation opportunity. This has guided the development of Techstep's solutions such as the mobility as a service offering Flow (Maas), and software assets like Origo



# Secure, simple and cost-efficient solutions, enabled by unique software and IP

- Own software and IP based solutions, e.g Asset Management, Telecom Expense Management, and the Origo Self Service Portal will be at the core of Techstep
- All activities will be aligned to bring Techstep's own software and services to the market, either via our fully owned companies or channel partners
- Third party software and hardware will be bundled with our own software and services to provide the best possible solution for the customers



*The Origo platform is at tool for companies and their users to digitalize the full lifecycle of mobile devices*

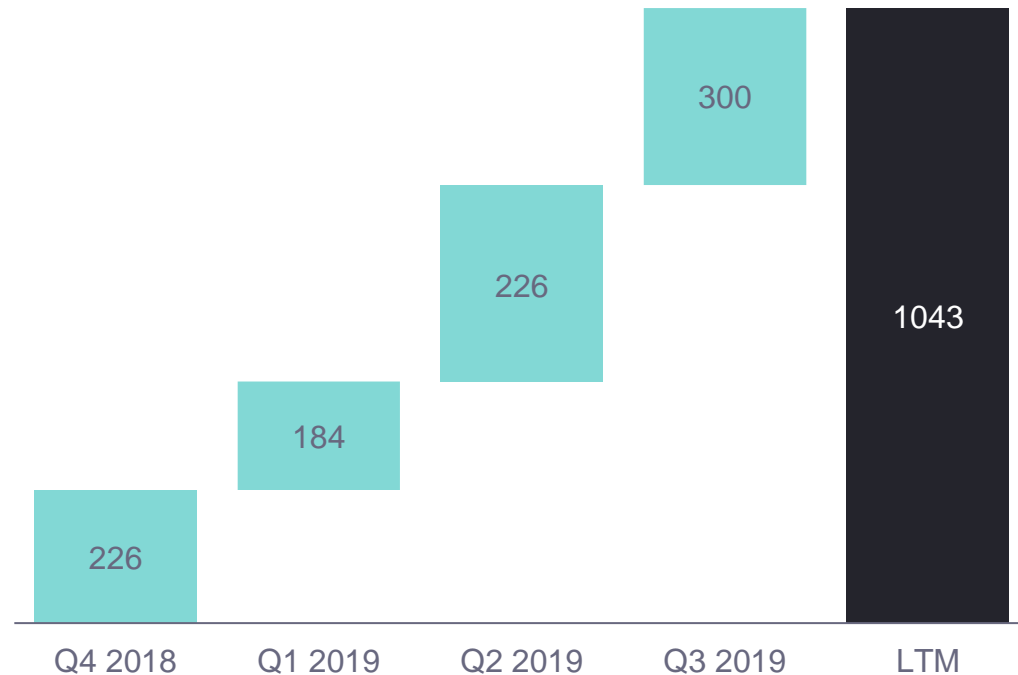
**TECHSTEP**



# Quarterly and rolling 12 months sales update

## New contracts awarded

Potential value in NOK million



## Sales in Q3 2019

- Potential value of contracts signed so far in 2019 is NOK 817 million
- Mix of hardware and solutions contracts signed in the quarter
- Pipeline for Flow (MaaS) increasing
- The largest contracts in the quarter were with Tradebroker and Norwegian Air Shuttle

# Supporting Norwegian's digital transformation



Techstep has signed a two-year framework agreement to improve Norwegian's workplace mobility with a potential contract value up to NOK 15 million per year

Techstep will deliver a full service mobility package with solution products like Enterprise Mobility Management, aftermarket handling, telecom expense management, integrated self-service portal and financing, in addition to devices. These solutions will enable Norwegian to mobilise its workforce with digital solutions for their employees

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# Large mobility contract with Tradebroker

Techstep was chosen as the supplier for Tradebroker's members

Techstep won due to its comprehensive mobility solutions, such as Flow (MaaS), Enterprise Mobility Management, High Security Solutions and Voice & Contact Centres.

The potential contract value is estimated by Tradebroker up to 100 MNOK annually for a period of 4+1 years



# Financials



# Key figures

NOK 1 000	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Revenue	243 189	261 596	797 335	746 763	1 064 114
Gross profit	59 803	71 893	204 111	211 487	294 419
EBITDA	5 826	10 946	21 473	28 734	43 023
EBITA	(67 375)	10 575	(59 123)	27 520	41 280
EBIT	(72 689)	5 583	(75 422)	13 149	22 362
Net profit (loss) for the period	(73 185)	3 751	(75 739)	10 468	21 329
EBITDA margin (%)	2.4%	4.2 %	2.7%	3.8 %	4.0%
EBITA margin (%)	-27.7%	4.0 %	-7.4%	3.7 %	3.9%
EBIT margin (%)	-29.9%	2.1 %	-9.5%	1.8 %	2.1%
Net profit (loss) for the period (%)	-30.1%	1.4 %	-9.5%	1.4 %	2.0%
Hardware, share of revenue	76%	73 %	72%	73 %	74%
Solutions, share of revenue	24%	27 %	28%	27 %	26%
Cash	26 692	23 782	26 692	23 782	39 741
Net interest-bearing debt	19 564	44 611	19 564	44 611	19 354
Capex	4 478	1 510	13 766	6 793	11 689

