



Interim report  
**Q1 2018**

## Highlights Q1 2018

- Q1 2018 revenues was NOK 232.3 million; year-over-year growth of 60%
- EBITDA margin was 2.6% compared to negative 3.7% in Q1 2017
- Awarded 209 new contracts with a potential total value of NOK 332 million, including Nordea (NOK 90 million) and several other large agreements
- Techstep's end-user base in Norway and Sweden increased with ~22,000 to ~641,000 at the end of Q1 2018, providing a large platform for upselling

### Subsequent events

- Jens Haviken, with experience from Dustin, Microsoft and Accenture, took position as new CEO from 1 April

### CEO comments

"Mobile technology offers enterprises great opportunities. Employees who can work across mobile devices and locations are more productive. Today, there are more than 7 million people employed in Norway and Sweden. We see a big market in helping them and their employers harvest the benefits of mobility. Techstep's mobile solutions are purpose built to serve this market and I am obviously very excited to join the company. We have a unique market opportunity in front of us and are positioned to capture it", says Jens Haviken, new Techstep CEO.

### About Techstep

Techstep is positioning as a leading Nordic enabler of the digital workplace. Techstep's "Mobile as a Service" (MaaS) offering is a one-stop-shop solution, which combines hardware, subscription & connectivity, mobile device management, managed services and related software, in addition to financing. The MaaS solution enables enterprises to let employees do their work across mobile devices and locations, with a high degree of security and operational stability. Techstep has approximately 220 employees based in Norway and Sweden, serving close to 6,000 customers and 641,000 end users across various industries in the private and public sectors. The company is listed on the Oslo Stock Exchange. For more information, please visit <http://techstepasa.no/>.

## Key Figures

(amounts in NOK 1 000)	Restated*		
	Q1 2018	Q1 2017	2017
Total revenues	232 278	145 219	789 473
EBITDA	6 050	(5 332)	(735)
EBITA	5 621	(5 776)	(2 125)
EBIT	898	(9 485)	(23 147)
EBITDA margin (%)	2.6%	(3.7%)	(0.1%)
EBITA margin (%)	2.4%	(4.0%)	(0.3%)
Hardware, commission & bonuses, share of revenue**	80%	79%	78%
Solutions, share of revenue**	20%	21%	22%
Total Assets	697 554	637 190	765 477
Cash	29 477	74 184	35 278
Equity	443 760	445 044	450 110
Employees	217	132	219

\*Refer to note 6.

\*\* The split of hardware and solutions sales reflects Techstep's operational split of sales and does not reconcile with the figures reported in Note 2.

## Operational review

### Main developments

During the first quarter 2018, Techstep continued the integration of companies acquired in both Norway and Sweden during 2017. A new Managing Director was hired to head the Swedish subsidiary BKE TeleCom AB.

As part of Techstep's ongoing efforts to strengthen its marketing and sales capacity, the group continues to add sales people, develop its competencies and invest in product development. A project has also commenced targeting Techstep branding of all units in the group.

Techstep was awarded 209 new contracts with a potential total value of NOK 332 million in the quarter, with brands such as Nordea, NSB/Nettbuss, Bane NOR, BDO, Østfold County, BTV region and Gjensidige Insurance. 74% of the contracts were signed with existing customers, 26% with new customers. Moreover, the pipeline has increased significantly both in Norway and Sweden.

Techstep is offering its customers a "Mobile as a Service" (MaaS) solution that enables them to let employees do their work across mobile devices and locations, with a high degree of security and operational stability. Techstep's strategy is that the MaaS solution will create value for customers and margin levels for Techstep that will improve the groups profitability over time. This will also compensate for the continued price pressure on hardware. During the quarter, the company won 11 MaaS contracts at a total value of NOK 86.5 million.

#### Larger contracts awarded in the quarter

- A framework agreement with Nordea, a Nordic region financial services group, for delivery of mobile phones, tablets and related equipment and services to the bank's employees in Norway and Denmark.

The agreement has a potential three-year duration with annual renewal, and an estimated total value of NOK 90 million over three years.

