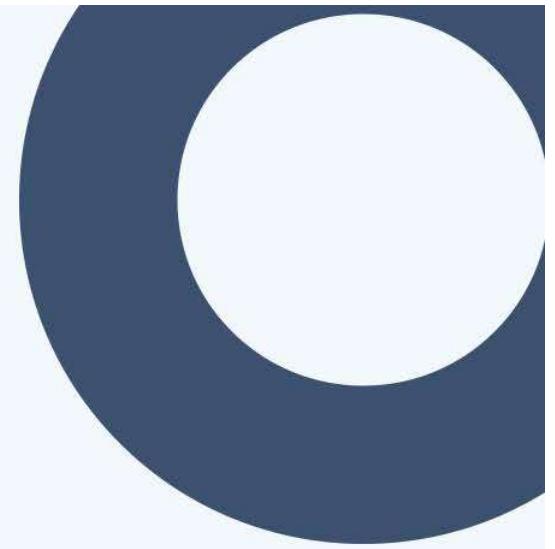




# Interim Report

## Q3 2023



## Highlights Q3 2023

### **Profitability still improving, fourth consecutive quarter with positive EBITA adj.**

- Net gross profit margin up from 29% to 33% y/y, due to growth in higher margin software and services business and increasing hardware margins
- Continued decline in operating costs and personnel expenses

### **Slow commercial momentum, recurring revenue base up 5% y/y**

- Recurring revenue annualised up 2% from previous quarter to NOK 306 million, impacted by weaker hardware-as-a service sales
- ARR from Own Software at NOK 111 million, 12% growth y/y

### **Refinancing secures increased financial flexibility**

- Refinanced the company's term loans and credit facilities with a new banking relationship and converted all remaining seller credits to shares
- Positive cash flow from operations, cash position at NOK 68 million at the end of quarter

### **On 1 November, Techstep's Chief Operating Officer, David Landerborn, was appointed interim CEO**

- 25 years' sector experience, with deep understanding of the mobile technology industry
- Held several prominent positions in Techstep and part of the management team since Q4 2022

*"As newly appointed interim CEO of Techstep, I am thrilled and honoured to take the lead in this pivotal phase of our journey. Over the years, Techstep has invested in building a strong and leading platform to help customers using and managing mobile technology. We have been through a challenging but important transformation, with the integration of acquired companies and streamlining of the organisation and product portfolio. We have come far, but we are not there yet. Going forward, my focus areas are clear. We need to simplify and improve sales and materialise on the large frame agreements we won earlier this year. Further, we need to continue to optimise the organisation and improve cost efficiency to make the company profitable. Feedback from customers and partners indicate that we have a unique offering, and I believe we have an exciting journey ahead of us", says David Landerborn, interim CEO of Techstep.*

## About Techstep

Techstep is a complete mobile technology enabler, making positive changes to the world of work; freeing people to work more effectively, securely and sustainably. We help customers who want to digitalise their business and work smarter, while also delivering on their ESG commitments. With around 270 employees based in Norway, Sweden, Denmark and Poland, we serve more than 2 000 enterprise customers in Europe. Techstep had NOK 1.3 billion in full year 2022 revenues, and is listed on the Oslo Stock Exchange under the ticker TECH. To learn more, please visit [www.techstep.io/investor](http://www.techstep.io/investor).

## Key Figures

(Amounts in NOK 1 000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenues	235 962	289 856	819 285	953 281	1 323 126
Annual Recurring Revenue (ARR) – Own Software	111 337	99 664	111 337	99 664	106 100
Net gross profit <sup>1)</sup>	78 717	85 220	264 261	266 835	367 279
Net gross profit margin <sup>2)</sup>	33.4%	29.4%	32.3%	28%	28%
EBITDA adjusted <sup>3)</sup>	38 449	24 988	100 310	51 261	85 466
EBITA adjusted <sup>3)</sup>	12 824	(770)	19 228	(26 135)	(23 756)
EBIT	(3 403)	(15 442)	(28 481)	(31 528)	(52 205)
Net profit (loss) for the period	(4 335)	(17 813)	(39 248)	(36 796)	(68 614)
EBITDA adj. margin (%)	16.3%	8.6 %	12.2%	5.4%	6.5%
EBITA adj. margin (%)	5.4%	(0.3%)	2.3%	(2.7%)	(1.8%)
EBIT margin (%)	(1.4%)	(5.3%)	(3.5%)	(3.3%)	(3.9%)
Net profit (loss) for the period (%)	(1.8%)	(6.1%)	(4.8%)	(3.9%)	(5.2%)
Cash flow from operating activities	53 353	55 875	80 062	57 448	123 741
Cash flow from investment activities	(20 155)	(40 536)	(94 683)	(138 070)	(180 376)
Cash flow from financing activities	31 325	(15 940)	27 236	59 645	67 594
Cash	67 832	29 189	67 832	29 189	61 119
Net interest-bearing debt	136 528	224 478	136 528	224 478	112 868
Capex <sup>4)</sup>	(6 358)	(8 928)	(25 252)	(44 538)	(52 250)
Employees	268	329	268	329	315

<sup>1)</sup> ARR for Q1 2022–Q1 2023 has been restated, due to a re-classification of revenue contracts and product register.

<sup>2)</sup> Net gross profit is defined as total revenue less cost of goods sold and depreciation from Hardware-as-a-Service. Net gross profit for Q3 2022 has been restated due to a restatement in depreciation from HWaaS.

<sup>3)</sup> Net gross profit margin is net gross profit of revenues.

<sup>4)</sup> EBITDA adj. and EBITA adj. YTD 2022 exclude non-recurring items such as M&A and restructuring related costs of NOK 1.6 million and structural gains from sale of business of NOK 40.5 million.

<sup>5)</sup> Capex excludes investment in Hardware-as-a-Service portfolio, shown as a separate line item under investing activities in the consolidated statement of cash flow.

# Operational review

## Main developments

Techstep continued its positive development towards profitability in the third quarter of 2023, even though revenues were highly affected by the weak global smartphone market and weaker new sales than anticipated.<sup>1</sup> However, the focus on transferring customers to a recurring revenue business model and high margin products and services is yielding results. The net gross profit margin increased four percentage points from the corresponding quarter last year, explained by an increased share of higher-margin software and hardware.

2023 is about streamlining business operations and optimising Techstep's cost base while maintaining commercial momentum, to make the company profitable. The cost optimisation plan initiated in Q4 2022 has been successful and resulted in a substantial lower cost base in Q3 compared to last year, both related to operating expenses as well as investments in internal IT infrastructure.

On the commercial side, Q3 is normally a slower quarter caused by the summer holidays. A key win this quarter was the award of a frame agreement with Jönköping County in Sweden, for the delivery of mobile devices and accessories to their roughly 10 500 employees. The frame agreement has a potential contract value of up to SEK 120 million over a four-year period.

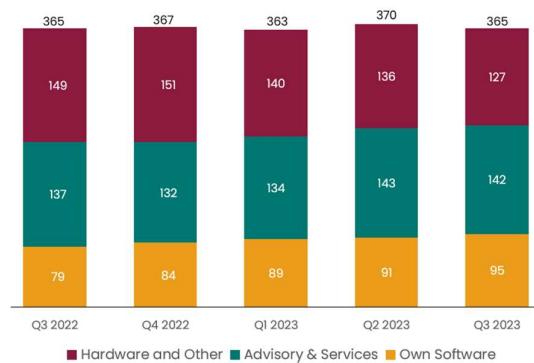
The two large public sector agreements won in Norway in the first half of this year, represent a good potential for upsell of products and services. The conversion to revenues is however taking time, but it is still early in the contract period.

## Revenue segments

Techstep continues to focus on upselling and converting existing customers from transactional to recurring sales. The goal is to increase customer value through the software platform and offer managed services to add further efficiency and security to customers.