Hardware share of revenue includes other revenue (comprising 0.5% in Q3 2019). Solutions revenue comprises own software, advisory and services, and third-party software.

The FY 2018 EBITDA includes two one-off items with positive net effect of NOK 13 million, comprising a reversal of an earn-out obligation of NOK 20 million for an acquisition in Sweden, offset by a restructuring provision of NOK 7 million for remaining rent obligations on vacated premises in Norway.

The effect of IFRS 16 Leases is a reduction of operational costs of NOK 3.0 million in Q3 2019. See note 5 for further details.

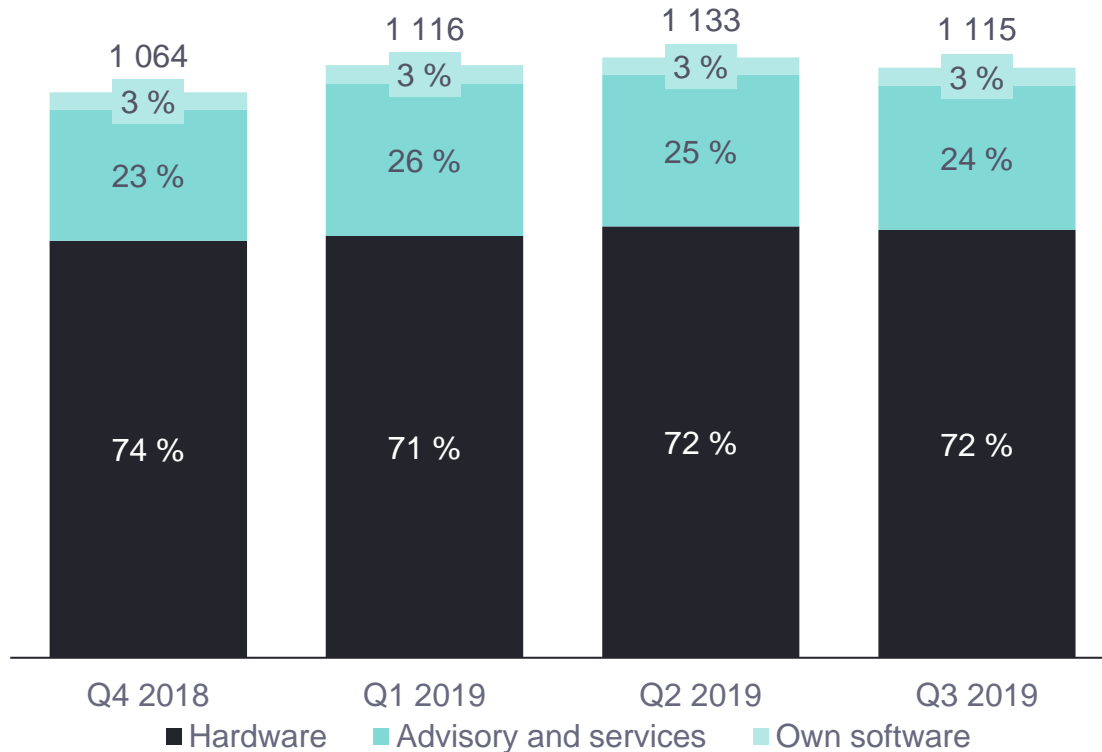
- Revenue and gross profit reduction mainly due to reduced operator commission as part of and lower volume; Q3 2018 included a large HW bulk delivery and a one-off software deal
- EBITDA of NOK 5.8 million. The decline in gross profit is partly mitigated by cost reductions
- Impairment of NOK 70 million on goodwill in Techstep Norway AS for transactions mainly made in 2012 related to the hardware business. No cash effect
- Net interest-bearing debt of NOK 19.5 million

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# Revenue and gross profit split

