Q1 2020 presentation

TECHSTEP

7 May 2020

Agenda

Introduction

Operations

Financials

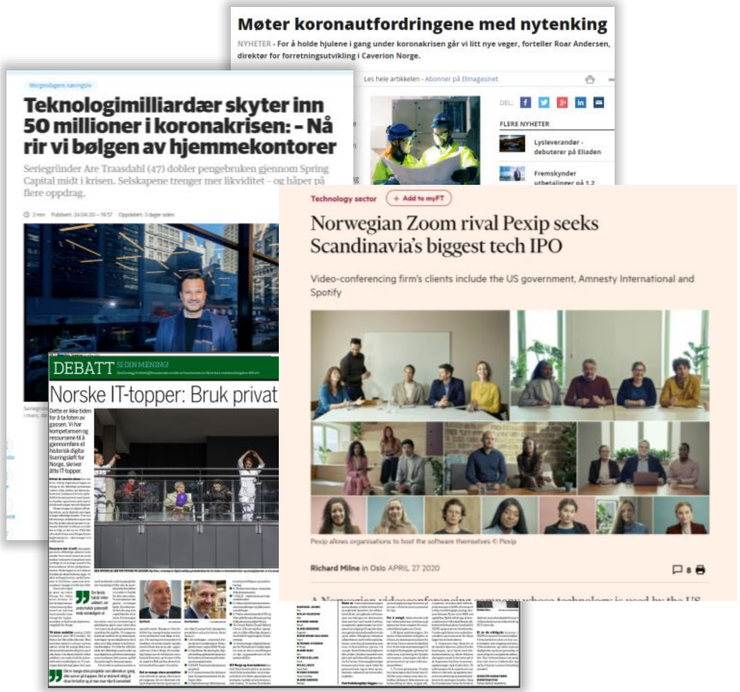
Outlook

Extraordinary times for society, people and workplaces

Q1 turned into the Covid-19 crisis…

- Norway and Sweden severely affected by the Covid-19 outbreak
- Lock-down in Norway since March, Sweden less strict
- Private sector economic activity curbed…
- Governments, enterprises and businesses has responded swiftly

Digitalisation of society and work accelerating…



People first while delivering stable Q1 results…

- Techstep prioritizes the health of people, customers and partners
- Moved from office to digital platforms
- Operations and customer services running well
- Stable Q1'20 financial results reflects strategic development
- Market fundamentals stronger than ever – not least long-term

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Our long-term strategy: Make work 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 realise the benefits mobile technology offers via the cloud

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Techstep is purpose-built to service the mobility needs of enterprises and people

Acquired eight companies — From wholesaler/distributor.. — ..to mobility solution provider

Our journey to become **a Nordic enabler of the mobile workplace** began in 2016…

2016: Techstep established, acquisitions and consolidation of the Norwegian market

2017: Further expansion with new partners and Swedish operations

2018 - 2019: Focus on integration and transition towards a software-led company

2020 -: Flow, own software and recurring revenue business model

We offer mobility solutions that help enterprises and their employees to do a better job

We have developed our customer solution over time

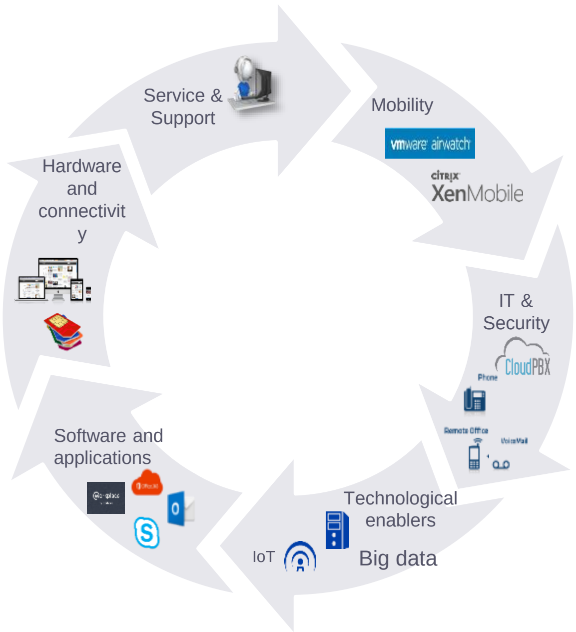
Wholesaler and distributor

Hardware devices

Connectivity

Support

Initial concept: MaaS



Flow by TECHSTEP

Hardware devices

Asset Management

Mobile Expense Management

Security

Origo Business Cloud

Connectivity

Flow – simple, cost effective and secure

What it includes

- Adapted company policy for devices and mobile expenses
- Asset management and self-service administration through Origo Business Cloud
- Mobile Expense Management for administration of devices and subscriptions
- Lifecycle management of mobile devices delivered as-a-service
- Eco-friendly and secure end-of-life handling

