

Interim report Q2 2020

TECHSTEP

Highlights Q2 2020

- Operational progress and stronger results in an extraordinary market environment
- Revenue was NOK 238 million, down from NOK 270 million last year
- Gross profit was NOK 78 million, up from NOK 69 million last year
- EBITDA adjusted was NOK 17 million, up from NOK 6 million
- ARR of NOK 37 million from 210,000 end-users at the end of the quarter
- Signed three new contracts with an estimated value of NOK 27 million for Techstep's software-based managed mobility service Flow
- Soft launch of Flow in Sweden late Q2 marks geographical expansion of own software
- Signs of improving market after demand fell during Covid-19 outbreak
- Digital transformation amplified, mobility market fundamentals strengthening

CEO comment

"The ongoing pandemic has forced us to change the way we move, interact and work. At Techstep we took swift action to adapt to the extraordinary situation as we moved into Q2. Our operations and customer services have run well, combined with protective measures to safeguard people's health.

The nature of what Techstep does - making work mobile - makes us equipped to deal with a new reality, and our team has shown tremendous commitment in taking care of our customers and partners during the last months.

While the current environment has posed short-term challenges and curbed demand, we delivered operational progress and stronger results in the second quarter and first half year of 2020. This comes after several years of building Techstep organically and through M&A, consolidation and developing our customer offering around own IP and software.

Despite a challenging market environment, we have had an exciting year so far with the launch of our Managed Mobility as-a-Service solution Flow in both Norway and Sweden. We started in Norway moving into 2020 and are now expanding with the ongoing launch of Flow in Sweden. Early Q3 we signed a Flow contract with Sveriges Radio, Sweden's national public radio broadcaster. We look forward to providing Sveriges Radio with a platform for faster, easier and secure mobile management and make it possible to equip at scale 2,200 users with the digital tools they need and want.

Looking ahead, we see continued uncertainty in the marketplace. But our pipeline of opportunities is promising. We focus on Flow and solutions sales, operational efficiency and investing in our own software and IP as we move further into 2020. In addition, we continue pursuing M&A to strengthen our position in the Nordics. Techstep has built a platform that is interesting for other companies to join to improve and scale their business. That said, to succeed with M&A over time we have to be patient and make sure the fit is good. The combination must open up good value creation opportunities for all stakeholders involved.

For Techstep, our shorter-term progress in 2020 is important for our longer-term success. We have probably seen several years of digital transformation in just a few months. This makes customers more receptive, but also competition more likely. We will therefore work hard to make our Managed

Mobility Service customers in Norway and Sweden happy and continue to develop and improve our software, solutions and customer experience.

The Techstep team is truly motivated by the fact that making work mobile matters more to society, people and organizations than ever before", says Techstep CEO Jens Haviken.

About Techstep

Techstep is purpose-built to become a leading Managed Mobility Services provider in the Nordics. Techstep's software based Managed Mobility-offering enables enterprises and their employees to do their work across mobile devices and locations, with a high degree of security and operational stability. Techstep has 210 employees based in Norway and Sweden, serving close to 4,000 customers and 210,000 recurring revenue end-users across various industries in the private and public sectors. The company is listed on the Oslo Stock Exchange. For more information, see www.techstepasa.no.

Key Figures

(amounts in NOK 1 000)	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Revenues	238 173	270 045	530 850	554 146	1 132 059
Annual Recurring Revenue (ARR)	37 110	34 754	37 110	34 754	36 632
Gross profit	77 882	69 347	158 336	144 308	279 338
EBITDA adjusted	17 193	6 426	28 572	15 647	29 007
EBITDA	24 270	6 426	35 899	15 647	27 040
EBITA	10 176	2 709	9 783	8 252	(58 174)
EBIT	3 816	(2 753)	(1 615)	(2 733)	(80 192)
Net profit (loss) for the period	3 987	(1 043)	596	(2 554)	(64 329)
EBITDA adj. margin (%)	7.2 %	2.4 %	5.4 %	2.8 %	2.6 %
EBITDA rep. margin (%)	10.2 %	2.4 %	6.8 %	2.8 %	2.4 %
EBITA margin (%)	4.3 %	1.0 %	1.8 %	1.5 %	(5.1 %)
EBIT margin (%)	1.6 %	(1.0 %)	(0.3 %)	(0.5 %)	(7.1 %)
Net profit (loss) for the period (%)	1.7 %	(0.4 %)	0.1 %	(0.5 %)	(5.7 %)
Cash	36 561	30 647	36 561	30 647	44 588
Net interest-bearing debt	6 503	13 643	6 503	13 643	1 996
Capex	14 296	3 663	37 630	9 288	33 611

EBITDA adjusted excludes non-recurring items related to gross proceeds of NOK 8 million for the sale of the IT division in Q2 2020 and M&A activities (NOK 0.7 in Q2 2020 and NOK 2 million in 2019).

The Q2 2020 financial statements include the full consolidation effect of the leasing portfolio from Techstep Finance. The effect in Q2 2020 is an increase of NOK 10.7 million on revenue, an increase of NOK 9.6 million on EBITDA and an increase of NOK 8.9 million on depreciation.

Operational review

Main developments

In the second quarter of 2020, Techstep continued operational progress and delivered on its strategic transformation according to plan. The soft launch of Origo Business Cloud (Origo) and Flow in Sweden was a milestone for the company. Market conditions are still impacted by the pandemic, however the situation in the Nordics has improved.

Growing relevance for Techstep's vision of making work mobile

Techstep's strategy is to help enterprises handle the complexity that comes with providing hundreds or thousands of employees with mobility solutions. Over the past year, Techstep continued its transition from a hardware wholesaler and distributor towards becoming an IP- and software-led provider offering Managed Mobility Services (MMS) capable of handling complexity at scale.

In line with this strategy, Techstep launched "Flow", a Managed Mobility Service offering, to existing and new customers, starting with Norway at the end of 2019. Techstep is now preparing for the official launch in Sweden after the technical platform was completed late in the second quarter.

Flow allows Techstep to bundle value-adding services together with hardware and software into one complete managed mobility service to enterprises for a fixed monthly fee per user. Flow consists of a mobile device, Techstep's software solutions (Origo), device life-cycle management and financing. The financing through Techstep Finance adds the benefit of a residual value at the end of the leasing period, contributing to a lower total cost of ownership for the customer. In addition, the customer can choose among several add-on services tailored to its needs.

As Flow is launched into the wider market, Origo - a key component of Flow, is also introduced independently to selected customers. Being a software solution, Origo will also be sold independently through partners.