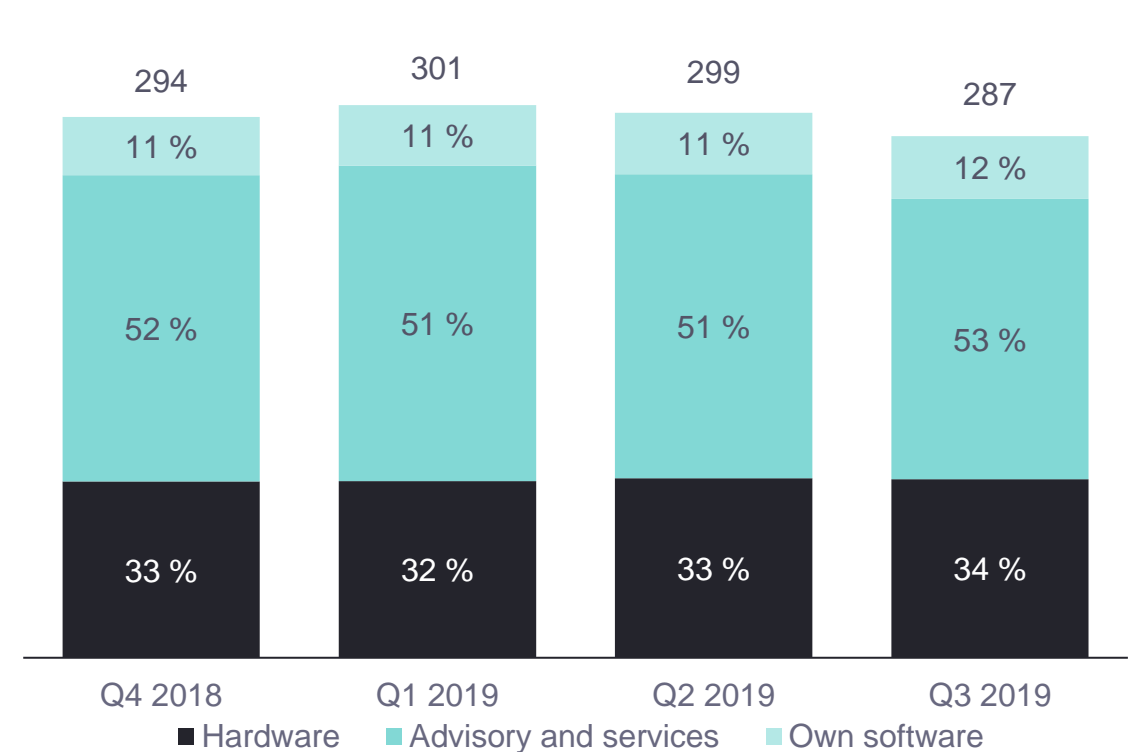
## Revenue - last twelve months rolling

NOK million and % of total



## Gross Profit - last twelve months rolling

NOK million and % of total

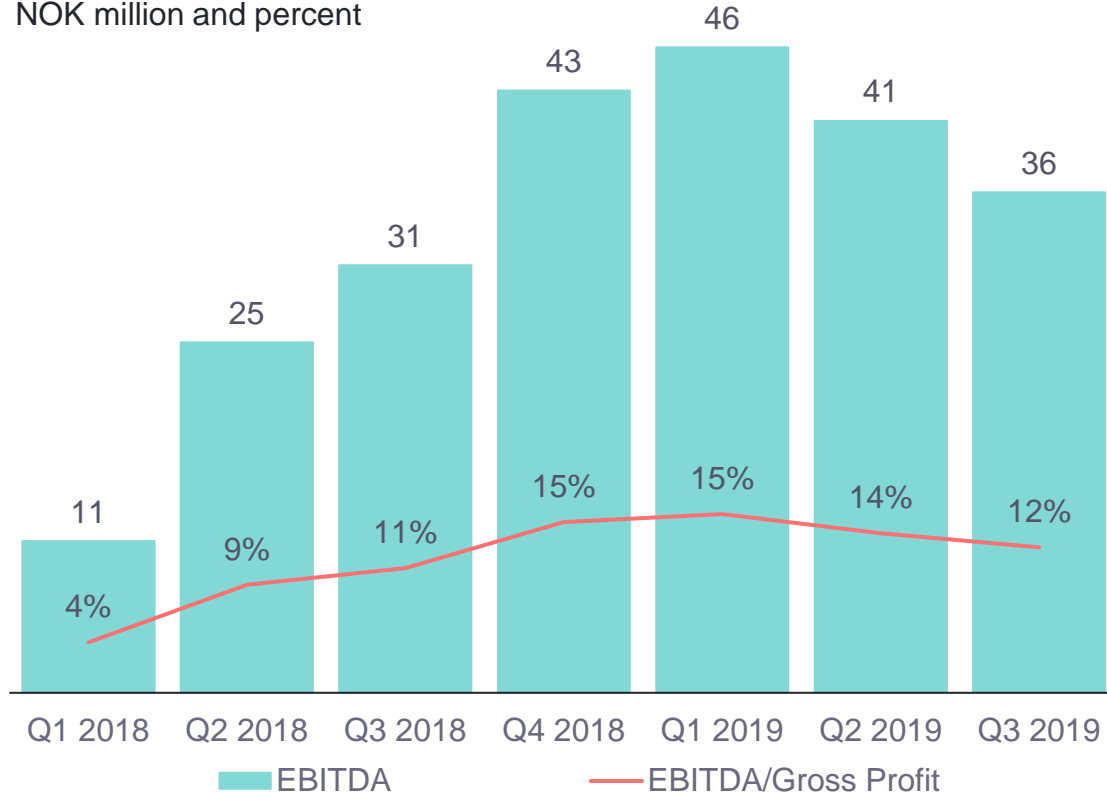


- Strategic decision to focus on enterprise, lead by software and services
- Lower revenue short-term but expect to increase recurring revenue and gross profit long-term