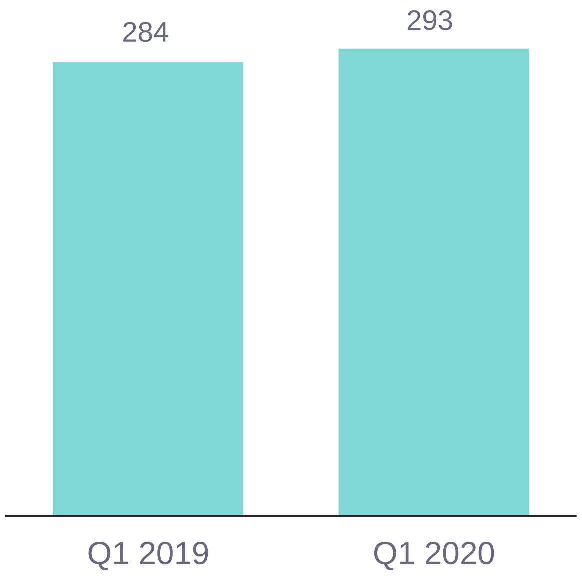
What it means for customers

- Reduced administration
- Lower costs
- Flexibility and freedom of choice
- Safe handling and data protection
- Better for the environment
- Ready for more - platform for mobile digitization

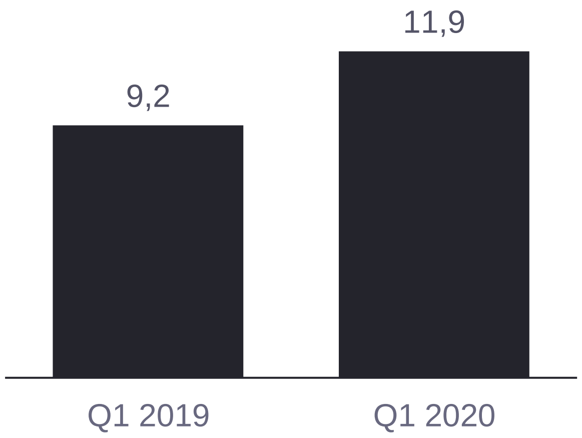
Q1 2020 results reflect strategic development

- Limited impact from Covid-19 in Q1
- Stable revenue and EBITDA development, reflecting transformation of business and conversion of customers to new solution
- Customer onboarding continues. Six new Flow contracts signed
- Post-quarter sale of IT Operations and Support business reflecting strategic focus on software- and IP-lead growth

Revenue
NOK million



EBITDA adjusted
NOK million



EBITDA adjusted excludes non-recurring items related to M&A activities and restructuring costs of NOK 0.3 million in Q1 2020 and NOK 2 million in 2019.

The Q1 2020 financial statements include the full consolidation effect of the leasing portfolio from Techstep Finance. The effect in Q1 2020 is an increase of NOK 9.6 million on revenue, increase of NOK 9,2 million on EBITDA and an increase of NOK 9.1 million on depreciation.

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Operations

Protecting people and ensuring business continuity the main priority

Employees
212

Customers
~4,000

● Locations

Employees' health and well-being has been the top priority

No COVID-19 cases registered to date

Compliance with local public health advisory across all locations

Remained fully operative for customers and partners

- Extensive use of remote work and mobile home office solutions
- Restrictions on physical meetings and travel across borders
- Stricter sanitation standards

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Our mobility solutions help enterprises and employees to do a better job