Strategic initiatives to support transformation

Techstep has acted as a market consolidator in Norway and Sweden over the past five years and continues to evaluate potential M&A activities. Over time M&A has played an important role in Techstep's journey. Techstep will continue to pursue organic growth and M&A to further strengthen and expand its managed mobility service offering and Nordic position.

In line with Techstep's strategy, the company's IT Operations and Support business unit was divested and sold to Crayon AS for a total consideration of NOK 8 million in the second quarter. At the same time, Techstep signed a three-year agreement with Crayon for IT Operations and Support

Employees' health and well-being remains top priority

The foremost priority of Techstep in the ongoing pandemic is the health of employees and their families. Techstep was early to take proactive steps to safeguard employees, families, customers and partners while minimising risk of business interruptions.

Initially, during the wake of the outbreak, Techstep experience a reduction in demand for hardware as many private enterprises were affected by the outbreak and the subsequent lockdowns. The decline was partly offset by an increased demand for Solutions from the public sector.

Following the significant macroeconomic uncertainty, some hard-hit sectors curbed customer demand. Techstep reacted swiftly to

the changing environment and implemented a temporary adjustment in workforce capacity. As conditions have improved since these adjustments were made, all employees are scheduled to return to work by the end of September.

Sales activity

During the second quarter Techstep signed a total of three Flow agreements with a potential value of NOK 27 million. All three were signed in Norway. For the first half of 2020, Techstep has signed a total of nine Flow agreements with a potential value of NOK 39 million. Since Flow was launched late 2019, Techstep has signed a total of 16 customers with total value potential of NOK 48 million.

While Flow is Techstep's Managed Mobility Service offering consisting of both hardware, software, device lifecycle management and financing, the other new contracts in the quarter were a mix of both hardware-only and combinations of hardware and solutions.

The largest contracts signed in Norway in the quarter were Flow contracts with a large accountancy and business advisory firm and the construction and engineering firm Mesta.

The contracts have an estimated value of about NOK 16 million and NOK 8 million, respectively. In Sweden, the largest contracts signed were a pure hardware deal with the University of Umeå and a financed hardware deal with the pharmaceutical retailer Apoteket AB.

Recurring revenue base

Techstep's annual recurring revenue base (ARR¹) was NOK 37.1 million per second quarter 2020 from a total end-user base of ~210,000. Techstep's recurring revenue relates to the sale of our own software with 100% gross margin; Mobile Expense Management and Origo Business Cloud, sold either as a white-label service through partners or directly by Techstep.

¹ *Refer to alternative performance measures

Financial review

The interim financial information has not been subject to audit or review.

In the fourth quarter of 2019, Techstep ASA gained control over Techstep Finance AS. As of the first quarter of 2020, Techstep Finance AS is fully consolidated in the consolidated financial statements.

Profit and loss second quarter 2020

Techstep generated total revenue of NOK 238.2 million in the second quarter of 2020, down 12% from NOK 270.0 million in the corresponding quarter last year. The decline is primarily related to lower hardware volumes due to the Covid-19 situation.

Total Solution revenue, which comprises Own software, Advisory & services and related commissions, amounted to NOK 53.5 million in the quarter, of which Own software accounted for NOK 9.5 million in the quarter (NOK 8.5 million). Leasing of hardware amounted to NOK 10.7 million in the quarter (NOK 0 million). Hardware revenue amounted to NOK 171.8 million in the second quarter (NOK 202.0 million).

Thus, Own software accounted for 4% of total revenue, Advisory & services for 18%, Leasing for 5%, while Hardware accounted for 72%.

Gross profit increased by 12% year-over-year to NOK 77.9 million. This includes a higher margin from hardware sales. In addition, there was an increased demand for Advisory & Services, partly offset by a decrease in operator commissions, as expected. Furthermore, the consolidation of Techstep Finance AS has a positive effect on gross profit and is considered an important driver for gross profit alongside Own software going forward.

The higher gross profit, despite lower revenue is reflected in a gross margin for the quarter of 33%, an increase from 26% in the corresponding quarter of 2019.

Thus, Own software accounted for 12% of gross profit, Advisory & services for 37%,

Leasing for 12% and Hardware for 37%. Other gross profit was 2%.

Salaries and personnel costs declined by 3% year-over-year to NOK 45.0 million in the second quarter of 2020.

Option costs for the quarter were NOK 0.1 million, compared to NOK 0.5 million in the corresponding quarter last year.

Other operational costs were NOK 15.9 million in the second quarter 2020, down from NOK 17.1 million in the same quarter of 2019. The decrease is related to reduced IT and marketing spend.

Capitalised costs relating to the development of Own software were NOK 3.0 million (NOK 0.8 million), of which NOK 1.2 million were personnel costs and NOK 1.8 million were external development costs. Other investments related to internal IT were NOK 2.2 million.

EBITDA amounted to NOK 24.3 million in the second quarter of 2020. This includes the proceeds from the sale of the IT Operations and Solutions business of NOK 8 million reported as other income. EBITDA in the corresponding quarter of 2019 was NOK 6.4 million.

Adjusted EBITDA margin increased to 7.2%, up from 2.4%, which reflects the improved gross profit and reduced operating costs in the quarter.

Operating profit (EBIT) came to NOK 3.8 million in the second quarter of 2020, compared to an operating loss (EBIT) of NOK 2.8 million for the second quarter of 2019.

Net profit in the second quarter of 2020 amounted to NOK 4.0 million, compared to a

loss of NOK 1.0 million in the second quarter of 2019.

Profit and loss first half 2020

Techstep had total revenues of NOK 530.9 million in the first half of 2020 and gross profit was NOK 158.3 million. Total revenues for the first half of 2019 were NOK 554.1 million, while the gross profit was NOK 144.3 million.

EBITDA for the first half of 2020 amounted to NOK 35.9 million, while the EBITDA for the first half of 2019 was NOK 15.6 million.

The operating loss (EBIT) amounted to NOK 1.6 million, compared to an operating loss of NOK 2.7 million for the same period of the preceding year.

The net profit for the first half of 2020 was NOK 0.6 million, compared to a net loss of NOK 2.6 million in the first half of 2019.

Financial position

As at 30 June 2020, total assets were NOK 789.4 million, compared with NOK 844.0 million as at 31 March 2020.

Intangible assets account for NOK 489.3 million as at 30 June 2020, down from NOK 498.2 million at the end of the preceding quarter. The decrease is mainly related to currency effects on goodwill and amortisations of other intangible assets.