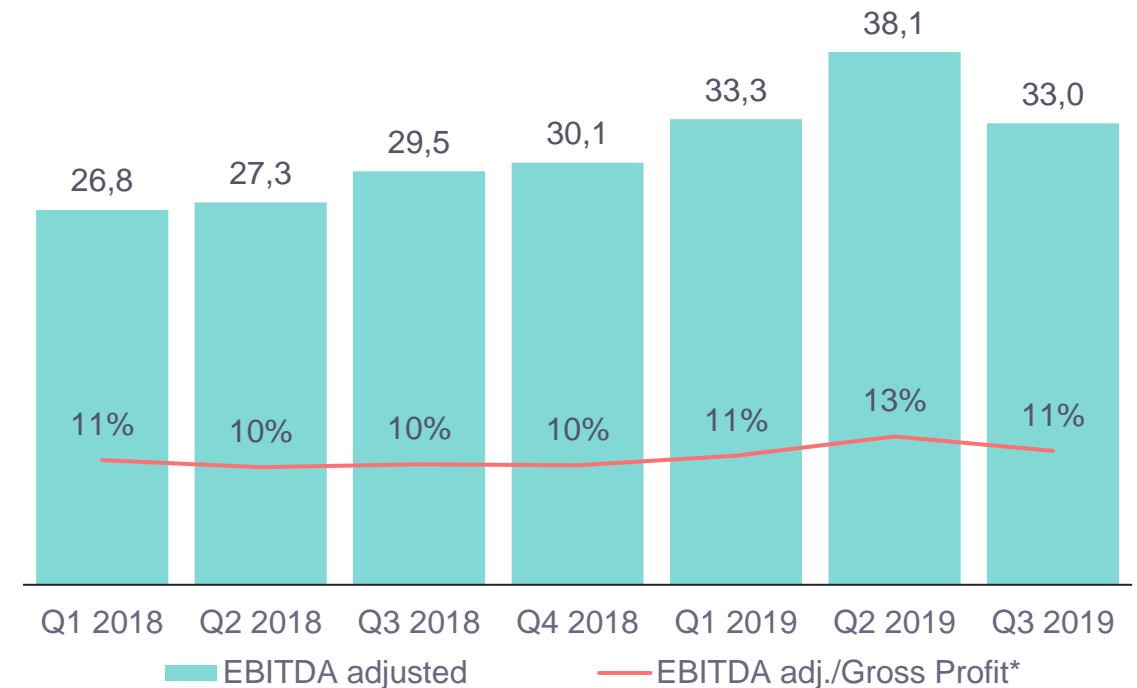
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# Gross profit to EBITDA

EBITDA and EBITDA/Gross Profit – last twelve months rolling  
NOK million and percent



Adjusted EBITDA and EBITDA/Gross Profit – last twelve months rolling  
NOK million and percent