Supporting existing customers during Q1…

Customer base

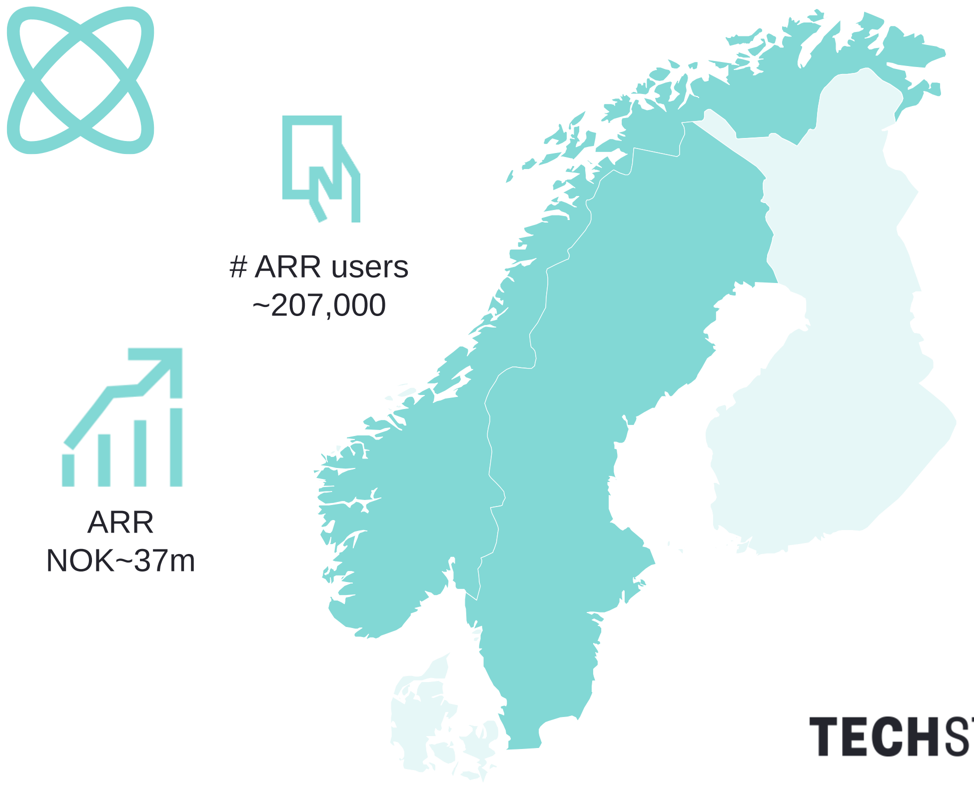
Norway:

- Enterprises within private and public sector
- SME via partners

Sweden:

- SME and public enterprises
- Some private enterprises

…while focusing on solution sales



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Onboarding new “Flow” customers

6

Flow contracts signed in the quarter

13

Flow contracts signed in total

4 500

Flow end-users signed in total

AKER BIOMARINE

Crayon The Software Experts

sikri

ØVRE EIKER KOMMUNE

simployer | Infotjenester

Statnett

Examples of Flow customers

Flow by TECHSTEP

Statnett adopting “Flow”

Techstep has signed a Flow-agreement with Statnett. The duration is 3 years and includes 1,400 employees

With Flow, Statnett is replacing traditional Hardware distribution with a self-serving platform that integrate mobility solutions, financing solutions and administration from Techstep. In addition, Statnett has also signed an agreement for consultancy assistance with Techstep.

This collaboration extends back to 2001 and over the years has evolved into an overall mobility partnership

Financials

Key figures

NOK 1 000	**Q1 2020**	**Q1 2019**	**FY 2019**
Revenue	292 677	284 101	1 132 059
Annual Recurring Revenue (ARR)	37 127	34 218	36 632
Gross profit	80 454	74 961	279 338
EBITDA adj.	11 879	9 221	29 007
EBITDA rep.	11 629	9 221	27 040
EBITA	(393)	5 543	(58 174)
EBIT	(5 431)	20	(80 192)
Net profit (loss) for the period	(3 391)	(1 511)	(64 329)
EBITDA adj. margin (%)	4.1%	3.2%	2.6%
EBITDA rep. margin (%)	4.0%	3.2%	2.4%
EBITA margin (%)	(0.1%)	2.0%	(5.1%)
EBIT margin (%)	(1.9%)	0.0%	(7.1%)
Net profit (loss) for the period (%)	(1.2%)	(0.5%)	(5.7%)
Cash	19 996	48 647	44 588
Capex (development)	4 842	5 092	17 389
Net interest-bearing debt	27 498	20 759	1 996

EBITDA adjusted excludes non-recurring items related to M&A activities and restructuring costs of NOK 0.3 million in Q1 2020 and NOK 2 million in 2019.

The Q1 2020 financial statements include the full consolidation effect of the leasing portfolio from Techstep Finance. The effect in Q1 2020 is an increase of NOK 9.6 million on revenue, increase of NOK 9,2 million on EBITDA and an increase of NOK 9.1 million on depreciation.