Total tangible assets were NOK 110.2 million as at 30 June 2020, including hardware leased out to customers of NOK 75.0 million and premises and IT licenses of NOK 31.9 million.

Total inventories and receivables were NOK 147.8 million as at 30 June 2020. The decrease from NOK 202.5 million at the end of the preceding quarter relates to a reduction in accounts receivables and reduced inventory in Sweden.

Assets classified as held for sale were NOK 5.4 million and relate to the premises in Karlstad, Sweden. In December 2019, an agreement was signed to sell the premises for SEK 12.8 million. There is a property loan of NOK 7.7 million classified as current interest-bearing liabilities which will be settled when the building has been handed over to the new buyer during Q3 2020.

Total equity at the end of the second quarter was NOK 469.2 million, corresponding to an equity ratio of 59%.

Other non-current debt of NOK 47.2 million mainly relates to leasing commitments of NOK 22.9 million and a buy-back obligation for leased hardware of NOK 17.5 million.

Current interest-bearing liabilities amounted to NOK 43.1 million and includes factoring debt of NOK 35.1 million, and the property loan for the Swedish office building of NOK 7.7 million.

Other current liabilities of NOK 112.0 million per 30 June 2020 mainly include vacation pay of NOK 25 million, deferred revenue of NOK 67 million, leasing commitments of NOK 10.5 million and a buy-back obligation for leased hardware of NOK 7.8 million.

Net interest-bearing debt was NOK 6.5 million at the end of the second quarter 2020, compared to NOK 27.5 million at the end of the preceding quarter. The increase is largely due to reduced working capital.

Cash flow second quarter 2020

Net cash flow from operating activities was NOK 25.8 million in the second quarter of 2020. This includes a positive effect from reduced net working capital due to a reduction in accounts receivable and reduced inventory of goods in Sweden.

Net cash outflow to investment activities was NOK 6.3 million, mainly including capital expenditure to software and IT development of

NOK 5.4 million and leased out hardware of NOK 8.5 million in gross payments, partly offset by proceeds from the sale of the IT Operations and Support business.

Net cash outflow to financing activities was NOK 3.4 million in the quarter, relating to lease repayments (IFRS 16) for premises and licenses.

Cash and cash equivalents increased by NOK 16.1 million in the second quarter to NOK 36.6 million.

Cash flow first half 2020

The net cash flow from operating activities was NOK 24.7 million for the first half of 2020.

The net cash outflow to investment activities was NOK 29.6 million.

The net cash outflow to financing activities was 6.7 million.

Cash and cash equivalents decreased by NOK 11.6 million over the first half of 2020. Adjusted for changes in currency exchange rates, cash and cash equivalents totalled NOK 36.6 million at the end of the first half 2020.

Risks and uncertainties

As described in the Annual Report for 2019, Techstep's regular business activities entail exposure to various types of risk, including risk related to market-, operational- and financial-development.

The company's risk management aims to support value creation and ensure a continued, solid financial platform through transparent and strategic management of both financial and operational risk factors. The company's risk management is coordinated by the head office in cooperation with the Board of Directors, and is continuously monitored, so that appropriate actions can be taken when required, to

eliminate or mitigate any potentially negative impact on operational or financial performance.

The company's risk factors were underlined with the Covid-19 outbreak during the first half of 2020, which had a significant impact on market environment in the aftermath of the outbreak.

The risks and uncertainties regarding the extraordinary measures and economic effects limit the visibility going forward. Techstep's operations, revenues and profits are dependent on the company's ability to generate sales through existing and new customers. Following the virus outbreak, some hard-hit sectors curbed customer demand. The impact on financial results for the first half of 2020 has been limited. However, the impact on sales and outlook is uncertain in the medium-term.

Techstep remains committed to responsible operations and is operating in compliance with rules and recommendations from local and national authorities. In case of a worsening situation, Techstep has operational, cost and capital expenditure flexibility and will continue to adapt as market conditions evolve. The temporary adjustments in the workforce is one such adaption. Techstep will continue its software-related investments as planned, and other capital expenditures will be gradually resumed after being paused early in the quarter. Financially, Techstep has a solid balance sheet and limited net interest-bearing debt.

In the intermediate term, Techstep's focus is on developing its business platform and maintaining ongoing, active operations, which secure the company's cash flow by reducing financial market exposure. Long-term financial investments have been made to generate long-term financial returns.

For the assessment of other risk factors, please refer to the Board of Directors report in the Annual Report for 2019.

Related party transactions

On 3 April, Techstep entered into an agreement to divest its IT Operations and Support business unit to Crayon AS for a total consideration of NOK 8 million. Chairman of Techstep ASA, Jens Rugseth, also holds the position as Chairman of the Board of Crayon Group Holding ASA. The transaction was structured as an asset purchase and effective from 1 April 2020. At the same time, Techstep signed a 3-year agreement with Crayon for IT Operations and Support. The transaction and subsequent agreement were entered into at arm's length and on market terms.

Outlook

While the transition from a hardware supplier to a software and managed mobility services provider is materialising gradually, Techstep is experiencing lower gross profit contribution from operator commissions and volumes from the Norwegian SME segment that was discontinued in the second quarter 2019. As Techstep's new offerings are being gradually introduced to customers and the market, it is expected to take some time before they will compensate fully.

Techstep will continue focusing on growing sales of the company's value creating, higher

margin software and managed mobility services to enterprise customers in Norway and Sweden. During the third quarter 2020, Flow will officially be launched in Sweden and onboarding new and existing customers will be of high priority. In addition to investments in the software platform and organisational development and capabilities, Techstep will continue to pursue organic growth and M&A to further strengthen and expand the offering and Nordic position.

Techstep monitors the current uncertain macroeconomic development following the Covid-19 outbreak. While the situation in the Nordics is currently improving as the economic activity is picking up, Techstep is prepared for various future scenarios. The company has established contingency plans to adjust operations and expenditures should the situation require the company to do so. Techstep is financially well positioned and has a solid balance sheet and limited net interest-bearing debt.

Looking further ahead, the relevance for mobility offerings within the workplace is perhaps higher than ever. Digital transformation has accelerated, and mobility market fundamentals are improving long-term. Techstep is positive that its offerings will be even more relevant in the future. In addition, the Flow offering enables Techstep to help companies enable managed mobility services through financing options, reducing the shorter-term liquidity need for customers' mobility and communication platforms.