The share of high margin revenues from Advisory & Services and Own Software increased from 24% in Q3 2022 to 29% of total revenues in Q3 this year. Net gross profit for the quarter was NOK 79 million, vs. NOK 85 million last year, constituting a margin of 33.4% vs. 29.4% last year.

### Net gross profit per revenue segment LTM<sup>2</sup>



### Hardware and Other

The global smartphone market remained soft in the third quarter of 2023 as challenging economic conditions continue to impact consumer demand and purchasing cycles.<sup>3</sup> Going into the third quarter, Techstep anticipated that the demand would be improving in the second half of the year, however the summer months turned remarkably slow compared to previous years. The Norwegian market picked up at the end of the quarter, but the Swedish market remained challenging.

<sup>1</sup> According to Canalys.com

<sup>2</sup> ARR for Q2 2022-Q1 2023 has been restated, due to a reclassification of revenue contracts and product register

Techstep's total Hardware revenue in Q3 came to NOK 168 million, a decline of 24% y/y and 17% from the previous quarter. The net gross profit margin was 15%, an increase of one percentage point from the corresponding quarter last year. The increase relates to improved margins on transactional revenues, as well as an increased share of recurring revenues from Hardware-as-a-Service.

### Advisory & Services

Revenue from Advisory & Services showed a decline from the previous quarters as well as a 15% decrease from the same quarter last year. The decline relates to a reduction in one-time revenues from consulting due to an unusually quiet summer period, as well as reallocation of resources to recurring revenue services. The reduction in transactional revenues was partly offset by the growth in recurring revenue contracts for Advisory & Services in the quarter.

Total revenue was NOK 41 million in Q3 with a margin of 73%, compared to NOK 48 million and a margin of 72% in the same period last year. Included in Advisory & Services is third party software, and q/q revenues and margins will naturally fluctuate, as revenues consist of both transactional and recurring revenue items.

### Own Software

Revenue from Own Software continued to show a positive development with an increase of 30% y/y to NOK 27 million in the quarter. Sequentially, revenue declined by 4% due to negative currency effects.

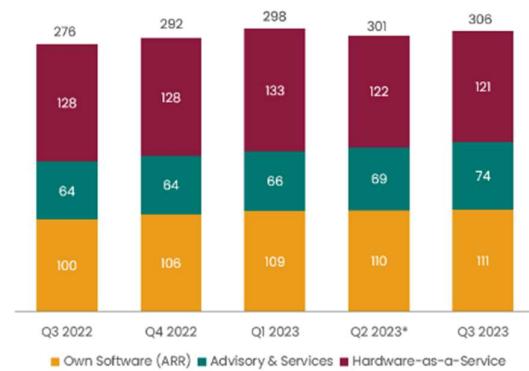
The growth was primarily connected to Own Software within Mobile Device Management (MDM), as more enterprises recognise the need for managing their mobile ecosystem to mitigate current security threats.

### Recurring revenue

Total recurring revenue consists of contractually recurring revenue within the revenue segments Own Software, Advisory & Services and Hardware-as-a-Service.

Reported recurring revenue represents future contractual annual revenues. Recurring revenue from Hardware-as-a-Service is measured as contracts with a duration of 24 months or more, with monthly incurred revenue annualised. Annual recurring revenue from Advisory & Services is calculated as contractual monthly revenue from contracts with a duration of 12 months or more, annualised. Annual recurring revenue from Own Software is calculated as contractual monthly revenue annualised. Techstep includes only contracts where invoicing to customers has commenced.

### Recurring revenue – annualised<sup>3</sup>



*As reported in Q2 2023, a revision of contracts, product classification and contract reporting from subsidiaries was conducted. Based on new information and classification, Techstep restated previously quarterly reported ARR from Own Software in order to show comparable amounts to current reporting. ARR was reduced by approx. NOK 5 million from Q1 2022, with*

<sup>3</sup> ARR for Q2 2022–Q1 2023 has been restated due to a reclassification of revenue contracts and product register. HWaaS for Q2 2023 has been corrected due to error in reported figures last quarter. This has no effect on the financial figures.

consequential impact in the subsequent quarters.

In Q3 2023, a restatement of reported Hardware-as-a-Service for Q2 2023 has been made, as the previously reported figure included one-time revenues into the calculation. The correct amount for recurring revenue from Hardware-as-a-Service for Q2 2023 is NOK 122 million. The restatement has no effect on the financial figures.

In Q3, recurring revenues annualised grew by 5% y/y to NOK 306 million, driven by 11% growth in Own Software and 17% in Advisory & Services. Sequentially, recurring revenues increased by 2% from NOK 301 million in the previous quarter. The decline during the last 6 months relates to a reduction in Hardware-as-a-Service, which may be explained by the general decline in the hardware market. The decline was partly offset by a 7% growth in Advisory & Services and slight growth in ARR Own Software.

## Financial review

The interim financial information has not been subject to audit. Figures in brackets refer to the corresponding quarter in 2022 for profit and loss items, and year-end 2022 figures for balance sheet items.

### Profit and loss

Techstep had total revenue of NOK 236.0 million in the third quarter of 2023, a decrease of 19% from the corresponding quarter last year. The decline relates to reduced sales from transactional Hardware and consulting revenues, partly offset by growth in Own Software. Hardware revenues decreased by 24% to NOK 168 million, while revenues from Advisory & Services declined by 15% to NOK 41 million. Revenues from Own Software increased by 30% to NOK 27 million.

In the third quarter of 2023 Techstep generated positive results from operations, and adjusted EBITA increased by NOK 13.6 million from the corresponding period last year to NOK 12.8 million. Total expenses excluding depreciation and amortisation decreased by 25% primarily due to the cost optimisation effects. The positive results from the cost savings were partly offset by increased costs and salary adjustments related to the effects from the current high inflation rate. Additionally, the investment in technical infrastructure

continues, but compared to last year, the capitalisation rate has decreased as investments are increasing in SaaS solutions vs. own developed software, which is not eligible for capitalisation under IFRS. As such, a higher rate of the expenditure in IT development is expensed rather than capitalised in the balance sheet.

Net financial items were negative at NOK 2.0 million (NOK -3.6 million) in the quarter. Financial items include interest expenses, and currency effects from the fluctuation of NOK versus EUR and SEK.

Net loss in the period was NOK 4.3 million (NOK -17.8 million).

### Financial position

As at 30 September 2023, total assets were NOK 1 212 million, compared to NOK 1 323 million as at 31 December 2022.

Intangible assets include deferred tax assets, goodwill and customer relations and technology, and accounted for NOK 782.3 million (NOK 789.8 million). The decrease from last year is due to amortisation of customer relations and technology, purchased and developed, and currency translation effects on

goodwill. Goodwill constitutes NOK 612.3 million of total intangible assets.

Total tangible assets were NOK 195.8 million (NOK 198.1 million) including NOK 157.8 million (NOK 160.7 million) in Hardware-as-a-Service to customers and NOK 30.2 million (NOK 29.7 million) in right-of-use assets such as premises and other.

Total inventories and receivables were NOK 165.4 million (NOK 271.0 million) at the end of Q3 2023. The decrease was due to accounts receivables declining about NOK 87 million from the end of last year partly due to a larger third-party software transaction at the end of December 2022.

Total equity at the end of the third quarter was NOK 565.3 million (NOK 571.5 million), corresponding to an equity ratio of 47% (43%).

At the annual general meeting on 23 May 2023, it was resolved to perform a reverse share split of 10:1, with a consecutive reduction of share nominal value from NOK 10 to NOK 1, with surplus transferred to other equity. The reduction of the nominal value of the shares was registered in the Norwegian Enterprise registry in July 2023.

Total non-current liabilities were NOK 189.3 million at the end of the third quarter, vs. NOK 148.8 million at the end of last year. The increase relates to the refinancing of bank borrowings executed in September 2023. The refinancing secured increased total loans and credit facilities of NOK 25 million, whereof NOK 50 million constituted increased long-term loans vs. previous long-term financing agreements.