- Gross profit increased by 7% y-o-y.
- Q1 2020 financial statements include a positive effect from the consolidation of Techstep Finance AS, in which we increased our holding from 50% to 80% at the end of 2019.
- Capex on software development and internal IT was NOK 4.9 million
- Increase in net interest-bearing debt of NOK 25 million during Q1, mainly related to early purchase of hardware to mitigate supply risk

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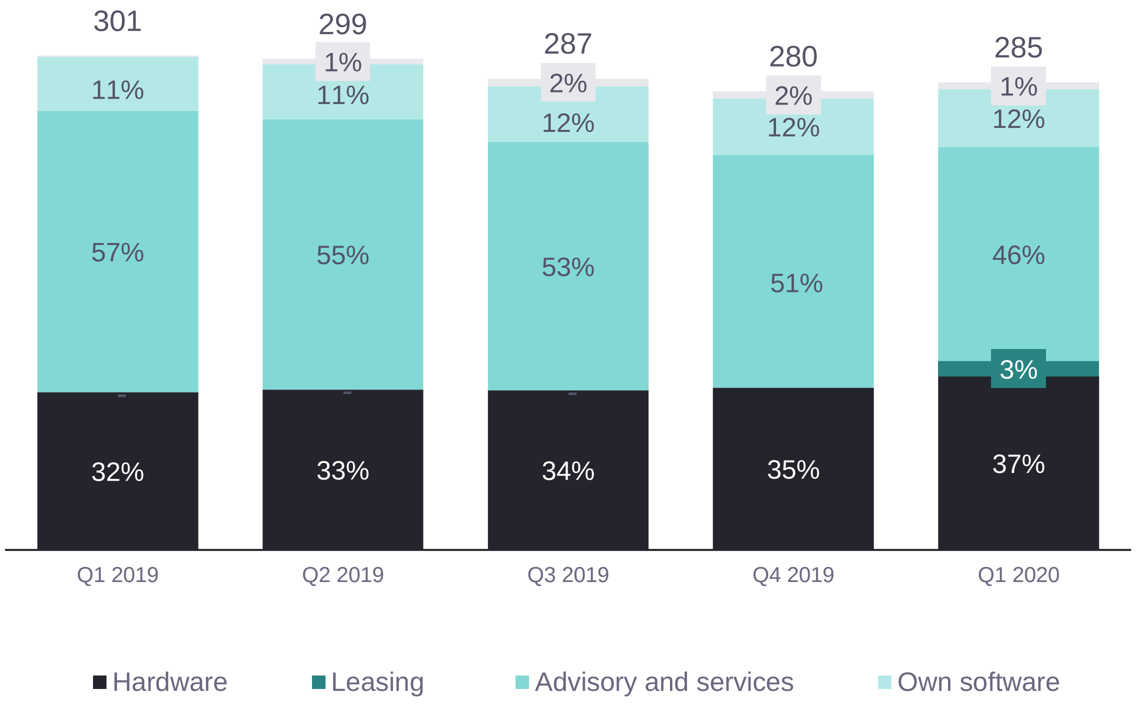
Gross profit split and development

Gross Profit - last twelve months rolling
NOK million and % of total



- Increase in the share of hardware due to volume increase in public customers
- Leasing volume (leased out hardware) is now consolidated from Q1 2020, comprising 3%
- Decrease in the share of Advisory and Services due to reduction in operator commissions and third-party software – Q1 2019 comparable includes a large one-off deal
- Strategic decision to focus on enterprises, led by own IP and software. Expected to lower short-term gross profit, but increase our recurring revenue