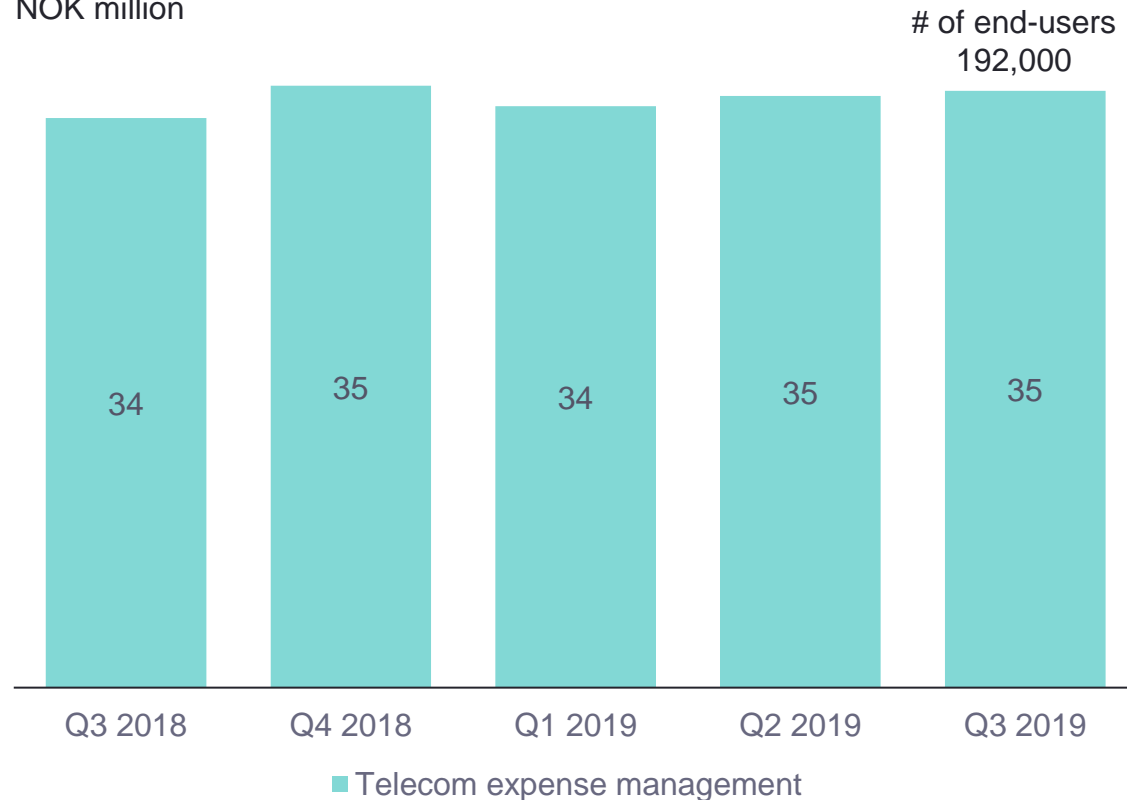
- Short term profitability affected by the transition towards software and services
- Cost reducing initiatives are re-invested to generate long term profits

\* EBITDA reported excluding one-off items

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# Techstep software to drive recurring revenue

Annual recurring revenue (ARR)  
NOK million



- Techstep's ARR relates to the sale of own high-margin software
- Current offering - Telecom expense management
- The Origo platform soft launched in Q3
- 17% CAGR in users since the end of 2016

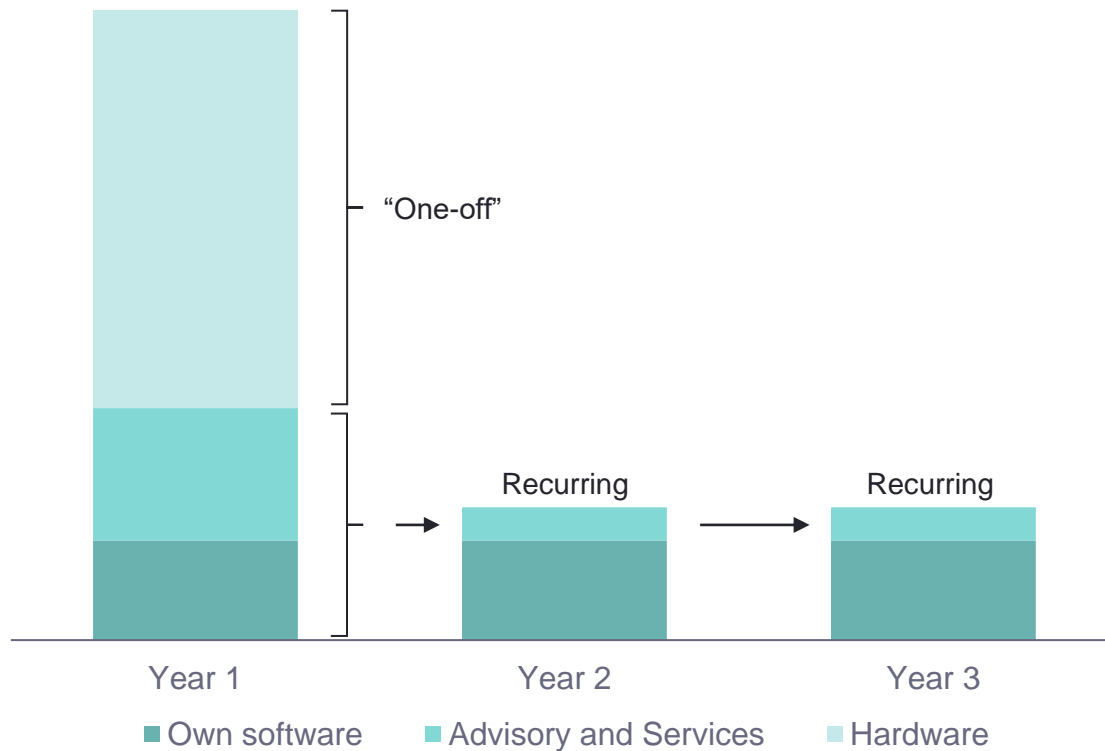
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ARR is calculated as the monthly revenue in the last month of the quarter, multiplied by twelve months.