Consolidated income statement

(amounts in NOK 1 000)	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Revenue	2, 3	235 927	267 507	528 146	550 962	1 127 763
Other revenue		2 246	2 538	2 704	3 184	4 296
Total revenues		238 173	270 045	530 850	554 146	1 132 059
Cost of goods sold		(160 291)	(200 698)	(372 514)	(409 838)	(852 722)
Salaries and personnel costs		(45 039)	(46 364)	(94 819)	(97 759)	(187 994)
Other operational costs		(15 900)	(17 137)	(34 945)	(31 847)	(65 363)
Share of profit (loss) in joint ventures		-	580	-	945	1 059
Depreciation	5	(14 094)	(3 716)	(26 116)	(7 395)	(15 214)
Amortisation		(6 360)	(5 462)	(11 398)	(10 985)	(22 018)
Impairment		-	-	-	-	(70 000)
Other income	8	8 000	-	8 000	-	-
Other expenses		(673)	-	(673)	-	-
Operating profit (loss)		3 816	(2 753)	(1 615)	(2 733)	(80 192)
Remeasurement on equity interests		-	-	-	-	18 206
Financial income		1 764	2 845	6 412	3 300	5 546
Financial expense		(3 065)	(1 164)	(8 641)	(2 355)	(5 948)
Profit before taxes		2 515	(1 072)	(3 844)	(1 789)	(62 388)
Income taxes		1 472	29	4 440	(765)	(1 941)
Net profit (loss) for the period		3 987	(1 043)	596	(2 554)	(64 329)
Net income attributable to						
Non-controlling interests		(27)	-	68	-	(1)
Shareholders of Techstep ASA		4 014	(1 043)	529	(2 554)	(64 328)
Earnings per share in NOK:						
Basic		0.02	(0.01)	0.00	(0.02)	(0.40)
Diluted		0.02	(0.01)	0.00	(0.02)	(0.40)

The interim financial information has not been subject to audit or review.

Consolidated statement of comprehensive income

(amounts in NOK 1 000)	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Net profit (loss) for the period		3 987	(1 043)	596	(2 554)	(64 329)
Items that may be reclassified to profit and loss						
Exchange differences on translating foreign operations		(7 484)	(3 810)	14 919	(12 418)	(7 613)
Income tax related to these items		(69)	374	(2 717)	1 483	923
Total comprehensive income		(3 566)	(4 479)	12 799	(13 489)	(71 019)
Total comprehensive income attributable to						
Non-controlling interests		(2)	-	(2)	-	-
Shareholders of Techstep ASA		(3 564)	(4 479)	12 801	(13 489)	(71 019)

**Exchange differences on translating foreign operations relate to revaluation of group values held in foreign currency and the currency effect on net investments in foreign operations.*

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Consolidated statement of financial position

(amounts in NOK 1 000)

ASSETS	Note	Q2 2020	FY 2019
Non-current assets			
Deferred tax asset		-	-
Goodwill		426 621	418 385
Customer relations and technology		62 651	61 901
Total intangible assets		489 272	480 285
Right-of-use assets	5	31 857	36 590
Property, plant and equipment		78 351	75 197
Total tangible assets		110 208	111 787
Joint ventures		-	-
Shares and investments		44	44
Other non-current assets		141	181
Total financial assets		185	225
Total non-current assets		599 665	592 298
Inventories		25 381	11 828
Accounts receivable		108 045	147 411
Other receivables		14 335	16 104
Total inventories and receivables		147 761	175 343
Cash and cash equivalents		36 561	44 588
Assets classified as held for sale		5 392	4 962
Total current assets		189 714	224 893
Total assets		789 379	817 191
EQUITY AND LIABILITIES	Note	Q2 2020	FY 2019
Share capital	4	162 795	162 795
Other equity		306 687	293 478
Total equity attributable to the owners of Techstep ASA	4	469 482	456 273
Non-controlling interests		(239)	(304)
Total equity		469 243	455 970
Deferred tax		2 820	4 483
Non-current interest-bearing debt		-	162
Other non-current debt		47 203	47 688
Total non-current debt		50 023	52 333
Current interest-bearing liabilities		43 064	46 423
Accounts payable		93 539	122 328
Tax payable		(1 059)	936
Public taxes, provisions		22 539	22 381
Other current liabilities	5	112 030	116 820
Total current debt		270 112	308 888
Total liabilities		320 135	361 221
Total equity and liabilities		789 379	817 191

The interim financial information has not been subject to audit or review.

Consolidated statement of changes in equity

(amounts in NOK 1 000)	Share capital	Other paid-in capital	Other equity	Reval. reserve	SUM	Minority interest	Total equity capital
Equity as of 1 January 2019	159 057	497 096	(143 670)	1 296	513 780	-	513 780
Profit for the period	-	-	(64 328)	-	(64 328)	(1)	(64 329)
Other comprehensive income	-	-	-	(6 690)	(6 690)	-	(6 690)
Total comprehensive income for the period	-	-	(64 328)	(6 690)	(71 018)	(1)	(71 019)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	3 738	7 178	-	-	10 916	(305)	10 611
Share-based payments	-	-	2 597	-	2 597	-	2 597
Equity as of 31 December 2019	162 795	504 273	(205 402)	(5 394)	456 273	(304)	455 970
Equity as of 1 January 2020	162 795	504 273	(205 402)	(5 394)	456 273	(304)	455 970
Profit for the period	-	-	529		529	68	596
Other comprehensive income	-	-		12 202	12 202	(2)	12 200
Total comprehensive income for the period	-	-	529	12 202	12 731	65	12 796
Transactions with owners in their capacity as owners:							
Share-based payments	-	-	478		478	-	478
Equity as of 30 June 2020	162 795	504 273	(204 395)	6 808	469 482	(239)	469 243

The interim financial information has not been subject to audit or review.