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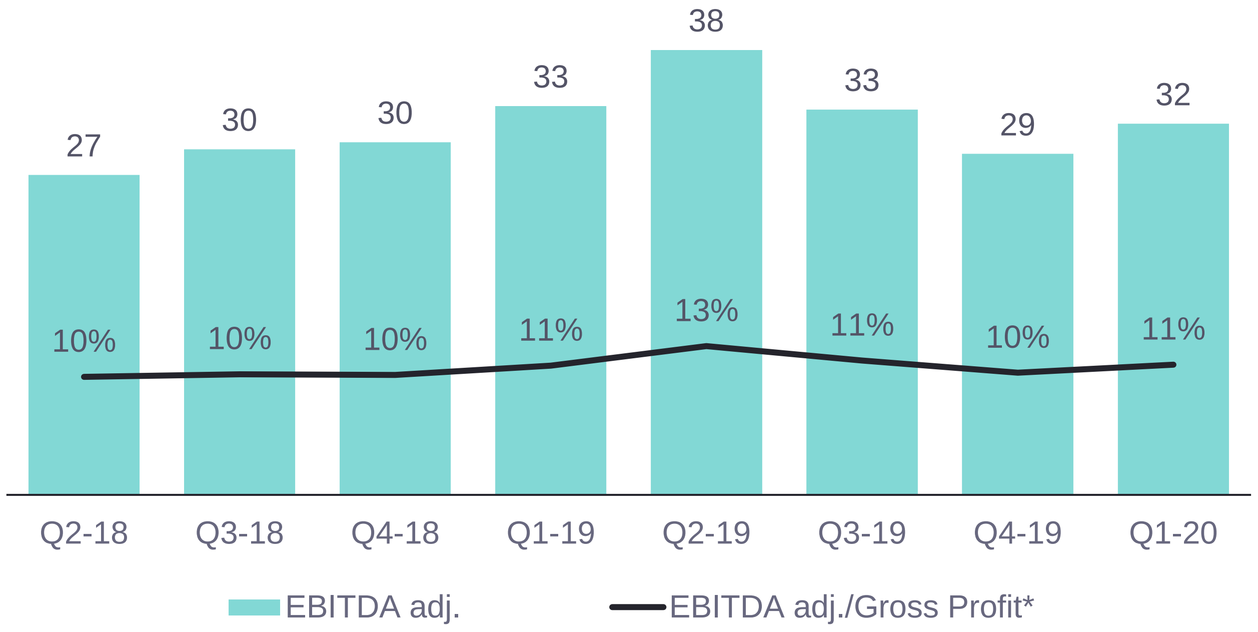
Gross profit to EBITDA

EBITDA adjusted and % of Gross Profit – last twelve months rolling
NOK million and percent



- Profitability affected by the transition towards own IP and software
- Cost reducing initiatives are re-invested to generate long-term profits
  - Headcount increased for Software and IP development, plus Advisory & Services
  - Verticals and industry focus (education, high security)
  - Increased IT costs and system development costs
  - Increased marketing costs

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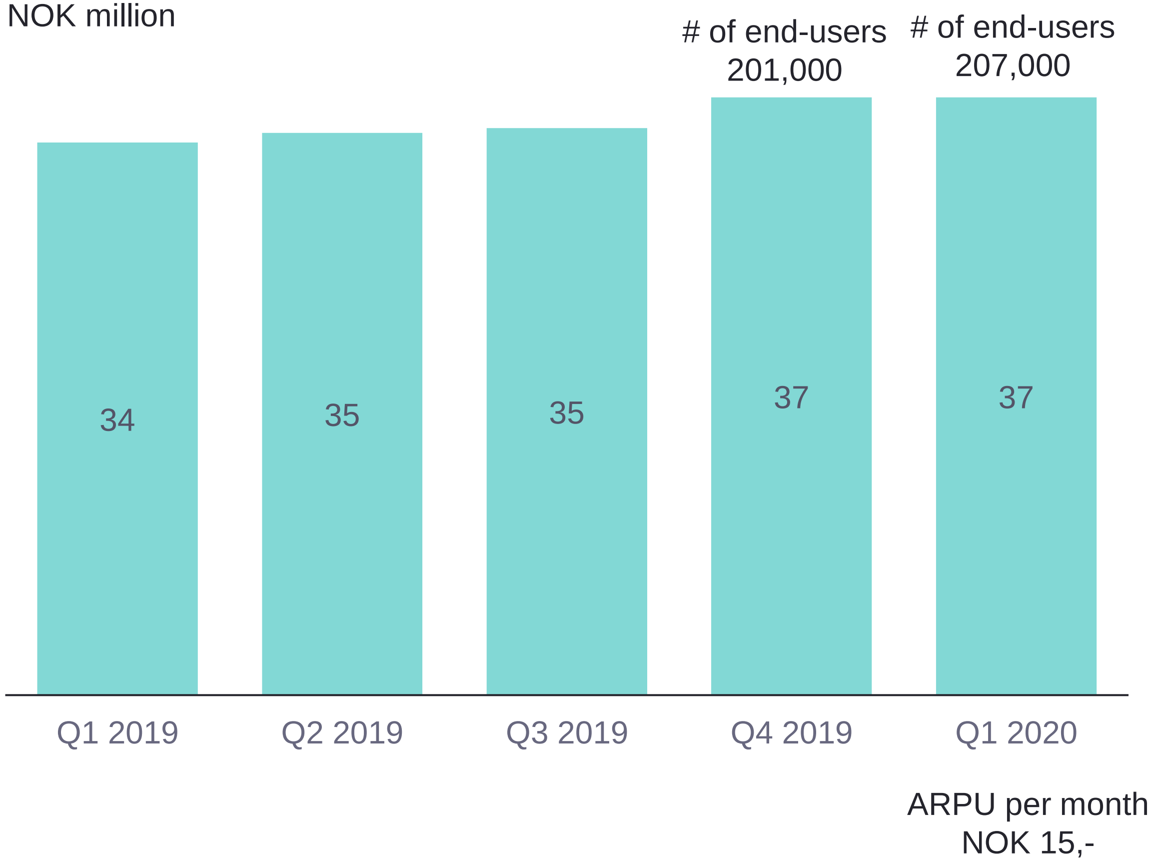
* EBITDA reported excluding one-off items