Current interest-bearing borrowings of NOK 69.3 million include the short-term part of the long-term borrowings, in addition to drawn credit facilities. Current borrowings were reduced by NOK 14.0 million since the end of last year, whereof NOK 14.7 million relates to a conversion of seller credit in July 2023. After this

transaction, Techstep has no outstanding seller's credit from previous acquisitions.

At the end of second quarter this year, the majority of borrowings was classified as current interest-bearing debt, in total NOK 189 million, as the loans would be refinanced in the third quarter.

Net interest-bearing debt at the end of Q3 2023 was NOK 136.5 million, an increase of NOK 23.7 million since the end of 2022 but a decrease of NOK 42.5 million from the previous quarter.

Other non-current debt of NOK 37.7 million (NOK 37.6 million) mostly relates to leasing commitments and a buy-back obligation for Hardware-as-a-Service.

Total current liabilities were NOK 457.7 million (NOK 603.0 million). The decrease was primarily caused by a reduction in trade payables of NOK 80 million to NOK 125 million due to lower sales volumes from transactional Hardware and a larger third-party software transaction at the end of December 2022. Other current liabilities of NOK 230.6 million (NOK 269.5 million) includes deferred revenue and a buy-back obligation related to the Hardware-as-a-Service business of NOK 170.9 million (NOK 168.1 million).

## Cash flow

Net cash flow from operating activities was NOK 53.3 million in the quarter (NOK 55.8 million). Year-to-date cash flow was NOK 80.1 million (NOK 57.4 million). Change in net working capital was positive NOK 15.8 million in the third quarter of 2023, vs. NOK 30.6 million in 2022. The positive cash flow from operations is due to improved EBITDA in 2023.

Net cash flow outflow from investment activities in Q3 was NOK 20.2 million (NOK 40.5 million) and consists of capital expenditures for equipment related to Hardware-as-a-Service of NOK 20.9 million (NOK 30.4 million) and Own Software and IT of NOK 6.4 million (NOK 8.9 million). The investment pace in own IT and

Software has been reduced since last year, as the Group has been through an extensive investment programme in line with the transformation to One Techstep.

Net cash flow from financing activities was NOK 24.4 million (NOK -15.9 million) in the quarter and consists primarily of net proceeds from borrowings of NOK 31.3 million (NOK -9.9 million) interest and lease repayments.

Cash and cash equivalents increased by NOK 56.3 million in the quarter, from NOK 11.6 million in the previous quarter to NOK 67.8 million at the end of the quarter. The positive cash development relates to improved results, seasonal fluctuations in working capital and the refinancing of bank loans in the third quarter. Techstep also has additional liquidity available through new bank facilities.

## Related parties

There were no material transactions with related parties during the third quarter of 2023.

## Corporate actions

Following a resolution by the annual general meeting, Techstep has completed a reverse share split of 10:1 and reduced the nominal value of the share capital accordingly. The new share capital was registered in the Norwegian Register of Business Enterprises on 12 July 2023.

## Risk and uncertainties

Techstep's business activities entail exposure to changes in market conditions, as well as operational and financial developments. Techstep strives to take an active approach to risk management through monitoring and mitigation initiatives of identified risks, based on the ISO principles. Below is a summary of the main risks identified for Techstep in the next three to six months.

The global economic situation has faced continually increasing challenges in 2023, with slowing growth and higher inflation in Techstep's key markets. Techstep has a large base of public sector and large corporate customers, which are less vulnerable to volatile market conditions.

The global component shortage, combined with production, logistics and transportation challenges in the supply chain, may result in Techstep experiencing delays in hardware deliveries. At the time of this report, there are no such indications. Techstep continues to maintain close cooperation with key suppliers to ensure timely deliveries.

Techstep's operations, revenues and profits are dependent on its ability to generate sales through existing and new customers. Techstep operates in a competitive market segment, and the Group's success depends on its ability to meet changing customer preferences, to anticipate and respond to market and technological changes, and develop effective and collaborative relationships with its customers and partners. Techstep continues to focus on improving its product offering,

reducing customer implementation time, and becoming a software-led growth business, yielding higher cash flow and profit from operations, and transforming into a recurring revenue business model. The operational risk mainly relates to the ongoing transformation process, including standardisation of the product portfolio and keeping key personnel and necessary competence.

Techstep's liquidity risk is related to a mismatch between cash flows from operations and financial commitments. Techstep is transforming itself from a transactional business model to a software-led recurring revenue model, which leads to postponed cash inflows, negatively affecting the liquidity of the Group. Investments in simplification and standardisation of the company's product portfolio and solutions, new organisational capabilities and acquisitions and integration, have furthermore increased the company's debt over time. The Group's liquidity is closely monitored by management and the Board of Directors. The refinancing of loans and credit facilities will give Techstep a more solid and flexible financial situation going forward. If the need arises, the Group has access to multiple funding sources during the transformation process.

For more information on Techstep's risk factors and risk management, reference is made to the Board of Directors report in the Annual Report for 2022 and the prospectus from 29 December 2022, both available from [www.techstep.io/investor](http://www.techstep.io/investor).

## Outlook

Techstep serves more than 2 000 customers across industries in both the private and public sector in Europe, and is recognised by Gartner as the only challenger in the Magic Quadrant for Managed Mobility Services. Techstep's goal is to become the leading European mobile technology enabler for customers that want to work smarter and more sustainably.

Techstep believes that the market for managed mobility services will continue to increase due to growing complexity and the rapidly evolving security threat landscape. The company considers itself well positioned as enterprises and public sector organisations need help to manage their mobile device portfolio and keep their mobile ecosystem up to date.

Techstep signed two of the largest frame agreements in the company's history in the first half of the year, and several contracts were concluded at the end of the second quarter. These contracts were expected to materialise from the second half of this year, although the exact timing was uncertain. Moving into the fourth quarter, there are indications that the customers' readiness is slower than anticipated. Hence, upsell on these agreements can be expected to materialise in 2024 rather than 2023.

Over the last year, Techstep has optimised its organisation and cost base to align with a more

simplified portfolio and extract synergies from acquired companies. At the same time, the rising price inflation of 5-10% impacts operating costs. Growth in overhead costs is expected to be lower going forward.

In view of the restatement of ARR on Own Software in Q2 2023, lower Hardware sales than expected and uncertainties relating to timing and ramp-up of deliveries under the new major contracts awarded this year, Techstep has revised its outlook for 2023. The updated ambitions for 2023 are an ARR of NOK 110-120 million, net gross profit to NOK 350-360 million and EBITA adj. above NOK 30 million. Techstep's long-term ambitions remain unchanged, and by 2025 Techstep aims for an ARR on Own Software above NOK 200 million, net gross profit above NOK 540 million and EBITA adj. of NOK 150 million.

Moving forward, growth will be driven by the new product portfolio and a refocused sales strategy through upselling more value-adding products and services across the product portfolio, and thus converting customers to higher margin and recurring contracts. In addition, the work with further optimising the organisation and improving cost efficiency will continue to make the company profitable.

## Business overview

### Background

Built on a decade of telecoms and mobile technology expertise, Techstep was established in 2016. Through several acquisitions, Techstep has consolidated and expanded into the Nordics and later European markets, adding IP, own software and security expertise to the benefit of our customers. The goal is to be the leading European mobile technology enabler for customers that want to work smarter and more sustainably.

### The market opportunity

Mobile technology is one of the fastest growing technologies in the world, as people expect easy access to tools and services across devices, both at home and at work. Techstep is well positioned in the Managed Mobility Services (MMS) market, which is defined by Gartner as a concept in which hardware, software and services are merged together and delivered as a single service.<sup>4</sup> Research shows strong supporting trends with an expected CAGR of +20% in the MMS market over the coming years (Modor Intelligence).

There are many key drivers of the MMS market, which for Techstep can be divided into two main areas: private and public enterprises and mobile technology for frontline workers.

Techstep has identified three main challenges that the majority of organisations have with mobile technology:

1. Cost-efficiency and lifecycle management of devices from procurement to end of life that meets their ESG requirements.
2. Lack of knowledge on how to manage, secure and control the mobile technology fleet in organisations.