- A MaaS agreement with NSB, the Norwegian government-owned railway company, for delivery of tablet- and mobile device management to NSB's subsidiary Nettbuss. The contract has an estimated value of NOK 18 million over three years, and includes options of two years extension with annual renewal.
- Two framework agreements for the delivery of mobile phones and related equipment to Østfold County and BTV, the regional procurement organisation for Buskerud, Telemark and Vestfold counties. The estimated total value of the two contracts, excluding options for renewal, over the two period they cover is NOK 36 million.
- A framework agreement, together with Telenor, for delivery of a mobile solution to the Norwegian state-owned railway infrastructure company Bane NOR. The solution comprises mobile phones and related equipment, handling of Telenor-subscriptions and services, software for telecom expense management, as well as operations services and support. For Techstep, the contract has an estimated value of NOK 50 million over five years, and includes options of three years extension with annual renewal.

### End-user base developments

Techstep's consolidated end-user base increased to ~641,000 at the end of the first quarter 2018, up from ~573,000 at the end of first quarter 2017, corresponding to a year-over-year growth of 12%. The end-user growth was driven both by acquisitions and new contracts covering new end-users.



## Financial review

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

### Profit and loss first quarter 2018

Techstep generated total revenues of NOK 232.3 million in the first quarter 2018, up from NOK 145.2 million in the first quarter 2017. The increase stems from acquisitions made in 2017. Organic (pro forma) revenue growth was 3% year-over-year.

Despite an organic growth in hardware sales year-over-year, first quarter 2018 was impacted by lower sales volumes on existing frame agreements, especially from the public sector in Sweden, and a small reduction in solutions revenue. Consequently, revenue generated from commission and bonuses declined year-over-year. Techstep continues to develop its business model with a sharp focus on sales activities, and solutions sales in particular.

Cost of goods sold, personnel costs and other operating costs increased year-over-year due to acquisitions in 2017. Moreover, there was an underlying increase in cost of goods sold due to increased hardware revenues. Further, personnel costs increased due to new hirings in line with Techstep's growth strategy, as well as options cost of NOK 1 million in the first quarter 2018 (zero in the first quarter 2017). Operating expenses for the first quarter 2018 amounted to NOK 226.2 million, compared with NOK 150.6 million in the first quarter 2017.

EBITDA was NOK 6.1 million, compared with negative NOK 5.3 million in the first quarter 2017. The improvement in EBITDA is mainly related to acquisitions made in 2017. EBITDA for the first quarter 2017 includes non-recurring restructuring and transaction costs of NOK 10.6 million.

The operating profit (EBIT) was NOK 0.9 million, compared with a loss of NOK 9.5 million in the same period last year.

The financial expenses of NOK 1.5 million mainly relate to interest expenses.

The net profit for the first quarter 2018 ended at NOK 1.1 million. For the first quarter 2017, the net loss was NOK 14.6 million.

### Cash flow first quarter 2018

The net cash flow from operating activities was NOK 3.0 million, explained by a reduced loss and positive effects from changes in net operating working capital and depreciation and amortisation.

The net cash flow used for investment activities was NOK 3.0 million, mainly related to the development of a self-service portal.

The net cash flow from financing activities was NOK 5.2 million related to repayment of borrowings in Nordialog Oslo.

Cash and cash equivalents decreased by NOK 5.2 million over the first quarter to NOK 29.5 million at the end of the first quarter 2018.

### Financial position

As at 31 March 2018, Techstep had total assets of NOK 697.6 million, compared with NOK 765.5 million as at 31 December 2017. A significant portion of these assets represents the Group's intangible assets. Accounts receivable decreased by NOK 60.2 million from the close of the previous quarter, to NOK 96.4 million, mainly due to seasonality.

At the close of first quarter 2018, Techstep's total equity was NOK 443.8 million, corresponding to an equity ratio of 64%. Total liabilities decreased by NOK 61.6 million from the close of the previous quarter, to NOK 253.8 million, mainly due to reduction in accounts payable. Total non-current debt was NOK 51.5 million and includes a seller credit of NOK 14.4 million and an earn-out of NOK 19.9 million related to the acquisition of BKE TeleCom AB. Current interest-bearing liabilities amounted to NOK 71.9 million, and includes factoring debt of NOK 31.0 million, a drawn credit facility of NOK

34.8 million, and a term loan of NOK 5.6 million, due in December 2018.

## Risk and risk management

Techstep is exposed to various types of market, operational- and financial risks. The Group'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 action can be taken when required, to eliminate or mitigate any potentially negative impact on operational or financial performance.