Recurring revenue marginally up from last quarter

Annual recurring revenue (ARR)
NOK million



- ARR consists of two offerings:
  1. White label mobile expense management
  2. Origo (own mobile expense management and asset management). Sold by Techstep or partners.
- Growth in end-users of +3% from previous quarter
- Q1 2020 focused on Origo operations and ensure that the Origo pilot customers are properly onboarded.

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Income statement

NOK 1 000	Q1 2020	Q1 2019	2019
Revenue	292 219	283 455	1 127 763
Other income	458	646	4 296
Total revenues	**292 677**	**284 101**	**1 132 059**
Cost of goods sold	(212 223)	(209 140)	(852 722)
Salaries and personnel costs	(49 781)	(51 395)	(187 994)
Other operational costs	(19 044)	(14 709)	(65 363)
Share of profit (loss) in joint ventures	-	365	1 059
Depreciation	(12 021)	(3 679)	(15 214)
Amortisation	(5 039)	(5 523)	(22 018)
Impairment	-	-	(70 000)
Other income	-	-	-
Operating profit (loss)	**(5 431)**	**20**	**(80 192)**
Remeasurement on equity interests	-	-	18 206
Financial income	4 648	455	5 546
Financial expense	(5 576)	(1 192)	(5 948)
Profit before taxes	**(6 359)**	**(717)**	**(62 388)**
Income taxes	2 968	(794)	(1 941)
Net profit (loss) for the period	**(3 391)**	**(1 511)**	**(64 329)**

- Reduction of salaries and personnel costs of 3% y-o-y reflects lower headcount and efficiency initiatives in Norway, partly offset by new hires in strategic important areas
- Increase in other operational costs include increased IT-spending, marketing and personnel training, and full consolidation of Techstep Finance
- Amortisation is non-cash and mainly relates to acquisitions (customer relations), completed by 2023

In Q4 2019, Techstep ASA acquired the remaining 80% stake in Techstep Finance AS. As of Q1 2020, Techstep Finance AS is consolidated according to IFRS 16 accounting standards. Thus,comparable y-o-y will be affected by the effects from IFRS 16 – mainly increasing revenue and depreciation.

Balance sheet

NOK 1 000	31.03.2020	31.12.2019
Intangible assets	498 163	480 285
Tangible assets	117 643	111 787
Financial assets	189	225
Inventories	31 102	11 828
Accounts receivable	155 199	147 411
Other receivables	16 231	16 104
Cash and cash equivalents	19 996	44 588
Assets classified as held for sale	5 490	4 962
Total assets	**844 013**	**817 191**
Total equity	472 714	455 970
Deferred tax	3 162	4 483
Non-current interest-bearing debt	162	162
Other non-current debt	50 119	47 688
Current interest-bearing liabilities	47 333	46 423
Accounts payable	122 115	122 328
Tax payable	(309)	936
Public taxes, provisions	25 850	22 381
Other current liabilities	122 868	116 820
Total equity and liabilities	**844 013**	**817 191**