3. Increasing the quality, efficiency and security for frontline workers

Techstep is recognised as a global challenger by Gartner in the MMS market,<sup>5</sup> due to its strategic position and the combined software and hardware offering built over the past seven years via M&A and market consolidation. With more than 2 200 research and advisory experts doing rigorous analysis for clients in nearly 90 countries worldwide, Gartner is an established and highly trusted authority in the IT sector. The recognition reflects Techstep's ongoing progress of changing the world of work and is a continued validation towards the Nordic market.

### Business activities and strategy

Techstep's business strategy is to act as a mobile technology company that helps customers utilise software and hardware to strengthen performance – and manage the increasing complexity of their mobile device environment.

Techstep has solutions for office workers and for frontline workers. With some of the very best consultants in the field of mobile technology, Techstep is the only mobile technology player in the Nordics that can deliver managed mobility including software, advisory and hardware.<sup>1</sup>

### Product offering

Techstep's product offering is designed to solve customers' challenges, and can be categorised into three different portfolios:

«**SmartDevice**» combines Hardware and Own Software to help enterprises integrate and manage their mobile devices fleet from procurement to end of life. The solutions give employees flexibility while enterprises increase

<sup>4</sup> Gartner's annual report on Managed Mobility Services (MMS)

<sup>5</sup> Gartner 2022 and 2023 Magic Quadrant for MMS

cost efficiency, insight and control over their mobile fleet. SmartDevice also supports companies' increasing focus on sustainability by applying circular economy principles to reduce e-waste and extend devices lifetime.

**"SmartControl"** is a Managed Service, where Techstep's experts combine best practice software, advisory and services for managing and securing enterprises' entire mobile ecosystem. This ensures that the customer's devices and apps are always compliant, secure and up to date.

**"SmartWorks"** combines Hardware, Own Software and Advisory & Services, helping organisations to increase quality and efficiency through industry solutions for their frontline workers.

### Revenue segments

Techstep is transforming its business model from transactional revenue to a recurring revenue model. This will enhance financial predictability for Techstep, while at the same time ensuring better value for customers by providing them with continuous service rather than one-off transactions.

Today, Techstep's three main revenue streams are as follows:

#### **"Hardware and Other"**

This includes revenue from the sale of mobile devices and accessories, including related discounts from suppliers and partners. Sales generate low profit margins but are often the entry point for selling additional products and solutions. The devices may be sold as transactional sale (one-time sales) or "as-a-service" with recurring revenues committed for 24 months or more.

#### **"Advisory & Services"**

This is revenue from specialised advisory and support and maintenance services within Mobile Technology. Sold as one-time projects

based on fixed hourly rates or "as-a-service" with a minimum 12-month recurring revenue commitment. The gross margin contribution is medium to high (~70-85%). Revenue from sale of third-party software licences including related commission is also included here.

#### **"Own Software"**

High margin revenue (~90%) from Own-developed software products sold as recurring contracts with a minimum of a 12-month commitment. The current portfolio consists of four software products: *Lifecycle* is closely tied to hardware sales but can also be sold standalone across Europe; *Expense* is related to telecom operator partnerships; *Essentials MDM* can be sold standalone to enterprises in Europe; *TrueMobile* is a standalone, customised software product.

### Sustainability

Techstep's mission is to make positive changes to the world of work; freeing people to work more effectively, securely and sustainably. The company's sustainability agenda is an essential part of the company's mission.

Over the past years, Techstep has strengthened its focus on environmental, social and governance (ESG), risk and compliance, with clearer priorities and a dedicated and stronger team in place. The organisation has implemented management practices based on the ISO standard, leading to ISO 9001 (quality) and 14001 (environment) certifications in Q1 2023. Techstep has further improved its EcoVadis sustainability rating performance to silver, placing Techstep among the top 8% of more than 90 000 companies evaluated globally.

More information can be found in Techstep's latest Sustainability Report, published in April 2023 as part of Techstep's Annual Report, available from [www.techstep.io](http://www.techstep.io).

## Consolidated Income statement

(Amounts in NOK 1 000)	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenue	2, 3	235 693	289 856	818 761	953 426	1 323 126
Other revenue		269	-	524	(145)	0
<b>Total revenues</b>		<b>235 962</b>	<b>289 856</b>	<b>819 285</b>	<b>953 281</b>	<b>1 323 126</b>
Cost of goods sold		(135 347)	(181 810)	(486 280)	(619 733)	(863 007)
Salaries and personnel costs		(40 151)	(53 757)	(158 322)	(196 958)	(265 027)
Other operational costs		(22 015)	(29 300)	(74 372)	(85 328)	(109 626)
Depreciation	5	(25 625)	(25 758)	(81 082)	(77 396)	(109 222)
Amortisation		(16 367)	(14 223)	(48 103)	(44 307)	(58 492)
Other income and expenses		141	(449)	395	38 913	30 043
<b>Operating profit (loss)</b>		<b>(3 403)</b>	<b>(15 442)</b>	<b>(28 481)</b>	<b>(31 528)</b>	<b>(52 205)</b>
Financial income		3 459	1 418	9 694	2 982	5 601
Financial expense		(5 456)	(5 011)	(24 917)	(11 863)	(17 565)
<b>Profit before taxes</b>		<b>(5 400)</b>	<b>(19 035)</b>	<b>(43 704)</b>	<b>(40 409)</b>	<b>(64 170)</b>
Income taxes		1 065	1 222	4 456	3 613	(4 445)
<b>Net profit (loss) for the period</b>		<b>(4 335)</b>	<b>(17 813)</b>	<b>(39 248)</b>	<b>(36 796)</b>	<b>(68 614)</b>
<b>Net income attributable to</b>						
Non-controlling interests		-	-	-	312	312
Shareholders of Techstep ASA		(4 335)	(17 813)	(39 248)	(37 108)	(68 926)
<b>Earnings per share in NOK:</b>						
Basic		(0.14)	(0.85)	(1.27)	(1.75)	(3.04)
Diluted		(0.14)	(0.85)	(1.27)	(1.75)	(3.04)

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

## Consolidated statement of comprehensive income

(Amounts in NOK 1 000)	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Net profit (loss) for the period</b>		<b>(4 335)</b>	<b>(17 813)</b>	<b>(39 248)</b>	<b>(36 796)</b>	<b>(68 614)</b>
<b>Items that may be reclassified to profit and loss</b>						
Exchange differences on translating foreign operations		(13 706)	(9 404)	16 895	(22 394)	(25 598)
Income tax related to these items		249		57		-
<b>Other comprehensive income</b>		<b>(13 706)</b>	<b>(9 155)</b>	<b>16 895</b>	<b>(22 337)</b>	<b>(25 598)</b>
<b>Total comprehensive income</b>		<b>(18 041)</b>	<b>(26 968)</b>	<b>(22 353)</b>	<b>(59 133)</b>	<b>(94 212)</b>
<b>Total comprehensive income attributable to</b>						
Non-controlling interests			-		312	312
Shareholders of Techstep ASA		(18 041)	(26 968)	(22 353)	(59 445)	(94 524)

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

## Consolidated statement of financial position

(Amounts in NOK 1000)