In the short and 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.

Techstep's revenues and operational activity levels are affected by its ability to retain current and attract new customers. The Group operates in highly competitive market segments, and the company's success depends on its ability to meet changing customer preferences, to anticipate and respond to technological changes, and develop effective and competitive relationships with its customers. With the ongoing consolidation of companies acquired, and the transformation of customers to solutions sales and MaaS, Techstep believes it is well positioned to retain and strengthen its market position going forward. The operational

risk mainly relates to major projects, which are continuously reviewed by the corporate management.

Techstep's financial risk is primarily linked to credit risk, liquidity risk and market risk (currency risk and interest rate risk). The primary focus of the Group's capital structure is to ensure sufficient free liquidity, to ensure that the Group can service its obligations on an ongoing basis, and at the same time be able to make strategic acquisitions. The management is satisfied with the current development regarding liquidity and capital management.

For a more detailed description of financial risk and risk management, reference is made to Note 18 in the annual financial statements for 2017 and the information memorandum published in August 2017.

## Outlook

Techstep expects the market for B2B mobility services in Norway and Sweden to continue to grow in the years ahead, despite price pressure on mobile devices and related hardware.

Increased demand for the digital workplace and mobile solutions is expected to be an important market driver because enterprises want to capture the value creation potential mobile technology gives.

Techstep continues to execute its strategy to become a leading Nordic enabler of the digital workplace, integrating acquired companies and developing its organisation and "Mobile as a Service" customer offering. Investments made last year are expected to generate revenue growth and improved profitability in 2018.

## Consolidated income statement

(amounts in NOK 1 000)	Note	Q1 2018	Restated* Q1 2017	2017
Revenues	2, 3	231 827	144 963	786 242
Other income		451	256	3 231
<b>Total revenues</b>		<b>232 278</b>	<b>145 219</b>	<b>789 473</b>
Cost of goods sold		(164 107)	(98 275)	(559 656)
Salaries and personnel costs		(47 426)	(27 995)	(144 943)
Other operational costs		(14 658)	(13 837)	(59 451)
Share of profit (loss) in joint ventures		(37)	107	223
Depreciation		(428)	(444)	(1 390)
Amortisation		(4 723)	(3 709)	(21 022)
Other income and expenses		-	(10 551)	(26 381)
<b>Operating profit (loss)</b>		<b>898</b>	<b>(9 485)</b>	<b>(23 147)</b>
Remeasurement on equity interests	6	-	(5 356)	(5 356)
Financial income		163	578	6 211
Financial expense		(1 574)	(881)	(29 230)
<b>Profit before taxes</b>		<b>(513)</b>	<b>(15 144)</b>	<b>(51 523)</b>
Income taxes		1 596	526	3 846
<b>Net profit (loss) for the period</b>		<b>1 083</b>	<b>(14 618)</b>	<b>(47 677)</b>
<b>Net income attributable to</b>				
Non-controlling interests		325	-	95
Shareholders of Techstep ASA		757	(9 262)	(47 773)
<b>Earnings per share in NOK:</b>				
Basic		0.01	(0.08)	(0.35)
Diluted		0.01	(0.08)	(0.35)

\*Refer to note 6.

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

## Consolidated statement of comprehensive income

(amounts in NOK 1 000)	Note	Q1 2018	Q1 2017	2017
<b>Net profit (loss) for the period</b>		<b>1 083</b>	<b>(14 618)</b>	<b>(47 677)</b>
<b>Items that may be reclassified to profit and loss</b>				
Exchange differences on translating foreign operations		(8 377)	-	487
<b>Total Comprehensive income</b>		<b>(7 294)</b>	<b>(14 618)</b>	<b>(47 189)</b>
<b>Total Comprehensive income attributable to</b>				
Non-controlling interests		325	-	95
Shareholders of Techstep ASA		(7 619)	(765)	(47 285)