- Equity ratio at 56%
- Intangible assets include goodwill of NOK 432 million and customer relations and technology of NOK 64 million
- Property, plant and equipment includes leased out hardware NOK 80 million and IFRS 16 leasing (premises, IT licenses) NOK 34 million
- Increase in inventories of NOK 19 million relates to early purchase of hardware in Sweden for delivery in Q2
- Current interest-bearing liabilities of NOK 47 million relate to factoring debt NOK 39 million and property loan in Sweden NOK 8 million
- Other current liabilities include NOK 71 million deferred revenue on hardware leasing contracts

Cash flow

NOK 1 000	Q1 2020	Q1 2019	FY 2019
Net cash flow from operational activities	**(1 274)**	**8 541**	**51 079**
Net cash used on investment activities	**(23 334)**	**(5 625)**	**(18 259)**
Net cash flow from financing activities	**(3 247)**	**(3 306)**	**(27 494)**
Net change in cash and cash equivalents	(27 855)	(390)	5 325
Cash and cash equivalents at beginning of period	44 588	39 741	39 716
Effects of exchange rate changes on cash and cash eq.	3 264	(721)	(453)
Cash and cash equivalents at end of period	**19 996**	**38 630**	**44 588**

- Operational cash flow outflow of NOK 1.3 million includes negative effect from working capital related to increased hardware supply in Sweden for delivery in Q2
- Net investments of NOK 23 million includes software development and IT investments (NOK 5 million) and payment for hardware leased out (NOK 18 million)
- Financing expenses of NOK 3.2 million relates to lease repayments (IFRS 16) for premises and licenses

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Outlook

Techstep shall be the leading Nordic enabler of the mobile workplace

Techstep is purpose built to service enterprise and business mobility needs

- Work is going mobile…

~14 million employees in the Nordics

- Larger enterprises provide larger-scale value creation opportunity
- SMEs to be served by a combination of Techstep and partners

Software and Intellectual Property (IP) to lead future growth

- Our software, mobility expertise and customer needs will be at the core of what we do and drive value creation
- All our activities will be aligned to bring our own software and services to the market
- Third party software and hardware to support own software and services
- Pursuing M&A to strengthen competency and software platform

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Near-term outlook - a mixed picture

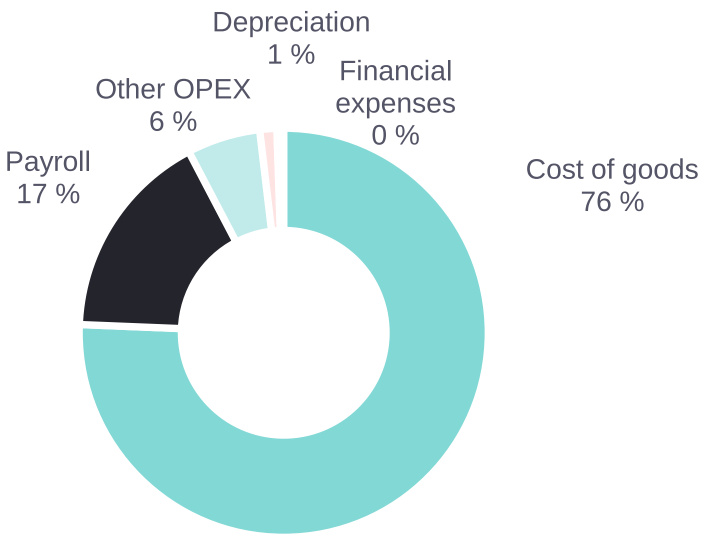
Mixed COVID-19 impact

- Cost and investment cuts offset increased demand of mobility in workplaces from ‘shock digitalisation’
- Recent development in total demand and near term outlook somewhat negative

Techstep has utilized its operational and financial flexibility to adapt

- Temporary workforce adjustments of 20%, effective from April
- Software-related investments continue, other capex reduced going forward
- Increased inventory of hardware to secure supply

Illustrative 2019 cost structure



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2020 priorities

Operational priorities

- Employees health and well-being, build culture
- Efficiency and quality of offering
- Onboard customer to Flow
- Continue development of software and IP
- Solidify growth platform and longer-term scalability

Financial priorities

- Ensuring financial solidity and flexibility

2021 and beyond

- Formulate updated strategic roadmap
- Update portfolio of KPI and priorities
- Set longer term financial ambition and targets
- Incorporate learnings from 2020