ASSETS	Note	Q3 2023	Q3 2022	2022
<b>Non-current assets</b>				
Deferred tax asset		5 312	4 933	6 470
Goodwill		612 322	604 511	601 083
Customer relations and technology		164 640	188 101	182 296
<b>Sum intangible assets</b>		<b>782 274</b>	<b>797 544</b>	<b>789 849</b>
Right of use assets		30 168	31 734	29 738
Property, plant and equipment	5	165 667	167 517	168 325
<b>Sum tangible assets</b>		<b>195 835</b>	<b>199 251</b>	<b>198 064</b>
Shares and investments		655	592	608
Other non-current assets		200	2 455	2 655
<b>Sum financial assets</b>		<b>855</b>	<b>3 048</b>	<b>3 264</b>
<b>Total non-current assets</b>		<b>978 965</b>	<b>999 843</b>	<b>991 176</b>
Inventories		9 403	24 710	23 431
Accounts receivable		126 715	152 175	213 773
Other receivables		29 319	35 739	33 801
<b>Total inventories and receivables</b>		<b>165 437</b>	<b>212 624</b>	<b>271 005</b>
Cash and cash equivalents	6	67 832	29 189	61 119
Assets classified as held for sale		-	-	-
<b>Total current assets</b>		<b>233 269</b>	<b>241 813</b>	<b>332 124</b>
<b>Total assets</b>		<b>1 212 234</b>	<b>1 241 656</b>	<b>1 323 300</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>		<b>Q3 2023</b>	<b>Q3 2022</b>	<b>2022</b>
Share capital	4	31 566	212 499	305 131
Other equity		533 719	292 897	266 389
<b>Total equity attributable to the owners of Techstep ASA</b>		<b>565 285</b>	<b>505 397</b>	<b>571 520</b>
Non-controlling interests		-	-	-
<b>Total equity</b>		<b>565 285</b>	<b>505 397</b>	<b>571 520</b>
Deferred tax		16 512	21 251	20 536
Non-current interest-bearing borrowings	7	135 101	96 801	90 665
Other non-current debt		37 656	39 692	37 555
<b>Total non-current liabilities</b>		<b>189 270</b>	<b>157 744</b>	<b>148 756</b>
Current interest-bearing borrowings	7	69 259	156 866	83 322
Accounts payable		125 163	143 311	205 797
Tax payable		1 315	2 801	3 315
Public duties		31 349	31 977	41 100
Other current liabilities		230 594	243 560	269 490
<b>Total current liabilities</b>		<b>457 679</b>	<b>578 515</b>	<b>603 024</b>
<b>Total liabilities</b>		<b>646 949</b>	<b>736 259</b>	<b>751 780</b>
<b>Total equity and liabilities</b>		<b>1 212 234</b>	<b>1 241 656</b>	<b>1 323 300</b>

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	Total	Minority interest	Total equity capital
<b>Equity as at start of 2022</b>	<b>209 630</b>	<b>678 767</b>	<b>(327 417)</b>	<b>(6 667)</b>	<b>554 312</b>	<b>1 274</b>	<b>555 586</b>
Profit for the period	-	-	(68 926)	-	(68 926)	312	(68 614)
Other comprehensive income	-	-	-	(25 598)	(25 598)	-	(25 598)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(68 926)</b>	<b>(25 598)</b>	<b>(94 523)</b>	<b>312</b>	<b>(94 212)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Transactions with non-controlling interests					-	(1 585)	(1 585)
Issue of ordinary shares as consideration for a business combination, net of transaction costs and tax	2 014	3 442	-	-	5 456	-	5 456
Proceeds from issuance of shares net of transaction costs	93 487	8 698	-	-	102 185	-	102 185
Share-based payments	-	-	4 091	-	4 091	-	4 091
<b>Equity as at end of 2022</b>	<b>305 131</b>	<b>690 906</b>	<b>(392 252)</b>	<b>(32 266)</b>	<b>571 520</b>	<b>-</b>	<b>571 520</b>
<b>Equity as at start of 2023</b>	<b>305 131</b>	<b>690 906</b>	<b>(392 252)</b>	<b>(32 266)</b>	<b>571 520</b>		<b>571 520</b>
Profit for the period	-	-	(39 248)	-	(39 248)		(39 248)
Other comprehensive income	-	-	-	16 894	16 894	-	16 894
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(39 248)</b>	<b>16 894</b>	<b>(22 354)</b>	<b>-</b>	<b>(22 354)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Proceeds from issuance of shares net of transaction costs	1 053	13 375	-	-	14 428	-	14 428
Reverse share split	(274 618)	274 618					
Share-based payments	-	-	1 691	-	1 691	-	1 691
<b>Equity as at end of Q3 2023</b>	<b>31 566</b>	<b>978 899</b>	<b>(429 809)</b>	<b>(15 371)</b>	<b>565 285</b>		<b>565 285</b>

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

## Consolidated statement of cash flow

(Amounts in NOK 1 000)	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit before tax		(5 400)	(19 035)	(43 704)	(40 409)	(64 170)
Depreciation equipment and other fixed assets	5	22 499	23 024	70 522	68 792	95 459
Depreciation right-of-use assets	5	3 126	2 734	10 560	8 604	13 763
Amortisation		16 367	14 223	48 103	44 307	58 492
Share-based payments		(193)	-	1 691	-	4 091
Dividend and other reclassified to investment activities		-	29	-	29	(690)
Gain from sale of business units		-	36	-	(40 126)	(40 122)
Gain from sale of PPE reclassified to investment activities	5	(2 649)	(1 206)	(8 366)	(1 206)	(2 523)
Net exchange differences		(1 002)	-	4 252	-	-
Taxes paid		2 288	1 793	(1 581)	(187)	(996)
Interest expense (revenue) reclassified to investing/financing activities		2 540	3 670	9 401	8 620	13 497
Changes in net operating working capital		15 777	30 607	(10 815)	9 025	46 940
<b>Net cash flow from operational activities</b>		<b>53 353</b>	<b>55 875</b>	<b>80 062</b>	<b>57 448</b>	<b>123 741</b>
Payment for acquisition of subsidiaries net of cash acquired		-	-	-	294	294
Payment for equipment and other fixed assets	5	(20 922)	(30 371)	(84 357)	(95 262)	(132 450)
Payment for intangible assets		(6 358)	(8 928)	(25 252)	(44 538)	(52 250)
Proceeds from sale of property, plant and equipment		6 563	(1 378)	14 069	1 206	3 499
Interest received		562	142	858	229	531
<b>Net cash used on investment activities</b>		<b>(20 155)</b>	<b>(40 536)</b>	<b>(94 683)</b>	<b>(138 070)</b>	<b>(180 376)</b>
Changes in ownership in Subsidiary		-	-	-	(9 000)	(9 000)
Proceeds from issuance of shares		-	-	-	3 161	76 969
Proceeds from borrowings	7	140 730	-	178 313	104 058	55 768
Repayment of borrowings		(109 350)	(9 870)	(136 761)	(21 082)	(29 019)
Lease repayments		(4 021)	(2 829)	(12 274)	(9 500)	(15 423)
Interest paid		(2 971)	(3 241)	(8 979)	(7 992)	(11 701)
<b>Net cash flow from financing activities</b>		<b>24 388</b>	<b>(15 940)</b>	<b>20 299</b>	<b>59 645</b>	<b>67 594</b>
<b>Net change in cash and cash equivalents</b>		<b>57 586</b>	<b>(601)</b>	<b>5 679</b>	<b>(20 978)</b>	<b>10 959</b>
Cash and cash equivalents at beginning of period		11 576	29 922	61 119	50 350	50 350
Effects of exchange rate changes on cash and cash equivalents		(1 330)	(133)	1 035	(184)	(191)
<b>Cash and cash equivalents at end of period</b>	6	<b>67 832</b>	<b>29 188</b>	<b>67 832</b>	<b>29 189</b>	<b>61 119</b>

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

## Notes to the consolidated financial statements

### **Note 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. 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 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 for 2022. 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 2022. This report has not been audited.

## **Note 2. Segments**

The three Segments of Techstep are represented by the geographic locations where the Group's entities are incorporated. The entities are controlled and owned by the Techstep Group. Eliminations represent intersegment sales. Transactions between operating segments are conducted on normal commercial terms.

### **1) Norway**

The segment provides Techstep's full stack of solutions including Hardware, Advisory & Services, and Own Software.

### **2) Sweden / Denmark**

The segment provides Techstep's full stack of solutions including Hardware, Advisory & Services, and Own Software.

### **3) Poland**

The segment provides a portfolio of Own Software solutions for Mobile Device Management (MDM).

### **4) Headquarters (HQ)**

Relates to the parent company Techstep ASA.