Consolidated statement of cash flow

(amounts in NOK 1 000)	Note	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Profit before tax		2 515	(1 072)	(3 844)	(1 789)	(62 388)
Profit from joint venture		-	(580)	-	(945)	(1 059)
Depreciation equipment and other fixed assets	5	11 104	1 187	20 227	2 161	4 281
Depreciation right-of-use assets	5	2 991	2 529	5 889	5 234	10 933
Amortisation		6 360	5 462	11 398	10 985	22 018
Share-based payments		93	530	478	1 526	2 597
Dividend and other reclassified to investment activities	8	(8 000)	(2 094)	(8 000)	(2 094)	(2 103)
Impairment		-	-	-	-	70 000
Remeasurement of equity interest		-	-	-	-	(18 206)
Net exchange differences		(11 280)	-	6	24	1 451
Taxes paid		(963)	(396)	(2 000)	(129)	(2 508)
Changes in net operating working capital core		16 148	(6 228)	(7 257)	(4 882)	2 681
Changes in other net operating working capital		6 839	5 123*	7 841	7 107*	23 382
Net cash flow from operational activities		25 806	4 462	24 739	17 199	51 079
Payment for acquisition of subsidiaries net of cash acquired				-		5 184
Payment for equipment and other fixed assets	5	(8 945)	(3 416)	(27 437)	(8 915)	(16 221)
Payment for intangible assets		(5 351)	(247)	(10 193)	(373)	(17 389)
Repayment of invested capital		-	8 073	-	8 073	8 073
Proceeds from dividends received		-	2 094	-	2 094	2 094
Proceeds from sale of business	8	8 000	-	8 000		-
Net cash used on investment activities		(6 296)	6 504	(29 630)	879	(18 259)
Proceeds from issuance of shares		-	-	-	-	-
Repayment of borrowings		-	(15 047)	-	(15 080)	-
Repayment of borrowings		(64)	(2 228)	(126)	(5 502)	(15 350)
Lease repayments		(3 363)	(1 478)	(6 549)	(5 651)	(12 145)
Net cash flow from financing activities		(3 427)	(18 754)	(6 675)	(26 232)	(27 494)
Net change in cash and cash equivalents		16 083	(7 788)	(11 566)	(8 154)	5 326
Cash and cash equivalents at beginning of period		19 996	38 629	44 382	39 716	39 716
Effects of exchange rate changes on cash and cash equivalents		481	(194)	3 745	(914)	(453)
Cash and cash equivalents at end of period		36 561	30 647	36 561	30 647	44 588

*Restated H1 2019. Refer to note 7.

The interim financial information has not been subject to audit or review.

Notes to the consolidated financial statements

1. Accounting principles

Techstep (the Group) consists of Techstep ASA (the Company) and its subsidiaries. Techstep ASA is a limited liability company, incorporated in Norway. The consolidated interim financial statements consist of the Group and the Group's interests in a joint arrangement. As a result of rounding differences, numbers or percentages may not add up to the total. All amounts are in NOK thousand except otherwise noted.

1. ACCOUNTING PRINCIPLES

The interim consolidated financial statements are prepared under International Financial Reporting Standards (IFRS) for the periods presented. The interim financial report is presented in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Financial Statements 2019. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2019. The report has not been audited.

Note 2. Business segments

Techstep has two business segments, which are represented by the geographic locations where the Group's entities are incorporated. The entities are controlled and owned by the Techstep Group. Other companies are included in the segment Headquarters and other.

Operating segments are changed from 1 October 2018 and restated retrospectively to give comparable information.

Eliminations comprise intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

1) Norway

- Techstep Norway AS: The offerings of the company are mobile hardware, servicing, support and mobility consultancy services. The company is located in Oslo and Sandefjord.
- Mytos AS: A Norwegian based software as a services company with mainly recurring revenue. Mytos offers a full range of mobile expense management (TEM) modules, all with proprietary software and highly user-friendly implementation and operation. The company is located in Oslo.
- Techstep Denmark ApS: Established to invoice Danish customers. The company is fully supported from Norway and does not have any employees.
- Techstep Finance AS: Provides financing and remarketing services.

2) Sweden:

- Techstep Sweden AB: The company offers mobile hardware, industry leading cloud-based (UCaaS) PBX solutions, Mobility consultancy services and Enterprise Mobility Management (EMM) services, including Mobile Security, system design, implementation, mobile device management. The company is located in Karlstad, Gothenburg and Stockholm.
- Mowizor AB: A Swedish based security software company, located in Stockholm.
- Techstep Finance AB: Provides financing and remarketing services.

3) Headquarters and other:

- Techstep ASA, Techstep Nordic AS, Netconnect AS and Techstep Holding AB.

Q2 2020	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	165 081	72 846	247	-	238 173
Operating revenues from other segments	363	1 576	8 274	(10 213)	-
Operating revenues	165 444	74 422	8 521	(10 213)	238 173
Cost of goods sold	(110 724)	(51 054)	1	1 486	(160 291)
Salaries and personnel costs	(25 984)	(11 601)	(7 569)	115	(45 039)
Other operational costs	(13 372)	(4 974)	(12 691)	15 137	(15 900)
Share of profit (loss) of joint venture	-	-	-	-	-
Depreciation	(10 417)	(1 644)	(2 033)	-	(14 094)
Amortisation	(3 779)	(1 959)	(621)	-	(6 360)
Impairment	-	-	-	-	-
Other income	8 000	-	-	-	8 000
Other expenses	45	-	(718)	-	(673)
Operating profit (loss)	9 213	3 189	(15 111)	6 525	3 816
Employees 30 June 2020	131	61	18		210

Q2 2019	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	198 013	71 710	322	-	270 045
Operating revenues from other segments	2 573	909	4 749	(8 231)	(0)
Operating revenues	200 585	72 619	5 071	(8 231)	270 045
Cost of goods sold	(149 677)	(53 834)	(6)	2 819	(200 698)
Salaries and personnel costs	(27 533)	(11 049)	(8 041)	259	(46 364)
Other operational costs	(14 103)	(3 217)	(4 905)	5 089	(17 137)
Share of profit (loss) of joint venture	-	-	580	-	580
Depreciation	(2 039)	(661)	(1 016)	-	(3 716)
Amortisation	(2 807)	(1 738)	(917)	-	(5 462)
Impairment	-	-	-	-	-
Other income	-	-	-	-	-
Other expenses	-	-	-	-	-
Operating profit (loss)	4 426	2 119	(9 235)	(63)	(2 753)
Employees 30 June 2019	138	60	19		217

H1 2020	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	375 002	155 355	493	-	530 850
Operating revenues from other segments	3 034	2 736	16 549	(22 319)	-
Operating revenues	378 036	158 091	17 042	(22 319)	530 850
Cost of goods sold	(265 087)	(111 942)	(283)	4 798	(372 514)
Salaries and personnel costs	(55 907)	(23 181)	(16 097)	365	(94 819)
Other operational costs	(28 877)	(10 086)	(26 296)	30 315	(34 945)
Share of profit (loss) of joint venture	-	-	-	-	-
Depreciation	(18 638)	(3 524)	(3 954)	-	(26 116)
Amortisation	(6 477)	(3 821)	(1 101)	-	(11 398)
Impairment	-	-	-	-	-
Other income	8 000	-	-	-	8 000
Other expenses	45	-	(718)	-	(673)
Operating profit (loss)	11 096	5 537	(31 407)	13 158	(1 615)