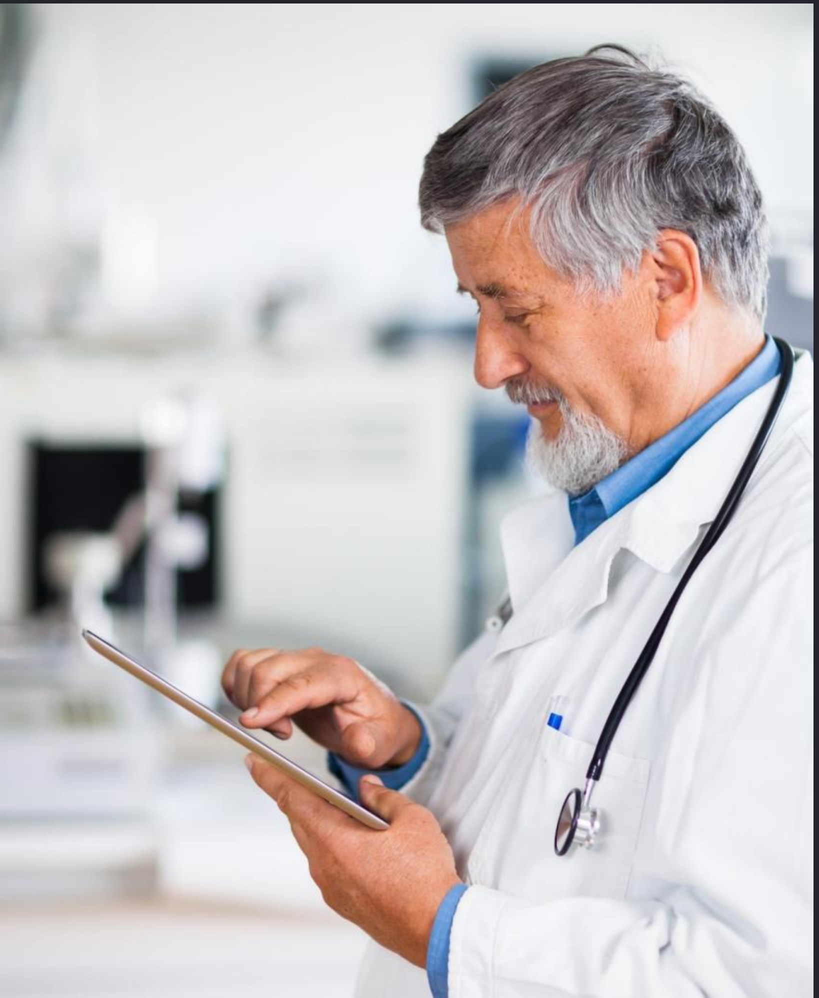
Capital markets update

- Strategic update to investors and other stakeholders in December 2020

2020

2021 –

Summary



- Mixed market environment near-term
- Operational and financial flexibility
- Focus on “Flow” and solutions sales and onboarding
- Operational efficiency to drive growth
- Continue to invest in software and IP and pursue M&A
- Mobility needs and trends being amplified and accelerated
- 2020 very important platform for long-term success

Q&A

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Next event: Q2 2020 Presentation, 21 August 2020

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 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.

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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 Fibernett, 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 Equinor 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 May 2020

NAME	SHAREHOLDING	% SHARE
DATUM AS	31 817 975	19.54 %
MIDDELBORG INVEST AS	30 517 764	18.75 %
KARBON INVEST AS	17 736 689	10.90 %
CIPRIANO AS	4 968 835	3.05 %
TIGERSTADEN AS	4 521 153	2.78 %
ZONO HOLDING AS	4 000 007	2.46 %
PALOS NORGE AS	3 966 667	2.44 %
BRIDGE CAPITAL AS	3 813 317	2.34 %
SKANDINAVISKA ENSKILDA BANKEN AB	3 653 015	2.24 %
VERDIPAPIRFONDET DNB SMB	3 652 403	2.24 %
TINDE INDUSTRIER AS	3 063 372	1.88 %
TVENGE TORSTEIN INGVALD	3 000 000	1.84 %
SÅ&HØSTE AS	2 925 936	1.80 %
ADRIAN AS	2 038 851	1.25 %
NOMO HOLDING AS	1 946 253	1.20 %
NORDIALOG ENSJØ AS	1 946 253	1.20 %
SKARESTRAND INVEST AS	1 937 315	1.19 %
DOVRAN HOLDING AS	1 863 372	1.14 %
UNIFIED AS	1 849 457	1.14 %
MODIOLA AS	1 649 348	1.01 %
Total number owned by top 20	130 867 982	80.39%
Total number of shares	162 795 337	100%

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