Q3 2023	Norway	Sweden/ Denmark	Poland	HQ	Elim- ination	Total
<b>Operating revenues from external customers</b>	<b>167 794</b>	<b>59 749</b>	<b>8 410</b>	-	(69)	<b>235 962</b>
Operating revenues from other segments	86	1 304	-	16 587	(17 899)	-
<b>Operating revenues</b>	<b>167 880</b>	<b>61 053</b>	<b>8 410</b>	<b>16 587</b>	<b>(17 969)</b>	<b>235 962</b>
Cost of goods sold	(109 478)	(25 020)	(2 073)	-	1 224	(135 347)
Salaries and personnel costs	(17 715)	(15 964)	(5 963)	(511)	-	(40 151)
Other operational costs	(17 111)	(12 419)	2 109	(11 338)	16 744	(22 015)
Depreciation	(14 604)	(9 739)	(231)	(1 051)	-	(25 625)
Other income and expenses	-	-	141	-	-	141
<b>EBITA</b>	<b>8 973</b>	<b>(2 089)</b>	<b>2 393</b>	<b>3 687</b>	-	<b>12 964</b>
 <b>Employees 30 September 2023</b>	<b>94</b>	<b>125</b>	<b>44</b>	<b>5</b>	-	<b>268</b>
 <b>Q3 2022</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- ination</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>193 417</b>	<b>92 260</b>	<b>4 179</b>	-	-	<b>289 856</b>
Operating revenues from other segments	9 288	4 800	2 513	17 054	(33 655)	-
<b>Operating revenues</b>	<b>202 705</b>	<b>97 060</b>	<b>6 692</b>	<b>17 054</b>	<b>(33 655)</b>	<b>289 856</b>
Cost of goods sold	(133 643)	(50 806)	(2 127)	-	4 766	(181 810)
Salaries and personnel costs	(17 498)	(26 195)	2 563	(14 310)	1 683	(53 757)
Other operational costs	(25 163)	(15 075)	(5 378)	(10 078)	26 395	(29 300)
Depreciation	(11 569)	(11 062)	(220)	(2 908)	-	(25 758)
Other income and expenses	-	(36)	109	(522)	-	(449)
<b>EBITA</b>	<b>14 833</b>	<b>(6 115)</b>	<b>1 639</b>	<b>(10 763)</b>	<b>(812)</b>	<b>(1 218)</b>
 <b>Employees 30 September 2022</b>	<b>125</b>	<b>154</b>	<b>44</b>	<b>6</b>	-	<b>329</b>

<b>YTD 2023</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>524 378</b>	<b>271 902</b>	<b>24 190</b>	–	(1 185)	<b>819 285</b>
Operating revenues from other segments	86	6 578	–	49 760	(56 424)	–
<b>Operating revenues</b>	<b>524 465</b>	<b>278 480</b>	<b>24 190</b>	<b>49 760</b>	<b>(57 609)</b>	<b>819 285</b>
Cost of goods sold	(340 213)	(149 046)	(4 969)	–	7 947	(486 280)
Salaries and personnel costs	(70 520)	(67 082)	(10 004)	(10 716)	–	(158 322)
Other operational costs	(48 952)	(38 999)	(3 958)	(32 124)	49 662	(74 372)
Depreciation	(46 251)	(30 759)	(673)	(3 399)	–	(81 082)
Other income and expenses	–	–	395	–	–	395
<b>EBITA</b>	<b>18 528</b>	<b>(7 407)</b>	<b>4 980</b>	<b>3 521</b>	–	<b>19 623</b>

<b>YTD 2022</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Total</b>
<b>Operating revenues from external customers</b>	<b>602 378</b>	<b>334 011</b>	<b>16 892</b>	–	–	<b>953 281</b>
Operating revenues from other segments	26 162	14 430	3 411	53 605	(97 609)	–
<b>Operating revenues</b>	<b>628 540</b>	<b>348 441</b>	<b>20 303</b>	<b>53 605</b>	<b>(97 609)</b>	<b>953 281</b>
Cost of goods sold	(420 620)	(205 605)	(5 915)	–	12 407	(619 733)
Salaries and personnel costs	(64 989)	(85 357)	(5 034)	(46 601)	5 022	(196 958)
Other operational costs	(74 177)	(45 351)	(8 283)	(35 261)	77 745	(85 328)
Depreciation	(43 696)	(30 222)	(569)	(2 909)	–	(77 396)
Other income	19 100	20 526	144	(857)	–	38 913
<b>EBITA</b>	<b>44 158</b>	<b>2 432</b>	<b>646</b>	<b>(32 023)</b>	<b>(2 435)</b>	<b>12 778</b>

FY 2022	Norway	Sweden/ Denmark	Poland	HQ	Elim- inations	Total
<b>Operating revenues from external customers</b>	<b>787 272</b>	<b>511 376</b>	<b>24 478</b>	-	-	<b>1 323 126</b>
Operating revenues from other segments	32 881	19 577	3 448	67 555	(123 462)	-
<b>Operating revenues</b>	<b>820 153</b>	<b>530 953</b>	<b>27 926</b>	<b>67 555</b>	<b>(123 462)</b>	<b>1 323 126</b>
Cost of goods sold	(539 551)	(330 069)	(7 779)	-	14 392	(863 007)
Salaries and personnel costs	(89 565)	(113 388)	(7 831)	(60 936)	6 693	(265 027)
Other operational costs	(97 750)	(56 851)	(7 878)	(46 277)	99 130	(109 626)
Depreciation	(60 761)	(43 308)	(766)	(4 387)	-	(109 222)
Other income	19 600	20 047	165	246	-	40 058
Other expenses	(4 900)	(2 435)	(388)	(2 292)	-	(10 015)
<b>EBITA</b>	<b>47 226</b>	<b>4 949</b>	<b>3 449</b>	<b>(46 089)</b>	<b>(3 247)</b>	<b>6 287</b>
<b>Employees 31 December 2022</b>	<b>119</b>	<b>147</b>	<b>43</b>	<b>5</b>	-	<b>315</b>

### 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:

Q3 2023	Norway	Sweden/ Denmark	Poland	HQ	Elim- inations	Group
Hardware	135 302	33 022	-		(718)	<b>167 607</b>
Advisory & Services*	20 455	21 319	40		(475)	<b>41 339</b>
Own Software	11 990	6 569	8 371		(183)	<b>26 746</b>
Other revenues	132	144	-	16 587	(16 593)	<b>269</b>
<b>Total revenues</b>	<b>167 880</b>	<b>61 053</b>	<b>8 410</b>	<b>16 587</b>	<b>(17 969)</b>	<b>235 962</b>

Q3 2022	Norway	Sweden/ Denmark	Poland	HQ	Elim- inations	Group
Hardware	162 230	59 962	(2)		(818)	<b>221 372</b>
Advisory & Services*	20 957	28 355	897		(1 810)	<b>48 399</b>
Own Software	11 491	5 991	5 797		(2 730)	<b>20 548</b>
Other revenues	8 028	2 752	-	17 054	(28 297)	<b>(463)</b>
<b>Total revenues</b>	<b>202 705</b>	<b>97 060</b>	<b>6 692</b>	<b>17 054</b>	<b>(33 655)</b>	<b>289 856</b>

<b>YTD 2023</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Group</b>
Hardware	428 228	161 069	-		(5 010)	<b>584 287</b>
Advisory & Services*	59 247	96 482	285		(2 244)	<b>153 770</b>
Own Software	36 752	20 610	23 905		(563)	<b>80 704</b>
Other revenues	238	318	-	49 760	(49 792)	<b>524</b>
<b>Total revenues</b>	<b>524 465</b>	<b>278 480</b>	<b>24 190</b>	<b>49 760</b>	<b>(57 609)</b>	<b>819 285</b>