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



## Consolidated statement of financial position

(amounts in NOK 1 000)		Restated*		
ASSETS	Note	Q1 2018	Q1 2017	2017
<b>Non-current assets</b>				
Deferred tax asset		-	15	-
Goodwill	6	431 656	374 600	436 515
Customer relations and technology		73 445	23 769	77 385
<b>Total intangible assets</b>		<b>505 101</b>	<b>398 384</b>	<b>513 900</b>
Property, plant and equipment		8 598	3 054	9 115
Joint Ventures		579	-	616
Shares and investments		8 877	30 150	8 877
Other non-current assets		1 719	616	1 547
<b>Total financial assets</b>		<b>19 773</b>	<b>33 820</b>	<b>20 155</b>
<b>Total non-current assets</b>		<b>524 874</b>	<b>432 204</b>	<b>534 056</b>
Inventories		23 120	8 549	20 715
Accounts receivable		96 426	76 958	156 663
Other receivables		23 656	39 939	18 766
<b>Total inventories and receivables</b>		<b>143 202</b>	<b>125 446</b>	<b>196 143</b>
Cash and cash equivalents		29 477	74 184	35 278
<b>Total current assets</b>		<b>172 680</b>	<b>199 630</b>	<b>231 421</b>
<b>Total assets</b>		<b>697 554</b>	<b>631 834</b>	<b>765 477</b>
<b>EQUITY AND LIABILITIES</b>				
	Note	Q1 2018	Q1 2017	2017
Share capital	4	146 252	139 201	146 252
Other equity	6	296 813	305 843	303 488
<b>Total equity attributable to the owners of Techstep ASA</b>		<b>443 065</b>	<b>445 044</b>	<b>449 740</b>
Non-controlling interests		695	-	370
<b>Total equity</b>		<b>443 760</b>	<b>445 044</b>	<b>450 110</b>
Deferred tax		9 778	-	10 428
Non-current interest-bearing debt		21 896	12 656	23 551
Other non-current debt		19 853	2 025	22 277
<b>Total non-current debt</b>		<b>51 527</b>	<b>14 681</b>	<b>56 256</b>
Current interest-bearing liabilities		71 915	68 161	67 604
Accounts payable		72 966	48 187	116 765
Tax payable		1 344	10 775	4 586
Public taxes, provisions		16 652	15 333	19 657
Other current liabilities		39 390	29 652	50 498
<b>Total current debt</b>		<b>202 267</b>	<b>172 109</b>	<b>259 110</b>
<b>Total liabilities</b>		<b>253 794</b>	<b>186 790</b>	<b>315 367</b>
<b>Total equity and liabilities</b>		<b>697 554</b>	<b>631 834</b>	<b>765 477</b>

\*Refer to note 6.

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	Sum	Non-controlling interest	Total equity capital
<b>Equity as of 1 January 2017</b>	<b>102 476</b>	<b>283 702</b>	<b>(151 072)</b>	<b>235 107</b>	<b>25 187</b>	<b>260 294</b>
Profit for the period			(47 773)	(47 773)	95	(47 677)
Other comprehensive income			487	487	-	487
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(47 286)</b>	<b>(47 286)</b>	<b>95</b>	<b>(47 190)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Contributions of equity net of transaction costs	17 544	78 656		96 200		96 200
Share based payments			3 365	3 365		3 365
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	26 232	110 934	25 187	162 354	(25 187)	137 166
Non-controlling interests on acquisition of subsidiary				-	274	274
<b>Equity as of 31 December 2017</b>	<b>146 252</b>	<b>473 292</b>	<b>(169 806)</b>	<b>449 740</b>	<b>369</b>	<b>450 110</b>
<b>Equity as of 1 January 2018</b>	<b>146 252</b>	<b>473 292</b>	<b>(169 806)</b>	<b>449 740</b>	<b>369</b>	<b>450 110</b>
Profit for the period			757	757	325	1 083
Other comprehensive income			(8 377)	(8 377)	-	(8 377)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(7 620)</b>	<b>(7 620)</b>	<b>325</b>	<b>(7 295)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Share based payments			945	945	-	945
<b>Equity as of 31 March 2018</b>	<b>146 252</b>	<b>473 292</b>	<b>(176 481)</b>	<b>443 065</b>	<b>694</b>	<b>443 760</b>