H1 2019	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	391 980	161 844	322	-	554 146
Operating revenues from other segments	4 181	1 512	8 862	(14 555)	-
Operating revenues	396 162	163 356	9 183	(14 555)	554 146
Cost of goods sold	(288 411)	(126 187)	(6)	4 766	(409 838)
Salaries and personnel costs	(59 402)	(21 962)	(16 917)	523	(97 759)
Other operational costs	(27 376)	(5 901)	(8 920)	10 351	(31 846)
Share of profit (loss) of joint venture	-	-	945	-	945
Depreciation	(4 171)	(1 303)	(1 920)	-	(7 395)
Amortisation	(5 725)	(3 513)	(1 747)	-	(10 985)
Impairment	-	-	-	-	-
Other income	-	-	-	-	-
Other expenses	-	-	-	-	-
Operating profit (loss)	11 076	4 489	(19 383)	1 085	(2 733)

FY 2019	Norway	Sweden	HQ and other	Eliminations	Total
Operating revenues from external customers	824 119	307 940	0	-	1 132 059
Operating revenues from other segments	6 057	3 172	22 567	(31 796)	-
Operating revenues	830 176	311 112	22 567	(31 796)	1 132 059
Cost of goods sold	(622 397)	(238 273)	(35)	7 984	(852 722)
Salaries and personnel costs	(114 929)	(42 444)	(31 587)	965	(187 994)
Other operational costs	(55 118)	(12 888)	(20 544)	23 187	(65 363)
Share of profit (loss) of joint venture	-	-	1 059	-	1 059
Depreciation	(7 094)	(2 600)	(5 519)	-	(15 214)
Amortisation	(13 298)	(7 068)	(1 653)	-	(22 018)
Impairment	(70 000)	-	-	-	(70 000)
Other income	-	-	-	-	-
Other expenses	-	-	-	-	-
Operating profit (loss)	(52 660)	7 839	(35 712)	340	(80 192)
Employees 31 December 2019	134	59	18		211

Note 3: Disaggregation of revenues

In the following tables, Total revenue is disaggregated by major revenue streams divided into the reportable segments as shown in note 2:

Q2 2020	Norway	Sweden	Headquarter and other	Eliminations	Group
Total revenues	165 444	74 422	8 521	(10 213)	238 173
Hardware					
Hardware revenues	118 058	56 031	-	(71)	174 018
Bonus	7 241	1 218	-	-	8 459
Total	125 300	57 249	-	(71)	182 477
Solutions					
Solution revenues	33 963	13 705	-	(1 868)	45 800
Commission	4 639	3 011	-	-	7 650
Total	38 601	16 716	-	(1 868)	53 450
Other revenues					
Other	1 543	457	8 521	(8 274)	2 246
Total	1 543	457	8 521	(8 274)	2 246

Q2 2019	Norway	Sweden	Headquarter and other	Eliminations	Group
Total revenues	200 585	72 619	5 071	(8 231)	270 045
Hardware					
Hardware revenues	140 469	56 380	-	(2 450)	194 399
Bonus	6 843	743	-	-	7 585
Total	147 312	57 122	-	(2 450)	201 984
Solutions					
Solution revenues	42 571	13 240	-	(1 031)	54 780
Commission	8 386	2 357	-	-	10 743
Total	50 957	15 598	-	(1 031)	65 523
Other revenues					
Other	2 317	(101)	5 071	(4 749)	2 538
Total	2 317	(101)	5 071	(4 749)	2 538

In Q2 2019 NOK 6.0 million were reported as Solution bonus. The amount has been reclassified to Solutions commission.

H1 2020	Norway	Sweden	Headquarter and other	Eliminations	Group
Total revenues	378 036	158 091	17 042	(22 319)	530 850
Hardware					
Hardware revenues	278 103	108 868	-	(2 743)	384 228
Bonus	14 690	2 798	-	-	17 488
Total	292 793	111 665	-	(2 743)	401 716
Solutions					
Solution revenues	71 735	40 372	-	(3 028)	109 079
Commission	11 612	5 740	-	-	17 352
Total	83 346	46 112	-	(3 028)	126 430
Other revenues					
Other	1 897	314	17 042	(16 549)	2 704
Total	1 897	314	17 042	(16 549)	2 704

H1 2019	Norway	Sweden	Headquarter and other	Eliminations	Group
Total revenues	396 162	163 356	9 183	(14 555)	554 146
Hardware					
Hardware revenues	278 918	94 320	-	(4 043)	369 195
Bonus	12 647	1 573	-	-	14 220
Total	291 565	95 893	-	(4 043)	383 415
Solutions					
Solution revenues	81 955	62 178	-	(1 650)	142 483
Commission	19 819	5 245	-	-	25 064
Total	101 774	67 423	-	(1 650)	167 547
Other revenues					
Other	2 822	39	9 183	(8 862)	3 184
Total	2 822	39	9 183	(8 862)	3 184

In H1 2019 NOK 14.5 million were reported as Solution bonus. The amount has been reclassified to Solutions commission.

FY 2019	Norway	Sweden	Headquarter and other	Eliminations	Group
Total revenues	830 176	311 112	22 567	(31 796)	1 132 059
Hardware					
Hardware revenues	607 136	203 986	-	(5 266)	805 857
Bonus	28 380	2 807	-	-	31 187
Total	635 517	206 793	-	(5 266)	837 044
Solutions					
Solutions revenues	155 751	95 765	-	(3 963)	247 552
Commission	34 388	8 780	-	-	43 167
Total	190 139	104 544	-	(3 963)	290 720
Other revenues					
Other	4 521	(225)	22 567	(22 567)	4 296
Total	4 521	(225)	22 567	(22 567)	4 296

Note 4: Share capital and shareholders

The company's share capital as at 30 June 2020 was NOK 162,795,337 consisting of 162,795,337 ordinary shares with a par value of NOK 1.00.

Each share gives the right to one vote at the company's annual general meeting. At the time of this report, Techstep holds 1,914 treasury shares.