<b>YTD 2022</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Group</b>
Hardware	510 016	229 088	319		(6 710)	<b>732 713</b>
Advisory & Services*	60 932	96 984	1 679		(3 855)	<b>155 741</b>
Own Software	32 877	17 744	18 305		(3 953)	<b>64 972</b>
Other revenues	24 715	4 626	-	53 605	(83 091)	<b>(145)</b>
<b>Total revenues</b>	<b>628 540</b>	<b>348 441</b>	<b>20 303</b>	<b>53 605</b>	<b>(97 609)</b>	<b>953 281</b>

<b>FY 2022</b>	<b>Norway</b>	<b>Sweden/ Denmark</b>	<b>Poland</b>	<b>HQ</b>	<b>Elim- inations</b>	<b>Group</b>
Hardware	661 629	323 626	477		(8 088)	<b>977 643</b>
Advisory & Services*	82 950	176 875	306		(6 251)	<b>253 879</b>
Own Software	44 164	24 454	27 143		(4 169)	<b>91 593</b>
Other revenues	31 411	5 998	-	67 555	(104 953)	<b>11</b>
<b>Total revenues</b>	<b>820 153</b>	<b>530 953</b>	<b>27 926</b>	<b>67 555</b>	<b>(123 462)</b>	<b>1 323 126</b>

\*Commission is included in Advisory & Services

## Note 4. Share capital and shareholders

The company's share capital as at 30 September 2023 was NOK 31 566 235 divided into 31 566 235 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 192 treasury shares.

### Techstep's 20 largest shareholders at 30 September 2023 were as follows:

Shareholder	# of shares	Ownership %
DATUM AS	5 835 198	18.49 %
KARBON INVEST AS <sup>1</sup>	4 371 619	13.85 %
Swedbank AB	4 027 539	12.76 %
STEENCO AS	869 566	2.75 %
AS CLIPPER	869 566	2.75 %
CAMIKO AS	708 350	2.24 %
VERDIPAPIRFONDET DNB SMB	680 902	2.16 %
CIPRIANO AS	599 916	1.90 %
Saxo Bank A/S	594 354	1.88 %
GIMLE INVEST AS	427 511	1.35 %
TIGERSTADEN AS	414 423	1.31 %
Sbakkejord AS	400 000	1.27 %
DNB Markets Aksjehandel/-analyse	370 582	1.17 %
SPECTER INVEST AS	370 000	1.17 %
TVENGE	300 000	0.95 %
TIGERSTADEN MARINE AS	250 000	0.79 %
NORDHOLMEN AS	237 756	0.75 %
PIKA HOLDING AS	214 346	0.68 %
ADRIAN AS	203 886	0.65 %
UNIFIED AS	196 927	0.62 %
Total number owned by top 20	21 942 441	69.51 %
Total number of shares	31 566 235	100.00 %

<sup>1)</sup> Karbon Invest AS is owned by the Board member Jens Rugseth

Duo Jag AS, which is partly owned by Board member Ingrid Leisner, owns 60 157 shares in Techstep ASA.

## Share option grant

In accordance with the authorisation granted by the annual general meeting on 23 May 2023, the Board of Directors of Techstep ASA resolved on 14 June 2023 to grant share options pursuant to the 2023 incentive programme. The granted options vest 1/3 each year from 14 June 2023, and are fully vested on 14 June 2026. The options must be exercised within 5 years. The exercise price is NOK 18.70.

The exercise price will be adjusted for any dividends paid or accrued before exercise. The exercise of share options can be settled in cash or with new shares.

In addition, to maintain the purpose of the share options incentive programme, it was resolved to reprice the options previously issued with vesting in 2024, 2025 and 2026. The new prices of options vesting in 2024, 2025 and 2026 are NOK 21.70, NOK 25.60 and NOK 29.50, respectively.

At 30 September 2023, the total number of outstanding share options was 1 488 723.

For information on the share option programme for previous years please see the Annual Report 2022 which is available from the website [www.techstep.io/investor](http://www.techstep.io/investor).

**Overview of shares and share options held by members of the management group as at 30 September 2023:**

Name	Position	Shares	Share options
Børge Astrup*	CEO	145 537	500 000
Ellen Solum	CFO	-	150 000
Ellen Skaarnæs	Chief People Officer	5 422	84 065
Sheena Lim	Chief Marketing Officer	2 134	84 065
Mads Vårdal	Chief Product Officer	502	199 738
David Landerborn	Chief Operations Officer	29 417	82 965
Bartosz Leoszewski	Chief Technology Officer	39 796	84 065

\*Børge Astrup resigned as CEO on 1 November 2023 with immediate effect. Allocated share options will be cancelled as there is no gain on options for the beneficiary.

## Note 5. Property, plant and equipment

(Amounts in NOK 1 000)	Right-of-use assets	Equipment <sup>1)</sup>	Other fixed assets	Total
Accumulated cost as at 1 January 2022	63 881	292 234	31 090	387 205
Additions	12 500	126 507	5 943	144 950
Additions arising from business combinations	-	-	83	83
Disposals	(2 673)	(76 928)	(15 641)	(95 242)
Translation differences	(103)	(4 236)	(11)	(4 350)
<b>Accumulated cost 31 December 2022</b>	<b>73 605</b>	<b>337 577</b>	<b>21 464</b>	<b>432 646</b>
Accumulated cost as at 1 January 2023	73 605	337 577	21 498	432 680
Additions	10 800	81 245	3 112	95 156
Disposals	(10 023)	(104 841)	(4 300)	(119 164)
Translation differences	1 395	4 851	610	6 856
<b>Accumulated cost 30 September 2023</b>	<b>75 777</b>	<b>318 831</b>	<b>20 920</b>	<b>415 528</b>
Accumulated depreciation as at 1 January 2022	(33 613)	(149 468)	(25 081)	(208 163)
Current year depreciation	(13 763)	(92 840)	(2 620)	(109 222)
Disposals	2 673	64 004	14 082	80 759
Translation differences	837	1 429	(223)	2 043
<b>Accumulated depreciation 31 December 2022</b>	<b>(43 866)</b>	<b>(176 874)</b>	<b>(13 842)</b>	<b>(234 584)</b>
Accumulated depreciation as at 1 January 2023	(43 868)	(176 874)	(13 878)	(234 619)
Current year depreciation	(10 560)	(68 744)	(1 779)	(81 082)
Disposals	9 483	87 984	2 935	100 401
Translation differences	(665)	(3 363)	(366)	(4 394)
<b>Accumulated depreciation 30 September 2023</b>	<b>(45 609)</b>	<b>(160 997)</b>	<b>(13 087)</b>	<b>(219 693)</b>
Book value of assets 31 December 2022	29 738	160 703	7 622	198 064
Book value of assets 30 September 2023	30 168	157 834	7 833	195 835

<sup>1)</sup> Equipment comprises mobile phones, tablets and other equipment where the Group is the lessor.

## Note 6. Cash and cash equivalent

(Amounts in NOK 1 000)

Current assets	Q3 2023	Q3 2022	2022
Cash at bank and in hand, not included in cash pool	67 832	29 189	61 119
Of which is restricted	2 832	6 233	5 196

As at 30 September 2023 NOK 24 million of the Group's available credit facilities has been utilised.

## Note 7. Borrowings

On 12 September 2023, Techstep refinanced all its outstanding loans and credit facilities with Nordea Bank.

The new financing consists of a Term Loan A and Term Loan B of NOK 75 million each, a Revolving Credit Facility of NOK 30 million, an overdraft facility of NOK 25 million and a seasonal facility of NOK 20 million.

The Term Loan A matures over 5 years, with quarterly straight line amortisations, while the Term Loan B matures in 5 years.