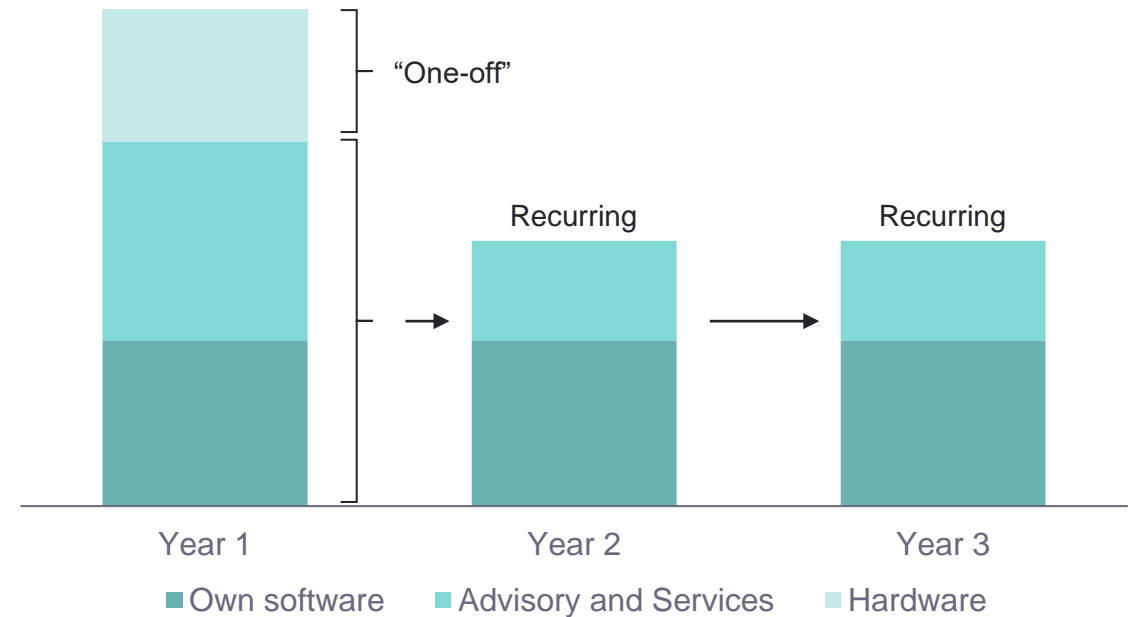


# Flow (MaaS) yields both “one-off” sales and predictable, high-margin recurring revenues

Revenue effect for Techstep



Margin effect for Techstep



# Income statement

NOK 1 000	Q3 2019	Q3 2018	YTD 2019	YTD 2018	2018
Revenue	241 903	261 596	792 865	744 286	1 059 596
Other income	1 286	-	4 470	2 477	4 518
<b>Total revenues</b>	<b>243 189</b>	<b>261 596</b>	<b>797 335</b>	<b>746 763</b>	<b>1 064 114</b>
Cost of goods sold	(183 386)	(189 704)	(593 224)	(535 276)	(769 695)
Salaries and personnel costs	(41 904)	(42 602)	(139 663)	(141 649)	(195 376)
Other operational costs	(12 348)	(18 694)	(44 195)	(51 275)	(76 101)
Share of profit (loss) in joint ventures	276	349	1 221	138	119
Depreciation	(3 201)	(371)	(10 596)	(1 214)	(1 743)
Amortisation	(5 314)	(4 992)	(16 300)	(14 371)	(18 918)
Impairment	(70 000)	-	(70 000)	-	-
Other income	-	-	-	10 034	19 962
<b>Operating profit (loss)</b>	<b>(72 689)</b>	<b>5 583</b>	<b>(75 422)</b>	<b>13 149</b>	<b>22 362</b>
Financial income	521	163	3 821	486	1 108
Financial expense	(1 642)	(1 133)	(3 998)	(3 937)	(4 462)
<b>Profit before taxes</b>	<b>(73 811)</b>	<b>4 612</b>	<b>(75 599)</b>	<b>9 698</b>	<b>19 009</b>
Income taxes	626	(861)	(139)	770	2 320
<b>Net profit (loss) for the period</b>	<b>(73 185)</b>	<b>3 751</b>	<b>(75 739)</b>	<b>10 468</b>	<b>21 329</b>

- Lower other operational costs include an IFRS 16 effect of NOK 3 million
- Capitalised costs of NOK 1.8 million reflects focus on development of own software and IP
- Amortisation mainly relate to acquisitions. No cash effect, completed by 2022

The FY 2018 EBITDA includes two one-off items with a positive net effect of NOK 13 million, comprising a reversal of an earn-out obligation of NOK 20 million for an acquisition in Sweden, offset by the provision of NOK 7 million for remaining rent obligations on vacated premises in Norway.