Techstep's 20 largest shareholders at 30 June 2020 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS ¹⁾	31 817 975	19.54 %
MIDDELBORG INVEST AS	30 517 764	18.75 %
KARBON INVEST AS ²⁾	17 736 689	10.90 %
CIPRIANO AS ³⁾	4 968 835	3.05 %
TIGERSTADEN AS	4 519 052	2.78 %
ZONO HOLDING AS ⁴⁾	4 000 007	2.46 %
BRIDGE CAPITAL AS	3 813 317	2.34 %
VERDIPAPIRFONDET DNB SMB	3 652 403	2.24 %
SKANDINAVISKA ENSKILDA BANKEN AB	3 652 015	2.24 %
TINDE INDUSTRIER AS	3 038 910	1.87 %
TVENGE	3 000 000	1.84 %
SÅ&HØSTE AS	2 925 936	1.80 %
PIKA HOLDING AS	2 206 512	1.36 %
NORDHOLMEN AS	2 206 512	1.36 %
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	1 945 315	1.19 %
DOVRAN HOLDING AS	1 863 372	1.14 %
UNIFIED AS	1 849 457	1.14 %
Total number owned by top 20	129 645 428	79.64 %
Total number of shares	162 795 337	100.00 %

¹⁾ Datum AS is controlled by deputy board member Jan Haudemann-Andersen

²⁾ Karbon Invest AS is owned by chairman of the board Jens Rugseth

³⁾ Cipriano AS, owned by vice chairman of the Board of Directors Einar J. Greve

⁴⁾ Zono Holding AS owned by Middelborg Invest AS 50.44%, Cipriano AS 4.65%, Duo Jag AS 0.93%

Idekapi AS, which is controlled by board member Anders Brandt, owns 1,797,532 shares in Techstep ASA.

Duo Jag AS, which is partly owned by board member Ingrid Leisner, owns 554,834 shares in Techstep ASA.

Share option grant

Techstep established one share option scheme in 2017 and one share option scheme in 2018, both subject to the same terms and conditions (except for different grant dates and therefore also different vesting and expiry dates). The 2017 share option scheme has expired. 6,600,000 share options were issued under the 2018 share option scheme, of which 5,200,000 share options were issued to certain members of the Executive Management.

At the Annual General meeting 22 June 2020, it was resolved to terminate 5,200,000 share options previously granted to certain members of the Executive Management under the 2018 share option scheme, and to replace these share options with a new long-term share option scheme for all of the members of the Executive Management.

4,069,883 share options (2.5% of existing shares) was granted under the program in 2020-2021. The share options will become exercisable (vest) on 22 June 2021 and must be exercised within 22 June 2024. The exercise price is NOK 3.00. The exercise price will be adjusted for any dividends paid before exercise and similar. Each option holder's aggregated gross profit from exercising the options shall be limited to the amount equal to 3 years' gross base salary at the time of exercising the options. The exercise of share options can be settled in cash, and/or with new or existing treasury shares. The Board intends to propose the adoption of a similar option program in 2021 and 2022.

As at 30 June, the total number of outstanding share options was 5,469,883 (3.4%) which includes 1,400,000 share options from the 2018 grant.

Overview of shares and share options held by members of the management group as at 30 June 2020:

Name	Position	Shares	Share options
Jens Haviken	CEO	100,000	1,017,471
Marius Drefvelin	CFO	40,000	813,976
Mads Vårdal	CIO	5,019	559,609
Erik Haugen	CCO	-	559,609
Inge Paulsen	Managing Director Norway	150,000	559,609
Bartek Regerqvist	Managing Director Sweden	-	559,609

Note 5: Property, plant and equipment

	Land and buildings	Right-of- use assets	Equipment*	Other fixed assets	Total
Accumulated cost as at 1 January 2020	-	47 552	105 865	19 966	173 383
Additions	-	921	26 777	105	27 803
Additions arising from business combinations	-	-	-	-	-
Disposals	-	-	-	-	-
Translation differences	-	477	(1 704)	2 347	1 120
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated cost 30 June 2020	-	48 949	130 938	22 419	202 306
Accumulated cost as at 1 January 2019	8 166	-	-	17 950	26 115
Additions	-	47 686	14 858	2 049	64 593
Additions arising from business combinations	-	-	91 007	-	91 007
Disposals	-	-	-	-	-
Translation differences	(133)	(135)	-	(32)	(300)
Reclassified to asset classified as held for sale	(8 032)	-	-	-	(8 032)
Accumulated cost 31 December 2019	-	47 552	105 865	19 966	173 383
Accumulated depreciation as at 1 January 2020	-	(10 962)	(33 871)	(16 763)	(61 596)
Additions arising from business combinations	-	-	-	-	-
Current year depreciation	-	(5 790)	(19 954)	(372)	(26 116)
Reclassified to held for sale	-	-	-	-	-
Disposals	-	-	-	-	-
Translation differences	-	(341)	(2 145)	(1 901)	(4 387)
Reclassified to asset classified as held for sale	-	-	-	-	-
Accumulated depreciation 30 June 2020	-	(17 093)	(55 970)	(19 036)	(92 098)
Accumulated depreciation as at 1 January 2019	(3 056)	-	-	(13 682)	(16 739)
Additions arising from business combinations	-	-	(32 034)	-	(32 034)
Current year depreciation	(82)	(10 933)	(1 834)	(2 365)	(15 214)
Reclassified to held for sale	-	-	-	-	-
Disposals	-	-	-	-	-
Translation differences	68	(28)	(3)	(110)	(75)
Reclassified to asset classified as held for sale	3 070	-	-	(605)	2 465
Accumulated depreciation 31 December 2019	-	(10 962)	(33 871)	(16 763)	(61 596)
Book value of assets 31 December 2019	-	36 590	71 994	3 203	111 787
Book value of assets 30 June 2020	-	31 857	74 968	3 383	110 208

Note 6: Impairment

Management has assessed Covid-19 and the global pandemic to be an indicator for impairment. The group's assets have been assessed for impairment, and it is managements judgement that no impairment charge is necessary.

Note 7: Reclassification

Reclassification impact in consolidated statement of cash flows

	Changes in other net operation working capital*	Cash and cash equivalents at beginning of period	Cash and cash equivalents at end of period
Q2 2019 Restated	5 123	38 629	30 647
Q2 2019 Reported	(3 404)	48 647	39 174
Change	8 527	(10 018)	(8 527)

	Changes in net operation working capital*	Cash and cash equivalents at beginning of period	Cash and cash equivalents at end of period
H1 2019 Restated	7 841	44 382	36 561
H1 2019 Reported	5 228	53 994	39 174
Change	2 613	(9 612)	(2 613)

The restated changes in net operation working capital comprise the reclassification of a non-cash currency effect and reclassification of bank overdraft facility.