The annual interest rates are:

- TLA/RCF: NIBOR 3m + 260bps
- TLB: NIBOR 3m + 280bps
- Overdraft/seasonal: NIBOR 3m + 225bps

The financial covenants related to the new financing are:

- NIBD/EBITA: under 4.0x to 2.75x over the next four quarters
- EBITA/net finance charges: over 3.0x to 4.0x over the next four quarters
- Equity ratio above 30%
- First testing date of financial covenants is 31 December 2023

## Note 8. Conversion of seller's credit to shares

On 5 July Techstep entered into an agreement with Stobor Invest AS for the conversion of all remaining seller's credit to shares. The outstanding seller's credit amounted to NOK 14 427 855, which was converted from SEK 14 553 011 by using a NOK/SEK exchange rate equal to 0.9914. The subscription price per new share in the conversion equalled NOK 13.70 and the total number of new shares issued to Stobor was 1 053 128. The agreed subscription price reflected the market price per share in Techstep minus a discount due to the new shares being subject to certain lock-up restrictions in the 12-month period following conversion. After this transaction, Techstep has no outstanding seller's credit from previous acquisitions.

## **Note 9. Changes in Group structure and business combinations**

### **2022**

#### **Acquisition of Crypho AS**

On 1 June 2022 Techstep acquired 100% of the shares in Crypho AS, an end-to-end encrypted enterprise software as a service (SaaS) messaging and file-sharing application. The transaction was settled in Techstep ASA shares.

#### **Divestment of Voice and Contact centre business unit**

On 3 January 2022, the divestment of the Voice and contact centre business unit was completed for a total consideration of NOK 65.5 million. The settlement was received in December 2021. The gain of NOK 40.1 million has been recognised in the income statement on the line item other income in Q1 2022. NOK 24.5 million has been derecognised from the statement of financial position's line item assets held for sale.

#### **Acquisition of last 20% of shares in Techstep Finance AS**

On 14 February 2022, Techstep acquired the remaining 20% of the shares in Techstep Finance AS for NOK 9 million. The amount was settled in cash. Following the transaction Techstep owns 100% of the shares in Techstep Finance AS.

## **Note 10. Subsequent events**

On 1 November 2023, Børge Astrup resigned as CEO with immediate effect. Techstep's Chief Operating Officer, David Landerborn, assumed the position as acting CEO until the Board appoints a permanent replacement. David has extensive experience and a deep understanding of the mobile technology industry, having held several prominent positions within the company. This experience includes his role at Optidev AB, which Techstep acquired in 2020, and as part of the executive management team the past year.

## 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.

### **Net gross profit**

Net gross profit is defined as Total revenue less Cost of goods sold and depreciation from Hardware-as-a-Service.

### **Gross margin**

Gross margin is defined as Total revenue less Cost of goods sold and depreciation from Hardware-as-a-Service, divided by Total revenue.

### **EBITDA**

Earnings before interest, tax, depreciation, amortisation and impairment.. The EBITDA margin presented is defined as EBITDA divided by Total revenue.

### **EBITDA adjusted**

Earnings before interest, tax, depreciation, amortisation and impairment 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 the sale of subsidiaries, acquisition-related costs and other non-recurring income and expenses. The EBITDA adjusted margin presented is defined as EBITDA adjusted divided by Total revenue.

### **EBITA**

Earnings before interest, tax, amortisation and impairment The EBITA margin presented is defined as EBITA divided by Total revenue.

### **EBITA adjusted**

Earnings before interest, tax, amortisation and impairment 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 sales of subsidiaries, acquisition-related costs and other non-recurring income and expenses. The EBITA adjusted margin presented is defined as EBITA adjusted 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 a 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.

## **Hardware revenue**

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

Hardware's share of revenue is the Hardware revenue divided by Total revenue.

## **Advisory & Services revenue**

Revenue from Advisory & Services includes revenue from advisory, support and maintenance services, and sales of third-party software licenses including related commission.

Advisory & Services share of revenue is the revenue from Advisory & Services divided by Total revenue.

## **Own Software revenue**

Revenue from Own Software includes revenue from the right to access and use software developed by Techstep (Own Software).

Own Software share of revenue is the revenue from Own Software 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 defined as Annual Recurring Revenue from Techstep's Own Software portfolio and is calculated as 12 times the contractual monthly revenue from existing contracts at the end of a reporting period. Contracts where invoicing to customers has not commenced at the reporting date, are not included in the calculation.

APM's in the income statement	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Total revenue	235 962	289 856	819 285	953 281	1 323 126
Cost of goods sold	(135 347)	(181 810)	(486 280)	(619 733)	(863 007)
<b>Gross profit</b>	<b>100 615</b>	<b>108 045</b>	<b>333 005</b>	<b>333 548</b>	<b>460 119</b>
<b>Gross margin</b>	<b>42.6%</b>	<b>37.3%</b>	<b>40.6%</b>	<b>35.0%</b>	<b>34.8%</b>
Salaries and personnel costs	(40 151)	(53 757)	(158 322)	(196 958)	(265 027)
Other operational costs	(22 015)	(29 300)	(74 372)	(85 328)	(109 626)
Other income	140	74	395	40 518	40 058
Other expenses	1	(523)	-	(1 605)	(10 015)
<b>EBITDA</b>	<b>38 589</b>	<b>24 540</b>	<b>100 704</b>	<b>90 174</b>	<b>115 509</b>
Depreciation	(25 625)	(25 758)	(81 082)	(77 396)	(109 222)
<b>EBITA</b>	<b>12 964</b>	<b>(1 218)</b>	<b>19 623</b>	<b>12 778</b>	<b>6 287</b>
Amortisation	(16 367)	(14 223)	(48 103)	(44 307)	(58 492)
<b>EBIT</b>	<b>(3 403)</b>	<b>(15 442)</b>	<b>(28 481)</b>	<b>(31 528)</b>	<b>(52 205)</b>
<b>Net gross profit</b>					
Gross profit	100 615	108 045	333 005	333 548	460 119
Depr. Hardware-as-a-service	(21 898)	(22 825)	(68 744)	(66 712)	(92 840)
<b>Net gross profit</b>	<b>78 717</b>	<b>85 220</b>	<b>264 261</b>	<b>266 835</b>	<b>367 279</b>
Net gross margin	33.4%	29.4%	32.3%	28.0%	27.8%
<b>EBITDA adjusted</b>					
EBITDA	38 589	24 540	100 704	90 174	115 509
Other income	(140)	(74)	(395)	(40 518)	(40 058)
Other expense	(1)	523	-	1 605	10 015
<b>Adjusted EBITDA</b>	<b>38 449</b>	<b>24 988</b>	<b>100 310</b>	<b>51 261</b>	<b>85 466</b>
<b>EBITA adjusted</b>					
EBITA	12 964	(1 218)	19 623	12 778	6 287
Other income	(140)	(74)	(395)	(40 518)	(40 058)
Other expense	(1)	523	-	1 605	10 015
<b>EBITA adjusted</b>	<b>12 824</b>	<b>(770)</b>	<b>19 228</b>	<b>(26 135)</b>	<b>(23 756)</b>
<b>Revenue splits</b>					
Revenue	235 962	289 856	819 285	953 281	1 323 126
Hardware	167 607	221 372	584 287	732 713	977 643
Advisory, Services and Own Software	68 355	68 483	234 998	220 568	345 483
<b>Hardware share of revenue</b>	<b>71.0%</b>	<b>76.4%</b>	<b>71.3%</b>	<b>76.9%</b>	<b>73.9%</b>
<b>Advisory, services and own software share of revenue</b>	<b>29.0%</b>	<b>23.6%</b>	<b>28.7%</b>	<b>23.1%</b>	<b>26.1%</b>
APM's in the Statement of financial position			YTD 2023	YTD 2022	2022
<b>NIBD</b>					
Cash and cash equivalents			67 832	29 189	61 119
Non-current interest-bearing borrowings			135 101	96 801	90 665
Current interest-bearing borrowings			69 259	156 866	83 322
<b>NIBD</b>			<b>136 528</b>	<b>224 478</b>	<b>112 868</b>
<b>Equity ratio</b>					
Total equity			565 285	505 397	571 520
Total equity and liabilities			1 212 234	1 241 656	1 323 300
<b>Equity ratio</b>			<b>46.6%</b>	<b>40.7%</b>	<b>43.2%</b>



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