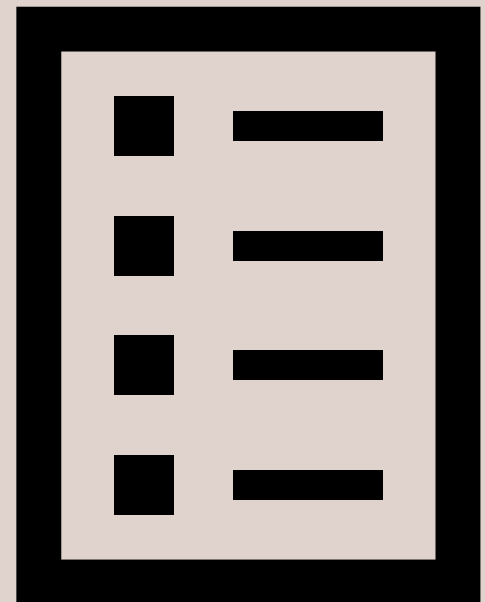
The effect of IFRS 16 Leases is a reduction of operational costs of NOK 2.8m in Q2 2019. See note 5 in the quarterly report for further details.

# Balance sheet

NOK 1 000	Q3 2019	2018
Intangible assets	447 057	527 560
Tangible assets	44 523	9 377
Financial assets	4 482	11 420
Inventories	18 126	16 155
Accounts receivable	137 982	146 565
Other receivables	17 150	22 881
Cash and cash equivalents	26 692	39 741
<b>Total assets</b>	<b>696 012</b>	<b>773 699</b>
Total equity	430 747	513 780
Deferred tax	4 178	3 608
Non-current interest-bearing debt	6 997	7 341
Other non-current debt	37 434	8 081
Current interest-bearing liabilities	39 259	51 754
Accounts payable	104 643	116 694
Tax payable	1 556	3 470
Public taxes, provisions	20 467	21 842
Other current liabilities	50 767	47 131
<b>Total equity and liabilities</b>	<b>696 012</b>	<b>773 699</b>

- Intangible assets include goodwill of NOK 384 million and customer relations and technology of NOK 63 million
- Equity ratio at 62%
- Non-current interest-bearing debt of NOK 7 million relates to a long-term property loan
- Current interest-bearing liabilities of NOK 39 million relate to factoring debt
- Investments (capex) of NOK 4.5 million related to IT and software development

# Summary



# Summary and outlook

- Work is going mobile – market of ~14 million employees in the Nordics
- Potential value of contracts won YTD 2019 at NOK 817 million
- Last twelve months gross profit NOK 287m and EBITDA NOK 36m
- Strategic shift towards own software and IP to provide base for higher growth, healthier margins and a predictable recurring business model



**Q&A**

**TECHSTEP**

# Appendix



# Management team



**Jens Haviken – CEO**

Mr. Haviken is an experienced executive within consulting, managed services, software and hardware distribution. He has a proven track record of developing, rebuilding and streamlining operations of companies in the ICT sector. Prior positions held by Haviken includes VP Services and Solutions and Country Manager at Dustin Group AB (publ). and various Director roles at Microsoft and Accenture.



**Marius Drefvelin – CFO**

Mr. Drefvelin joined Techstep in January 2017 and was previously the Group CFO of Creuna, a leading Nordic technology and communications consultancy firm with 350 employees. He has been with Creuna since 2012. During 2010-2012, he was a financial advisor at Deloitte, working with mergers, acquisitions and IPOs. Before this, he worked at Jebsen Asset Management from 2007-2009. During 2001-2007, Mr. Drefvelin worked at KPMG, also working with transactions.



**Mads Vårdal – Chief Innovation Officer**

Mr Vårdal has been with companies within the Techstep sphere for more than 11 years. He came from a central position in Teki Solutions AS and has been a leading figure for the development of SmartWorks. He has previously had a leading position in Nordialog Skøyen AS and CEO in Buskerud Tele AS.



**Erik Haugen – Chief Commercial Officer**

Mr Haugen is an international business professional, bringing with him broad commercial experience. He spent twelve years in London working with focus on sales, marketing and business management for companies like Pioneer and Sony Ericsson. Subsequently he moved into finance and professional services sales at Lindorff AS (now Intrum) in 2011 where he has been responsible for strategic sales, key account management and business development for a large portfolio of clients within telecoms, utilities, trade, SME and public sector.