*The line item other net operation working capital is included in the line item net operating working capital as reported in Q2 2019.

Note 8: Other income

Techstep entered into an agreement to transfer its IT Operations and Support business unit to Crayon AS for a total consideration of NOK 8 million. The transaction was structured as an asset purchase and took place 1 April 2020.

Alternative performance measures

Techstep Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, it is management's intention to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Techstep's performance, but not instead of the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. The principles for measuring the alternative performance measures are in accordance with the principles used both for segment reporting in Note 2 and internal reporting to Group Executive Management (chief operating decision makers) and are consistent with financial information used for assessing performance and allocating resources.

Gross profit

Gross profit is defined as Total revenue less Cost of goods sold.

Gross margin

Gross margin is defined as Total revenue less Cost of goods sold divided by Total revenue.

EBITDA

Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) is a key financial parameter for Techstep. This measure is useful to users of Techstep's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expense related primarily to leases, capital expenditures and acquisitions that occurred in the past. The EBITDA margin presented is defined as EBITDA divided by total revenues.

Adjusted EBITDA

Adjusted Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) is based on EBITDA but adjusted for transactions of a non-recurring nature. Such non-recurring transactions include, but are not limited to: restructuring costs, gains or losses related to sale of subsidiaries, acquisition related costs and other non-recurring income and expenses.

EBITA

Earnings before interest, tax and amortisation (EBITA) is a key financial parameter for Techstep. This measure is useful to users of Techstep's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation related primarily to leases and capital expenditures and acquisitions that occurred in the past. The EBITA margin presented is defined as EBITA divided by total revenue.

EBIT

Earnings before interest and tax (EBIT) is useful to users with regard to Techstep's financial information in evaluating operating profitability on the cost basis as well as the historic cost related to past business combinations and capex. The EBIT margin presented is defined as EBIT divided by total revenue.

Total net operating expenses

Total net operating expenses includes the line items Cost of goods sold, Salaries and personnel costs, Other operating costs, Share of profit (loss) in joint venture, Depreciation, Amortisation, Impairment and Other income.

Hardware revenue

Hardware revenue is defined as revenue from sales of tangible goods and related discounts from suppliers and partners.

Hardware share of revenue is the hardware revenue divided by total revenues.

Solutions revenue

Solutions revenue is defined as revenue from sales of licenses, support and other non-tangible items to customers. Also included are discounts from suppliers and partners. Solutions share of revenue is the solutions revenue divided by total revenue.

Net interest-bearing debt (NIBD)

Net interest-bearing debt is non-current interest-bearing debt plus current interest-bearing liabilities less cash and cash equivalents.

Equity ratio

Equity ratio is defined as Total equity divided by total equity and liabilities.

Capital Expenditure (Capex)

Capital expenditure is the same as payment for property, plant and equipment and intangible assets.

Annual Recurring Revenue (ARR)

ARR is calculated as the revenue the following 12 months from own software as at the balance sheet date. The ARR is calculated by multiplying the number of users of own software with the price per product and in turn annualized.

APM's in the income statement	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Total revenue	238 173	270 045	530 850	554 146	1 132 059
Cost of goods sold	(160 291)	(200 698)	(372 514)	(409 838)	(852 722)
Gross profit	77 882	69 347	158 336	144 308	279 338
gross margin	33 %	26 %	30 %	26 %	25 %
Salaries and personnel costs	(45 039)	(46 364)	(94 819)	(97 759)	(187 994)
Other operational costs	(15 900)	(17 137)	(34 945)	(31 847)	(65 363)
Share of profit (loss) in joint ventures	-	580	-	945	1 059
Other income	8 000	-	8 000	-	-
Other expenses	(673)	-	(673)	-	-
EBITDA	24 270	6 426	36 572	15 647	27 040
Depreciation	(14 094)	(3 716)	(26 116)	(7 395)	(15 214)
Impairment	-	-	-	-	(70 000)
EBITA	10 849	2 709	10 456	8 252	(58 174)
Amortisation	(6 360)	(5 462)	(11 398)	(10 985)	(22 018)
EBIT	4 489	(2 753)	(942)	(2 733)	(80 192)

Adjusted EBITDA	Q2 2020	Q2 2019	H1 2020	H1 2019	2 019
EBITDA	24 943	6 426	36 572	15 647	27 040
Other income	-8 000	-	-8 000	-	-
Other expenses	673	-	673	-	1 967
Adjusted EBITDA	17 193	6 426	28 572	15 647	29 007

Total net operating expenses	Q2 2020	Q2 2019	H1 2020	H1 2019	2 019
Cost of goods sold	(160 291)	(200 698)	(372 514)	(409 838)	(852 722)
Salaries and personnel costs	(45 039)	(46 364)	(94 819)	(97 759)	(187 994)
Other operational costs	(15 900)	(17 137)	(34 945)	(31 847)	(65 363)
Share of profit (loss) in joint ventures	-	580	-	945	1 059
Depreciation	(14 094)	(3 716)	(26 116)	(7 395)	(15 214)
Amortisation	(6 360)	(5 462)	(11 398)	(10 985)	(22 018)
Impairment	-	-	-	-	(70 000)
Other income	8 000	-	8 000	-	-
Total net operating expenses	(233 684)	(272 798)	(531 792)	(556 879)	(1 212 252)

Revenue splits	Q2 2020	Q2 2019	H1 2020	H1 2019	2 019
Revenue	238 173	270 045	530 850	554 146	1 132 059
Hardware revenue	184 723	204 522	404 419	386 599	841 340
Solutions revenue	53 450	65 523	126 430	167 547	290 720
Hardware share of revenue	78 %	76 %	76 %	70 %	74 %
Solutions share of revenue	22 %	24 %	24 %	30 %	26 %

NIBD	Q2 2020	2 019
Cash and cash equivalents	36 561	44 588
Non-current interest-bearing borrowings	-	162
Current interest-bearing borrowings	43 064	46 423
NIBD	(6 503)	(1 996)

Equity ratio	Q2 2020	2 019
Total equity	469 243	455 970
Total equity and liabilities	789 379	817 191
Equity ratio	59 %	56 %

ARR	Q2 2020	2019
Number of users	210	201
Average price own software	177	182
ARR	37 110	36 632

Responsibility statement

Oslo, 20 August 2020

From the Board of Directors and CEO of Techstep ASA

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the (Company's and) group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Jens Rugseth
Chairman

Einar J. Greve
Board member

Ingrid Leisner
Board member

Anders Brandt
Board member

Toril Nag
Board member

Jens Haviken
CEO

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