## Consolidated statement of cash flow

(amounts in NOK 1 000)	Restated*		
	Q1 2018	Q1 2017	2017
Profit before tax	(513)	(15 144)	(51 523)
Other comprehensive income	-	-	487
Profit from joint venture	37	(107)	(223)
Depreciation and amortization	5 151	4 153	22 413
Share-based payments	945	-	3 365
Unrealised changes in fair value of shares and investments	-	-	25 647
Remeasurement on equity interest	-	5 356	5 356
Taxes paid	(3 499)	(1 956)	(5 835)
Changes in net operation working capital	924	(8 874)	(34 358)
<b>Net cash flow from operational activities</b>	<b>3 045</b>	<b>(16 572)</b>	<b>(34 671)</b>
Payment for acquisition of subsidiaries net of cash acquired	-	(42 324)	(83 581)
Payment for acquisition of equity in joint ventures	-	-	(500)
Payment for other financial assets	-	(100)	(89)
Payment for property, plant and equipment	(3 014)	(37)	(2 896)
<b>Net cash used on investment activities</b>	<b>(3 014)</b>	<b>(42 461)</b>	<b>(87 066)</b>
Proceeds from issuance of shares	-	65 900	95 000
Repayment of borrowings	(5 204)	(14 375)	(20 000)
<b>Net cash flow from financing activities</b>	<b>(5 204)</b>	<b>51 525</b>	<b>75 000</b>
<b>Net change in cash and cash equivalents</b>	<b>(5 173)</b>	<b>(7 508)</b>	<b>(46 738)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>35 278</b>	<b>81 692</b>	<b>81 692</b>
Effects of exchange rate changes on cash and cash equivalents	(627)	-	324
<b>Cash and cash equivalents at end of period</b>	<b>29 477</b>	<b>74 184</b>	<b>35 278</b>

\*Refer to note 6.

# 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.

### 1. ACCOUNTING PRINCIPLES

The interim consolidated financial statements are prepared under International Financial Reporting Standards (IFRS), for the period 1 January 2018 to 31 March 2018. 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 2017. 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 2017, with the exceptions stated below. The report has not been audited.

### IFRS 9 Financial Instruments

The Group has adopted IFRS 9 in its entirety as of 1 January 2018. The new rules have been applied retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 has not be restated. Management has performed an IFRS 9 implementation assessment related to the effect of IFRS 9 on the first quarter 2018 financial position and the other financial statements.

#### Classification and measurement of financial assets

Financial assets comprise the following current assets: accounts receivable, other receivables and cash and cash equivalents. All of these current assets are in the IAS 39 category of loans and receivables and are measured at amortized cost. Upon adoption of IFRS 9, these financial assets have been determined to be within a business model of hold to collect and meet the solely payments of principal and interest (SPPI) criteria. Classification and measurement will continue to be at amortised cost under IFRS 9. There is no implementation impact on the financial statements related to the classification and measurement of the Group's financial assets.

#### Impairment

Upon implementation of IFRS 9 the Group has adopted the new impairment requirements for financial assets and made the accounting policy choice of measuring the loss allowance at the lifetime expected credit loss for accounts receivables. Management has not recognised any initial adjustment to the opening 1 January 2018 equity as financial assets taken, as a whole, are in stage 1 and have a low estimated probability of default.

#### Hedge accounting

The Group does not apply hedge accounting and is thus not affected by the changes related to the new rules under IFRS 9.

#### Overall implementation effect

No implementation effects related to the IFRS 9 classification, impairment and hedge accounting rule changes have affected the 1 January 2018 opening balance.

## IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 in its entirety as of 1 January 2018. The new rules have been applied retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 has not be restated.

IFRS 15 establishes a new set of principles that shall be applied to reported information related to the nature, amount, timing and uncertainty of revenue arising from contracts with customers. In order to operationalise these principles, the standard introduces a five-step model;

1. Identify customer contracts
2. Identify performance obligations in the contracts
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue when (or as) a performance obligation is satisfied

Under IFRS 15 an entity recognises revenue when (or as) the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Techstep has performed an impact assessment of the aspects of IFRS 15 and has not identified any significant impact to the Group’s consolidated financial statements. Techstep has applied the modified retrospective approach, which allows for any adjustments to the opening balance of equity at the date of initial application 1 January 2018. No prior year comparatives are restated when using the modified retrospective approach.

Areas of specific importance for Techstep when assessing the impact of applying IFRS 15 are as follows:

### Revenue from sale of hardware

A major part of the Group’s revenue arises from the sale of hardware to its customers. Each sale is defined as a customer contract, where the delivery of the hardware in question is identified as the performance obligation. The customers obtain control of the hardware when the item is shipped to the customers. Recognition of revenue is done at the time of shipment as the performance obligations then is satisfied.