**Inge Paulsen – Managing Director Norway**

Mr. Paulsen is an experienced executive manager with a proven track record from companies like Clear Channel, Eltel Networks/Sønnico Tele, Infratek/Hafslund, Implement and Accenture. His broad experience comes from heading strategic business development projects in venture businesses or turn around cases as well as holding various executive positions responsible for profit & loss.



**Bartek Regerqvist – Managing Director Sweden**

Mr Regerqvist joined Techstep in 2018 with long experience from the telecom and integrator industry with focus on managed services in a Nordic offering. He has proven track record in performance management and efficient cost management, creating structure and driving a performance culture within the teams he leads. Prior to Techstep, Regerqvist held a position as Regional Manager at Tele2 and several Management roles at TDC since 2006.



# Board of Directors

## **Jens Rugseth – Chairman of the board (since 2019)**

Jens Rugseth is a co-founder and Chairman of the Board of Crayon Group ASA and Link Mobility Group ASA. He has been a serial founder of a number of companies within the IT-sector over the past 30 years. Mr. Rugseth has also held the position a chief executive officer in some of the largest IT-companies in Norway, including ARK ASA, Cinet AS and Skrivervik Data AS. Mr. Rugseth studied business economics at the Norwegian School of Management. Jens Rugseth is a Norwegian citizen, currently residing in Oslo, Norway.

## **Einar J. Greve – Vice chairman (board member since 2016)**

Mr. Greve was Chairman of the Board of Techstep from 2016 to April 2019. Mr. Greve works as a strategic advisor at Cipriano AS and has previously worked as partner of Wikborg Rein & Co and as Partner of Arctic Securities ASA. Mr. Greve has held and holds various positions as chairman or director in several listed and unlisted companies. He holds a degree in law (cand.jur) from the University of Oslo.

## **Anders Brandt - Board member (since 2018)**

Mr. Brandt has more than 20 years of experience in international entrepreneurship, technology, venture capital and digital services. He is managing partner in the venture capital fund Idekapital, and has co-funded and exited numerous companies including DinSide, OMG, Viken Fibernet, Mytos, Meshtech and Bubbly Group. Brandt has 14 years of board experience of listed companies on Oslo Børs and Nasdaq Stockholm, whereof several tech companies.

## **Ingrid Leisner - Board member (since 2016)**

Ms. Leisner has served on the Board in Techstep since January 2016. Ms. Leisner's directorships over the last five years include current board positions in Storage Group ASA, Norwegian Air Shuttle ASA, Maritime and Merchant ASA. Ms. Leisner has a background as a trader of different oil and gas products in her 15 years in Statoil ASA. Her years of experience and skills within business strategy, M&A, management consulting and change management has been very valuable when serving on the board of several companies listed on Oslo Børs. She holds a Bachelor of Business degree with honors from the University of Texas in Austin.

## **Toril Nag - Board member (since 2018)**

Ms. Nag is Group Executive Vice President, responsible for customer service and the telecommunications business area of the Lyse Group. She holds extensive experience in telecom and digital service, as well as banking and finance. She has held a number of board appointments in technology, energy and R&D-related companies, and her directorships includes Dolphin Group ASA, IKT-Norge, Kolumbus AS and Altibox AS. Nag is a qualified civil engineer in Computer Science from the University of Strathclyde and has further education in management from the Norwegian Business School BI.

# Top 20 shareholders at 4 November 2019

NAME	SHAREHOLDING	% SHARE
DATUM AS	31,817,975	20.00 %
MIDDELBORG INVEST AS	30,517,764	19.19 %
KARBON INVEST AS	15,900,874	10.00 %
CIPRIANO AS	4,968,835	3.12 %
VERDIPAPIRFONDET DNB SMB	4,586,058	2.88 %
TIGERSTADEN AS	4,000,000	2.51 %
PALOS NORGE AS	3,966,667	2.49 %
SKANDINAVISKA ENSKILDA BANKEN AB	3,745,967	2.36 %
TINDE INDUSTRIER AS	3,063,372	1.93 %
ZONO HOLDING AS	3,000,007	1.89 %
SÅ&HØSTE AS	2,925,936	1.84 %
TVENGE TORSTEIN INGVALD	2,920,000	1.84 %
UBS SWITZERLAND AG	2,184,922	1.37 %
ADRIAN AS	2,038,851	1.28 %
NOMO HOLDING AS	1,946,253	1.22 %
NORDIALOG ENSJØ AS	1,946,253	1.22 %
SKARESTRAND INVEST AS	1,912,315	1.20 %
DOVRAN INVEST AS	1,863,372	1.17 %
UNIFIED AS	1,849,457	1.16 %
RAKNES HOLDING AS	1,649,348	1.04 %
Total number owned by top 20	126,804,226	79.72 %
<b>Total number of shares</b>	<b>159,057,020</b>	<b>100 %</b>

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