### Revenue from sale of licences

The group provides various software licenses to its customers. Management has assessed the customer contracts related to software license and have found the sale of software licenses to be distinct performance obligations as software licenses customer can benefit from the license on its own and can be a stand-alone delivery with no other goods or services.

The performance obligation is satisfied when the customer gets access to the software license, and revenue from sale of licenses is thus recognised at the point in time when the software is transferred to the customer.

### Revenue from sale of services

Techstep offers support and maintenance services to its customers. These services are organised as subscription program where the customers have access to support and maintenance for a monthly fee. The performance obligations related to support and maintenance is satisfied on an ongoing basis, and revenue related to sales of services are thus recognised on a linear basis over time.

### Commissions and bonus

Sale of certain items of hardware and licenses triggers a right to a commission or bonus from suppliers and partners. Commission or bonus is recognised as revenue when the performance obligations for the sale of hardware or license is satisfied.

### Overall implementation effect

No implementation effects related to IFRS 15 have been recognized to the 1 January 2018 opening balance.

For all other accounting principles, please refer to note 1 in the Group’s Annual financial statements 2017.

### **New standards and interpretations not yet adopted:**

The group has elected not to early adopt IFRS 16 Leases which have an adoption date after the balance sheet date.



## Note 2. Business segments (for accounting purposes)

For the financial statements, Techstep has two main business segments, which per 31 March 2018 are represented by the following legal entities, controlled and owned by the Techstep Group. Other companies are included in the segment Headquarters and other.

Some of the solutions sale is routed through the primary sales channels, the hardware distribution companies Nordialog Oslo, Apro and BKE, presented as Hardware suppliers. Consequently, the income statements presented as Hardware suppliers and Solutions suppliers do not represent the Group's hardware and solutions income statements.

Internal sales are eliminated in the Group accounts. Eliminations of transactions between segments are presented in the column Eliminations.

### 1) Hardware suppliers

- Nordialog Oslo AS: The mobile operator Telenor's key distribution channel of devices and subscriptions to the Norwegian business segment. Techstep operates eight of Nordialog's business centres located in Eastern Norway, and accounts for ~60% of the total Nordialog distribution volume in Norway.
- Apro Tele & Data AS: A Norwegian hardware supplier providing fixed network IP and mobile solutions, with special expertise in the Norwegian public sector.
- BKE Telecom AB: A Swedish hardware supplier, offering an industry leading cloud-based (UCaaS) PBX solution, where users may choose to communicate via mobile, fixed, wireless phones, web or computer applications. One of few market players in Sweden offering cloud-based PBXs integrated with all the largest Swedish operators, i.e. Tele2, Telenor and Telia.

### 2) Solutions suppliers:

- Techstep Nordic AS: Delivers services and solutions within the "Enterprise Mobility Management," and offers mobility digitalization solutions through third party software such as Cisco, Citrix and Microsoft. The company generates revenue both directly from external customers and as supplier to Nordialog.
- Mytos AS: A Norwegian based software as a services company with mainly recurring revenue. Mytos offers a full range of telecom expense management ("TEM") modules, all with proprietary software and highly user-friendly implementation and operation.
- Techstep InfraAdvice AB: A Swedish Enterprise Mobility Management specialist services to customers mainly based in Stockholm, but have also local presence in Luleå and Strängnäs.
- Connected 365 AB: A Swedish company providing complete Enterprise Mobility Management ("EMM") service, including Mobile Security, system design, implementation, mobile device management, maintenance and support. Located in Karlstad.

### 3) Headquarters and other:

Techstep ASA, Teki Solutions AS, Netconnect AS, Mytos IPR AS and Techstep Holding AB

<b>Q1 2018</b>	<b>Hardware suppliers*</b>	<b>Solutions suppliers*</b>	<b>Head-quarter and other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>208 043</b>	<b>24 020</b>	<b>215</b>	<b>-</b>	<b>232 278</b>
Operating revenues from other segments	761	13 252	5 448	(19 461)	-
<b>Operating revenues</b>	<b>208 805</b>	<b>37 271</b>	<b>5 663</b>	<b>(19 461)</b>	<b>232 278</b>
Cost of goods sold	(160 549)	(14 545)	-	10 988	(164 107)
Salaries and personnel costs	(26 384)	(15 687)	(5 876)	521	(47 426)
Other operational costs	(13 568)	(4 721)	(3 615)	7 246	(14 658)
Share of profit (loss) of joint venture	-	-	(37)	-	(37)
Depreciation	(325)	(82)	(21)	-	(428)
Amortisation	(2 804)	(1 394)	(525)	-	(4 723)
Other expenses	-	-	-	-	-
<b>Operating profit (loss)</b>	<b>5 174</b>	<b>843</b>	<b>(4 411)</b>	<b>(706)</b>	<b>898</b>
<b>Employees 31 March 2018</b>	<b>134</b>	<b>74</b>	<b>9</b>	<b>-</b>	<b>217</b>

  

<b>Q1 2017</b>	<b>Hardware suppliers*</b>	<b>Solutions suppliers*</b>	<b>Head-quarter and other</b>	<b>Eliminations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>128 868</b>	<b>16 095</b>	<b>256</b>	<b>-</b>	<b>145 219</b>
Operating revenues from other segments	450	6 922	2 742	(10 114)	-
<b>Operating revenues</b>	<b>129 318</b>	<b>23 017</b>	<b>2 998</b>	<b>(10 114)</b>	<b>145 219</b>
Cost of goods sold	(98 055)	(7 592)	-	7 372	(98 275)
Salaries and personnel costs	(15 074)	(8 383)	(4 538)	-	(27 995)
Other operational costs	(9 359)	(2 798)	(4 422)	2 742	(13 837)
Share of profit (loss) of joint venture	107	-	-	-	107
Depreciation	(407)	(15)	(21)	-	(444)
Amortisation	(3 709)	-	-	-	(3 709)
Other expenses	-	-	(10 551)	-	(10 551)
<b>Operating profit (loss)</b>	<b>2 821</b>	<b>4 229</b>	<b>(16 535)</b>	<b>-</b>	<b>(9 485)</b>
<b>Employees 31 March 2017</b>	<b>80</b>	<b>44</b>	<b>8</b>	<b>-</b>	<b>132</b>

2017	Hardware suppliers*	Solutions suppliers*	Head-quarter and other	Eliminations	Total
<b>Operating revenues from external customers</b>	<b>707 712</b>	<b>80 440</b>	<b>1 320</b>	-	<b>789 473</b>
Operating revenues from other segments	1 698	32 060	10 926	(44 684)	-
<b>Operating revenues</b>	<b>709 410</b>	<b>112 501</b>	<b>12 246</b>	<b>(44 684)</b>	<b>789 473</b>
Cost of goods sold	(551 201)	(42 208)	-	33 753	(559 656)
Salaries and personnel costs	(78 333)	(45 987)	(20 623)	-	(144 943)
Other operational costs	(41 491)	(15 052)	(13 833)	10 926	(59 451)
Share of profit (loss) of joint venture	107	-	116	-	223
Depreciation	(1 135)	(134)	(121)	-	(1 390)
Amortisation	(18 355)	(2 668)	-	-	(21 022)
Other expenses	-	-	(26 381)	-	(26 381)
<b>Operating profit (loss)</b>	<b>19 002</b>	<b>6 452</b>	<b>(48 596)</b>	-	<b>(23 147)</b>
<b>Employees 31 December 2017</b>	<b>141</b>	<b>69</b>	<b>9</b>	-	<b>219</b>

### Note 3: Disaggregation of revenues

In the following table revenue is disaggregated by major revenue streams.

	Norway	Sweden	Eliminations	Group
<b>Total revenues for Q1 2018</b>	<b>194 105</b>	<b>64 873</b>	<b>(26 470)</b>	<b>232 278</b>
<b>Hardware</b>				
Hardware revenues	125 480	48 799	(7 088)	167 191
Bonus	7 646	-	-	7 646
Commissions	8 137	1815	-	9 952
<b>Total</b>	<b>141 264</b>	<b>51 614</b>	<b>(7 088)</b>	<b>184 789</b>
<b>Solutions</b>				
Solutions revenues	45 709	13 920	(11 971)	47 503
<b>Total</b>	<b>45 709</b>	<b>13 920</b>	<b>(12 126)</b>	<b>47 503</b>
<b>Other revenues</b>				
Other	7 132	339	(7 256)	215
<b>Total</b>	<b>7 132</b>	<b>339</b>	<b>(7 256)</b>	<b>451</b>

## Note 4: Share capital and shareholders

The company's share capital as at 31 March 2018 was NOK 146,251,789 divided on 146,251,789 ordinary shares with a par value of NOK 1.00.

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

**Techstep's 20 largest shareholders as at 31 March 2018, are as follows:**

Shareholder	# of shares	Ownership %
DATUM AS	31 829 142	21.76%
MIDDELBORG INVEST AS 1)	29 066 931	19.87%
PALOS NORGE AS	11 666 667	7.98%
SKANDINAVISKA ENSKILDA BANKEN AB	4 991 100	3.41%
CIPRIANO AS 2)	4 651 375	3.18%
SKARESTRAND INVEST AS	4 563 097	3.12%
DOVRAN INVEST AS	3 763 372	2.57%
JYST INVEST AS	3 763 372	2.57%
TINDE INDUSTRIER AS	3 763 372	2.57%
TIGERSTADEN AS	3 300 000	2.26%
ZONO HOLDING AS 3)	3 000 007	2.05%
SÅ&HØSTE AS	2 925 936	2.00%
TVENGE	2 700 000	1.85%
NORDIALOG ENSJØ AS	1 946 253	1.33%
NOMO HOLDING AS	1 946 253	1.33%
UNIFIED AS	1 849 457	1.26%
VERDIPAPIRFONDET DNB SMB	1 771 969	1.21%
RAKNES HOLDING AS	1 649 348	1.13%
SONGA TRADING INC	1 438 596	0.98%
KAPPA FINANS AS	1 354 839	0.93%
<b>Total number owned by top 20</b>	<b>121 941 086</b>	<b>83.38%</b>
<b>Total number of shares</b>	<b>146 251 789</b>	<b>100%</b>

<sup>1)</sup> Middelborg invest controlled by board member Kristian Lundkvist

<sup>2)</sup> Cipriano AS, owned by chairman of the Board of Directors Einar J. Greve

<sup>3)</sup> Zono Holding AS owned by Middelborg Invest AS 50.44%, Cipriano AS 4.65%, Duo Jag AS 0.93%, Antares Group 0.93%

Antares Group AS, owned by CEO Gaute Engbakk, holds 579,838 shares in Techstep ASA.

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

### Share option grant

As at 1 January 2018, the total number of share options granted to employees was 8 million. Of these, 2 million out of 3 million granted to former CEO Gaute Engbakk, will not vest as employment is a condition for vesting.

On 22 March 2018, the Board of Directors decided to issue 2.2 million new share options to key employees other than employees comprised by the executive management team or primary insiders, as further described in the stock exchange announcement on 22 March 2018. As per 31 March 2018, the total number of outstanding share options was 8.2 million, equivalent to 5.3% of the number of shares fully diluted (including 1,914 treasury shares) in Techstep ASA.

## Note 5: Related party transactions

Techstep ASA has entered into an agreement with Gture AS, a company controlled by Stein Erik Moe, who is also as a member of the board of directors of Techstep. Gture will render certain consultancy services to Techstep and Nordialog Oslo AS in connection with development of a new ecommerce solution for Techstep. The estimated value of the contract is NOK 5 million.

## Note 6: Restatement 2017

Techstep Group accounted for the remeasurement of its previously held 50% equity interest in Nordialog Asker AS (merged into Nordialog Oslo AS effective from 2017) in Q3 2017, whereas the transaction occurred in February 2017. The consolidated income statement and the consolidated statement of financial position for Q1 2017 has been restated. The amount NOK 5.4 million has been recognised as a cost on the financial statement line item Remeasurement on equity interests. The same amount has been accounted for as a reduction of Goodwill and other equity.

## Note 7: Subsequent events

Jens Haviken assumed the position as new CEO of Techstep ASA on 1 April

In the Annual General Meeting on 26 April, Toril Nag, Anders Brandt and Siri Børsum were elected as new members of the board, where as Camilla Magnus withdrew from the board.

Moreover in the Annual General Meeting, the new CEO Jens Haviken was granted 5 million shares, vesting from March 2019 to March 2021. The strike price for options was changed in the existing and new options schemes. These changes will increase the cost for the share-based payment programs.

No other material events have occurred from the balance sheet date until the publication of the financial statements that have had material impact on the Group's financial position and that should have been reflected in the published financial statements.



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